



Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2019 (“2Q19”)

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					
		Second Quarter			Year-To-Date		
		Q2 2019 \$'000	Q2 2018 \$'000	Change %	30/6/2019 \$'000	30/6/2018 \$'000	Change %
Revenue							
Dental and Medical Clinics Excluding Aoxin		27,892	27,080	3	55,423	53,788	3
Dental Equipment & Supplies Distribution Excluding Aoxin		2,613	2,468	6	4,990	4,452	12
Total Revenue		30,505	29,548	3	60,413	58,240	4
<u>Other Items of Income</u>							
Interest Income		16	23	(30)	18	81	(78)
<u>Other Items of Expense</u>							
Consumables and Supplies Used in Dental & Medical Clinics		(2,021)	(2,039)	(1)	(4,097)	(4,046)	1
Cost of Sales - Dental Equipment & Supplies		(1,718)	(1,667)	3	(3,483)	(3,103)	12
Employee Benefits Expense		(17,563)	(16,559)	6	(34,713)	(33,056)	5
Depreciation and Amortisation Expense		(819)	(802)	2	(1,588)	(1,574)	1
Depreciation of Right-Of-Use Assets		(2,324)	-	NM	(5,350)	-	NM
Rental Expense		(516)	(3,363)	(85)	(567)	(6,536)	(91)
Other Expenses		(1,859)	(1,622)	15	(3,676)	(3,146)	17
Finance Costs		(1,039)	(575)	81	(1,879)	(1,308)	44
Other Gains - Net	1(a)(i)	336	6	NM	1,120	626	79
Share of Profit from Equity-Accounted Associates		1,888	1,763	7	2,376	3,039	(22)
Profit Before Tax from Continuing Operations		4,886	4,713	4	8,574	9,217	(7)
Income Tax Expense		(69)	(90)	(23)	(148)	(129)	15
Profit From Continuing Operations, Net of Tax		4,817	4,623	4	8,426	9,088	(7)
<u>Other Comprehensive Income / (Loss):</u>							
Exchange Differences on Translating Foreign Operations, Net of Tax		(1,006)	(296)	240	(269)	397	NM
Other Comprehensive Income / (Loss) for the Period, Net of Tax		(1,006)	(296)	240	(269)	397	NM
Total Comprehensive Income for the Period		3,811	4,327	(12)	8,157	9,485	(14)
Profit Attributable to:							
Owners of the Parent, Net of Tax		4,752	4,561	4	8,332	9,060	(8)
Non-Controlling Interests, Net of Tax		65	62	5	94	28	236
Profit Net of Tax		4,817	4,623	4	8,426	9,088	(7)
Profit Excluding Share of Profit from Equity-Accounted Associates Attributable to:							
Owners of the Parent, Net of Tax		2,864	2,798	2	5,956	6,021	(1)
Non-Controlling Interests, Net of Tax		65	62	5	94	28	236
Profit Net of Tax		2,929	2,860	2	6,050	6,049	NM
Total Comprehensive Income Attributable to:							
Owners of the Parent		3,760	4,270	(12)	8,068	9,434	(14)
Non-Controlling Interests		51	57	(11)	89	51	75
Total Comprehensive Income		3,811	4,327	(12)	8,157	9,485	(14)

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 - Net

	Group			
	Second Quarter		Year-To-Date	
	Q2 2019	Q2 2018	30/6/2019	30/6/2018
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	10	3	10	3
Plant & Equipment Written Off	(6)	(33)	(11)	(59)
Foreign Exchange Translation Gain / (Loss)	(16)	(6)	(5)	3
Profit Guarantee Received/Receivable from Vendors/Shareholders	462	(6)	1,206	189
(Provision) for Impairment on Other Receivables / Reversal	-	-	-	273
Impairment of Plant and Equipment	(18)	-	(18)	-
Gain on Deem Disposal of Associate	-	-	-	123
Enhanced Special Employment Credit and Wage Credit Scheme / PIC (Reversal)	(96)	48	(62)	94
	336	6	1,120	626



