



Financial Statement Announcement For The Third Quarter Ended 30 September 2016 (“3Q16”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTER (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group					
		Third Quarter			Year-To-Date		
		Q3 2016 \$'000	Q3 2015 \$'000	Change %	30/9/2016 \$'000	30/9/2015 \$'000	Change %
Revenue							
Dental and Medical Clinics		29,002	23,734	22	86,600	68,311	27
Dental Equipment & Supplies Distribution		4,151	2,266	83	10,436	6,940	50
Dental Supplies Manufacturing		5,759	4,602	25	14,553	14,874	(2)
Other Items of Income							
Interest Income		72	161	(55)	239	318	(25)
Other Gains	1(a)(i)	530	851	(38)	1,644	3,150	(48)
Other Items of Expense							
Consumables and Supplies Used in Dental & Medical Clinics		(2,739)	(2,310)	19	(7,522)	(5,770)	30
Cost of Sales - Dental Equipment & Supplies		(2,981)	(1,436)	108	(7,359)	(4,589)	60
Cost of Dental Supplies Manufacturing		(2,498)	(1,500)	67	(5,581)	(5,137)	9
Employee Benefits Expense		(17,999)	(14,980)	20	(53,160)	(43,861)	21
Depreciation and Amortisation Expense		(1,118)	(901)	24	(3,275)	(2,711)	21
Rental Expense		(3,191)	(2,634)	21	(9,426)	(7,153)	32
Other Expenses		(3,283)	(2,380)	38	(9,099)	(7,513)	21
Other Losses	1(a)(ii)	(339)	(24)	1,313	(488)	(125)	290
Finance Costs		(791)	(836)	(5)	(2,521)	(1,916)	32
Profit Before Tax from Continuing Operations		4,575	4,613	(1)	15,041	14,818	2
Income Tax Expense		(603)	(636)	(5)	(1,616)	(2,035)	(21)
Profit From Continuing Operations, Net of Tax		3,972	3,977	-	13,425	12,783	5
Other Comprehensive Income:							
Exchange Differences on Translating Foreign Operations, Net of Tax		336	(453)	NM	(1,970)	(305)	(546)
Other Comprehensive Income for the Period, Net of Tax		336	(453)	NM	(1,970)	(305)	(546)
Total Comprehensive Income for the Period		4,308	3,524	22	11,455	12,478	(8)
Profit attributable to:							
Owners of the Parent, Net of Tax		2,809	2,726	3	10,216	9,302	10
Non-Controlling Interests, Net of Tax		1,163	1,251	(7)	3,209	3,481	(8)
Profit Net of Tax		3,972	3,977	-	13,425	12,783	5
Total Comprehensive Income attributable to:							
Owners of the Parent		2,866	2,160	33	9,037	8,638	5
Non-Controlling Interests		1,442	1,364	6	2,418	3,840	(37)
Total Comprehensive Income		4,308	3,524	22	11,455	12,478	(8)

NM: Not Meaningful



Q & M Dental Group (Singapore) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No: 200800507R)

Notes:

1(a)(i) Other Gains

	Group			
	Third Quarter		Year-To-Date	
	Q3 2016	Q3 2015	30/9/2016	30/9/2015
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	-	40	-	1,822
Foreign Exchange Translation (Loss)/Gain	-	(26)	9	39
Profit Guarantee Received/Receivable from Vendors/Shareholders	319	91	495	218
PIC Cash Payout	50	550	515	550
Gain on Disposal of Asset Held for Sale	-	89	-	89
Enhanced Special Employment Credit	161	107	625	432
	530	851	1,644	3,150

1(a)(ii) Other Losses

	Group			
	Third Quarter		Year-To-Date	
	Q3 2016	Q3 2015	30/9/2016	30/9/2015
	\$'000	\$'000	\$'000	\$'000
Plant & Equipment Written Off	283	24	397	125
Foreign Exchange Translation Loss	56	-	91	-
	339	24	488	125



