



Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 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.

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the full year (twelve months) ended 31 December 2010.

| | Note | Group | | |
|---|---------|----------------------------|----------------------------|----------------------|
| | | 12 Months ended 31/12/2010 | 12 Months ended 31/12/2009 | Increase/ (Decrease) |
| | | S\$'000 | S\$'000 | % |
| Revenue | | 39,112 | 30,308 | 29 |
| <u>Other Items of Income</u> | | | | |
| Other Credits | 1(a)(i) | 87 | 360 | (76) |
| <u>Other Items of Expense</u> | | | | |
| Consumables and Dental Supplies Used | | (3,247) | (2,184) | 49 |
| Employee Benefits Expenses | | (24,133) | (18,532) | 30 |
| Depreciation Expense | | (791) | (532) | 49 |
| Rental Expense | | (3,954) | (2,854) | 39 |
| Other Expenses | | (2,634) | (1,899) | 39 |
| Other Charges | | (8) | (4) | NM |
| Finance Costs | | (6) | (3) | NM |
| Professional Fees and Expenses in Relation to the Placement | | - | (498) | NM |
| Share of results of associates | | (28) | - | NM |
| Profit Before Tax from Continuing Operations | | 4,398 | 4,162 | 6 |
| Income Tax Expense | | (361) | (357) | 1 |
| Profit, Net of Tax | | 4,037 | 3,805 | 6 |
| Total Comprehensive Income for the Year | | 4,037 | 3,805 | 6 |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Parent, Net of Tax | | 4,033 | 3,818 | 6 |
| Non-Controlling Interests, Net of Tax | | 4 | (13) | NM |
| Profit, Net of Tax | | 4,037 | 3,805 | 6 |
| Total Comprehensive Income/(Loss) attributable to: | | | | |
| Owners of the Parent | | 4,033 | 3,818 | 6 |
| Non-Controlling Interests | | 4 | (13) | NM |
| Total Comprehensive Income | | 4,037 | 3,805 | 6 |

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

| | 12 Months ended | |
|--|-----------------|------------|
| | 31/12/2010 | 31/12/2009 |
| | S\$'000 | S\$'000 |
| Government grant received from Job Credit Scheme | 67 | 359 |
| Others | 20 | 1 |
| | 87 | 360 |



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 | |
| | 31/12/2010 | 31/12/2009 | 31/12/2010 | 31/12/2009 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current Assets: | | | | |
| Inventories | 281 | 184 | - | - |
| Trade and Other Receivables | 4,377 | 1,659 | 10,880 | 3,359 |
| Other Assets | 404 | 270 | 99 | 77 |
| Cash and Cash Equivalents | 14,935 | 21,595 | 8,430 | 14,221 |
| Total Current Assets | 19,997 | 23,708 | 19,409 | 17,657 |
| Non-current Assets: | | | | |
| Plant and Equipment | 6,474 | 4,448 | 173 | 166 |
| Intangible Assets | 341 | - | - | - |
| Investment in Subsidiaries | - | - | 3,851 | 3,718 |
| Investment in Associates | 3,541 | - | - | - |
| Other Receivables | 1,227 | 1,139 | 672 | 1,112 |
| Total Non-current Assets | 11,583 | 5,587 | 4,696 | 4,996 |
| Total Assets | 31,580 | 29,295 | 24,105 | 22,653 |
| EQUITY AND LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Income Tax Payable | 192 | 345 | 13 | 20 |
| Trade and Other Payables | 4,999 | 3,854 | 824 | 478 |
| Short-term Bank Loan | - | 519 | - | - |
| Finance Leases | - | 9 | - | - |
| Total Current Liabilities | 5,191 | 4,727 | 837 | 498 |
| Non-current Liabilities: | | | | |
| Provisions | 267 | 214 | - | - |
| Deferred Tax Liabilities | 187 | 26 | - | - |
| Total Non-current Liabilities | 454 | 240 | - | - |
| Total Liabilities | 5,645 | 4,967 | 837 | 498 |
| EQUITY | | | | |
| Share Capital | 22,947 | 22,302 | 22,947 | 22,302 |
| Other Reserves | 182 | - | 199 | - |
| Retained Earnings/(Accumulated Losses) | 2,765 | 2,026 | 122 | (147) |
| Equity Attributable to Owners of the Parent, Total | 25,894 | 24,328 | 23,268 | 22,155 |
| Non-controlling Interests | 41 | - | - | - |
| Total Equity | 25,935 | 24,328 | 23,268 | 22,155 |
| Total Equity and Liabilities | 31,580 | 29,295 | 24,105 | 22,653 |