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	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	22,746	20,417	473	512
Right-Of-Use Assets	35,530	-	131	-
Investment in Subsidiaries	-	-	77,526	77,526
Investment in Associates	79,611	77,444	32,468	32,468
Intangible Assets	53,190	53,329	-	-
Other Receivables	1,088	1,062	980	980
Other Assets	12,682	10,756	2,036	-
Total Non-Current Assets	204,847	163,008	113,614	111,486
<u>Current Assets</u>				
Inventories	7,062	6,945	-	-
Trade and Other Receivables	17,575	16,653	49,099	46,079
Other Assets	2,802	2,622	1,041	558
Cash and Cash Equivalents	22,159	24,924	4,360	2,653
Total Current Assets	49,598	51,144	54,500	49,290
Total Assets	254,445	214,152	168,114	160,776
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	86,758	86,758	86,758	86,758
Treasury Shares	(11,558)	(11,558)	(11,558)	(11,558)
Retained Earnings	43,167	38,135	3,554	3,317
Other Reserves, Total	(2,948)	(2,684)	-	-
Equity Attributable to Owners of the Parent, Total	115,419	110,651	78,754	78,517
Non-Controlling Interests	1,124	1,035	-	-
Total Equity	116,543	111,686	78,754	78,517
<u>Non-Current Liabilities</u>				
Provisions	627	638	-	-
Deferred Tax Liabilities	1,070	1,072	-	-
Lease Liabilities Arising from Right-Of-Use Assets	24,688	-	-	-
Other Financial Liabilities	88,355	86,185	81,039	75,000
Total Non-Current Liabilities	114,740	87,895	81,039	75,000
<u>Current Liabilities</u>				
Income Tax Payable	-	110	21	84
Trade and Other Payables	11,379	14,018	7,853	7,175
Lease Liabilities Arising from Right-Of-Use Assets	11,029	-	129	-
Other Financial Liabilities	754	443	318	-
Total Current Liabilities	23,162	14,571	8,321	7,259
Total Liabilities	137,902	102,466	89,360	82,259
Total Equity and Liabilities	254,445	214,152	168,114	160,776



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 30/6/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Bank Loans</u>		
Amount repayable within one year	318	263
Amount repayable after one year	81,040	78,870

The bank loans amounting to \$4.2 million are secured by legal mortgage of Group's properties and covered by corporate guarantee from the Company.

	<u>At 30/6/2019</u> \$'000	<u>At 31/12/2018</u> \$'000
<u>Finance Leases</u>		
Amount repayable within one year	2	2

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

	<u>As at 30/6/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	434	178

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

	<u>As at 30/6/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Preference Shares</u>		
Amount repayable after one year	7,315	7,315

Preference shares issued on 23 December 2016 to Q & M Professionals Holding Pte. Ltd. and Dr. Cheah Kim Fee and preference shares issued to All Win Investment Holdings Pte. Ltd., Full Win Investment Holdings Pte. Ltd. and Initial Capital Investment Pte. Ltd. on 15 November 2017 by Q & M Aidite International Pte. Ltd. which will be mandatorily redeemed in 6 years time.



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.

