



**Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2011**

**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 2011.**

	Note	Group		
		12 Months ended 31/12/2011	12 Months ended 31/12/2010	Increase/ (Decrease)
		S\$'000	S\$'000	%
<b>Revenue</b>		47,761	38,996	22
<b>Other Items of Income</b>				
Interest Income		74	116	(36)
Other Credits	1(a)(i)	708	82	NM
<b>Other Items of Expense</b>				
Consumables and Dental Supplies Used		(3,553)	(3,247)	9
Employee Benefits Expenses		(30,480)	(24,133)	26
Depreciation Expense		(1,156)	(787)	47
Rental Expense		(4,691)	(3,954)	19
Other Expenses		(3,437)	(2,634)	30
Other Charges	1(a)(ii)	(122)	(7)	NM
Finance Costs		(37)	(6)	NM
Share of Profit/(Loss) from Equity-Accounted Associates		81	(28)	NM
<b>Profit Before Tax from Continuing Operations</b>		5,148	4,398	17
Income Tax Expense		(565)	(361)	57
<b>Profit From Continuing Operations, Net of Tax</b>		4,583	4,037	14
<b>Other Comprehensive Income:</b>				
Exchange Differences on Translating Foreign Operations, Net of Tax		10	-	NM
<b>Other Comprehensive Income for the Year, Net of Tax:</b>		10	-	NM
<b>Total Comprehensive Income for the Year</b>		4,593	4,037	14
<b>Profit attributable to:</b>				
Owners of the Parent, Net of Tax		4,581	4,033	14
Non-Controlling Interests, Net of Tax		2	4	(50)
<b>Profit, Net of Tax</b>		4,583	4,037	14
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Parent		4,591	4,033	14
Non-Controlling Interests		2	4	(50)
<b>Total Comprehensive Income</b>		4,593	4,037	14

NM: Not Meaningful



**Notes:**

1(a)(i) Other Credits

	12 Months ended	
	31/12/2011	31/12/2010
	S\$'000	S\$'000
Negative Goodwill arising from Acquisition of a Subsidiary	213	-
Gain on Disposal of a Property	292	-
SME Cash Grant	203	-
Government Grant Received from Job Credit Scheme	-	67
Others	-	15
	708	82

1(a)(ii) Other Charges

	12 Months ended	
	31/12/2011	31/12/2010
	S\$'000	S\$'000
Plant & Equipment Written Off	80	4
Foreign Exchange Transactions Loss	42	3
	122	7



**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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current Assets:</b>				
Plant and Equipment	8,342	6,474	192	173
Intangible Assets	341	341	-	-
Investment in Subsidiaries	-	-	4,193	3,851
Investment in Associates	3,622	3,541	-	-
Other Receivables	847	1,227	323	680
Other Assets	489	-	489	-
<b>Total Non-current Assets</b>	<b>13,641</b>	<b>11,583</b>	<b>5,197</b>	<b>4,704</b>
<b>Current Assets:</b>				
Inventories	1,059	281	-	-
Trade and Other Receivables	7,044	4,328	13,195	10,872
Other Assets	1,114	453	637	99
Cash and Cash Equivalents	13,640	14,935	5,537	8,430
<b>Total Current Assets</b>	<b>22,857</b>	<b>19,997</b>	<b>19,369</b>	<b>19,401</b>
<b>Total Assets</b>	<b>36,498</b>	<b>31,580</b>	<b>24,566</b>	<b>24,105</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity Attributable to Owners of the Parent</b>				
Share Capital	22,947	22,947	22,947	22,947
Foreign Currency Translation Reserve	10	-	-	-
Share Option Reserve	30	-	30	-
Retained Earnings	4,225	2,947	508	321
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>27,212</b>	<b>25,894</b>	<b>23,485</b>	<b>23,268</b>
Non-controlling Interests	43	41	-	-
<b>Total Equity</b>	<b>27,255</b>	<b>25,935</b>	<b>23,485</b>	<b>23,268</b>
<b>Non-current Liabilities:</b>				
Provisions	306	267	-	-
Deferred Tax Liabilities	602	187	-	-
Bank Loans	200	-	-	-
Finance Leases	325	-	-	-
<b>Total Non-current Liabilities</b>	<b>1,433</b>	<b>454</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities:</b>				
Income Tax Payable	165	192	8	13
Trade and Other Payables	6,349	4,999	1,073	824
Bank Loans	986	-	-	-
Finance Leases	310	-	-	-
<b>Total Current Liabilities</b>	<b>7,810</b>	<b>5,191</b>	<b>1,081</b>	<b>837</b>
<b>Total Liabilities</b>	<b>9,243</b>	<b>5,645</b>	<b>1,081</b>	<b>837</b>
<b>Total Equity and Liabilities</b>	<b>36,498</b>	<b>31,580</b>	<b>24,566</b>	<b>24,105</b>



