



Financial Statement And Dividend Announcement For The 1st Quarter Ended 31 March 2011 (“1Q11”)

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.

	Group		
	3 Months ended 31/3/2011	3 Months ended 31/3/2010	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	10,579	8,627	23
<u>Other Items of Income</u>			
Interest Income	17	19	(11)
Other Credit	4	41	(90)
<u>Other Items of Expense</u>			
Consumables and Dental Supplies Used	(645)	(674)	(4)
Employee Benefits Expenses	(6,672)	(5,417)	23
Depreciation Expense	(258)	(181)	43
Rental Expense	(1,120)	(926)	21
Other Expenses	(764)	(608)	26
Other Charge	(20)	-	NM
Finance Costs	(4)	(6)	(33)
Share of Loss from Equity-Accounted Associates	(17)	-	NM
Profit Before Tax from Continuing Operations	1,100	875	26
Income Tax Expense	(82)	(75)	9
Profit From Continuing Operations, Net of Tax	1,018	800	27
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(2)	-	NM
Other Comprehensive Income for the Period, Net of Tax:	(2)	-	NM
Total Comprehensive Income for the Period	1,016	800	27
Profit attributable to:			
Owners of the Parent, Net of Tax	1,015	795	28
Non-Controlling Interests, Net of Tax	3	5	(40)
Profit Net of Tax	1,018	800	27
Total Comprehensive Income attributable to:			
Owners of the Parent	1,013	795	27
Non-Controlling Interests	3	5	(40)
Total Comprehensive Income	1,016	800	27

NM: Not Meaningful



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

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	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current Assets:				
Property, Plant and Equipment	7,865	6,474	169	173
Intangible Assets	341	341	-	-
Investment in Subsidiaries	-	-	3,851	3,851
Investment in Associates	3,524	3,541	-	-
Other Receivables	1,238	1,227	692	680
Total Non-current Assets	12,968	11,583	4,712	4,704
Current Assets:				
Inventories	418	281	-	-
Trade and Other Receivables	4,642	4,328	11,170	10,872
Other Assets	499	453	121	99
Cash and Cash Equivalents	15,393	14,935	8,021	8,430
Total Current Assets	20,952	19,997	19,312	19,401
Total Assets	33,920	31,580	24,024	24,105
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Parent				
Share Capital	22,947	22,947	22,947	22,947
Foreign Currency Translation Reserve	(2)	-	-	-
Retained Earnings	3,962	2,947	350	321
Equity Attributable to Owners of the Parent, Total	26,907	25,894	23,297	23,268
Non-Controlling Interests	44	41	-	-
Total Equity	26,951	25,935	23,297	23,268
Non-current Liabilities:				
Provisions	267	267	-	-
Deferred Tax Liabilities	210	187	-	-
Bank Loan	825	-	-	-
Finance Leases	542	-	-	-
Total Non-current Liabilities	1,844	454	-	-
Current Liabilities:				
Income Tax Payable	239	192	13	13
Trade and Other Payables	4,528	4,999	714	824
Bank Loan	48	-	-	-
Finance Leases	310	-	-	-
Total Current Liabilities	5,125	5,191	727	837
Total Liabilities	6,969	5,645	727	837
Total Equity and Liabilities	33,920	31,580	24,024	24,105



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.

	As at 31/3/2011	As at 31/12/2010
	S\$'000	S\$'000
<u>Bank Loan</u>		
Amount repayable within one year	48	-
Amount repayable after one year	825	-
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The bank loan is secured by a legal mortgage of property and covered by a corporate guarantee from the company.

	As at 31/3/2011	As at 31/12/2010
	S\$'000	S\$'000
<u>Finance Leases</u>		
Amount repayable within one year	310	-
Amount repayable after one year	542	-
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The finance leases are secured by pledge on the plant and equipment under the financial lease.