	Q2 2019	Q2 2018
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	4,886	4,713
Adjustments for:		
Interest Income	(16)	(23)
Interest Expense	1,039	575
Gain on Disposal of Plant and Equipment	(10)	(3)
Plant and Equipment Written Off	6	33
Share of Profit from Equity – Associated Associates	(1,888)	(1,763)
Impairment of Plant and Equipment	18	-
Depreciation of Property, Plant and Equipment and Amortisation Expense	819	802
Depreciation of Right-Of-Use Assets	2,324	-
Foreign Currency Translation Reserve	(105)	(20)
Provision	14	-
Operating Cash Flows Before Changes in Working Capital	7,087	4,314
Inventories	93	(601)
Trade and Other Receivables	(1,723)	(313)
Other Assets	(99)	29
Trade and Other Payables	(375)	(1,459)
Net Cash Flows From Operating Activities Before Interest and Tax	4,983	1,970
Income Taxes Paid	(331)	(250)
Net Cash Flows From Operating Activities	4,652	1,720
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(517)	(458)
Sale Proceeds from Disposal of Plant and Equipment	76	102
Other Assets	(626)	(89)
Trade and Other Receivables	(16)	9
Other Receivables, Non-Current	10	58
Interest Received	16	23
Net Cash Flows Used In Investing Activities	(1,057)	(355)
<u>Cash Flows Used in Financing Activities</u>		
Repayment of Lease Liabilities	(2,152)	-
Finance Lease Repayment	-	(1)
Repayment of Bank Loans	(100)	(49)
Share Buy Back Exercise	-	(3,013)
Dividend From Associate	-	327
Bill Payables	153	388
Interest Paid	(1,039)	(575)
Dividends Paid to Equity Owners	(3,300)	(7,311)
Net Cash Flows Used In Financing Activities	(6,438)	(10,234)
Net Decrease in Cash and Cash Equivalents	(2,843)	(8,869)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	25,002	38,378
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	22,159	29,509
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	22,159	29,509
Cash and Cash Equivalents at End of Period	22,159	29,509



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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 April 2019	116,032	114,959	86,758	41,715	(11,558)	(1,956)	1,073
Movements in Equity:							
Total Comprehensive Income for the Period	3,811	3,760	-	4,752	-	(992)	51
Dividends Paid	(3,300)	(3,300)	-	(3,300)	-	-	-
Closing Balance at 30 June 2019	116,543	115,419	86,758	43,167	(11,558)	(2,948)	1,124
Group - Previous period							
Opening Balance at 1 April 2018	118,783	117,831	86,758	38,896	(6,883)	(940)	952
Movements in Equity:							
Total Comprehensive Income for the Period	4,327	4,270	-	4,561	-	(291)	57
Share Buy Back	(3,013)	(3,013)	-	-	(3,013)	-	-
Dividends Paid	(7,311)	(7,311)	-	(7,311)	-	-	-
Closing Balance at 30 June 2018	112,786	111,777	86,758	36,146	(9,896)	(1,231)	1,009



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 April 2019	78,826	86,758	(11,558)	-	3,626
Movements in Equity:					
Total Comprehensive Income for the Period	3,228	-	-	-	3,228
Dividends Paid	(3,300)	-	-	-	(3,300)
Closing Balance at 30 June 2019	78,754	86,758	(11,558)	-	3,554
Company - Previous period					
Opening Balance at 1 April 2018	92,169	86,758	(6,883)	-	12,294
Movements in Equity:					
Total Comprehensive Income for the Period	648	-	-	-	648
Share Buy Back	(3,013)	-	(3,013)	-	-
Dividends Paid	(7,311)	-	-	-	(7,311)
Closing Balance at 30 June 2018	82,493	86,758	(9,896)	-	5,631



- 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> '000	<u>Share Capital</u> \$'000
At 1 Jan 2019	<u>785,622</u>	<u>75,200</u>
At 30 Jun 2019	<u>785,622</u>	<u>75,200</u>

Employee Share Option

During the period ended 30 June 2019, no share options were issued or exercised. No share options outstanding as at 30 June 2019 (30 June 2018: NIL).

Treasury Shares

The Company has 19,265,879 treasury shares as at 30 June 2019 (30 June 2018: 15,808,479).

- 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 30/6/2019	As at 31/12/2018
Total number of issued shares excluding treasury shares	<u>785,621,921</u>	<u>785,621,921</u>

- 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 the 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 2018.

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.