**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 31/12/2011</u>	<u>As at 31/12/2010</u>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Bank Loans</u>		
Amount repayable within one year	986	-
Amount repayable after one year	200	-
	<hr/>	<hr/>

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

	<u>At 31/12/2011</u>	<u>At 31/12/2010</u>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Finance Leases</u>		
Amount repayable within one year	310	-
Amount repayable after one year	325	-
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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.**

	<b>Group</b>	
	<b>12 Months ended</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows From Operating Activities:</b>		
Profit Before Tax	5,148	4,398
Adjustments for:		
Interest Expense	37	6
Share Option Reserve	30	-
Gain on Disposal of Property	(292)	-
Depreciation of Plant and Equipment	1,156	787
Shares of (Profit)/Loss of Associates	(81)	28
Interest Income	(74)	(116)
Plant and Equipment Written Off	80	4
Foreign Currency Translation Reserve	3	-
Negative Goodwill	(213)	-
Provisions	39	53
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>5,833</b>	<b>5,160</b>
Inventories	(548)	(45)
Trade and Other Receivables	(1,380)	(2,178)
Other Assets	(582)	(112)
Trade and Other Payables	1,142	1,005
<b>Net Cash Flows From Operating Activities Before Interest and Tax</b>	<b>4,465</b>	<b>3,830</b>
Income Taxes Paid	(177)	(353)
<b>Net Cash Flows From Operating Activities</b>	<b>4,288</b>	<b>3,477</b>
<b>Cash Flows Used in Investing Activities:</b>		
Purchase of Property, Plant and Equipment	(3,148)	(2,679)
Trade and Other Receivables	83	(399)
Other Assets	(567)	-
Other Receivables, Non-current	380	(88)
Interest Income	74	116
Investment in Associates	-	(2,924)
Acquisition of Subsidiary (Net of Cash Acquired)	42	(501)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(3,136)</b>	<b>(6,475)</b>
<b>Cash Flows Used in Financing Activities:</b>		
Repayment of Finance Leases	(294)	(9)
Proceeds from Borrowing	1,323	-
Dividends Paid to Equity Owners	(3,303)	(3,294)
Interest Paid	(37)	(6)
Repayment of Bank Loans	(136)	(519)
Increase in Interest in a Subsidiary	-	166
<b>Net Cash Flows Used in Financing Activities</b>	<b>(2,447)</b>	<b>(3,662)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,295)</b>	<b>(6,660)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	14,935	21,595
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>13,640</b>	<b>14,935</b>
<b>Cash and Cash Equivalents at end of year includes the following:</b>		
Cash and Bank Balances	13,640	14,935
<b>Cash and Cash Equivalents at end of year</b>	<b>13,640</b>	<b>14,935</b>



**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
<b>Group</b>							
Opening Balance at 1 Jan 2011	25,935	25,894	22,947	2,947	-	-	41
Movements in Equity:							
Total Comprehensive Income for the year ended 31 Dec 2011	4,593	4,591	-	4,581	10	-	2
Share Option	30	30	-	-	-	30	-
Dividends Paid	(3,303)	(3,303)	-	(3,303)	-	-	-
Closing Balance at 31 Dec 2011	27,255	27,212	22,947	4,225	10	30	43
Opening Balance at 1 Jan 2010	24,328	24,328	22,302	2,026	-	-	-
Movements in Equity:							
Total Comprehensive Income for the year ended 31 Dec 2010	4,037	4,033	-	4,033	-	-	4
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	25,935	25,894	22,947	2,947	-	-	41



**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
<b>Company</b>				
Opening Balance at 1 Jan 2011	23,268	22,947	-	321
Movements in Equity:				
Total Comprehensive Income for the year ended 31 Dec 2011	3,490	-	-	3,490
Share Option	30	-	30	-
Dividends Paid	(3,303)	-	-	(3,303)
Closing Balance at 31 Dec 2011	23,485	22,947	30	508
Opening Balance at 1 Jan 2010	22,155	22,302	-	(147)
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	23,268	22,947	-	321



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

Ordinary shares

	Number <u>of Shares</u> '000	Share <u>Capital</u> S\$'000
At 1 Jan 2011	<u>275,226</u>	<u>22,947</u>
At 31 Dec 2011	<u>275,226</u>	<u>22,947</u>

Convertibles

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

Treasury Shares

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

Share Option

On 23 May 2011, options to subscribe for 453,000 ordinary shares at an exercise price of S\$0.87 were granted to Dr Ng Chin Siau (controlling shareholder) and his Associates pursuant to the Q & M Employee Share Option Scheme.

