

Q & M DENTAL GROUP REPORTS HIGHER NET PROFIT OF \$2.0 M IN FIRST HALF OF 2010

- Revenue up 27% to \$17.9 m in 1H10
- Net profit in 1H10 rose 4% despite higher expenses from new dental outlets in Singapore, higher professional fees after its public listing on the SGX-ST and costs related to its PRC expansion plans
- Distributing around 80% of profit attributable to equity holders in 1H10 as interim dividend to shareholders
- Group to open another two dental outlets, including its second Dental Centre, in Singapore by end of 2010
- Group to continue expansion plans in the PRC after making initial investments in two dental groups in Beijing and Nanjing

Singapore, 12 August 2010 – Mainboard-listed **Q & M Dental Group (Singapore) Limited** (“Q & M Dental Group” or the “Group”), the largest provider of private dental healthcare services in Singapore, today reported that its net profit gained 4% to \$2.0 million for the first six months ended 30 June 2010 (“1H10”), from \$1.9 million in 1H09. This was achieved on a 27% increase in Group revenue to \$17.9 million in 1H10, lifted by higher revenue from existing clinics and additional revenue contribution from new dental outlets.

Q & M Dental Group opened four new dental outlets progressively from second half of 2009 to first half of 2010. These new dental outlets, which are still undergoing a gestation period, led to higher operating expenses in 1H10 compared to the same period a year ago. The Group also incurred additional professional fees to ensure compliance with its legal obligations as a public listed company, as well as costs related to its overseas market expansion activities. Notwithstanding these factors, the Group sustained its bottom line performance in 1H10.

To reward shareholders for their continued support, Q & M Dental Group has declared an interim dividend of 0.5838 cents per share, which represents approximately 80% of the profit attributable to equity holders in 1H10.

Dr Ng Chin Siau, CEO of Q & M Dental Group said, “We are pleased with the performance of our new clinics at Tampines and Sun Plaza, and our Q & M Dental Centre at City Square Mall. All three clinics have seen a steady expansion in patient base since their respective openings in the second half of 2009. Business at our Dental Centre is definitely gaining traction. In fact, the Dental Centre’s performance has exceeded our expectations by attaining profitability within its first three months of operations. Based on the increasing trend of patient visits, we envisage good potential to improve the utilisation of the 32 treatment rooms at the Dental Centre.”

Indeed, the dental outlets in Tampines, Sun Plaza and City Square Mall have delivered profitable, albeit modest, financial performances in 1H10. In May 2010, the Group opened its 38th dental clinic at Serangoon Garden. 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.

Given the larger network of dental outlets in operation, the Group’s operating expenses in 1H10 were correspondingly higher compared to 1H09. Employee benefits expense in 1H10 rose 28.2% to \$11.1 million in tandem with higher revenue as the Group’s dentists are remunerated on a variable basis. Employee benefits

expense also rose as the Group enlarged its team of dentists and staff to support the expansion of its operations and meet the legal obligations of a public listed company. As a percentage of sales however, employee benefits expense remained fairly steady at 62.0% compared to 61.7% for 1H09.

As at 30 June 2010, the Group employed a total headcount of 478, which includes 120 dentists and 324 dental surgery assistants.

The Group's rental expense in 1H10 also rose to \$1.9 million, up 45% from \$1.3 million in 1H09. The higher rental expense was a result of the increased number of dental outlets, coupled with higher market rental rates for some existing clinics.

Other expenses climbed to \$1.1 million in 1H10 as the Group experienced higher professional and compliance fees after its public listing on the SGX-ST in November 2009. Expenses were also incurred for the Group's overseas market development activities during 1H10. As at 30 June 2010, the Group remained in a strong financial position with cash and cash equivalents of \$19.5 million and had no borrowings.

FUTURE PLANS

In Singapore, Q & M Dental Group intends to continue widening its network of dental clinics to gain market share. To this end, it has already set up 2 new clinics in Serangoon Garden and Novena Square this year, and plans to open another clinic in "NEX" shopping mall in Serangoon Central, and a second Dental Centre with 16 treatment rooms in The Centrepoint at Orchard Road before the end of 2010. These plans will bring its network in Singapore to a total of 40 clinics and 2 dental centres by year-end.

Said Dr Ng, "Leveraging on the success of our first Dental Centre at City Square Mall, we are in the process of setting up our second dental centre to capture new patient pools and capitalise on the growing demand for higher value specialist dental healthcare services from locals and foreigners including medical tourists in Singapore.

Our entry into the private dental healthcare market in the People's Republic of China ("PRC") through investments in two dental groups earlier this month marked a significant milestone for Q & M Dental Group. We are actively executing our plans to make further inroads into the PRC private dental healthcare market to develop another growth engine over the long term. We intend to grow our operations locally and overseas to reach our target of 60 dental clinics in Singapore, and 50 dental clinics and some dental laboratories in the PRC by 2015."

On 2 August 2010, Q & M Dental Group announced that it has entered into separate joint-ventures to provide consultancy services and acquire the economic benefits of two dental groups – Aiyashi dental clinics in Beijing and Dan De dental clinics in Nanjing. Both dental groups presently operate 3 dental clinics each. The Group's subsidiary, Q & M Dental Group (China) Pte Ltd ("QDGC"), owns 30% and 50% equity interests in the joint ventures for Aiyashi dental clinics and Dan De dental clinics respectively. The Group's investments in Aiyashi and Dan De dental groups totalled \$4.2 million.

Both vendors of Aiyashi and Dan De have provided undertakings that the total net income generated by the clinics via consulting service fees to the respective joint ventures shall not be less than \$0.65 million per year and \$0.32 million per year respectively, for a period of 10 years.

In connection with the joint ventures, Q & M Dental Group has also entered into sale and purchase agreements with both vendors to sell to each party 1% of the current share capital of QDGC for \$200,000. QDGC is an investment holding company that focuses primarily on investment opportunities in the PRC market.

The Group also entered into a binding master agreement in relation to a proposed joint venture in which it is proposing to invest around \$5.4 million in a dental laboratory company based in Zhejiang Province, the PRC. This proposed joint venture is subject to satisfactory due diligence.

Over the next three years, Q & M Dental Group intends to invest \$37 million to build its dental healthcare business in the PRC to capitalise on the country's large and growing private dental healthcare market.

Backed by a strong financial position, the Group will continue to expand organically and also look for strategic joint ventures, acquisitions or partnership opportunities both locally and overseas to enhance its long-term growth potential.

About Q & M Dental Group (全民牙医集团 (新加坡) 有限公司)

Q & M Dental Group [QNM SP / QMDT.SI] is Singapore's largest private dental healthcare group with 39 dental clinics strategically located island-wide, one Dental Centre and one mobile dental clinic.

Founded in 1996, Q & M Dental Group has built an established brand through its reputation as a reliable dental healthcare services provider with multi-disciplinary expertise ranging from primary care dental healthcare services to specialist services. The Group has a pool of about 120 experienced dentists, supported by more than 300 Dental Surgery Assistants, to provide quality service to its patient pool of more than 370,000 island-wide.

The Group was listed on the Main Board of the SGX-ST on 26 November 2009. For further information on Q & M Dental Group, please visit the Group's website at www.QandMDental.com.sg