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

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 31 December 2010 | | As at 31 December 2009 | |
|-------------------------------|----------------|-------------------------------|------------------|
| S\$'000 | | S\$'000 | |
| Secured | Secured | 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 | |
|---|------------------------|-------------------|
| | 12 Months ended | |
| | 31/12/2010 | 31/12/2009 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | |
| Profit before tax | 4,398 | 4,162 |
| Adjustments for: | | |
| Interest expense | 6 | 3 |
| Depreciation of plant and equipment | 791 | 532 |
| Loss on disposal of plant and equipment | 3 | 4 |
| Professional Fees and Expenses in Relation to the Placement | - | 498 |
| Share of loss of associates | 28 | - |
| Operating cash flows before changes in working capital | 5,226 | 5,199 |
| Inventories | (45) | (115) |
| Trade and other receivables | (2,156) | (485) |
| Other assets | (134) | (60) |
| Trade and other payables | 1,006 | 796 |
| Net cash flows from operating activities before interest and tax | 3,897 | 5,335 |
| Income taxes paid | (353) | (407) |
| Net cash flows from operating activities | 3,544 | 4,928 |
| Cash flows used in investing activities: | | |
| Purchase of plant and equipment | (2,696) | (2,351) |
| Trade and other receivables | (399) | (158) |
| Other receivables, non-current | (88) | (957) |
| Investment in associates | (2,924) | - |
| Acquisition of subsidiary (net of cash acquired) | (501) | - |
| Increase/(Decrease) in interest in a Subsidiary | 179 | - |
| Others | 53 | 53 |
| Net cash flows used in investing activities | (6,376) | (3,413) |
| Cash flows (used in)/ from financing activities: | | |
| Dividends paid to equity owners | (3,294) | (3,346) |
| Proceeds from placement of shares | - | 20,000 |
| Finance lease repayment | (9) | (31) |
| Professional Fees and Expenses in Relation to the Placement | - | (1,319) |
| Increase/(decrease) in bank borrowings | (519) | 519 |
| Interest paid | (6) | (3) |
| Net cash flows (used in)/ from financing activities | (3,828) | 15,820 |
| Net (decrease)/increase in cash and cash equivalents | (6,660) | 17,335 |
| Cash and cash equivalents, statement of cash flows, beginning balance | 21,595 | 4,260 |
| Cash and cash equivalents, statement of cash flows, ending balance | 14,935 | 21,595 |
| Cash and cash equivalents at end of year includes the following: | | |
| Cash and bank balances | 14,935 | 21,595 |
| Cash and cash equivalents at end of year | 14,935 | 21,595 |



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 |
|--|---------------|---------------|-------------------|------------------|--------------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | | | |
| Opening Balance at 1 Jan 2010 | 22,302 | - | 2,026 | 24,328 | - | 24,328 |
| Movements in Equity: | | | | | | |
| Total Comprehensive Income for the year ended 31 Dec 2010 | - | - | 4,033 | 4,033 | 4 | 4,037 |
| Acquiring of Remaining Interest in a subsidiary | - | - | - | - | (3) | (3) |
| Acquisition of Subsidiary | - | - | - | - | 40 | 40 |
| Issue of new shares | 645 | - | - | 645 | - | 645 |
| Arising from Decrease in Interest in Subsidiary | - | 182 | - | 182 | - | 182 |
| Dividends Paid | - | - | (3,294) | (3,294) | - | (3,294) |
| Closing Balance at 31 Dec 2010 | 22,947 | 182 | 2,765 | 25,894 | 41 | 25,935 |
| Opening Balance at 1 Jan 2009 | 3,123 | - | 1,554 | 4,677 | 13 | 4,690 |
| Total Comprehensive Income/(Loss) for the year ended 31 Dec 2009 | - | - | 3,818 | 3,818 | (13) | 3,805 |
| Movements in Equity: | | | | | | |
| Issue of Share Capital due to Share Placement | 20,000 | - | - | 20,000 | - | 20,000 |
| Shares Issue Expenses | (821) | - | - | (821) | - | (821) |
| Dividends Paid | - | - | (3,346) | (3,346) | - | (3,346) |
| Closing Balance at 31 Dec 2009 | 22,302 | - | 2,026 | 24,328 | - | 24,328 |