Employee	Number of Options Granted
Dr Ng Chin Siau	300,000
Ms Foo Siew Jiuan (wife of Dr Ng Chin Siau)	75,000
Ms Ng Sook Hwa (sister of Dr Ng Chin Siau)	56,000
Ms Ng Sook Jing (sister of Dr Ng Chin Siau)	22,000
	<u>453,000</u>

As at 31 December 2011, the options have yet to be exercised.





Share Buy Back Mandate

Under the Share Buy Back Mandate, which was approved by the Shareholders on 26 April 2011, no shares were bought back by the Company during the year ended 31 December 2011.

**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.**

	<b>As at 31/12/11</b>	<b>As at 31/12/10</b>
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 year (FY11) 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:-	Group 12 Months ended	
	31/12/2011	31/12/2010
(i) Basic earnings per share (cents)	1.67	1.47
(ii) On a fully diluted basis (cents)	1.67	1.47

For comparative purposes, the basic and fully diluted EPS for the year ended 31 December 2011 and 31 December 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 (ESOP share options are anti-dilutive) and weighted average number of ordinary shares of 274,191,762 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 As at		Company As at	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Net asset value per ordinary share (cents)	9.9	9.4	8.5	8.4

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

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 12 months ended 31 December 2011 ("FY11") increased 22% to \$47.8 million, from \$39.0 million for the previous corresponding year ("FY10"). The increase of \$8.8 million was mainly attributed to higher revenue from existing dental clinics in Singapore, maiden contributions from new dental outlets in Singapore and in Malaysia, as well as the dental equipment and supplies distribution business in Singapore.

Revenue contribution from new dental clinics in Singapore and Malaysia amounted to \$1.5 million. Increase in revenue contribution from existing dental clinics amounted to \$6.4 million. Revenue contribution from the distribution business of dental equipment and supplies amounted to \$0.9 million.

At the end of FY11, the Group had a total of 46 dental clinics, 3 dental centres and 1 mobile dental clinic in operation in Singapore as compared to 40 dental clinics, 2 dental centres and 1 mobile dental clinic at the end of FY10.

### **Other Items of Income**

Other credits in FY11 amounted to \$0.7 million, compared to \$0.1 million in FY10. The other credits of \$0.7 million for FY 11 comprised of recognition of negative goodwill arising from the acquisition of a subsidiary amounted to \$0.2 million, gain on disposal of a property amounted to \$0.3 million and SME Cash Grant amounted to \$0.2 million.

### **Other Items of Expense**

#### **Consumables and Dental Supplies Used**

Consumables and dental supplies in FY11 increased 9% to \$3.6 million from \$3.2 million in FY10. The increase was in line with the growth in the Group's revenue.

#### **Employee Benefits Expenses**

Employee benefits expenses in FY11 increased by 26% to \$30.5 million, from \$24.1 million in FY10. The increase was mainly due to increased headcount in administrative personnel and dental surgery assistants to support the Group's larger operations in Singapore, salary revisions, higher CPF employer contribution rate, higher foreign worker levy, as well as the inclusion of employee benefits expenses from the distribution business. Employee benefits expenses from the Group's dental operations in Malaysia were also consolidated into the Group's employee benefits expense in FY11.

#### **Depreciation Expense**

Depreciation expense in FY11 increased 47% to \$1.2 million from \$0.8 million in FY10. The increase was mainly due to purchases of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore. Depreciation expense in FY11 also took into account the depreciation costs from the Group's dental operations in Malaysia.

#### **Rental Expense**

Rental expense increased 19% to \$4.7 million from \$3.9 million in FY10. The increase was mainly due to an increase in the number of dental outlets in operations in Singapore and Malaysia.



#### Other Expenses

Other expenses in FY11 increased by 30% to \$3.4 million from \$2.6 million in FY10. The increase was mainly due to higher electronic payment transaction expenses, higher printing and stationery expenses, higher premises and equipment maintenance costs and higher utilities charges due to an increase in the number of dental outlets in operations in Singapore. The Group also incurred higher expenses in relation to its business expansion activities in the Peoples' Republic of China ('PRC') amounting to \$0.2 million.

#### Other Charges

Other charges in FY11 increased to \$122k mainly due to plant and equipment written off and foreign exchange losses.

#### Share of Profit from Equity-Accounted Associates

The Group recorded a share of profit from associates of \$0.1 million in FY11 as compared to a loss of \$28k in FY10. 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 private dental healthcare groups in Beijing and Nanjing.