1(b)(i) A Statement of Financial Position of the Group and the Issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	34,801	34,291	473	431
Investment in Subsidiaries	-	-	72,479	47,276
Investment in Associates	15	15	-	-
Intangible Assets	91,516	76,867	-	-
Other Receivables	293	235	200	200
Other Assets	1,028	858	64	156
Total Non-Current Assets	127,653	112,266	73,216	48,063
<u>Current Assets</u>				
Inventories	16,601	11,185	-	-
Trade and Other Receivables	23,443	22,824	77,545	79,109
Assets Held For Sale	1,584	1,584	-	-
Other Assets	5,741	3,145	656	625
Cash and Cash Equivalents	46,327	64,876	9,773	35,343
Total Current Assets	93,696	103,614	87,974	115,077
Total Assets	221,349	215,880	161,190	163,140
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,779	80,089	86,779	80,089
Treasury Shares	(5,795)	(727)	(5,795)	(727)
Retained Earnings	16,989	13,464	180	930
Other Reserves, Total	(964)	(702)	-	-
Equity Attributable to Owners of the Parent, Total	97,009	92,124	81,164	80,292
Non-Controlling Interests	20,824	16,084	-	-
Total Equity	117,833	108,208	81,164	80,292
<u>Non-Current Liabilities</u>				
Provisions	617	575	-	-
Deferred Tax Liabilities	1,282	1,270	-	-
Other Financial Liabilities	63,628	63,802	59,290	59,290
Total Non-Current Liabilities	65,527	65,647	59,290	59,290
<u>Current Liabilities</u>				
Income Tax Payable	256	644	-	8
Trade and Other Payables	22,411	25,730	5,736	8,550
Other Financial Liabilities	15,322	15,651	15,000	15,000
Total Current Liabilities	37,989	42,025	20,736	23,558
Total Liabilities	103,516	107,672	80,026	82,848
Total Equity and Liabilities	221,349	215,880	161,190	163,140



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	<u>As at 30/9/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Bank Loans</u>		
Amount repayable within one year	15,263	15,263
Amount repayable after one year	4,324	4,496

The bank loans are secured by legal mortgages of properties, plant and equipment and corporate guarantee from the Company.

	<u>At 30/9/2016</u>	<u>At 31/12/2015</u>
	\$'000	\$'000
<u>Medium Term Note</u>		
Amount repayable within one year	-	-
Amount repayable after one year	59,290	59,290

On 19 March 2015, the Company issued \$60 million 4.40 per cent. 3 year Medium Term Note ("MTN") pursuant to the \$200 million Multicurrency Medium Term Note Programme.

	<u>At 30/9/2016</u>	<u>At 31/12/2015</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	12	91
Amount repayable after one year	14	16

The finance leases are secured on the plant and equipment under finance leases.

	<u>As at 30/9/2016</u>	<u>As at 31/12/2015</u>
	\$'000	\$'000
<u>Bills Payable</u>		
Amount repayable within one year	47	297
Amount repayable after one year	-	-

The bills payable of the subsidiary are secured or covered by corporate guarantee, joint and severally guaranteed by certain directors, negative pledge and fixed deposit of the subsidiary.



