



Half Year Financial Statement And Dividend Announcement For The Half Year Ended 30 June 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF 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.

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the half year (six months) ended 30 June 2010.

	Note	Group		
		6 Months ended 30/06/2010	6 Months ended 30/06/2009	Increase/ (Decrease)
		\$'000	\$'000	%
Revenue		17,877	14,033	27.4
Other Items of Income				
Other Credits	1(a)(i)	70	172	(59.3)
Other Items of Expense				
Consumables and Dental Supplies Used		(1,293)	(947)	36.5
Employee Benefits Expenses		(11,089)	(8,653)	28.2
Depreciation Expense		(361)	(272)	32.7
Rental Expense		(1,865)	(1,283)	45.4
Other Expenses		(1,126)	(865)	30.2
Other Charges		-	(1)	NM
Finance Costs		(6)	(2)	NM
Professional Fees and Expenses in Relation to the Placement		-	(60)	NM
Profit Before Tax From Continuing Operations		2,207	2,122	4.0
Income Tax Expense		(201)	(186)	8.1
Profit, From Continuing Operations, Net of Tax		2,006	1,936	3.6
Total Comprehensive Income for the Period		2,006	1,936	3.6
Profit/(Loss) attributable to:				
Owners of the Parent, Net of Tax		2,002	1,946	2.9
Non-Controlling Interests, Net of Tax		4	(10)	NM
Profit, Net of Tax		2,006	1,936	3.6
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Parent		2,002	1,946	2.9
Non-Controlling Interests		4	(10)	NM
Total Comprehensive Income		2,006	1,936	3.6
Earnings Per Share				
Basic (Cents)		0.73	0.97	
Diluted (Cents)		0.73	0.97	

NM: Not Meaningful



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

Notes:

1(a)(i) Other Credits

	6 Months ended	
	30/06/2010	30/06/2009
	\$'000	\$'000
Government grant received from Jobs Credit Scheme	70	172
	70	172



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	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current Assets:				
Inventories	298	184	-	-
Trade and Other Receivables	2,357	1,659	4,163	3,359
Other Assets	178	270	172	77
Cash and Cash Equivalents	19,473	21,595	13,540	14,221
Total Current Assets	22,306	23,708	17,875	17,657
Non-current Assets:				
Plant and Equipment	4,595	4,448	152	166
Investment in Subsidiaries	-	-	3,851	3,718
Other Receivables	1,690	1,139	1,121	1,112
Total Non-current Assets	6,285	5,587	5,124	4,996
Total Assets	28,591	29,295	22,999	22,653
EQUITY AND LIABILITIES				
Current Liabilities:				
Income Tax Payable	324	345	-	20
Trade and Other Payables	3,209	3,854	523	478
Short-term Bank Loan	-	519	-	-
Finance Leases	-	9	-	-
Total Current Liabilities	3,533	4,727	523	498
Non-current Liabilities:				
Provisions	214	214	-	-
Deferred Tax Liabilities	26	26	-	-
Total Non-current Liabilities	240	240	-	-
Total Liabilities	3,773	4,967	523	498
EQUITY				
Share Capital	22,302	22,302	22,302	22,302
Other Reserve	182	-	199	-
Retained Earnings/(Accumulated Losses)	2,333	2,026	(25)	(147)
Equity Attributable to Owners of the Parent, Total	24,817	24,328	22,476	22,155
Non-controlling Interests	1	-	-	-
Total Equity	24,818	24,328	22,476	22,155
Total Equity and Liabilities	28,591	29,295	22,999	22,653



1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2010		As at 31 December 2009	
\$'000		\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	9	519

Details of any collateral

The Group's secured borrowing comprises finance leases. The finance leases were secured on the plant and equipment under finance lease.

The finance lease and term loan were fully repaid as at 30 June 2010.



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.

