



Financial Statement And Dividend Announcement For The Third Quarter Ended 30 September 2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTER (Q1, Q2, Q3), HALF-YEAR AND 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.

	Group					
	Third Quarter			Year-To-Date		
	Q3 2011 S\$'000	Q3 2010 S\$'000	Change %	30/9/2011 S\$'000	30/9/2010 S\$'000	Change %
Revenue	11,966	9,704	23	33,750	27,531	23
Other Items of Income						
Interest Income	18	25	(28)	62	75	(17)
Other Credits	(6)	-	NM	211	70	201
Other Items of Expense						
Consumables and Dental Supplies Used	(983)	(809)	22	(2,471)	(2,102)	18
Employee Benefits Expenses	(7,897)	(6,028)	31	(21,702)	(17,117)	27
Depreciation Expense	(284)	(185)	54	(815)	(546)	49
Rental Expense	(1,157)	(976)	19	(3,397)	(2,841)	20
Other Expenses	(716)	(687)	4	(2,216)	(1,813)	22
Other Charges	(41)	(3)	NM	(74)	(3)	NM
Finance Costs	(11)	-	NM	(26)	(6)	NM
Share of Profit/(Loss) from Equity-Accounted Associates	20	(23)	NM	104	(23)	NM
Profit Before Tax from Continuing Operations	909	1,018	(11)	3,426	3,225	6
Income Tax Expense	(66)	(145)	(54)	(205)	(346)	(41)
Profit From Continuing Operations, Net of Tax	843	873	(3)	3,221	2,879	12
Other Comprehensive Income:						
Exchange Differences on Translating Foreign Operations, Net of Tax	2	-	NM	5	-	NM
Other Comprehensive Income for the Period, Net of Tax:	2	-	NM	5	-	NM
Total Comprehensive Income for the Period	845	873	(3)	3,226	2,879	12
Profit/(Loss) attributable to:						
Owners of the Parent, Net of Tax	835	874	(4)	3,203	2,876	11
Non-Controlling Interests, Net of Tax	8	(1)	NM	18	3	NM
Profit Net of Tax	843	873		3,221	2,879	
Total Comprehensive Income/(Loss) attributable to:						
Owners of the Parent	837	874	(4)	3,208	2,876	12
Non-Controlling Interests	8	(1)	NM	18	3	NM
Total Comprehensive Income	845	873		3,226	2,879	

NM: Not Meaningful



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	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current Assets:				
Property, Plant and Equipment	8,650	6,474	163	173
Intangible Assets	341	341	-	-
Investment in Subsidiaries	-	-	4,051	3,851
Investment in Associates	3,645	3,541	-	-
Other Receivables	1,034	1,227	477	680
Other Assets	488	-	488	-
Total Non-current Assets	14,158	11,583	5,179	4,704
Current Assets:				
Inventories	727	281	-	-
Trade and Other Receivables	4,366	4,328	11,104	10,872
Other Assets	1,136	453	500	99
Cash and Cash Equivalents	12,897	14,935	7,518	8,430
Total Current Assets	19,126	19,997	19,122	19,401
Total Assets	33,284	31,580	24,301	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	5	-	-	-
Share Option Reserve	24	-	24	-
Retained Earnings	2,847	2,947	429	321
Equity Attributable to Owners of the Parent, Total	25,823	25,894	23,400	23,268
Non-controlling Interests	59	41	-	-
Total Equity	25,882	25,935	23,400	23,268
Non-current Liabilities:				
Provisions	267	267	-	-
Deferred Tax Liabilities	187	187	-	-
Bank Loans	1,038	-	-	-
Finance Leases	388	-	-	-
Total Non-current Liabilities	1,880	454	-	-
Current Liabilities:				
Income Tax Payable	192	192	8	13
Trade and Other Payables	4,821	4,999	893	824
Bank Loans	199	-	-	-
Finance Leases	310	-	-	-
Total Current Liabilities	5,522	5,191	901	837
Total Liabilities	7,402	5,645	901	837
Total Equity and Liabilities	33,284	31,580	24,301	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.

	<u>As at 30/9/2011</u>	<u>As at 31/12/2010</u>
	S\$'000	S\$'000
<u>Bank Loans</u>		
Amount repayable within one year	199	-
Amount repayable after one year	1,038	-

The bank loans are secured by a legal mortgage of a property and covered by a corporate guarantee from the company.