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)

| | Retained Earnings /(Accumulated Losses) | | | Total Equity |
|---|---|---------------|---------|--------------|
| | Share Capital | Other Reserve | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Company | | | | |
| Opening Balance at 1 Jan 2010 | 22,302 | - | (147) | 22,155 |
| Movements in Equity: | | | | |
| Total Comprehensive Income for the year ended 31 Dec 2010 | - | - | 3,563 | 3,563 |
| Arising from Decrease in Interest in Subsidiary | - | 199 | - | 199 |
| Issue of new shares | 645 | - | - | 645 |
| Dividends Paid | - | - | (3,294) | (3,294) |
| Closing Balance at 31 Dec 2010 | 22,947 | 199 | 122 | 23,268 |
| Opening Balance at 1 Jan 2009 | 3,123 | - | (34) | 3,089 |
| Total Comprehensive Income for the year ended 31 Dec 2009 | - | - | 3,233 | 3,233 |
| Movements in Equity: | | | | |
| Issue of Share Capital due to Share Placement | 20,000 | - | - | 20,000 |
| Shares Issue Expenses | (821) | - | - | (821) |
| Dividends Paid | - | - | (3,346) | (3,346) |
| Closing Balance at 31 Dec 2009 | 22,302 | - | (147) | 22,155 |



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 of Shares '000 | Share Capital S\$'000 |
|------------------------------|-----------------------------|-----------------------------|
| At 1 Jan 2010 | 274,075 | 22,302 |
| | 274,075 | 22,302 |
| Issue of shares for China JV | 1,151 | 645 |
| | 275,226 | 22,947 |
| At 31 Dec 2010 | 275,226 | 22,947 |

Convertibles

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

Treasury Shares

The Company did not have any treasury shares as at 31 December 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 31/12/10 | As at 31/12/09 |
|--|--------------------|--------------------|
| Total number of issued shares excluding treasury shares | <u>275,226,497</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.

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 year (FY10) as those used in the most recently audited annual financial statements (FY09).

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 | |
|--|-----------------|------------|
| | 12 Months ended | |
| | 31/12/2010 | 31/12/2009 |
| Earnings per ordinary share for the period:- | | |
| (i) Basic earnings per share (cents) | 1.47 | 1.84 |
| (ii) On a fully diluted basis (cents) | 1.47 | 1.84 |

For comparative purposes, the basic and fully diluted EPS for the year ended 31 December 2010 and 31 December 2009 have been computed based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 274,191,762 shares for 2010 and weighted average number of ordinary shares of 207,306,027 for 2009.

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 | |
| | 31/12/2010 | 31/12/2009 | 31/12/2010 | 31/12/2009 |
| Net asset value per ordinary share (cents) | 9.4 | 8.9 | 8.5 | 8.1 |

The net asset value per ordinary share of the Group and the Company as at 31 December 2010 and 31 December 2009 have been calculated based on the total issued number of ordinary shares of 275,226,497 shares as at 31 December 2010, and 274,075,000 shares as at 31 December 2009.

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 12 months ended 31 Dec 2010 ("FY10") increased 29% to \$39.1 million, from \$30.3 million in the previous corresponding year ("FY09"). The increase of \$8.8 million was attributed to higher revenue from existing dental clinics and contributions from new dental outlets (defined as sales from clinics and dental centres within the first year of operations) in Singapore.

The Group recorded the first full-year revenue contribution from dental clinics in Tampines, Sun Plaza and dental centre at City Square Mall in FY10. These dental clinics and dental centre commenced operations in the second half of FY09 and together, contributed incremental revenue amounting to \$6.7 million to the Group in FY10.

During FY10, the Group commenced operations of three new dental clinics at Serangoon Garden, Novena Square and Nex Shopping Mall. The Group also started its second dental centre which is located in The Centrepoint at Orchard Road in the last quarter of FY10. In aggregate, these four new dental outlets contributed revenue of \$1.3 million to the Group in FY10.

As at 31 December 2010, the Group has treated more than 400,000 patients. There were 76,980 new patients in FY10 as compared to 63,400 new patients in FY09. In FY10, the Group had total patient visits of 250,000 as compared to 227,000 in FY09.

