



Financial Statement And Dividend Announcement For The 1st Quarter Ended 31 March 2012 ("1Q12")

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 31/3/2012	3 Months ended 31/3/2011	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue			
Dental Clinics	12,456	10,499	19
Dental Equipment & Supplies Distribution	543	80	579
<u>Other Items of Income</u>			
Interest Income	11	17	(35)
Other Credits	16	4	300
<u>Other Items of Expense</u>			
Consumables and Dental Supplies Used	(694)	(606)	15
Cost of Sales - Dental Equipment & Supplies	(378)	(39)	869
Employee Benefits Expense	(8,316)	(6,672)	25
Depreciation Expense	(337)	(258)	31
Rental Expense	(1,316)	(1,120)	18
Other Expenses	(820)	(764)	7
Other Charges	(2)	(20)	(90)
Finance Costs	(20)	(4)	400
Share of Profit/(Loss) from Equity-Accounted Associates	11	(17)	NM
Profit Before Tax from Continuing Operations	1,154	1,100	5
Income Tax Expense	(75)	(82)	(9)
Profit From Continuing Operations, Net of Tax	1,079	1,018	6
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operation, Net of Tax	(3)	(2)	50
Other Comprehensive Income for the Period, Net of Tax	(3)	(2)	50
Total Comprehensive Income for the Period	1,076	1,016	6
Profit attributable to:			
Owners of the Parent, Net of Tax	1,073	1,015	6
Non-Controlling Interests, Net of Tax	6	3	100
Profit Net of Tax	1,079	1,018	6
Total Comprehensive Income attributable to:			
Owners of the Parent	1,070	1,013	6
Non-Controlling Interests	6	3	100
Total Comprehensive Income	1,076	1,016	6

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	
	31/3/2012	31/12/2011	31/3/2012	31/12/2011
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	12,608	8,342	217	192
Investment in Subsidiaries	-	-	4,193	4,193
Investment in Associates	3,633	3,622	-	-
Intangible Assets	341	341	-	-
Other Receivables	790	847	279	323
Other Assets	463	489	463	489
Total Non-Current Assets	17,835	13,641	5,152	5,197
<u>Current Assets</u>				
Inventories	1,036	1,059	-	-
Trade and Other Receivables	4,863	7,044	17,703	13,195
Other Assets	1,176	1,114	710	637
Cash and Cash Equivalents	10,682	13,640	904	5,537
Total Current Assets	17,757	22,857	19,317	19,369
Total Assets	35,592	36,498	24,469	24,566
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	22,947	22,947	22,947	22,947
Retained Earnings	5,298	4,225	583	508
Other Reserves, Total	52	40	45	30
Equity Attributable to Owners of the Parent, Total	28,297	27,212	23,575	23,485
Non-Controlling Interests	49	43	-	-
Total Equity	28,346	27,255	23,575	23,485
<u>Non-Current Liabilities</u>				
Provisions	306	306	-	-
Deferred Tax Liabilities	602	602	-	-
Other Financial Liabilities	423	525	-	-
Total Non-Current Liabilities	1,331	1,433	-	-
<u>Current Liabilities</u>				
Income Tax Payable	221	165	2	8
Trade and Other Payables	5,234	6,349	892	1,073
Other Financial Liabilities	460	1,296	-	-
Total Current Liabilities	5,915	7,810	894	1,081
Total Liabilities	7,246	9,243	894	1,081
Total Equity and Liabilities	35,592	36,498	24,469	24,566



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 31/3/2012</u>	<u>As at 31/12/2011</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	150	986
Amount repayable after one year	175	200
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The bank loan is secured on the plant and equipment and covered by a corporate guarantee from the Company.