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	
	3 Months ended	
	31/3/2011	31/3/2010
	S\$'000	S\$'000
Cash Flows From Operating Activities:		
Profit Before Tax	1,100	875
Adjustments for:		
Interest Expense	4	6
Plant and Equipment Written Off	20	-
Depreciation of Plant and Equipment	258	181
Foreign Currency Translation Adjustment	(21)	-
Share of Loss from Equity-Accounted Associates	17	-
Interest Income	(17)	(19)
Operating Cash Flows Before Changes in Working Capital	1,361	1,043
Inventories	(137)	77
Trade and Other Receivables	(200)	(90)
Other Assets	(46)	95
Trade and Other Payables	(100)	(469)
Net Cash Flows From Operating Activities Before Interest and Tax	878	656
Income Taxes (Paid)/Refund	(12)	3
Net Cash Flows From Operating Activities	866	659
Cash Flows Used in Investing Activities:		
Purchase of Plant and Equipment	(218)	(230)
Trade and Other Receivables	(114)	(160)
Other Receivables, Non-Current	(11)	(473)
Interest Received	17	19
Net Cash Flows Used in Investing Activities	(326)	(844)
Cash Flows Used in Financing Activities:		
Finance Lease Repayment	(78)	(8)
Repayment of Short Term Loan	-	(519)
Interest Paid	(4)	(6)
Increase in Interest in a Subsidiary	-	(29)
Net Cash Flows Used in Financing Activities	(82)	(562)
Net Increase/(Decrease) in Cash and Cash Equivalents	458	(747)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	14,935	21,595
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period	15,393	20,848
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	15,393	20,848
Cash and Cash Equivalents at End of Period	15,393	20,848



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.

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings	Translation Reserve	Non- Controlling Interest
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group - Current period						
Opening Balance at 1 January 2011	25,935	25,894	22,947	2,947	-	41
Movements in Equity:						
Total Comprehensive Income for the period	1,016	1,013	-	1,015	(2)	3
Closing Balance at 31 March 2011	26,951	26,907	22,947	3,962	(2)	44
Group - Previous period						
Opening Balance at 1 January 2010	24,328	24,328	22,302	2,026	-	-
Movements in Equity:						
Total Comprehensive Income for the period	800	795	-	795	-	5
Acquiring of Remaining Interest in a Subsidiary	(5)	-	-	-	-	(5)
Arising from Decrease in Interest in a Subsidiary	(24)	(24)	-	(24)	-	-
Closing Balance at 31 March 2010	25,099	25,099	22,302	2,797	-	-



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)

	Total Equity	Share Capital	Retained Earnings /(Accumulated Losses)
	S\$'000	S\$'000	S\$'000
Company - Current period			
Opening Balance at 1 January 2011	23,268	22,947	321
Movements in Equity:			
Total Comprehensive Income for the period	29	-	29
Closing Balance at 31 March 2011	23,297	22,947	350
Company - Previous period			
Opening Balance at 1 January 2010	22,155	22,302	(147)
Movements in Equity:			
Total Comprehensive Income for the period	59	-	59
Closing Balance at 31 March 2010	22,214	22,302	(88)



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 2011	<u>275,226</u>	<u>22,947</u>
At 31 Mar 2011	<u>275,226</u>	<u>22,947</u>

Convertibles

The Company did not have any outstanding convertibles as at 31 March 2011 and 31 March 2010.

Treasury Shares

The Company did not have any treasury shares as at 31 March 2011 and 31 March 2010.

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 31/3/11	As at 31/12/10
Total number of issued shares excluding treasury shares	<u>275,226,497</u>	<u>275,226,497</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 (FY10).

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	
	3 Months ended	
	31/3/2011	31/3/2010
Earnings per ordinary share for the period:-		
(i) Basic earnings per share (cents)	0.37	0.29
(ii) On a fully diluted basis (cents)	0.37	0.29

For comparative purposes, the basic and fully diluted EPS for the period ended 31 March 2011 and 31 March 2010 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 275,226,497 shares for 2011 and weighted average number of ordinary shares of 274,075,000 for 2010.

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 31/3/2011	As at 31/12/2010	As at 31/3/2011	As at 31/12/2010
Net asset value per ordinary share (cents)	9.8	9.4	8.5	8.5

The net asset value per ordinary share of the Group and the Company as at 31 March 2011 and 31 December 2010 have been calculated based on the total issued number of ordinary shares of 275,226,497.

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 3 months ended 31 March 2011 ("1Q11") increased by 23% to \$10.6 million, from \$8.6 million in the previous corresponding quarter ("1Q10"). The increase of \$2.0 million was attributed to higher revenue from existing dental clinics, as well as contributions from new dental outlets in Singapore and dental clinic in Malaysia.

In 1Q11, the Group recorded revenue of \$1.1 million from new dental clinics at Serangoon Garden, Novena Square, Nex shopping mall, and the new dental centre located in The Centrepoint at Orchard Road. These dental outlets commenced operations between May 2010 and December 2010. Existing dental clinics in Singapore contributed 7% incremental revenue of \$0.6 million during 1Q11.

In total, the Group's dental practice in Singapore saw 48,000 repeat patient visits in 1Q11, up 22% from 39,200 repeat patient visits in 1Q10. As at 31 March 2011, the Group has treated more than 400,000 patients.