At the end of FY10, the Group had a total of 40 dental clinics, 2 dental centres and 1 mobile dental clinic in operation, compared to 37 clinics, 1 dental centre and 1 mobile dental clinic at the end of FY09.



Other Items of Income

Other income in FY10 amounted to \$0.1 million, compared to \$0.4 million in FY09 due to the reduction in government grant for the Jobs Credit Scheme.

Other Items of Expense

Consumables and dental supplies expense in FY10 increased 49% to \$3.2 million from \$2.2 million in FY09. The increase of \$1.0 million was mainly due to higher revenue, higher purchasing cost of consumables and dental supplies and the opening of new dental outlets in FY10. New dental outlets generally require the purchase of comprehensive consumables and dental supplies during the initial phase of operations. Such purchases for new dental outlets in FY10 amounted to \$0.2 million, which was expensed off in the year of purchase (as per Group's accounting practice), not being booked in as inventory. In addition, incremental expenses for consumables and dental supplies in FY10 for the dental clinics and dental centre that were opened in FY09 amounted to \$0.6 million. As a percentage of revenue, consumable and dental supplies expense in FY10 increased to 8.3% from 7.2% in FY09.

Employee benefits expense in FY10 increased 30% to \$24.1 million, from \$18.5 million in FY09. The increase of \$5.6 million was in line with the growth in revenue and higher employee headcount to support the Group's existing operations and future growth. As a percentage of revenue, employee benefits expense in FY10 increased marginally to 61.7% from 61.1% in FY09.

Depreciation expense in FY10 increased 49% to \$0.8 million from \$0.5 million in FY09. The increase of \$0.3 million was mainly due to an increase in dental equipment, furniture, fixtures and fittings that were purchased for the set up of new dental outlets. As a percentage of revenue, depreciation expense in FY10 increased to 2% from 1.8% in FY09.

Rental expense increased 39% to \$3.9 million from \$2.9 million in FY09. The increase of \$1 million was attributed to an increase in the number of dental outlets in operations and relatively higher rental rates for new dental outlets opened in FY10. These new dental outlets are located in shopping malls and prime shopping areas. Rental for new dental outlets opened in FY10 amounted to \$0.2 million. Incremental rental in FY10 for dental clinics and dental centre opened in FY09 amounted to \$0.8 million. As a percentage of revenue, rental expense in FY10 increased to 10% from 9.4% in FY09.

Other expenses in FY10 increased 39% to \$2.6 million from \$1.9 million in FY09. Other expenses comprise mainly electronic payment transaction charges, printing and stationery expenses, advertising and marketing expenses, utilities charges, premises and equipment maintenance costs, as well as significant legal and professional fees. The increase of \$0.7 million was due partly to the growth in the number of new dental clinics and dental centre in FY10. The Group also incurred higher legal and professional fees in connection with its overseas market expansion activities. As a percentage of revenue, other expenses in FY10 increased to 6.7% from 6.3% in FY09.

The Group recorded a share of loss of associates of \$0.028 million for the period from August to December 2010. These associate companies are related to the Group's joint ventures in the PRC. The loss arose mainly from higher operating expenses which were attributable to the set-up of a dental centre in Nanjing, the PRC.

The increase in costs is consistent with the Group in growth phase in Singapore and carrying out acquisitions overseas. Cost control measures and steps to enhance economies of scale are actively being put in place.



Profit Before Tax and Net Profit

The Group recorded a profit before tax of \$4.4 million, an increase of 6% from \$4.2 million in FY09. This was attributable to higher revenue from existing dental clinics and contributions from new dental outlets.

FY10 was a year of investment for the Group. The followings should be noted:

The Group had opened 3 dental clinics and 1 dental centre in FY10. New dental outlets generally require a gestation period to build up patient base and revenue but they have an immediate impact on the Group's expenses, including depreciation, rental, employee benefits expenses, and consumable and dental supplies used, as described in earlier sections.

In FY10, significant professional fees and other expenses amounting to \$0.2 million were incurred for expansion activities into PRC and Malaysia. The revenue and profit of such activities will only materialise from FY11.

After deducting provision for income tax expense of \$0.4 million, the Group's net profit in FY10 increased by 6% to \$4.0 million, from \$3.8 million in FY09.