On 1 January 2019, the Group adopted the new / revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

Other than the adoption of SFRS(I) 16, as disclosed below. The adoption of these new / revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The right-of-use ("ROU") assets as at 30 June 2019 were mainly related to leases of the premises occupied by the Group's clinics and business units. Accordingly, there was a corresponding increase in lease liabilities of \$35.7 million as at 30 June 2019.

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 :-	Second Quarter		Year-To-Date	
	Q2 2019	Q2 2018	30/6/2019	30/6/2018
(i) Basic earnings per share (cents)	0.60	0.57	1.06	1.14
(ii) On a fully diluted basis (cents)	0.60	0.57	1.06	1.14

The basic EPS for the period ended 30 June 2019 and 30 June 2018 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 786,333,818 shares and 794,876,782 shares respectively.

There is no dilutive effect on the EPS for the period ended 30 June 2019 and 30 June 2018.



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		As at	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Net asset value per ordinary share (cents)	14.7	14.1	10.0	10.0

The net asset value per ordinary share of the Group and the Company as at 30 June 2019 has been calculated based on the total issued number of ordinary shares of 785,621,921 (2018: 789,079,321).

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 contribution from dental and medical clinics increased by 3% from \$27.1 million for the 3 months ended 30 June 2018 ("2Q18") to \$27.9 million for the 3 months ended 30 June 2019 ("2Q19") mainly due to higher revenue from dental outlets in Singapore and Malaysia in 2Q19.

As at 30 June 2019, the Group has a total of 73 dental outlets and 4 medical outlets in operations, compared to 71 dental outlets and 4 medical outlets as at 30 June 2018 in Singapore.

As at 30 June 2019, the Group has a total of 20 dental outlets in Malaysia and 1 dental outlet in People's Republic of China ("PRC") compared to 14 dental outlets in Malaysia and 1 dental outlet in PRC as at 30 June 2018.

Revenue contribution from the dental equipment and supplies distribution business increased by 6% from \$2.5 million in 2Q18 to \$2.6 million in 2Q19. The increase was mainly due to higher revenue from dental equipment and supplies distribution company in Malaysia in 2Q19.

For the first six months ended 30 June 2019 ("1H19"), revenue from dental and medical outlets increased by 3% to \$55.4 million from \$53.8 million in the previous corresponding period ("1H18") mainly due to higher revenue from dental outlets in Singapore and Malaysia.

For 1H19, revenue from the dental equipment and supplies distribution business increased by 12% to \$5.0 million from \$4.5 million in 1H18 mainly due to higher revenue from the dental equipment and supplies distribution company in Malaysia.



Other Gains – Net

Other gains - net in 2Q19 amounted to \$0.3 million was mainly due to the recognition of profit guarantee in 2Q19 offset by the reversal of government grant and provision for impairment of plant and equipment.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used for 2Q19 remain the same as 2Q18 at \$2.0 million.

As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in 2Q19 was 7.2% compared to 7.5% in 2Q18.

Comparing 1H19 with 1H18, consumables and supplies used increased by 1% or \$0.1 million which was in line with the increase in revenue.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased by 3% from \$1.67 million in 2Q18 to \$1.72 million in 2Q19. The increase was mainly due to increase in revenue from the dental equipment and supplies distribution businesses in Malaysia.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 2Q19 was 65.7% compared to 67.5% in 2Q18.

Comparing 1H19 with 1H18, cost of sales from dental equipment and supplies distribution business increased by 12% or \$0.4 million for the same reason given above.

Employee Benefits Expense

Employee benefits expense increased by 6% from \$16.6 million in 2Q18 to \$17.6 million in 2Q19 mainly due to increase in headcount to support more dental outlets in Singapore and Malaysia as well as amortisation of sign on bonus for dentists.

As a percentage of revenue, employee benefits expense in 2Q19 was 57.6% compared to 56.0% in 2Q18.

Comparing 1H19 with 1H18, employee benefit expense increased by \$1.7 million or 5% for the same reasons given above.

