



Financial Statement Announcement For The 1st Quarter Ended 31 March 2019 (“1Q19”)

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**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		
		3 Months ended 31/3/2019	3 Months ended 31/3/2018	Change
		\$'000	\$'000	%
<b>Revenue</b>				
Dental and Medical Clinics		27,531	26,708	3
Dental Equipment & Supplies Distribution		2,377	1,984	20
<b>Total Revenue</b>		<b>29,908</b>	<b>28,692</b>	4
<b>Other Items of Income</b>				
Interest Income		2	58	(97)
<b>Other Items of Expense</b>				
Consumables and Supplies Used in Dental & Medical Clinics		(2,076)	(2,007)	3
Cost of Sales - Dental Equipment & Supplies Distribution		(1,765)	(1,436)	23
Employee Benefits Expense		(17,150)	(16,497)	4
Depreciation and Amortisation Expenses		(769)	(772)	-
Depreciation of Right-Of-Use Assets		(3,026)	-	NM
Rental Expense		(51)	(3,173)	(98)
Other Expenses		(1,817)	(1,524)	19
Other Gains - Net	1(a)(i)	784	620	26
Finance Costs		(840)	(733)	15
Share of Profit from Equity-Accounted Associates		488	1,276	(62)
<b>Profit Before Tax from Continuing Operations</b>		<b>3,688</b>	<b>4,504</b>	(18)
Income Tax Expense		(79)	(39)	103
<b>Profit From Continuing Operations, Net of Tax</b>		<b>3,609</b>	<b>4,465</b>	(19)
<b>Other Comprehensive Income:</b>				
Exchange Differences on Translating Foreign Operation, Net of Tax		737	693	6
<b>Other Comprehensive Loss for the Period, Net of Tax</b>		<b>737</b>	<b>693</b>	6
<b>Total Comprehensive Income for the Period</b>		<b>4,346</b>	<b>5,158</b>	(16)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Parent, Net of Tax		3,580	4,499	(20)
Non-Controlling Interests, Net of Tax		29	(34)	NM
<b>Profit Net of Tax</b>		<b>3,609</b>	<b>4,465</b>	(19)
<b>Profit / (Loss) Excluding Share of Profit from Equity-Accounted Associates attributable to:</b>				
Owners of the Parent, Net of Tax		3,092	3,223	(4)
Non-Controlling Interests, Net of Tax		29	(34)	NM
<b>Profit Net of Tax</b>		<b>3,121</b>	<b>3,189</b>	(2)
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Parent		4,308	5,164	(17)
Non-Controlling Interests		38	(6)	NM
<b>Total Comprehensive Income</b>		<b>4,346</b>	<b>5,158</b>	(16)

NM: Not Meaningful



**Notes:**

1(a)(i) Other Gains - Net

	<b>3 Months ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign Exchange Translation Gain	11	7
Profit Guarantee Received/Receivable from Vendors/Shareholders	744	195
Enhanced Special Employment Credit / Wage Credit Scheme / PIC	34	48
Gain on Deem Disposal of Associate	-	123
Write Back of Overprovision – Other Receivables	-	273
Plant & Equipment Written Off	(5)	(26)
	<b>784</b>	<b>620</b>