	<u>As at 31/3/2012</u>	<u>As at 31/12/2011</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	310	310
Amount repayable after one year	248	325
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The finance leases are secured on the plant and equipment under finance 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	
	31/3/2012	31/3/2011
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	1,154	1,100
Adjustments For:		
Interest Income	(11)	(17)
Interest Expense	20	4
Plant and Equipment Written Off	2	20
Depreciation of Plant and Equipment	337	258
Foreign Currency Translation Reserve	3	(21)
Share of (Profit) / Loss of Associates	(11)	17
Grant of Share Option	15	-
Operating Cash Flows Before Changes in Working Capital	1,509	1,361
Inventories	23	(137)
Trade and Other Receivables	2,308	(200)
Other Assets	(68)	(46)
Trade and Other Payables	(1,115)	(100)
Net Cash Flows From Operations Before Interest and Tax	2,657	878
Income Taxes Paid	(19)	(12)
Net Cash Flows From Operating Activities	2,638	866
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Property, Plant and Equipment	(4,611)	(218)
Trade and Other Receivables	(127)	(114)
Other Assets	32	-
Other Receivables, Non-Current	57	(11)
Interest Received	11	17
Net Cash Flows Used in Investing Activities	(4,638)	(326)
<u>Cash Flows Used in Financing Activities</u>		
Finance Lease Repayment	(76)	(78)
Repayment of Bank Loans	(862)	-
Interest Paid	(20)	(4)
Net Cash Flows Used in Financing Activities	(958)	(82)
Net (Decrease)/ Increase in Cash and Cash Equivalents	(2,958)	458
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	13,640	14,935
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period	10,682	15,393
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	10,682	15,393
Cash and Cash Equivalents at End of Period	10,682	15,393



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.

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current period						
Opening Balance at 1 January 2012	27,255	27,212	22,947	4,225	40	43
Movements in Equity:						
Total Comprehensive Income for the period	1,076	1,070	-	1,073	(3)	6
Grant of Share Option	15	15	-	-	15	-
Closing Balance at 31 March 2012	28,346	28,297	22,947	5,298	52	49
Group - Previous 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



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)

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Share Option Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000
Company - Current period				
Opening Balance at 1 January 2012	23,485	22,947	30	508
Movements in Equity:				
Total Comprehensive Income for the period	75	-	-	75
Grant of Share Option	15	-	15	-
Closing Balance at 31 March 2012	23,575	22,947	45	583
Company - Previous 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



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 \$'000
At 1 Jan 2012	<u>275,226</u>	<u>22,947</u>
At 31 Mar 2012	<u>275,226</u>	<u>22,947</u>

Employee Share Option

During the period ended 31 March 2012, no share options were issued, lapsed or exercised. There are 453,000 options outstanding as at 31 March 2012 (31 March 2011: Nil).

Convertibles

The Company did not have any outstanding convertibles as at 31 March 2012 and 31 March 2011.

Treasury Shares

The Company did not have any treasury shares as at 31 March 2012 and 31 March 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.

	<u>As at 31/3/12</u>	<u>As at 31/12/11</u>
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 as at 31 December 2011.

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	
	31/3/2012	31/3/2011
Earnings per ordinary share for the period:-		
(i) Basic earnings per share (cents)	0.39	0.37
(ii) On a fully diluted basis (cents)	0.39	0.37

For comparative purposes, the basic and fully diluted EPS for the period ended 31 March 2012 and 31 March 2011 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 2012 (ESOP share options are anti-dilutive) and weighted average number of ordinary shares of 275,226,497 for 2011.

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 is 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	
	<u>31/3/2012</u>	<u>31/12/2011</u>	<u>31/3/2012</u>	<u>31/12/2011</u>
Net asset value per ordinary share (cents)	10.3	9.9	8.6	8.5

The net asset value per ordinary share of the Group and the Company as at 31 March 2012 and 31 December 2011 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

Revenue for the dental outlets for the 3 months ended 31 March 2012 ("1Q12") increased 19% to \$12.5 million, from \$10.5 million in the previous corresponding period ("1Q11"). The increase of \$2 million was attributed to higher revenue from existing and new dental outlets in Singapore and in Malaysia.

Revenue for the dental equipment and supplies distribution business for 1Q12 increased to \$0.5 million from \$80K in 1Q11.

At the end of March 2012, the Group had a total of 46 dental clinics, 3 dental centres and 1 mobile dental clinic in operation, compared to 40 clinics, 2 dental centre and 1 mobile dental clinic at the end of March 2011 in Singapore.



Other Items of Expense

Consumables and Dental Supplies Used

Consumables and dental supplies used in 1Q12 rose 15% to \$0.7 million from \$0.6 million in 1Q11. As a percentage of revenue from the dental outlets, consumables and dental supplies used in the dental outlets in 1Q12 were 5.6% compared to 5.8% in 1Q11.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business was \$0.4 million in 1Q12 compared to \$39K in 1Q11.