	Group	
	6 Months ended	
	30/06/2010	30/06/2009
	\$'000	\$'000
Cash Flows From Operating Activities:		
Profit Before Tax	2,207	2,122
Adjustments for:		
Interest Expense	6	2
Depreciation of Plant and Equipment	361	272
Loss on Disposal of Plant and Equipment	-	1
Operating Cash Flows Before Changes in Working Capital	2,574	2,397
Inventories	(114)	(11)
Trade and Other Receivables	(273)	(117)
Other Assets	92	(43)
Trade and Other Payables	(645)	(603)
Net Cash Flows From Operating Activities Before Interest and Tax	1,634	1,623
Income Taxes Paid	(222)	(225)
Net Cash Flows From Operating Activities	1,412	1,398
Cash Flows Used in Investing Activities:		
Purchase of Plant and Equipment	(508)	(167)
Decrease/(Increase) in Interest in a Subsidiary	179	-
Other Receivables, Non-Current	(976)	(996)
Net Cash Flows Used in Investing Activities	(1,305)	(1,163)
Cash Flows Used in Financing Activities:		
Dividends Paid to Equity Owners	(1,695)	(1,501)
Finance Lease Repayment	(9)	(16)
Decrease in Bank Borrowings	(519)	-
Interest Paid	(6)	(2)
Net Cash Flow Used in Financing Activities	(2,229)	(1,519)
Net Decrease in Cash and Cash Equivalents	(2,122)	(1,284)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	21,595	4,260
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	19,473	2,976



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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.

	Share Capital	Other Reserve	Retained Earnings	Parent Sub-total	Non-Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Opening Balance at 1 Jan 2010	22,302	-	2,026	24,328	-	24,328
Movements in Equity:						
Total Comprehensive Income for the Period	-	-	2,002	2,002	4	2,006
Acquiring of Remaining Interest in a Subsidiary	-	-	-	-	(3)	(3)
Arising from Decrease/(Increase) in Interest in Subsidiaries	-	182	-	182	-	182
Dividends Paid	-	-	(1,695)	(1,695)	-	(1,695)
Closing Balance at 30 June 2010	22,302	182	2,333	24,817	1	24,818
Opening Balance at 1 Jan 2009	3,123	-	1,554	4,677	13	4,690
Movements in Equity:						
Total Comprehensive Income/(Loss) for the Period	-	-	1,946	1,946	(10)	1,936
Dividends Paid	-	-	(1,501)	(1,501)	-	(1,501)
Closing Balance at 30 June 2009	3,123	-	1,999	5,122	3	5,125



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)

	Share Capital	Other Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Company				
Opening Balance at 1 Jan 2010	22,302	-	(147)	22,155
Movements in Equity:				
Total Comprehensive Income for the Period	-	-	1,817	1,817
Arising from Decrease in Interest in a Subsidiary	-	199	-	199
Dividends Paid	-	-	(1,695)	(1,695)
Closing Balance at 30 June 2010	22,302	199	(25)	22,476
Opening Balance at 1 Jan 2009	3,123	-	(34)	3,089
Movements in Equity:				
Total Comprehensive Income for the Period	-	-	1,439	1,439
Dividends Paid	-	-	(1,501)	(1,501)
Closing Balance at 30 June 2009	3,123	-	(96)	3,027



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

	Number <u>of Shares</u> '000	Share <u>Capital</u> \$'000
At 30 June 2010	<u>274,075</u>	<u>22,302</u>
At 1 Jan 2009	<u>39,042</u>	<u>3,123</u>
Sub-division of shares	200,000	3,123
Issue of share capital from placement of shares	74,075	20,000
Share issue expenses	-	(821)
At 31 Dec 2009	<u>274,075</u>	<u>22,302</u>

Convertibles

The Company did not have any outstanding convertibles as at 30 June 2010 and 31 December 2009.

Treasury Shares

The Company did not have any treasury shares as at 30 June 2010 and 31 December 2009.

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 30/06/2010	As at 31/12/2009
Total number of issued shares excluding treasury shares	<u>274,075,000</u>	<u>274,075,000</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.

The Company has no treasury shares.



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

The figures have neither been reviewed nor 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 (HY2010) as those used in the most recently audited annual financial statements (FY2009).

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.**

	Group	
	6 Months ended	
	30/06/2010	30/06/2009
Earnings per ordinary share for the period:-		
(i) Basic earnings per share (cents)	0.73	0.97
(ii) On a fully diluted basis (cents)	0.73	0.97

For comparative purposes, the basic and fully diluted EPS for the 6 months ended 30 June 2010 and 30 June 2009 have been computed based on the profit attributable to owners of the parent, net of tax and our total issued number of ordinary shares of 274,075,000 shares for 1 H10 and our pre-Placement share capital of 200,000,000 shares for 1H09.