At the end of March 2011, 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 March 2010 in Singapore.



Other Items of Income

Other income in 1Q11 amounted to \$21,000 compared to \$60,000 in 1Q10, due mainly to reduction in government grant following the cessation of the Jobs Credit Scheme.

Other Items of Expense

Consumables and Dental Supplies Used

Despite higher revenue from existing dental outlets, addition of new outlets in Singapore and a dental clinic in Malaysia, consumables and dental supplies expense in 1Q11 declined 4% compared to 1Q10. As a percentage of revenue, consumables and dental supplies expense in 1Q11 narrowed to 6.1% from 7.8% in 1Q10. The decrease in consumables and dental supplies expense was mainly due to the Group's efforts in improving its inventory management and reducing wastage through the implementation of a computerised procurement system.

Employee Benefits Expense

Employee benefits expense in 1Q11 rose 23% to \$6.7 million, from \$5.4 million in 1Q10. The increase of \$1.3 million was in tandem with the growth in revenue. As a percentage of revenue, employee benefits expense in 1Q11 remained relatively stable at 63.1% compared to 62.8% in 1Q10.

Depreciation Expense

Depreciation expense in 1Q11 increased by 43% to \$0.3 million from \$0.2 million in 1Q10. The increase of \$0.1 million was due mainly to increase in dental equipment, furniture, fixtures and fittings with a larger number of dental outlets in Singapore. As a percentage of revenue, depreciation expense in 1Q11 increased to 2.4% from 2.1% in 1Q10.

Rental Expense

Rental expense in 1Q11 was \$1.1 million, up by 21% from \$0.9 million from 1Q10. The increase of \$0.2 million was due mainly to four additional dental outlets which are located in shopping malls and prime shopping areas in Singapore. As a percentage of revenue, rental expense in 1Q11 was unchanged at 10.6% compared to 10.7% in 1Q10.

Other Expenses

Other expenses in 1Q11 increased by 26% to \$0.8 million from \$0.6 million in 1Q10. Other expenses comprise mainly of electronic payment transaction expenses, printing and stationery expenses, advertising and marketing expenses, utilities charges, premises and equipment maintenance costs, as well as legal and professional fees. The increase of \$0.2 million in other expenses was attributed mainly to:

- (i) Higher electronic payment transaction expenses due to expansion in dental outlets;
- (ii) Higher repair and maintenance costs; and
- (iii) Increase in marketing expenses to generate higher revenue.

As a percentage of revenue, other expenses in 1Q11 remained unchanged at 7.2% compared to 7.0% in 1Q10.

Share of Loss from Equity-Accounted Associates

The Group recorded a share of loss from associates of \$17K in 1Q11. These associate companies, namely Q & M Dental (Beijing) Pte. Ltd. and Q & M Dental (Shanghai) Pte. Ltd., 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 cost of a dental centre in Nanjing, PRC.



Profit Before Tax and Net Profit

The Group's profit before tax in 1Q11 rose 26% to \$1.1 million from \$0.9 million in 1Q10, fuelled by the growth in Group revenue and a slower pace of increase in consumables and dental supplies, employee benefits and rental expenses.

After deducting provision for income tax expense of \$0.1 million, the Group's net profit in 1Q11 rose 27% to \$1.0 million from \$0.8 million in 1Q10.

Statement of Financial Position

As at 31 March 2011, the Group remained in a strong financial position with cash and cash equivalents of \$15.4 million. With borrowings and finance leases totalling \$1.7 million, the Group remained in a net cash position. Net assets at 31 March 2011 also improved to \$26.9 million, compared to \$25.9 million as at 31 December 2010.

Current Assets

Cash and cash equivalents as at 31 March 2011 increased to \$15.4 million from \$14.9 million as at 31 December 2010. The increase of \$0.5 million was attributable to the net cash generated from operations.

Trade and other receivables increased to \$4.6 million as at 31 March 2011 from \$4.3 million as at 31 December 2010. The increase of \$0.3 million was due mainly to an increase in deposits related to purchase of new dental equipment, additional tender deposits for proposed new outlets and claims from government grant.

Non-Current Assets

The net book value of property, plant and equipment as at 31 March 2011 increased to \$7.9 million from \$6.5 million as at 31 December 2010. The increase of \$1.4 million arose from the purchase of property and investment in dental equipment, furniture and fittings for existing and new dental clinics in Singapore.

Investment in associate companies, namely Q & M Dental (Beijing) Pte. Ltd. and Q & M Dental (Shanghai) Pte. Ltd., are related to the Group's joint ventures in two dental healthcare groups in the PRC.