Statement of Financial Position

As at 31 December 2010, the Group remained in a strong financial position with cash and cash equivalents of \$15.0 million and zero borrowings. Net assets at the end of December 2010 also improved to \$25.9 million, compared to \$24.3 million as at 31 December 2009.

Current Assets

Cash and cash equivalents decreased to \$15.0 million at the end of FY10, from \$21.6 million at the end of FY09, attributable mainly to purchase of equipment, dividend payment, repayment of bank borrowings and the Group's investments in joint-ventures (JV) in PRC and Malaysia.

Trade and other receivables increased to \$4.4 million as at 31 December 2010, from \$1.7 million as at 31 December 2009. The increase was due mainly to the following:

1. Additional rental and renovation deposits required for new dental outlets and tender deposits for proposed new outlets. In total, these additional deposits amounted to approximately \$0.7 million.
2. Increase in accounts receivable due to expanding group of corporate clients on credit terms, which amounted to approximately \$0.2 million.
3. Loans to certain dentists amounting to approximately \$0.4 million, which were provided to assist these dentists to fulfil their respective prior obligations.
4. A loan of approximately \$0.6 million was provided to an associate company for its business expansion. The loan provided was proportionate to the Group's shareholding in the associate company.

Non-Current Assets

The net book value of plant and equipment as at 31 December 2010 increased to \$6.5 million from \$4.4 million as at 31 December 2009, owing mainly to the purchase of dental equipment, furniture and fittings for new clinics and the new dental centre in The Centrepoint.

Investment in associate companies amounted to \$3.5 million as at 31 December 2010 following the Group's JVs in two dental healthcare groups in the PRC.

Other receivables amounting to \$1.2 million relates to loan provided to new dentists prior to them joining the Group.



Current Liabilities

Trade and other payables as at 31 December 2010 increased to \$5.0 million, compared to \$3.9 million as at 31 December 2009, due mainly to outstanding payments to suppliers in relation to the new dental centre in The Centrepoint and accrual of professional fees owing to the dentists.

The Group has no outstanding short-term bank loan at the end of December 2010, as it has repaid the short-term bank facility of \$0.5 million obtained in 2009 for financing the renovation of the dental centre in City Square Mall.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$3.5 million in FY10. This were mainly due to cash flow from FY10 profit, increase in amount owing to trade and other payables offset by the increase in amount owing by trade and other receivables

Net cash used in investing activities in FY10 was around \$6.4 million. This included capital expenditure of \$2.7 million for new dental equipment, furniture, fixtures and fittings for new clinics and dental centre, as well as investment in associate companies of \$2.9 million.

Net cash used in financing activities in FY10 amounted to \$3.8 million. This was due primarily to dividend payment to equity owners of \$3.3 million and repayment of bank borrowings of \$0.5 million.

Consequent to the above factors, the Group's cash and cash equivalents declined to \$15.0 million as at 31 December 2010, from \$21.6 million as at 31 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 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.

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. 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.



In 2010, the Group set up three new dental clinics and its second dental centre. This expands the Group's network in Singapore to a total of 40 dental clinics, 2 dental centres and 1 mobile dental clinic.

- Enhancing dental care in Singapore

To enhance specialist dental healthcare services and cater for dental tourism, the Group opened a second dental centre in The Centrepoint at Orchard Road in October 2010. The new dental centre was set up at a cost of \$2 million and comprises 16 treatment rooms.

Business of the Group's first dental centre at City Square Mall, which has 32 treatment rooms, continued to gain traction with steady improvement in patient visits since opening in December 2009. In FY10, this dental centre delivered a profitable financial performance at the subsidiary level.

With two large dental centres in place, the Group believes it is well-positioned to cater to the rising demand for higher value specialist dental healthcare services and tap into the growing medical tourism market.

- Expansion into private dental healthcare market in the PRC and Malaysia

In August 2010, the Group made its entry into the private dental healthcare market in the PRC through two initial investments totalling RMB20.7 million (approximately \$3.6 million) to provide consultancy services and acquire the economic benefits of the Aiyashi and Dan De dental healthcare groups, which are located in Beijing and Nanjing respectively.

Leveraging on the Group's expertise, Dan De dental group commenced operations of its first dental centre in Zifeng Tower in Nanjing city on 2 January 2011. This dental centre carries both "Dan De" and "Q & M" brands. It is equipped with state-of-the-art dental technology and eight spacious treatment rooms to cater to rising demand for quality private dental healthcare services in Nanjing.