Depreciation of Right-Of-Use (“ROU”) Assets

Depreciation of ROU assets amounted to \$2.3 million due to the adoption of SFRS(I) 16 in FY2019.

Rental Expense

Rental expense decreased by 85% from \$3.4 million in 2Q18 to \$0.5 million in 2Q19. The decrease was mainly due to the adoption of SFRS(I) 16 in FY2019 which resulted in \$2.3 million expensed off in depreciation of ROU assets and \$0.3 million in finance cost.

As a percentage of revenue, total expenses on depreciation of ROU assets and rental in 2Q19 was 9.3% compared to 11.4% in 2Q18.

Comparing 1H19 with 1H18, rental expense decreased by 91% or \$6.0 million due to the adoption of SFRS(I) 16 in FY2019 which resulted in \$5.4 million expensed off in depreciation of ROU assets.



Other Expenses

Other expenses increased by 15% from \$1.6 million in 2Q18 to \$1.9 million in 2Q19. The increase was mainly due to the increase of legal and professional fees relating to regulatory compliance and drafting agreements, as well as marketing and advertising expenses for Singapore in 2Q19.

As a percentage of revenue, other expenses in 2Q19 was 6.1% compared to 5.5% in 2Q18.

Comparing 1H19 with 1H18, other expenses increased by \$0.5 million or 17%, for the same reasons given above.

Finance Costs

Finance costs increased by 81% from \$0.6 million in 2Q18 to \$1.0 million in 2Q19. Out of the increase of \$0.4 million, \$0.3 million was due to the adoption of SFRS(I) 16 in FY2019.

As a percentage of revenue, finance costs in 2Q19 was 3.4% compared to 1.9% in 2Q18.

Comparing 1H19 with 1H18, finance costs increased by \$0.6 million of which \$0.5 million was due to the adoption of SFRS(I) 16 in FY2019.

Share of Profit from Equity-Accounted Associates

Share of profit from equity-accounted associates increased by 7% from \$1.8 million in 2Q18 to \$1.9 million in 2Q19. The increased of \$0.1 million was mainly due to higher share of profit from Aidite offset by share of losses from Aoxin Q & M in 2Q19. Aoxin Q & M suffered losses during this period mainly due to start up losses from new hospitals and clinics as well as higher expenses for training dentists and staff to cater for its expansion.

Comparing 1H19 with 1H18, share of profit from equity-accounted associates decreased by \$0.7 million or 22% mainly due to the start up losses incurred by Aoxin Q & M for new hospitals and clinics as well as higher expenses for training dentists and staff to cater for its expansion.

Profit Before Tax and Net Profit

For the reasons given above, the Group's profit before tax increased by 4% from \$4.7 million in 2Q18 to \$4.9 million in 2Q19.

Profit after tax attributable to owners of the parent increased by 4% from \$4.6 million in 2Q18 to \$4.8 million in 2Q19.

For 1H19, net profit after tax was \$8.4 million. Profit after tax attributable to owners of the parent was \$8.3 million as compared to \$9.1 million in 1H18.

Statement of Financial Position

As at 30 June 2019, the Group has cash and cash equivalents of \$22.2 million, bank borrowings plus finance leases amounted to \$89.1 million.

Current Assets

Cash and cash equivalents as at 30 June 2019 decreased to \$22.2 million from \$24.9 million as at 31 December 2018. The decrease of \$2.7 million was mainly due to final dividend payment with respect to FY2018 and payment of sign on bonus to new dentists offset by net cash generated from operations.

Trade and other receivables as at 30 June 2019 increased to \$17.6 million from \$16.7 million as at 31 December 2018. The increase of \$0.9 million was mainly due to increase in revenue from the dental equipment and supplies distribution business in Malaysia.



Other assets as at 30 June 2019 increased to \$2.8 million from \$2.6 million as at 31 December 2018. The increase of \$0.2 million was mainly due to an increase in sign on bonus to new dentists.