#### **Profit Before Tax and Net Profit**

As a result of the above factors, the Group recorded a profit before tax of \$5.2 million for FY11. This was an increase of 17% from \$4.4 million in FY10. After deducting provision for income tax expense of \$0.15 million and deferred tax of \$0.45 million, the Group's net profit in FY11 rose 14% to \$4.6 million from \$4.0 million in FY10.

#### Statement of Financial Position

As at 31 December 2011, the Group remained in a strong financial position with cash and cash equivalents of \$13.6 million and bank borrowings and finance leases totalling \$1.8 million.

#### **Current Assets**

As at 31 December 2011, the cash and cash equivalents amounted to \$13.6 million, from \$15.0 million as at 31 December 2010, mainly due to the payment of dividend to equity owners and purchase of property, plant and equipment which offset the net cash generated from operations and proceeds from bank borrowings and finance leases.

Inventories increased to \$1.0 million as at 31 December 2011 from \$0.3 million as at 31 December 2010 due mainly to inclusion of inventory from the Group's dental equipment and supplies distribution companies.

Trade and other receivables increased to \$7.0 million as at 31 December 2011, from \$4.3 million as at 31 December 2010. The increase was mainly due to the followings: -

1. Outstanding sale proceeds from the sale of a property amounted to \$1.3 million.
2. Increase in Group's accounts receivable amounted to \$0.8 million.
3. Net increase of deposit amounted to \$0.3 million mainly due to deposit and stamp duty paid to purchase a shophouse at Clementi which is scheduled for legal completion in March 2012.
4. Loan and advances to employees amounted to \$0.23 million.

Other assets increased to \$1.1 million as at 31 December 2011 from \$0.5 million as at 31 December 2010. The increase was mainly due to sign on incentives given to certain



dentists to assist these dentists in fulfilling their respective prior obligations which will be amortised over the duration of their engagement contracts, and incidental cost incurred on the International Finance Corporation (IFC) Loan. The incidental cost for IFC Loan to be amortised over the duration of the Loan.

#### **Non-Current Assets**

The net book value of plant and equipment as at 31 December 2011 increased to \$8.3 million from \$6.5 million as at 31 December 2010, mainly due to the purchase of dental equipment, furniture, fixtures and fittings for existing and new clinics in Singapore and Malaysia.

Other assets of \$0.5 million in FY2011 comprise of sign on incentives given to certain dentists to assist these dentists in fulfilling their respective prior obligations, which will be amortised over the duration of their engagement contracts.

#### **Current Liabilities**

Trade and other payables as at 31 December 2011 increased to \$6.3 million, compared to \$5.0 million as at 31 December 2010, mainly due to accrual of professional fees owing to the dentists, accrual of staff overtime cost for December 2011 and amount owing to the suppliers of the dental equipment and supplies distribution business.

#### **Non-Current Liabilities**

At the end of 31 December 2011, the Group had bank loans and finance leases totalling \$1.8 million which were used to finance the purchase of property and dental equipment, furniture, fixtures and fittings for dental outlets in Singapore.

Bank loans and finance leases repayable after one year totalled \$0.2 million and \$0.3 million respectively. These borrowings were used to finance the purchase of dental equipment, furniture, fixtures and fittings for dental outlets in Singapore.

#### **Statement of Cash Flows**

The net cash flow from operating activities generated by the Group was \$4.3 million in FY11. This was mainly derived from net profits for FY11 and after deducting the amount used for working capital.

Net cash used in investing activities in FY11 amounted to \$3.1 million. This was mainly due to the purchase of property, dental equipment, furniture, fixtures and fittings for existing and new clinics.

Net cash used in financing activities in FY11 amounted to \$2.4 million. This was mainly due to dividend payment to equity owners of \$3.3 million offset by bank borrowings and finance leases of \$1.3 million to purchase property, dental equipment, furniture, fixtures and fittings for existing and new clinics.

Consequent to the above factors, the Group's cash and cash equivalents decrease to \$13.6 million as at 31 December 2011, from \$15.0 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 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.

The changes in the manpower policies recently announced in the Budget 2012 may have an impact on costs of employment for the Group for the forthcoming years as the dependency ratio ceiling for foreign workers has been reduced.

#### **Recent Developments**

##### Memorandum of Understanding ('MOU') with Dr Rueben Axel How Wee Ming

On 18 January 2012, the Group entered into a MOU with Dr Rueben Axel How Wee Ming to acquire a 80% stake in a new company to be set up by him for Ringgit 420,000.