**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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31/3/2019</b>	<b>31/12/2018</b>	<b>31/3/2019</b>	<b>31/12/2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	23,106	20,417	487	512
Right-Of-Use Assets	16,560	-	174	-
Investment in Subsidiaries	-	-	77,526	77,526
Investment in Associates	78,586	77,444	32,468	32,468
Intangible Assets	53,262	53,329	-	-
Other Receivables	1,098	1,062	980	980
Other Assets	10,634	10,756	-	-
<b>Total Non-Current Assets</b>	<b>183,246</b>	<b>163,008</b>	<b>111,635</b>	<b>111,486</b>
<b><u>Current Assets</u></b>				
Inventories	7,157	6,945	-	-
Trade and Other Receivables	17,558	16,653	45,505	46,079
Other Assets	2,226	2,622	590	558
Cash and Cash Equivalents	25,002	24,924	5,732	2,653
<b>Total Current Assets</b>	<b>51,943</b>	<b>51,144</b>	<b>51,827</b>	<b>49,290</b>
<b>Total Assets</b>	<b>235,189</b>	<b>214,152</b>	<b>163,462</b>	<b>160,776</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	86,758	86,758	86,758	86,758
Treasury Shares	(11,558)	(11,558)	(11,558)	(11,558)
Retained Earnings	41,715	38,135	3,626	3,317
Other Reserves, Total	(1,956)	(2,684)	-	-
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>114,959</b>	<b>110,651</b>	<b>78,826</b>	<b>78,517</b>
Non-Controlling Interests	1,073	1,035	-	-
<b>Total Equity</b>	<b>116,032</b>	<b>111,686</b>	<b>78,826</b>	<b>78,517</b>
<b><u>Non-Current Liabilities</u></b>				
Provisions	613	638	-	-
Deferred Tax Liabilities	1,081	1,072	-	-
Lease Liabilities Arising from Right-Of-Use Assets	6,856	-	-	-
Other Financial Liabilities	88,455	86,185	77,320	75,000
<b>Total Non-Current Liabilities</b>	<b>97,005</b>	<b>87,895</b>	<b>77,320</b>	<b>75,000</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	74	110	21	84
Trade and Other Payables	11,759	14,018	7,121	7,175
Lease Liabilities Arising from Right-Of-Use Assets	9,718	-	174	-
Other Financial Liabilities	601	443	-	-
<b>Total Current Liabilities</b>	<b>22,152</b>	<b>14,571</b>	<b>7,316</b>	<b>7,259</b>
<b>Total Liabilities</b>	<b>119,157</b>	<b>102,466</b>	<b>84,636</b>	<b>82,259</b>
<b>Total Equity and Liabilities</b>	<b>235,189</b>	<b>214,152</b>	<b>163,462</b>	<b>160,776</b>



**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 31/3/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Bank Loan</u>		
Amount repayable within one year	263	263
Amount repayable after one year	81,140	78,870

The bank loans amounting to \$6.4 million are secured by legal mortgage of the Group's properties and covered by corporate guarantee from Company.

	<u>As at 31/3/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Finance Leases</u>		
Amount repayable within one year	2	2
Amount repayable after one year	-	-

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

	<u>As at 31/3/2019</u> \$'000	<u>As at 31/12/2018</u> \$'000
<u>Bills Payable</u>		
Amount repayable within one year	336	178
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 and negative pledge of the subsidiary.

	<u>As at 31/3/2019</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 at end 31 December 2022.



**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.**

	<b>Group</b>	
	<b>3 Months ended</b>	
	<b>31/3/2019</b>	<b>31/3/2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	3,688	4,504
Adjustments For:		
Interest Income	(2)	(58)
Interest Expense	840	733
Depreciation of Property, Plant and Equipment and Amortisation Expenses	769	772
Depreciation of Right-Of-Use Assets	3,026	-
Share of Profit from Equity – Associated Associates	(488)	(1,276)
Foreign Currency Translation Reserve	73	117
Gain on Deemed Disposal of Associate	-	(123)
Write Back of Over Provision – Other Receivables	-	(273)
Provisions	(25)	(10)
Plant & Equipment Written Off	5	26
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>7,886</b>	<b>4,412</b>
Inventories	(212)	231
Trade and Other Receivables	(945)	(482)
Other Assets	347	(429)
Trade and Other Payables	(2,259)	(684)
Net Cash Flows From Operations Before Interest and Tax	<b>4,817</b>	<b>3,048</b>
Income Taxes Paid	(126)	(23)
<b>Net Cash Flows From Operating Activities</b>	<b>4,691</b>	<b>3,025</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Purchase of Property, Plant and Equipment	(3,409)	(431)
Sale Proceeds from Disposal of Plant and Equipment	42	36
Trade and Other Receivables	40	7
Other Assets	171	(208)
Other Receivables, Non-Current	(36)	-
Interest Received	2	58
<b>Net Cash Flows Used in Investing Activities</b>	<b>(3,190)</b>	<b>(538)</b>
<b><u>Cash Flows Used in Financing Activities</u></b>		
Repayment of Lease Liabilities	(3,011)	-
Bills Payable	158	(174)
Proceeds from Term Loan	2,320	60,000
Share Buy Back Exercise	-	(48)
Repayment of Bank Loans	(50)	-
Repayment of MTN	-	(60,000)
Dividend Paid	-	(194)
Interest Paid	(840)	(733)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(1,423)</b>	<b>(1,149)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>78</b>	<b>1,338</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	24,924	37,040
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period</b>	<b>25,002</b>	<b>38,378</b>
<b>Cash and Cash Equivalents at End of Period includes the following:</b>		
Cash and Bank Balances	25,002	38,378
<b>Cash and Cash Equivalents at End of Period</b>	<b>25,002</b>	<b>38,378</b>