Non-Current Assets

The net book value of property, plant and equipment as at 30 June 2019 increased to \$22.7 million from \$20.4 million as at 31 December 2018. The increase of \$2.3 million was mainly due to the purchase of a clinic's property located in Bishan amounting to \$2.9 million offset by depreciation of plant and equipment.

The net book value of ROU assets as at 30 June 2019 was \$35.5 million due to the adoption of SFRS (I) 16 in FY2019. The ROU assets relate to leases of premises occupied by the Group's clinics and business units.

Current Liabilities

Trade and other payables as at 30 June 2019 decreased to \$11.4 million from \$14.0 million as at 31 December 2018. The decrease of \$2.6 million was mainly due to payment of staff bonuses which were accrued as at 31 December 2018.

Other financial liabilities as at 30 June 2019 increased to \$0.8 million from \$0.4 million as at 31 December 2018. The increase of \$0.4 million was mainly due to bill payables arising from the Group's dental and equipment supplies distribution business in Malaysia.

Lease liabilities from ROU assets amounting to \$11.0 million as at 30 June 2019 due to the adoption of SFRS(I) 16 in FY2019.

Non-Current Liabilities

Lease liabilities from ROU assets amounting to \$24.7 million as at 30 June 2019 due to the adoption of SFRS(I) 16 in FY2019.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$4.7 million in 2Q19. This was mainly derived from the profit generated in 2Q19, offset by increase of trade and other receivables.

Net cash used in investing activities in 2Q19 amounted to \$1.1 million, mainly due to sign on bonuses and purchase of plant and equipment and sign on bonus for new dentists.

Net cash used in financing activities in 2Q19 was \$6.4 million, mainly due to final dividend payment with respect to FY2018, repayment of lease liabilities arising from right-of-use assets and interest paid.

Consequent to the above factors, the Group's cash and cash equivalents was \$22.2 million as at 30 June 2019.

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

No forecast had been issued for the current financial reporting period. The financial results are in line with the expectations as disclosed in previous quarterly announcements.



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

- Update on the Company's Singapore Operations
The Company has secured locations to open 6 new dental clinics which are expected to commence operations in the second half of 2019.
- Update on the Company's Malaysia Operations
The Company has secured locations to open 8 new dental clinics which are expected to commence operations in the second half of 2019.
- The Proposed modifications to the Non-Compete Undertakings of Q & M Dental Group (Singapore) and Aoxin Q & M Dental Group Limited
The Group announced the intention to modify existing non-compete arrangements with Aoxin Q & M in China. An extraordinary general meeting will be carried out to seek shareholders' approval for the proposed modifications.

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
Currently, the Group operates 73 clinics in Singapore. The Group will be focusing on its operation in Singapore and has initiated a strategy of intensive organic growth of its dental clinics in Singapore. It will expand its team of dentists to support the future growth of its operations in Singapore. The Group has secured locations to open 6 new clinics which are expected to commence operations in second half of 2019. The eventual number of dental outlets will depend on opportunities and market conditions. 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 operates 21 clinics in Malaysia. The clinics are 8 dental clinics in Johor, 1 dental centre and 9 dental clinics in Kuala Lumpur and 3 dental clinics in Malacca. The Group has secured locations to open 8 new clinics which are expected to commence operations in second half of 2019. The eventual number of dental clinics will depend on opportunities and market conditions.



- 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 is actively working on all viable opportunities to acquire large and established dental institutions 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 businesses through acquisitions, joint ventures or strategic alliances with parties who create synergistic value with its existing business in Singapore, Malaysia, Southeast Asia and PRC.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.4 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.4 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(c) The date the dividend is payable.

The dividend will be paid on 13 September 2019.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 30 August 2019 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #11-02 Singapore 068898, up to 5.00 p.m. on 29 August 2019 will be registered to determine members' entitlements to the interim dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 29 August 2019 will be entitled to the payment of the interim dividend.

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

Not applicable.



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

- 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**

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 June 2019 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 Rules 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
14 August 2019