There were no potentially dilutive ordinary shares in existence during the current period reported on and the corresponding period of the immediately preceding financial year and accordingly, no difference in basic and diluted earnings per share be presented above.



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	As at	As at
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Net asset value per ordinary share (cents)	9.1	8.9	8.2	8.1

The net asset value per ordinary share of the Group and the Company as at 30 June 2010 and 31 December 2009 have been calculated based on the total issued number of ordinary shares of 274,075,000.

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

Group revenue for the six months ended 30 June 2010 ("1H10") increased 27.4% to \$17.9 million, from \$14.0 million in the previous corresponding period ("1H09"). The increase was attributed to higher revenue from existing dental clinics, and contributions from new dental clinics and dental centre that commenced operations for less than one year.

The Group opened new dental clinics in Tampines and Sun Plaza in August and December 2009 respectively. Q & M Dental Centre at City Square Mall also commenced operations in December 2009. In May 2010, the Group also started a new dental clinic in Serangoon Garden. As at the end of 1H10, the Group had a total of 38 dental clinics and one dental centre in operation, compared to 35 dental clinics at the end of 1H09.

Other Items of Income

Other income in 1H10 amounted to \$70,000, compared to \$172,000 in 1H09 due to the reduction in government grant for the Jobs Credit Scheme.

Other Items of Expense

Expenses for consumables and dental supplies used increased 36.5% to \$1.3 million in 1H10. This was due to the growth in revenue as well as higher cost of consumables and dental supplies in 1H10. These expenses accounted for 7.2% of Group revenue in 1H10, compared to 6.7% in 1H09.



Employee benefits expenses in 1H10 increased 28.2% to \$11.1 million, from \$8.7 million in 1H09. The increase was in line with the growth in revenue and higher employee headcount to support the expansion of the Group's operations and future growth. Employee benefits expenses as a percentage of sales remained steady at 62.0% in 1H10 compared to 61.7% for 1H09.

Depreciation expense increased by \$89,000 to \$0.4 million in 1H10 due mainly to increase in dental equipment, furniture, fixtures and fittings that were purchased for the set up of new dental clinics and dental centre.

Rental expense in 1H10 was \$1.9 million, an increase of 45.4% from \$1.3 million in 1H09. This was attributed to an increase in the network of dental outlets in operation, and comparatively higher rental rates. As a percentage of sales, rental expense in 1H10 increased slightly to 10.4% from 9.1% in 1H09.

Other expenses comprise mainly electronic payment transaction charges, printing and stationery expenses, advertising fees, utilities charges, premises and equipment maintenance costs, as well as professional fees. In 1H10, the Group's other expenses totalled \$1.1 million, up 30.2% from \$0.9 million in 1H09, due partly to the growth in revenue and operations. The Group also incurred higher professional and compliance fees in connection with its publicly-listed status, and also for its overseas market expansion activities.

Profit Before Tax and Net Profit

Notwithstanding higher expenses arising from expansion of dental operations in Singapore, coupled with an increase in professional and other fees in association with its publicly listed status and overseas market development activities, the Group delivered a 4% increase in profit before tax to \$2.2 million in 1H10 from \$2.1 million in 1H09.

While the new dental outlets in Tampines, Sun Plaza and City Square Mall were profitable in 1H10, the contributions were modest as new outlets typically need to undergo a gestation period.

After deducting provision for income tax expense of \$0.2 million, the Group's net profit in 1H10 increased by 3.6% to \$2.0 million, from \$1.9 million in 1H09.

Statement of Financial Position

As at 30 June 2010, the Group remained in a strong financial position with cash and cash equivalents of \$19.5 million and zero borrowings. Shareholders' equity at the end of June 2010 also improved to \$24.8 million, compared to \$24.3 million as at 31 December 2009, after taking into account a final dividend payment of \$1.7 million.

Current Assets

Cash and cash equivalents decreased to \$19.5 million at the end of 1H10, from \$21.6 million at the end of FY2009, attributable mainly to purchase of equipment, dividend payment and repayment of bank borrowings.

Trade and other receivables increased to \$2.4 million as at 30 June 2010, from \$1.7 million as at 31 December 2009. The increase was due to a few factors including higher rental deposits for new clinics at Serangoon Garden and Novena Square (opened in July 2010), deposits for renovation of certain clinics, expanding group of corporate clients on credit terms, and an increase in unsecured loans to certain dentists in the Group.