	<u>At 30/9/2011</u>	<u>At 31/12/2010</u>
	S\$'000	S\$'000
<u>Finance Leases</u>		
Amount repayable within one year	310	-
Amount repayable after one year	388	-

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.

	Q3 2011	Q3 2010
	S\$'000	S\$'000
Cash Flows From Operating Activities:		
Profit Before Tax	909	1,018
Adjustments for:		
Interest Expense	11	-
Share Option Reserve	18	-
Plant and Equipment Written Off	19	3
Depreciation of Plant and Equipment	284	185
Foreign Currency Translation Adjustment	7	(2)
Share of (Profit)/ Loss of Associates	(20)	23
Interest Income	(18)	(25)
Operating Cash Flows Before Changes in Working Capital	1,210	1,202
Inventories	1	55
Trade and Other Receivables	(346)	(955)
Other Assets	(1,048)	(52)
Trade and Other Payables	464	(21)
Net Cash Flows From Operating Activities Before Interest and Tax	281	229
Income Taxes Paid	(93)	(192)
Net Cash Flows From Operating Activities	188	37
Cash Flows Used in Investing Activities:		
Purchase of Plant and Equipment	(730)	(197)
Trade and Other Receivables	330	-
Other Receivables, Non-Current	194	(70)
Interest Income	18	25
Investment in associates	-	(3,527)
Net Cash Flows Used in Investing Activities	(188)	(3,769)
Cash Flows Used in Financing Activities:		
Repayment of Finance Leases	(82)	-
Dividends Paid to Equity Owners	(1,652)	(1,600)
Interest Paid	(11)	-
Repayment of Bank Loans	(45)	-
Net Cash Flows Used in Financing Activities	(1,790)	(1,600)
Net Decrease in Cash and Cash Equivalents	(1,790)	(5,332)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	14,687	19,473
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	12,897	14,141
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	12,897	14,141
Cash and Cash Equivalents at End of Period	12,897	14,141



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

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	Foreign Currency Translation Reserve	Share Option Reserve	Non-Controlling Interest
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group - Current period							
Opening Balance at 1 July 2011	26,671	26,620	22,947	3,664	3	6	51
Movements in Equity:							
Total Comprehensive Income for the period	845	837	-	835	2	-	8
Share Option	18	18	-	-	-	18	-
Dividend Paid	(1,652)	(1,652)	-	(1,652)	-	-	-
Closing Balance at 30 September 2011	25,882	25,823	22,947	2,847	5	24	59
Group - Previous period							
Opening Balance at 1 July 2010	24,818	24,817	22,302	2,515	-	-	1
Movements in Equity:							
Total Comprehensive Income/(Loss) for the period	873	874	-	874	-	-	(1)
Dividend Paid	(1,600)	(1,600)	-	(1,600)	-	-	-
Closing Balance at 30 September 2010	24,091	24,091	22,302	1,789	-	-	-



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	Share Option Reserve	Retained Earnings
	S\$'000	S\$'000	S\$'000	S\$'000
Company - Current period				
Opening Balance at 1 July 2011	23,339	22,947	6	386
Movements in Equity:				
Total Comprehensive Income for the period	1,695	-	-	1,695
Share Option	18	-	18	-
Dividend Paid	(1,652)	-	-	(1,652)
Closing Balance at 30 September 2011	23,400	22,947	24	429
Company - Previous period				
Opening Balance at 1 July 2010	22,476	22,302	-	174
Movements in Equity:				
Total Comprehensive Income for the period	1,729	-	-	1,729
Dividend Paid	(1,600)	-	-	(1,600)
Closing Balance at 30 September 2010	22,605	22,302	-	303



1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares

	<u>Number of Shares</u> '000	<u>Share Capital</u> S\$'000
At 1 Jan 2011	<u>275,226</u>	<u>22,947</u>
At 30 September 2011	<u><u>275,226</u></u>	<u><u>22,947</u></u>

On 23 May 2011, the Company granted share options to 4 eligible participants to subscribe 453,000 ordinary shares at an exercise price of \$0.870 pursuant to the Q & M Employee Share Option Scheme.

Convertibles

The Company did not have any outstanding convertibles as at 30 September 2011 and 30 September 2010.