Besides dental healthcare services, the Group also plans to enter the dental laboratory business in the PRC. It has proposed to form joint ventures with two dental laboratories, Yiwu He Cheng which is based in Zhejiang Province and New Perfect which is headquartered in Shenzhen. The total investment for these proposed joint ventures is expected to be RMB124.5 million (approximately \$24 million). The due diligence exercises for both joint ventures are presently underway.

To capitalize on the potential of the country's large and growing private dental healthcare market, the Group has plans to invest approximately RMB180 million (approximately \$35 million) over the next three years to establish its dental healthcare business in the PRC with a target of 50 dental clinics and 20 dental laboratories in the PRC by 2015. The Group's vision is to achieve a separate public listing for its PRC dental operations.

In addition to its entry into the PRC, the Group also marked its first presence in Malaysia in December 2010 by acquiring a 70% stake in a dental practice in Johor Bahru, Dental Wellness (Molek) Sdn Bhd for a consideration of RM1.05 million (approximately \$0.4 million).



- Expansion into dental materials and equipment distribution business

In October 2010, the Group acquired Singapore-incorporated Dentmedix for \$114,000 to expand into the business of distributing dental consumables and equipment. The Group believes that this acquisition is complementary to its core business and will enable cost savings for its dental clinics, as well as generate additional revenue through the business of Dentmedix.

The Group intends to continue exploring business opportunities in Singapore and overseas 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, in particular the PRC and Malaysia.

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 | Ordinary |
| Dividend Amount per Share (in cents) | 0.5838 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |

| | |
|--------------------------------------|-------------------------------|
| Name of dividend | Final |
| Dividend Type | Ordinary |
| Dividend Amount per Share (in cents) | 0.60 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 | Ordinary |
| Dividend Amount per Share (in cents) | 0.7505 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |

| | |
|--------------------------------------|---------------------------------|
| Name of dividend | Final |
| Dividend Type | Ordinary |
| Dividend Amount per Share (in cents) | 0.6183 cents per ordinary share |
| Tax Rate | One Tier Tax Exempt |



(c) Date Payable.

The Directors are pleased to recommend a final dividend of 0.6 cents per share in respect of the financial year ended 31 December 2010 for approval by the shareholders at the Annual General Meeting.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be announced at a later date.

(d) Book closure date

Notice will be given at a later date on the closure of the Transfer Books and Register of Members of the Company to determine member's entitlement to the dividend.

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

Not applicable.

**Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Currently, the Group has a dentistry business only and it represents the basis on which the Group reports its segment information. The Group operated only in Singapore in 2010 and 2009.

In December 2010, the Group acquired a Malaysia subsidiary as mentioned in Note 10. The subsidiary's contribution to the Group was immaterial in FY10, hence no separate geographical segment is presented in this announcement.

The investment in PRC is through JV and is treated as associates in the company accounts. Hence, no separate financial information by segments is presented in this announcement.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15. A breakdown of sales

| | | Group | | Change % |
|-------|--|-----------------|-----------------|-------------|
| | | 2010 S\$'000 | 2009 S\$'000 | |
| 15(a) | Revenue reported for first half | 17,877 | 14,033 | 27.4 |
| 15(b) | Operating profit after tax before deducting non-controlling interests reported for first half year | 2,006 | 1,936 | 3.6 |
| 15(c) | Revenue reported for second half | 21,235 | 16,275 | 30.5 |
| 15(d) | Operating profit after tax before deducting non-controlling interests reported for second half year. | 2,031 | 1,869 | 8.7 |



16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

| | Latest Full Year S\$'000 | Previous Full Year S\$'000 |
|------------|-------------------------------------|---------------------------------------|
| Ordinary* | 3,251 | 3,631 |
| Preference | - | - |
| Total | 3,251 | 3,631 |

*Total annual dividend for FY10 comprises recommended FY10 final dividend (from FY10H2 profit) of \$1.651 million, and \$1.60 million interim dividend paid in respect of FY10H1 profit.

*Total annual dividend for FY09 comprises of \$1.936 million interim dividend and final dividend of \$1.695 million paid in respect of FY09 profit.

17. **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 year ended 31 December 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ng Chin Siau
Chief Executive Officer
28 February 2011