1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q3 2016	Q3 2015
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	4,575	4,613
Adjustments for:		
Interest Income	(72)	(161)
Interest Expense	791	836
Plant and Equipment Written Off	284	24
Depreciation of Property, Plant and Equipment and Amortisation Expense	1,118	901
Gain on Disposal of Asset Held for Sale	-	(89)
Gain on Disposal of Plant and Equipment	-	(40)
Provision	(2)	(4)
Foreign Currency Translation Adjustments	285	127
Operating Cash Flows Before Changes in Working Capital	6,979	6,207
Inventories	(1,802)	24
Trade and Other Receivables	(2,795)	(1,187)
Other Assets	(330)	(203)
Trade and Other Payables	(886)	(2,215)
Net Cash Flows From Operating Activities Before Interest and Tax	1,166	2,626
Income Taxes Paid	(589)	(811)
Net Cash Flows From Operating Activities	577	1,815
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(1,764)	(5,143)
Sale Proceeds from Disposal of Plant and Equipment	151	-
Net Movement in Amount Due to Shareholders of Subsidiaries	(833)	-
Development Cost	(136)	-
Other Assets	213	124
Sales Proceeds from Sale of Property	-	14,800
Trade and Other Receivables	15	(17)
Other Receivables, Non-Current	(10)	17
Interest Received	72	161
Acquisition of Subsidiary (Net of Cash Acquired)	(3,125)	(17,493)
Net Cash Flows Used in Investing Activities	(5,417)	(7,551)
<u>Cash Flows From Financing Activities</u>		
Finance Lease Repayment	(31)	(2)
Bill payables	(25)	116
Share Issue Expenses	(61)	-
Repayment of Bank Loans	(10,057)	(9,063)
Interest Paid	(791)	(836)
Dividends Paid to Equity Owners	(3,345)	(3,270)
Net Cash Flows Used in Financing Activities	(14,310)	(13,055)
Net Decrease in Cash and Cash Equivalents	(19,150)	(18,791)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	65,477	86,778
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	46,327	67,987
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	46,327	67,987
Cash and Cash Equivalents at End of Period	46,327	67,987



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1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Treasury Shares</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current period							
Opening Balance at 1 July 2016	116,931	97,549	86,840	17,525	(5,795)	(1,021)	19,382
Movements in Equity:							
Total Comprehensive Income for the period	4,308	2,866	-	2,809	-	57	1,442
Share Issue Expense	(61)	(61)	(61)	-	-	-	-
Dividends Paid	(3,345)	(3,345)	-	(3,345)	-	-	-
Closing Balance at 30 September 2016	117,833	97,009	86,779	16,989	(5,795)	(964)	20,824
Group - Previous period							
Opening Balance at 1 July 2015	95,152	80,594	68,440	11,906	-	248	14,558
Movements in Equity:							
Total Comprehensive Income for the period	3,524	2,160	-	2,726	-	(566)	1,364
Dividends Paid	(3,270)	(3,270)	-	(3,270)	-	-	-
Closing Balance at 30 September 2015	95,406	79,484	68,440	11,362	-	(318)	15,922



1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Other Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Company - Current period					
Opening Balance at 1 July 2016	82,107	86,840	(5,795)	-	1,062
Movements in Equity:					
Total Comprehensive Income for the period	2,463	-	-	-	2,463
Share Issue Expense	(61)	(61)	-	-	-
Dividends Paid	(3,345)	-	-	-	(3,345)
Closing Balance at 30 September 2016	81,164	86,779	(5,795)	-	180
Company - Previous period					
Opening Balance at 1 July 2015	68,825	68,440	-	-	385
Movements in Equity:					
Total Comprehensive Income for the period	3,229	-	-	-	3,229
Dividends Paid	(3,270)	-	-	-	(3,270)
Closing Balance at 30 September 2015	68,784	68,440	-	-	344



- 1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary shares

	<u>Number of Shares</u>	<u>Share Capital</u>
	'000	\$'000
At 1 Jan 2016	794,273	79,362
At 30 Sep 2016	796,564	80,984

Employee Share Option

During the period ended 30 September 2016, no share options were issued or exercised. No share options outstanding as at 30 September 2016 (30 September 2015: NIL).

Treasury Shares

The Company has 8,323,800 treasury shares as at 30 September 2016 (30 September 2015: NIL).

- 1 (d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30/9/2016	As at 31/12/2015
Total number of issued shares excluding treasury shares	796,564,000	794,272,774

- 1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been reviewed / audited by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.