**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
<b>Group - Current Year</b>							
Opening Balance at 1 January 2019	111,686	110,651	86,758	38,135	(11,558)	(2,684)	1,035
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Period	4,346	4,308	-	3,580	-	728	38
Closing Balance at 31 March 2019	116,032	114,959	86,758	41,715	(11,558)	(1,956)	1,073
<b>Group - Previous Year</b>							
Opening Balance at 1 January 2018	113,867	112,909	86,758	34,591	(6,835)	(1,605)	958
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Period	5,158	5,164	-	4,499	-	665	(6)
Share Buy Back	(48)	(48)	-	-	(48)	-	-
Dividends Paid	(194)	(194)	-	(194)	-	-	-
Closing Balance at 31 March 2018	118,783	117,831	86,758	38,896	(6,883)	(940)	952



**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
<b>Company - Current year</b>					
Opening Balance at 1 January 2019	78,517	86,758	(11,558)	-	3,317
<b>Movements in Equity:</b>					
Total Comprehensive Income for the Period	309	-	-	-	309
Closing Balance at 31 March 2019	<u>78,826</u>	<u>86,758</u>	<u>(11,558)</u>	<u>-</u>	<u>3,626</u>
<b>Company - Previous year</b>					
Opening Balance at 1 January 2018	91,490	86,758	(6,835)	-	11,567
<b>Movements in Equity:</b>					
Total Comprehensive Income for the Period	727	-	-	-	727
Share Buy Back	(48)	-	(48)	-	-
Closing Balance at 31 March 2018	<u>92,169</u>	<u>86,758</u>	<u>(6,883)</u>	<u>-</u>	<u>12,294</u>



**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 31 Mar 2019	<u><u>785,622</u></u>	<u><u>75,200</u></u>

Employee Share Option

During the period ended 31 March 2019, no share options were issued or exercised. No share options outstanding as at 31 March 2019 (31 March 2018: NIL).

Treasury Shares

The Company has 19,265,879 treasury shares as at 31 March 2019 (31 March 2018: 10,067,579).

**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.**

	<u>As at 31/3/2019</u>	<u>As at 31/12/2018</u>
Total number of issued shares excluding treasury shares	<u><u>785,621,921</u></u>	<u><u>785,621,921</u></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 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 31 March 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 \$16.6 million as at March 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:-	Group 3 Months ended	
	31/3/2019	31/3/2018
(i) Basic earnings per share (cents)	0.45	0.57
(ii) On a fully diluted basis (cents)	0.45	0.57

The basic EPS for the period ended 31 March 2019 and 31 March 2018 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 788,172,933 shares and 795,878,869 shares respectively.

There is no dilutive effect on the EPS for the period ended 31 March 2019 and 31 March 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.

	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<u>31/3/2019</u>	<u>31/12/2018</u>	<u>31/3/2019</u>	<u>31/12/2018</u>
Net asset value per ordinary share (cents)	14.6	14.1	10.0	10.0

The net asset value per ordinary share of the Group and the Company as at 31 March 2019 has been calculated based on the total issued number of ordinary shares of 785,621,921 (2018: 785,621,921).

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 \$26.7 million for the 3 months ended 31 March 2018 ("1Q18") to \$27.5 million for the 3 months ended 31 March 2019 ("1Q19"). The increase of \$0.8 million was mainly due to higher revenue from dental outlets in Singapore in 1Q19.