Dr Rueben is currently the sole proprietor of White Smile Orthodontic Dental Braces Specialist Clinic ('White Smile') in Kuala Lumpur, Malaysia. The new company will be the 100% owner of White Smile.

##### Option to Purchase Block 450 Clementi Avenue 3 #01-283 Singapore 120450 ('Clementi Shophouse')

On 6<sup>th</sup> November 2011, the Group entered into an option to purchase the Clementi Shophouse for \$3.7 million from independent third parties not related to the Directors or any substantial shareholder. The legal completion is expected to take place in March 2012.

#### **Future Plans**

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

- Expansion of network of dental clinics in Singapore

The Group plans to continue widening its network of dental clinics in Singapore. It will also continue to expand its team of dentists to support the growth of its operations in Singapore. With 46 dental clinics, 3 large dental centres and 1 mobile dental clinic in Singapore, the Group believes it is well positioned to cater to the rising demand for higher value specialist dental healthcare services from an affluent and aging population in Singapore.

The Group also expects to benefit from the higher demand for primary dental care services arising from the recent government initiatives in enhancing the Community Health Assist Scheme ('CHAS'). Currently, 49 Q & M clinics are registered under the Scheme.

- Expansion into private dental healthcare market in Malaysia

With the growth in availability of dentists, rising consumer affluence and medical tourism driving demand for high quality dental healthcare services, the Group believes the private dental healthcare market in Malaysia has much potential for growth.



The Group continues to seek expansion opportunities in Malaysia through setting up own "Q & M" clinics, acquisition and partnership.

- Expansion into private dental healthcare market in the PRC

The Group plans to invest RMB 400 million to establish its PRC dental healthcare business. Its target is to have 50 dental clinics and 20 laboratories by 2015 through joint ventures and setting up its own "Q & M" dental clinics in Shanghai to achieve a combined profit of RMB 80 million.

The Group is continuing its search for joint venture opportunities with established dental groups and dental laboratories.

- 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 businesses in Singapore, 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)	0.60 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	0.75 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)	0.5838 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



**(c) The date the dividend is payable.**

The Directors are pleased to recommend a final dividend of 0.75 cents per share in respect of the financial year ended 31 December 2011 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 paid on 18 May 2012.

**(d) Book closure date**

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 7 May 2012 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898, up to 5.00pm on 4 May 2012 will be registered to determine members' entitlements to the final dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on 4 May 2012 will be entitled to the payment of the final 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 dentistry business in Singapore and Malaysia. The Malaysia subsidiary's dentistry business contribution to the Group was immaterial in FY11 and FY10, hence no separate geographical segment is presented in this announcement.

The investments in PRC are through Joint Ventures and are treated as associates in the Group. Hence, no separate geographical segment is presented in this announcement.

The Group's dental equipment and supplies distribution business contribution was immaterial in FY11 and FY10. Hence, no separate business segment 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 %
	2011 S\$'000	2010 S\$'000	
15(a) Revenue reported for first half	21,784	17,877	21.8
15(b) Operating profit after tax before deducting non-controlling interests reported for first half year	2,378	2,006	18.5
15(c) Revenue reported for second half	25,977	21,119	23
15(d) Operating profit after tax before deducting non-controlling interests reported for second half year.	2,205	2,031	9

**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*	3,715	3,251
Preference	-	-
Total	3,715	3,251

\*Total annual dividend for FY11 comprises recommended FY11 final dividend (from FY11H2 profit) of \$2.064 million, and \$1.65 million interim dividend paid in respect of FY11H1 profit.

\*Total annual dividend for FY10 comprises of \$1.60 million interim dividend and final dividend of \$1.65 million paid in respect of FY10 profit.

**17. Interested person transactions**

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Market of the Singapore Exchange Securities Trading Limited ("SGX-ST").



18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Foo Siew Jiuan	43	Wife of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited ("QMDGL").  Sister-in-law of Ng Sook Hwa, Group Financial Controller of QMDGL.	General Manager (1999)	None
Ng Sook Hwa	40	Wife of San Yi Leong, Business Development Director of QMDGL.  Sister of Dr Ng Chin Siau, Group Chief Executive Officer of QMDGL.	Group Financial Controller (June 2011)	Promoted to Group Financial Controller, from Deputy Group Financial Controller
San Yi Leong	34	Husband of Ng Sook Hwa, Group Financial Controller of QMDGL.  Brother-in-law of Dr Ng Chin Siau, Group Chief Executive Officer of QMDGL.	Business Development Director (June 2011)	Promoted to Business Development Director, from Business Development Manager

**BY ORDER OF THE BOARD**

**Ng Chin Siau**  
Group Chief Executive Officer  
27 February 2012