4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements as at 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current reporting period, the Group adopted all of the new or revised Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are relevant to its operations and are effective for first-time adoption during the current reporting period. The adoption of these new and revised FRS and INT FRS has no material effect on the amounts reported for the current or prior reporting periods.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period :-	Third Quarter		Year-To-Date	
	Q3 2016	Q3 2015	30/9/2016	30/9/2015
(i) Basic earnings per share (cents)	0.36	0.36	1.29	1.24
(ii) On a fully diluted basis (cents)	0.36	0.35	1.29	1.19

The basic EPS for the period ended 30 September 2016 and 30 September 2015 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 791,083,506 shares and 751,711,914 shares respectively.

The diluted EPS for the period ended 30 September 2015 is based on the weighted average number of ordinary shares and shares of ordinary shares issuable upon assumed exercise of call option which would have a dilutive effect. The Call Option expired on 23 May 2016. There is no dilutive effect on the EPS for the period ended 30 September 2016.



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- current financial period reported on; and**
 - immediately preceding financial year.**

	Group		Company	
	As at 30/9/2016	As at 31/12/2015	As at 30/9/2016	As at 31/12/2015
Net asset value per ordinary share (cents)	12.2	11.6	10.2	10.1

The net asset value per ordinary share of the Group and the Company as at 30 September 2016 has been calculated based on the total issued number of ordinary shares of 796,564,000 (2015: 794,272,774).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Statement of Comprehensive Income

Revenue

Revenue from dental and medical outlets increased 22% from \$23.7 million for the three months ended 30 September 2015 ("3Q15") to \$29.0 million for the three months ended 30 September 2016 ("3Q16"). The increase of \$5.3 million was attributed mainly to higher revenue from existing and new dental outlets in Singapore, coupled with new acquisition of dental companies. Such acquisitions include TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015, acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 and revenue contribution from the acquisitions of Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic and Gaizhou Zhuoye Dental Clinic in January 2016.

As at 30 September 2016, the Group has a total of 70 dental outlets, 4 medical outlets and 1 aesthetic centre in operations, compared to 65 dental outlets, 3 medical outlets and 1 aesthetic centre as at 30 September 2015 in Singapore.

As at 30 September 2016, the Group has a total of 8 dental outlets in Malaysia and 3 dental hospitals and 8 dental outlets in People's Republic of China ("PRC") compared to 8 dental outlets in Malaysia and 3 dental hospitals and 4 dental outlets as at the end of 3Q15 in PRC.

Revenue contribution from the dental equipment and supplies distribution business increased 83% from \$2.3 million in 3Q15 to \$4.2 million in 3Q16. The increase was mainly due to revenue contribution from the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in PRC in January 2016 as well as higher revenue from the dental equipment and supplies distribution company in Singapore.



Revenue contribution from Aidite, the dental supplies manufacturing company, increased 25% from \$4.6 million in 3Q15 to \$5.8 million in 3Q16. The increase was mainly due to higher revenue generated by an increase on production from the new factory.

For the first nine months ended 30 September 2016, revenue from dental and medical outlets increased 27% to \$86.6 million, compared to \$68.3 million in the previous corresponding period for the same reasons given above.

For the first nine months ended 30 September 2016, revenue from the dental equipment and supplies distribution business increased 50% to \$10.4 million from \$6.9 million in the corresponding period for the same reasons given above.

For the first nine months ended 30 September 2016, revenue from the dental supplies manufacturing business decreased 2% to \$14.6 million from \$14.9 million in the previous corresponding period for the same reasons given above.

Other Items of Income

Other gains in 3Q16 amounted to \$0.53 million compared to \$0.85 million in 3Q15. Other income in 3Q16 was mainly due to recognition of shortfall in profit guarantee from the dental clinic and dental equipment and supplies distribution joint ventures in Malaysia.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used increased 19% from \$2.3 million in 3Q15 to \$2.7 million in 3Q16. The increase was in line with the increase in revenue.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 3Q16 were 9.4% compared to 9.7% in 3Q15.