As at 31 March 2019, the Group has a total of 74 dental outlets and 4 medical outlets in operations, compared to 69 dental outlets and 4 medical outlets as at 31 March 2018 in Singapore.

As at 31 March 2019, the Group has a total of 18 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 as at 31 March 2018 in PRC.

Revenue contribution from the dental equipment and supplies distribution business increased by 20% from \$2.0 million in 1Q18 to \$2.4 million in 1Q19. The increase of \$0.4 million was mainly due to higher revenue from dental equipment and supplies distribution business in Malaysia in 1Q19.

##### **Other Gains - Net**

Other gains in 1Q19 amounted to \$0.8 million was mainly due to the recognition of profit guarantee in 1Q19.



## **Other Items of Expense**

### Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in dental and medical clinics increased by 3% from \$2.0 million in 1Q18 to \$2.1 million in 1Q19. The increase was in line with the increase in revenue.

As a percentage of revenue from the dental and medical clinics, consumables and dental supplies used in the dental and medical outlets in 1Q19 and 1Q18 was 7.5%.

### Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased by 23% from \$1.4 million in 1Q18 to \$1.8 million in 1Q19. The increase was mainly due to the increase in revenue of the dental and equipment and supplies distribution business 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 1Q19 was 74.3% compared to 72.4% in 1Q18.

### Employee Benefits Expense

Employee benefits expense increased by 4% from \$16.5 million in 1Q18 to \$17.2 million in 1Q19. The increase of \$0.7 million was in line with the increase in revenue.

As a percentage of revenue, employee benefits expense in 1Q19 was 57.3% compared to 57.5% in 1Q18.

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

Depreciation of ROU assets amounted to \$3.0 million due to adoption of SRFS(I) 16 in 1Q19.

### Rental Expense

Rental expense decreased by 98% from \$3.2 million in 1Q18 to \$0.1 million in 1Q19. The decrease was mainly due to adoption of SRFS(I) 16 in 1Q19.

As a percentage of revenue, total expenses on depreciation of ROU assets and rental in 1Q19 was 10.3% compared to 11.1% in 1Q18.

### Other Expenses

Other expenses increased by 19% from \$1.5 million in 1Q18 to \$1.8 million in 1Q19. The increase was mainly due to the increase of legal and professional fees in Singapore and Malaysia in 1Q19.

As a percentage of revenue, other expenses in 1Q19 was 6.1% compared to 5.3% in 1Q18.

### Finance Costs

Finance costs increased by 15% from \$0.7 million in 1Q18 to \$0.8 million in 1Q19. The increase was mainly due to adoption of SRFS(I) 16 in 1Q19 which led to an increase of \$0.2 million in finance cost.

As a percentage of revenue, finance costs in 1Q19 was 2.8% compared to 2.6% in 1Q18.

### Share of Profit from Equity-Accounted Associates

Share of profit from equity-accounted associates decreased by 62% from \$1.3 million in 1Q18 to \$0.5 million in 1Q19. The decrease of \$0.8 million was mainly due to lower share of profit from Aidite and share of loss from Aoxin Q & M in 1Q19. Profit from Aidite has decreased due to increase in employee benefits expense because of increase in workforce. Aoxin Q & M suffered losses during this period mainly due to gestation losses from new hospitals and clinics opened or to be opened in 2018/2019 and loss incurred in an existing polyclinic.



### **Profit Before Tax and Profit After Tax**

For the reasons given above, the Group's profit before tax decreased by 18% from \$4.5 million in 1Q18 to \$3.7 million in 1Q19.

Profit after tax attributable to owners of the parent decreased by 20% from \$4.5 million in 1Q18 to \$3.6 million in 1Q19.

### **Statement of Financial Position**

As at 31 March 2019, the Group has cash and cash equivalents of \$25.0 million, bank borrowings plus finance leases amounted to \$89.1 million.

#### **Current Assets**

Cash and cash equivalents as at 31 March 2019 increased to \$25.0 million from \$24.9 million as at 31 December 2018.

Trade and other receivables as at 31 March 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 and profit guarantee receivables from vendors of the subsidiaries and associate.