Treasury Shares

The Company did not have any treasury shares as at 30 September 2011 and 30 September 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 30/9/2011	As at 31/12/2010
Total number of issued shares excluding treasury shares	<u><u>275,226,497</u></u>	<u><u>275,226,497</u></u>

1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of current financial period reported on.



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

The figures have not been reviewed / audited by the Company's auditor.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements (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.**

Earnings per ordinary share for the period :-	Third Quarter		Year-To-Date	
	Q3 2011	Q3 2010	30/9/2011	30/9/2010
(i) Basic earnings per share (cents)	0.30	0.32	1.16	1.05
(ii) On a fully diluted basis (cents)	0.30	0.32	1.16	1.05

For comparative purposes, the basic and fully diluted EPS for the quarter and nine months ended 30 September 2011 and 30 September 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 30/9/2011	As at 31/12/2010	As at 30/9/2011	As at 31/12/2010
Net asset value per ordinary share (cents)	9.4	9.4	8.5	8.5

The net asset value per ordinary share of the Group and the Company as at 30 September 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

The Group's revenue for the three months ended 30 September 2011 ("3Q11") increased 23% to \$12.0 million, from \$9.7 million in the previous corresponding quarter ("3Q10").

The increase of \$2.3 million in Group revenue was mainly attributed to higher revenue from existing dental clinics in Singapore, maiden contributions from new dental outlets in Singapore, the Group's clinics in Malaysia, as well as dental equipment and supplies distribution business in Singapore. In 3Q11, the Group had 45 dental outlets in operation in Singapore, as compared to 40 dental outlets in 3Q10.

Revenue contribution from new dental clinics in Singapore, as well as the clinics in Malaysia, amounted to \$1.3 million in 3Q11. Revenue contribution from the distribution business amounted to \$0.3 million.

For the nine months ended 30 September 2011 ("9M11"), Group revenue gained 23% to \$33.8 million, compared to \$27.5 million for the nine months ended 30 September 2010 ("9M10"). The increase was attributed mainly to an expansion in the network of dental outlets and increase in revenue from existing clinics in Singapore, as well as maiden contributions from the Group's clinics in Malaysia, and distribution business in Singapore.



Other Items of Expense

Consumables and Dental Supplies Used

Consumables and dental supplies used in 3Q11 increased by 22% to \$1.0 million from \$0.8 million in 3Q10, attributed partly to growth in Group revenue. The consumables and dental supplies in 3Q11 also included the cost of goods sold for the Group's distribution business. The Group acquired dental equipment and supplies distribution companies, Dentmedix Pte. Ltd. and QuantumLeap Healthcare Pte. Ltd., in 4Q10 and 3Q11 respectively.

Employee Benefits Expense

Employee benefits expense in 3Q11 increased by 31% to \$7.9 million, from \$6.0 million in 3Q10. The increase in employee benefits expense in 3Q11 was due mainly to increased headcount of administrative personnel and dental surgery assistants to support the Group's larger operations in Singapore, salary revisions, higher employer CPF contribution rate, foreign worker levy, as well as the inclusion of employee expenses from the distribution business. The Group adjusted its salary payment cycle for this quarter and incurred a one-time payment of \$153K. Staff expenses from the Group's dental operations in Malaysia were also consolidated into Group employee benefits expense in 3Q11.

Depreciation Expense

Depreciation expense in 3Q11 increased by 54% to \$0.3 million from \$0.2 million in 3Q10. The increase of \$0.1 million was due mainly to purchases of dental equipment, furniture, fixtures and fittings for the new dental outlets in Singapore. Depreciation expense in 3Q11 also took into account the depreciation costs from the Group's operations in Malaysia.

Rental Expense

Rental expense in 3Q11 increased by 19% to \$1.2 million from \$1.0 million in 3Q10. The increase of \$0.2 million was due mainly to rental expense for new dental outlets in Singapore.

Share of Profit from Equity-Accounted Associates

In 3Q11, the Group recorded a share of profit from associates of \$0.02 million. 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 with dental healthcare groups in Beijing and Nanjing.

Profit Before Tax and Net Profit

As a result of the above factors, the Group recorded profit before tax of \$0.9 million in 3Q11. This was a decrease of 11% from \$1.0 million in 3Q10. After deducting provision for income tax expense of \$66,000, the Group's net profit in 3Q11 dipped 3.4% to \$0.8 million from \$0.9 million in 3Q10.