Comparing nine months ended 30 September 2016 with 30 September 2015, consumables and supplies used increased by \$1.8 million or 30% for the same reasons given above.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased 108% from \$1.4 million in 3Q15 to \$3.0 million in 3Q16. The increase was mainly due the acquisition of Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in PRC in January 2016 and increase in revenue from the dental equipment and supplies distribution company in Singapore.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 3Q16 was 71.8% compared to 63.4% in 3Q15.

Comparing nine months ended 30 September 2016 with 30 September 2015, cost of sales from dental equipment and supplies distribution business increased by \$2.8 million, for the same reasons given above.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business for 3Q16 increased 67% from \$1.5 million in 3Q15 to \$2.5 million in 3Q16. The increase was due to higher revenue generated by an increase in production from the new factory.

As a percentage of revenue from dental supplies manufacturing business, cost of sales used in the dental supplies manufacturing business in 3Q16 was 43.4% compared to 32.6% in 3Q15.



Comparing nine months ended 30 September 2016 with 30 September 2015, cost of sales from the dental supplies manufacturing business increased by \$0.4 million mainly due to the same reasons given above.

Employee Benefits Expense

Employee benefits expense increased 20% from \$15 million in 3Q15 to \$18 million in 3Q16 was in line with the increase in revenue from existing and new dental outlets in Singapore, increased in headcount from the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015 as well as the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, employee benefits expense in 3Q16 was 46.3% compared to 49% in 3Q15.

Comparing nine months ended 30 September 2016 with 30 September 2015, employee benefits expense increased by \$9.3 million or 21%, for the same reasons given above.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased 24% from \$0.9 million in 3Q15 to \$1.1 million in 3Q16. The increase of \$0.2 million was mainly due to renovation and purchase of dental equipment in Aoxin dental hospital, renovation and purchase of equipment in Aidite, the acquisition of TP Dental Surgeons Pte. Ltd. in November 2015 as well as the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, depreciation and amortisation expense in 3Q16 and 3Q15 remained at 2.9%.

Comparing nine months ended 30 September 2016 with 30 September 2015, depreciation and amortisation expense increased by \$0.6 million or 21%, for the same reasons given above.

Rental Expense

Rental expense increased 21% from \$2.6 million in 3Q15 to \$3.2 million in 3Q16. The increase of \$0.6 million was mainly due to an increase in the number of dental outlets in Singapore, increase in rental for existing clinics and the acquisitions of TP Dental Surgeons Pte. Ltd., Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. in September 2015, acquisition of Aesthetics Dental Surgery Pte. Ltd. in November 2015 and the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016.

As a percentage of revenue, rental expense in 3Q16 was 8.2% compared to 8.6% in 3Q15.

Comparing nine months ended 30 September 2016 with 30 September 2015, rental expense increased by \$2.3 million or 32%, for the same reasons given above.

Other Expenses

Other expenses increased 38% from \$2.4 million in 3Q15 to \$3.3 million in 3Q16. The increase of \$0.9 million was mainly due to the acquisitions of TP Dental Surgeons Pte. Ltd. in September 2015, Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 as well as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016. Other expenses also increased due to professional expenses relating to the Proposed Spin-off and quotation of Aidite on the New Third Board in China, Aidite's participation in more local and overseas trade shows, as well as incurring more expenses on marketing, advertising and research and development of new products which were expensed off in 3Q16.

As a percentage of revenue, other expense in 3Q16 was 8.4% compared to 7.8% in 3Q15.

Comparing nine months ended 30 September 2016 with 30 September 2015, other expense increased by \$1.6 million or 21%, for the same reasons given above.



Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax and net profit in 3Q16 and 3Q15 remained at \$4.6 million and \$4.0 million respectively.

For nine months ended 30 September 2016, net profit after tax was \$13.4 million, compared with \$12.8 million for nine months ended 30 September 2015.

Statement of Financial Position

As at 30 September 2016, the Group has cash and cash equivalents of \$46.3 million, MTN, bank borrowings and finance leases amounted to \$79 million.