Other assets as at 31 March 2019 decreased to \$2.2 million from \$2.6 million as at 31 December 2018. The decreased was mainly due to amortisation of sign on bonuses in 1Q19.

#### **Non-Current Assets**

The net book value of property, plant and equipment as at 31 March 2019 increased to \$23.1 million from \$20.4 million as at 31 December 2018. The increase of \$2.7 million was mainly due to the purchase of the 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 31 March 2019 was \$16.6 million due to adoption of SRFS(I) 16 in 1Q19. 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 31 March 2019 decreased to \$11.8 million from \$14.0 million as at 31 December 2018. The decrease of \$2.2 million was mainly due to payment of professional fees to dentists, doctors and staff bonuses which were accrued as at 31 December 2018.

Other financial liabilities as at 31 March 2019 increased to \$0.6 million from \$0.4 million as at 31 December 2018. The increase of \$0.2 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 amounted to \$9.7 million as at 31 March 2019 due to adoption of SRFS(I) 16 in 1Q19.

#### **Non-Current Liabilities**

Lease liabilities from ROU assets amounted to \$6.9 million as at 31 March 2019 due to adoption of SRFS(I) 16 in 1Q19.



### **Statement of Cash Flows**

The Group's net cash flow from operating activities was \$4.7 million in 1Q19. This was mainly derived from the profit generated in 1Q19 after adding back depreciation, offset by decrease of trade and other payable of \$2.3 million and increase of trade and other receivables of \$1.0 million.

Net cash used in investing activities in 1Q19 amounted to \$3.2 million, mainly due to the purchase of Bishan property amounting to \$2.9 million which was used by Bishan dental clinic and plant and equipment for the existing clinics and opening of new dental clinic.

Net cash used in financing activities in 1Q19 was \$1.4 million, which arose mainly due to repayment of lease liabilities arising from right-of-use assets offset by drawdown of bank loan for purchase of Bishan property.

**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 a location in Paya Lebar and is expected to commence operations around the third quarter of 2019.

- Update on the Company's Malaysia Operations

The Company has opened new dental clinics in Setapak and Klang in April 2019 and has also signed rental agreements to open 6 new dental clinics in 2019.

- Update on Equity-Accounted Associate – Aoxin Q & M

Aoxin Q & M has reported that its performance for the financial year ending 31 December 2019 will be impacted by the gestation losses incurred for the new hospitals and clinics.

- Development of Artificial Intelligence Enhanced ("AI-enhanced") Dental Treatment Decision Support System

On 8 April 2019, the Company announced the exclusive collaboration agreement with IMU Education Sdn Bhd, a company incorporated under the law of Malaysia, to develop an AI-enhanced dental treatment decision support system ("AI Project") for the clinical management of common dental problems. This is the first AI Project in Southeast Asia of such nature.



- Update on Aidite (Qinhuangdao) Technology Company Limited

On 23 April 2019, the Company announced that it has been approached by 2 different and unrelated parties in relation to the potential partial acquisition of the Company's stake in Aidite (Qinhuangdao) Technology Company Limited.

- Extension of Service Agreements of 14 Founding Dentists

On 23 April 2019, the Company announced that in order to demonstrate their commitment to the growth of the Group, 14 of the 17 senior founding dentists of Q&M have extended their existing service agreements with the Company until January 2030.

### **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 74 clinics in Singapore. The Group will be focusing on its operations 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 intends to add at least 10 dental clinics in Singapore for 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 20 clinics in Malaysia. The clinics are 8 dental clinics in Johor, 1 dental centre and 8 dental clinics in Kuala Lumpur and 3 dental clinics in Malacca. The Group intends to add at least 10 dental clinics in Malaysia for 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 opportunities to acquire larger 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?**

None



**(b) Corresponding Period of the Immediately preceding Financial Year**

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

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2019.

**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 31 March 2019 to be false or misleading in any material aspect.

**15. Confirmation pursuant to Rule 720 (1) of the Listing Manual**

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

**BY ORDER OF THE BOARD**

**Dr Ng Chin Siau**  
**Group Chief Executive Officer**  
**14 May 2019**