For 9M11, Group's net profit improved to \$3.2 million, an increase of 12% from \$2.9 million in 9M10.



Statement of Financial Position

The Group remained in sound financial health with a net cash position at the end of September 2011. The Group had cash and cash equivalents of \$12.9 million, and bank borrowings and finance leases totalling \$1.9 million.

Current Assets

Cash and cash equivalents as at 30 September 2011 decreased slightly to \$12.9 million, from \$14.9 million as at 31 December 2010. The decrease of \$2.0 million was due mainly to the payment of interim dividend and purchase of plant and equipment, which offset the net cash generated from operations.

Non-Current Assets

The net book value of property, plant and equipment as at 30 September 2011 increased to \$8.7 million from \$6.5 million as at 31 December 2010. The increase of \$2.2 million arose from the purchase of property, dental equipment, furniture and fittings for existing and new dental outlets 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 People's Republic of China (PRC). The investment in associate companies rose to \$3.6 million from \$3.5 million as at 31 December 2010 due to the share of profit from associate companies.

Current Liabilities

Trade and other payables as at 30 September 2011 decreased to \$4.8 million from \$5.0 million as at 31 December 2010, mainly due to the settlement of outstanding payments for the renovation of the dental centre in The Centrepoint at Orchard Road.

At the end of 3Q11, the Group had bank loans and finance leases totalling \$0.5 million which were used to finance the purchase of property and dental equipment for new and existing dental outlets in Singapore.

Non-Current Liabilities

Bank loans and finance leases that are repayable after one year totalled \$1.0 million and \$0.4 million respectively. These borrowings were used to finance the purchase of property and dental equipment for new and existing dental outlets in Singapore.

Statement of Cash Flows

The Group's net cash flow from operating activities was \$0.2 million for 3Q11. This was derived from the profit generated in 3Q11, and after deducting the amount used for working capital. Net cash used in investing activities in 3Q11 amounted to \$0.2 million, mainly due to the purchase of dental equipment, furniture, fixtures and fittings for new dental outlets in Singapore and after offsetting repayment of loans which were provided to certain dentists to fulfill their prior obligations. Net cash used in financing activities in 3Q11 was \$1.8 million, which arose mainly from interim dividend payment of \$1.7 million with respect to FY2011. As a result, the Group's cash and cash equivalents decreased to \$12.9 million as at 30 September 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

Barring any unforeseen circumstances, there are no significant changes in the trends and competitive conditions of the industry in which the Group operates and no major known factors or events that may adversely affect the Group in the next reporting period and the next twelve months.

Recent Developments

New dental clinics in Singapore

In September and October 2011, the Group opened three new dental clinics at River Valley, Bukit Batok and Holland Village. The new outlets at River Valley and Holland Village are the Group's first dental clinics in the respective precincts, which will enable the Group to reach out to new customers and increase its market penetration in Singapore.

MOU with Alpha Dental

On 7 November 2011, the Group entered into an memorandum of understanding (MOU) to acquire a 60% stake in Alpha Dental for around RMB8.4 million. Alpha owns a dental clinic in Shanghai, the PRC, with 6 dentists in total.

Future Plans

The Group plans to continue widening its network of dental clinics in Singapore. Since the beginning of 2011, the Group has opened five new clinics. At the same time, the Group will continue to expand its team of dentists to support the growth of its Singapore operations and to increase its market share for higher value specialist dental healthcare services.

In China, the Group has proposed entering into joint ventures with three dental laboratory groups, and another joint venture with a major dental hospital group based in Shanxi Province. These steps are part of the Group's plan to establish its PRC dental healthcare business in China.

The Group also intends to set up wholly-owned "Q & M" dental clinics in a first-tier city and plans are already afoot to open its first Q & M dental clinic in Shanghai.

The Group continues to seek expansion opportunities in Malaysia through organic means, and/or acquisitions and partnerships. In anticipation of the growth in availability of dentists in Malaysia, the Group believes Malaysia's dental healthcare market has positive prospects for growth.

The Group shall, on an ongoing basis, seek strategic expansion opportunities through organic, acquisitions and/or partnerships in Singapore and overseas to enhance long term shareholders' value.



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

Not applicable.

- 12. If the group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company did not obtain a general mandate from shareholders for IPTs.

- 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 financial statements of the Group and the Company for third quarter ended 30 September 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Ng Chin Siau
Chief Executive Officer
9 November 2011