Current Liabilities

Trade and other payables as at 31 March 2011 decreased to \$4.5 million from \$5.0 million as at 31 December 2010, due to payment for staff bonuses in Jan 2011 and settlement of outstanding payments for dental centre in The Centrepoint at Orchard Road.

At the end of 1Q11, the Group has current portion of long term bank loan and finance leases totalling \$0.4 million which were used to finance the purchase of property and dental equipment for new dental outlets in Singapore.

Non-Current Liabilities

Bank loan and finance leases that are repayable after one year totalled \$0.8 million and \$0.5 million respectively. These borrowings were used to finance the purchase of property and dental equipment for new dental outlets in Singapore.



Statement of Cash Flows

The Group net cash flow from operating activities was \$0.9 million for 1Q11. This was derived from the profit generated in 1Q11, and after deducting the amount used for working capital.

Net cash used in investing activities in 1Q11 amounted to \$0.3 million, mainly due to the purchase of dental equipment, furniture, fixtures and fittings for new dental outlets in Singapore.

Net cash used in financing activities in 1Q11 was \$0.1 million, which arose mainly from repayment of finance lease.

The Group's cash and cash equivalents increased to \$15.4 million as at 31 March 2011, from \$14.9 million as at 31 December 2010.

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.

Recent Developments

- US\$15 million investment from IFC

On 27 April 2011, the Group announced that IFC (International Finance Corporation), a member of World Bank, was making a strategic investment of US\$15 million (\$18.9 million) in Q & M Dental Group. IFC's investment comprised of a US\$10 million senior loan and US\$5 million convertible loan which can be converted into ordinary shares of Q & M Dental Group at a price of \$0.69 per share. These funds will be used to facilitate the Group's expansion plans in the PRC and help widen access to high-quality dental care in the country.

- New dental clinic in Johor, Malaysia

The Group has opened and commenced operations of a new dental clinic in Taman Nusa Bestari in Johor on 2 May 2011. This new clinic, Q & M Dental Surgery (Bestari), is a branch of Dental Wellness (Molek) Sdn Bhd which is 70%-owned by the Group.

Set up at a cost of RM270,000 (\$113,000), Q & M Dental Surgery (Bestari) is the Group's second dental outlet in Malaysia. The clinic is conveniently located along the main street of Taman Nusa Bestari and is easily accessible to surrounding urban districts. With four treatment rooms, the clinic is also well-equipped to offer a comprehensive range of dental healthcare services to the residents in the precinct.



Future Plans

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

- Expansion of network of dental clinics in Singapore

The Group targets to own and operate 60 Q & M dental clinics in Singapore by 2015 to expand its market share. The Group is looking to add another three to four new dental outlets in 2011 to its current network of 40 dental clinics and 2 dental centres. With two large dental centres in place, the Group believes it is well-positioned to enhance its service mix by tapping on the rising demand for higher value specialist dental healthcare services and the growing medical tourism market.

- Expansion into private dental healthcare market in the PRC

The Group's target is to have 50 dental clinics and 20 dental laboratories by 2015. To this end, the Group plans to invest RMB180 million (\$35 million) over these three years to establish its PRC dental healthcare business.

The Group presently has 30% and 70% interests in the Aiyashi dental group and Dan De dental group joint ventures respectively. Aiyashi operates three dental clinics in Beijing, while the joint venture with Dan De operates four dental clinics, one dental centre and one mobile clinic in Nanjing. Pursuant to the agreements, these joint ventures are expected to start contributing positively to the Group's bottom line from 3Q11.

It is in the process of forming joint ventures with two dental laboratories, Yi Wu He Cheng and Shenzhen New Perfect. The due diligence exercises for both joint ventures are underway and completion is expected to take place before 3Q11.

- Expansion into private dental healthcare market in Malaysia

The Group currently also operates two dental clinics in Johor, Malaysia through its 70% stake in Dental Wellness (Molek) Sdn Bhd. The Group's intention is to expand its presence in Malaysia's growing dental healthcare market. In view of the rising consumer affluence and medical tourism which will drive demand for quality dental healthcare services, coupled with a growing pool of dentists, the Group believes the long-term prospects of Malaysia's dental healthcare market are positive.

- Expansion into dental materials and equipment distribution business

The Group intends to continue exploring business opportunities to acquire businesses involved in distribution of 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 will continue to search for expansion opportunities and/or strategic alliances to enhance the shareholders' value.



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

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

No dividend has been declared or recommended.

12. 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 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ng Chin Siau
Chief Executive Officer
10 May 2011