Non-Current Assets

The net book value of plant and equipment as at 30 June 2010 increased to \$4.6 million from \$4.4 million as at 31 December 2009, owing mainly to additional equipment purchases for the Dental Centre and the set up of the new clinic in Serangoon Garden which required the purchase of dental equipment, furniture and fittings.

Other receivables amounted to \$1.7 million at the end of 1H10, compared to \$1.1 million at the end of December 2009. The increase was due to unsecured loans provided to certain dentists in the Group.

Current Liabilities

Trade and other payables as at 30 June 2010 reduced to \$3.2 million, compared to \$3.9 million as at 31 December 2009, due mainly to payment of balance amount to suppliers in relation to the set up of Dental Centre.

The Group has nil short-term bank loan at the end of June 2010, as it has repaid the short-term bank facility of \$0.5 million obtained in 2009 for financing of the renovation of the Dental Centre.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$1.4 million in 1H10.

Net cash used in investing activities in 1H10 was around \$1.3 million, attributed mainly to capital expenditure for new dental equipment, furniture, fixtures and fittings for the Dental Centre and new clinic at Serangoon Garden, as well as an increase in unsecured loans to certain dentists in the Group.

Net cash used in financing activities in 1H10 amounted to \$2.2 million. This was due primarily to final dividend payment of \$1.7 million to equity owners with respect to FY2009 and repayment of bank borrowings of \$0.5 million.

Consequent to the above factors, the Group's cash and cash equivalents declined to \$19.5 million at the end of June 2010, from \$21.6 million at the end of December 2009.

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

There are no significant trends and changes in the competitive conditions in the Singapore private dental healthcare industry as well as any known factors or events that may affect the Group in the next reporting period and the next 12 months.



Future Plans

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

- Expansion of network of dental clinics in Singapore

To widen its reach, expand its patient base and enlarge its market share in Singapore, the Group will continually be seeking strategic locations to set up new clinics. In this respect, it is setting up a new clinic in "NEX" shopping mall in Serangoon Central before the end of 2010. The Group's target is to own and operate 60 Q&M dental clinics in Singapore by 2015.

In addition, the Group intends to continually upgrade its existing facilities to meet expected demand and ensure delivery of high quality dental healthcare services.

- Enhancing dental care in Singapore

Business of the Q & M Dental Centre at City Square Mall continues to gain traction with steady improvement in patient visits since opening in December 2009. In 1H10, Q & M Dental Centre delivered a profitable, albeit modest, financial performance at the subsidiary level. As patient visits increase, the Group has the intention to progressively improve the utilisation of the Dental Centre's 32 treatment rooms.

To enhance specialist dental healthcare services and cater for dental tourism, the Group is setting up a second dental centre in The Centrepoint at Orchard Road, which will comprise 16 treatment rooms.

- Entry to private dental healthcare market in the PRC

The Group has recently embarked on its expansion into the private dental healthcare market in the PRC through two initial investments totalling \$4.2 million (approximately RMB20.7 million) to provide consultancy services and acquire the economic benefits of Aiyashi and Dan De dental clinics, which are located in Beijing and Nanjing respectively.

The Group is also proposing to invest a further \$5.4 million (approximately RMB26.5 million) in He Cheng, subject to satisfactory due diligence investigations, to enter the dental laboratory business in the PRC.

To capitalize on the potential of the country's large and growing private dental healthcare market, the Group has plans to invest \$37 million (approximately RMB180 million) over the next three years to establish its dental healthcare business in the PRC. The Group's target is to have 50 dental clinics and some dental laboratories in the PRC by 2015. (Please refer to Announcement No. 00038 dated 2 August 2010)

- Expansion into dental materials and equipment distribution business

The Group intends to explore opportunities in Singapore and overseas markets to expand into businesses related to dental materials and equipment. This will enable the Group to source materials and equipment for distribution to its dental outlets, third party clinics and other suppliers.

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

The Group is also constantly looking for opportunities to expand its business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with its existing business, in Singapore as well as in other countries.



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)	0.5838 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)	0.7505 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(c) The date the dividend is payable.

The dividend will be paid on 7 September 2010.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 27 August 2010 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd), 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 26 August 2010 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 26 August 2010 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.



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13 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 interim statements of the Group and the Company for the half year ended 30 June 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ng Chin Siau
Chief Executive Officer
12 August 2010