Current Assets

Cash and cash equivalents as at 30 September 2016 decreased to \$46.3 million from \$64.9 million as at 31 December 2015. The net decrease of \$18.6 million was mainly due to the payment of \$5.1 million for the acquisition of Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016, \$5.2 million for share buyback and final dividend payment of \$3.3 million with respect to FY2015.

Other assets as at 30 September 2016 increased to \$5.7 million from \$3.1 million as at 31 December 2015. The net increase of \$2.6 million was mainly due to an increase in prepayments from Aidite.

Inventories increased to \$16.6 million as at 30 September 2016 from \$11.2 million as at 31 December 2015. The increase of \$5.4 million was mainly due to an increase in inventory from Aidite and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. acquired in January 2016.

Non-Current Assets

The net book value of property, plant and equipment as at 30 September 2016 increased to \$34.8 million from \$34.3 million as at 31 December 2015. The increase of \$0.5 million was mainly due purchase of property, plant and equipment offset by depreciation for nine months ended 30 September 2016.

Intangible assets as at 30 September 2016 increased to \$91.5 million from \$76.9 million as at 31 December 2015. The increase of \$14.6 million was mainly due to the goodwill arising from the newly acquired companies such as Lee & Lee (Dental Surgeons) Pte. Ltd. in March 2016 and Panjin City Jingcheng Group of Clinics, Panjin City Jinsai Dental Clinic, Gaizhou Zhuoye Dental Clinic and Shenyang Maotai Quanmin Medical Equipment Co., Ltd. in January 2016 as well as Ho Dental Surgery and Jurong Point Dental Surgery acquired in September 2016.

Current Liabilities

Trade and other payables as at 30 September 2016 decreased to \$22.4 million from \$25.7 million as at 31 December 2015. The decrease of \$3.3 million was mainly due to payment of fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2015 offset with deposits received from customers of Aidite and trade payables from Shenyang Maotai Quanmin Medical Equipment Co., Ltd. acquired in January 2016.



Statement of Cash Flows

The Group generated net cash flow of \$0.6 million from operating activities in 3Q16. This was mainly attributable to the Group's profit before tax of \$4.6 million offset by the payment of income tax of \$0.6 million and the increase of working capital in 3Q16.

Net cash used in investing activities in 3Q16 amounted to \$5.4 million, mainly due to the acquisitions of Jurong Point Dental Surgery and Ho Dental Surgery in September 2016.

Net cash used in financing activities in 3Q16 amounted to \$14.3 million, mainly due to the repayment of bank loan and dividends paid to the shareholders.

Consequent to the above factors, the Group's cash and cash equivalents was \$46.3 million as at 30 September 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been issued for the current financial reporting period.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Industry Prospects

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Recent Developments

- Lifting of Company Moratorium in Respect of Health Field Enterprises Ltd.

On 21 August 2016, the Company has approved the lifting of the Company moratorium in respect of the shares held in the Company by Health Field Enterprises Ltd..

- Completion of Acquisition of Business Assets of Tooffy Pte. Ltd.

On 3 September 2016, the Company announced the completion of the acquisition of the business assets of Tooffy Pte. Ltd. for a total consideration of \$0.3 million. The Company has entered into a 6-year service agreement with Dr. Ang Hooi Kia to operate under the branch "Q & M Dr. Angeline Ang" and relocate to TP Dental Surgeons Pte. Ltd..

- Completion of Acquisition of Business Assets of Ho Dental Surgery

On 3 September 2016, the Company completed the acquisition of business assets of Ho Dental Surgery for a total consideration of \$1.7 million. The Company has entered into a 8-year service agreement with Dr. Ho Chuk Ping.



- Completion of Acquisition of Business Assets of Jurong Point Dental Surgery
On 5 September 2016, the Company completed the acquisition of business assets of Jurong Point Dental Surgery and Jurong Point Dental Surgery Pte. Ltd. for a total consideration of \$1.3 million. The Company has entered into a 10-year service agreement with Dr. Chong Yoke Mun.
- Completion of Acquisition of British Dental Surgery Pte. Ltd.
On 4 October 2016, the Company completed the acquisition of 100% of the shareholding in British Dental Surgery Pte. Ltd. for a total consideration of \$0.6 million, which may be increased to a maximum of \$0.8 million if certain conditions are met. The Company has entered into a 8-year service agreement with Dr. Markandoo Sivakumaran.
- Update on Proposed Acquisition of Shenzhen New Perfect Dental Research Co., Ltd.
On 10 October 2016, the Company announced that the memorandum of understanding dated 6 June 2016 (the "MOU") with Mr. Peng Hui Chang, Mr. Peng Jian Chang, Mr. Guo Yu Chun and Shenzhen New Perfect Industry Co., Ltd. (collectively, the "Vendors") has lapsed as the proposed acquisition has not been completed by 30 September 2016 pursuant to the terms of the MOU. The Company remains in negotiation with the Vendors in respect of the proposed acquisition.
- Imposition of Company Moratorium on Shares of Koh Shunjie Kelvin, Koh Shuhui Felicia and Foo Mooh Thong (collectively, the "Moratorised Shareholders")
On 12 October 2016, the Company announced that the Moratorised Shareholders and Quan Min Holdings Pte. Ltd. ("QMH") have entered into a Share Purchase Agreement dated 25 July 2016 (the "SPA"), which provides that QMH will purchase, and the Moratorised Shareholders will sell, all the shares in QMH owned by each of the Moratorised Shareholders (the "Sale Shares"). As consideration for the Sale Shares, each of the Moratorised Shareholders will receive shares in the Company from QMH. One of the conditions precedent in the SPA requires each of the Moratorised Shareholders to enter into a moratorium agreement with the Company in respect of the shares of the Company received by each Moratorised Shareholder as consideration of the Sale Shares.
- Update on Proposed Spin-off and Listing of the Group's Dental Healthcare Business in People's Republic of China ("PRC")
On 13 October 2016, the Company announced that the Company intends to seek the approval of its shareholders for the proposed restructuring, and the proposed spin-off and the proposed listing at an extraordinary general meeting (EGM) to be convened in due course. On 31 October 2016, The Company announced that at the EGM held on the same date, the shareholders unanimously approved the proposed restructuring and the proposed spin-off resolutions.

Future Plans

The Group intends to continue executing the business plans outlined below.

- Expansion of network of dental clinics in Singapore and acquisitions of specialist dental clinics in Singapore



The Group will continue widening its network of dental clinics in Singapore organically and through acquisition. It will also continue to expand its team of dentists to support the future growth of its operations in Singapore. With 70 dental outlets in Singapore, the Group believes it is well-positioned to cater to the rising demand for primary and higher value specialist dental healthcare services.

- Expansion into private dental healthcare market in Malaysia

Currently, the Group has 4 dental clinics in Johor, 1 dental centre and 2 dental clinics in Kuala Lumpur and 1 dental clinic in Malacca. The Group is closely monitoring the Malaysian economy before making further expansion into Malaysia.

- Expansion into private dental healthcare market in the People's Republic of China ("PRC")

The main thrust of the Group's proposed joint ventures and organic growth initiatives in PRC is to develop a new and sustainable growth pillar that can yield long term value for the Group. The Group will continue to seek opportunities for the acquisition of larger and established dental institutions, dental laboratories and dental supplies manufacturers in PRC.

- Expansion through acquisitions, joint ventures and/or strategic alliances

The Group is continuously looking for opportunities to expand its business through acquisitions, joint ventures or strategic alliances with parties who create synergistic value with its existing business in Singapore, Malaysia and PRC.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) The date the dividend is payable.

NA.

(d) Book closure date

NA.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation pursuant to Rule 705 (5) of the Listing Manual



Q & M Dental Group (Singapore) Limited
(Incorporated in the Republic of Singapore)
(Company Registration No: 200800507R)

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Group and the Company for the period ended 30 September 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officer under Rule 720 (1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
13 November 2016