Employee Benefits Expense

Employee benefits expense in 1Q12 rose 25% to \$8.3 million, from \$6.7 million in 1Q11. The increase was mainly due to increased headcount to support the Group's larger operations, salary revisions, as well as inclusion of the employee benefits expense from the Group's dental equipment and supplies distribution business. As a percentage of revenue, employee benefits expense in 1Q12 was 64.0% compared to 63.1% in 1Q11.

Depreciation Expense

Depreciation expense in 1Q12 increased 31% to \$0.33 million from \$0.26 million in 1Q11. The increase of \$79K was due mainly to increase in dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia. As a percentage of revenue, depreciation expense in 1Q12 was 2.6% compared to 2.4% in 1Q11.

Rental Expense

Rental expense in 1Q12 increased 18% to \$1.3 million from \$1.1 million in 1Q11. The increase of \$0.2 million was due mainly to an increase in the number of dental outlets in Singapore and Malaysia. As a percentage of revenue, rental expense in 1Q12 was 10.1% compared to 10.6% in 1Q11.

Other Expenses

Other expenses in 1Q12 increased 7% to \$0.82 million from \$0.76 million in 1Q11. Other expenses comprises mainly of electronic payment transaction expenses, printing and stationery expenses, marketing expenses, utilities charges, premises and equipment maintenance costs, as well as legal and professional fees. As a percentage of revenue, other expenses in 1Q12 was 6.3% compared to 7.2% in 1Q11.

Share of Profit from Equity-Accounted Associates

The Group recorded a share of profit from associates of \$11K in 1Q12 compared to a loss of \$17K in 1Q11. These associate companies, namely Q & M Dental (Beijing) Pte. Ltd. and Q & M Dental (Shanghai) Pte. Ltd. are the Group's joint ventures in the People's Republic of China ('PRC').



Profit Before Tax and Net Profit

As a result of the above factors, the Group's profit before tax in 1Q12 rose 5% to \$1.15 million from \$1.10 million in 1Q11.

After deducting provision for income tax expense of \$75K, the Group's net profit in 1Q12 rose 6% to \$1.08 million from \$1.02 million in 1Q11.

Statement of Financial Position

As at 31 March 2012, the Group has cash and cash equivalents of \$10.7 million and bank borrowing and finance leases totalling \$0.9 million.

Current Assets

Cash and cash equivalents as at 31 March 2012 decreased to \$10.7 million from \$13.6 million as at 31 December 2011. The decrease of \$2.9 million was due mainly to the purchase of property, plant and equipment and the repayment of bank loans and finance leases which offset the net cash generated from operations.

Trade and other receivables decreased to \$4.9 million as at 31 March 2012 from \$7.0 million as at 31 December 2011. The decrease of \$2.1 million was due mainly to the receipt of the sale proceeds from Sims Place property, decrease in Group's account receivables, and decrease in deposit and prepaid stamp duty arising from the legal completion of the purchase of Clementi property.

Non-Current Assets

The net book value of property, plant and equipment as at 31 March 2012 increased to \$12.6 million from \$8.3 million as at 31 December 2011. The increase of \$4.3 million was mainly due to the purchase of Clementi property, purchase of dental equipment, furniture, fixtures and fittings for existing and new clinics in Singapore and Malaysia.

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

Current Liabilities

Trade and other payables as at 31 March 2012 decreased to \$5.2 million from \$6.3 million as at 31 December 2011, due mainly to payment of expense such as remuneration owing to dentists, staff bonuses and audit fees which were accrued as at 31 December 2011.

At the end of 1Q12, the Group current portion of bank loan and finance leases decreased to \$0.5 million from \$1.3 million due mainly to the repayment of the bank loan for financing the purchase of the Sims Place property which had been sold in December 2011.

Non-Current Liabilities

At the end of 31 March 2012, the Group had bank loan and finance leases totalling \$0.4 million which were used to finance the purchase of dental equipment, furniture, fixtures and fittings for dental outlets in Singapore.



Statement of Cash Flows

The Group generated net cash flow from operating activities of \$2.6 million in 1Q12. This was derived from the profit generated in 1Q12, and reduction of working capital used in 1Q12.

Net cash used in investing activities in 1Q12 amounted to \$4.6 million, mainly due to the purchase of Clementi property, dental equipment, furniture, fixtures and fittings for new dental outlets in Singapore.

Net cash used in financing activities in 1Q12 was \$1 million, which arose mainly from repayment of bank loans and finance leases.

Consequent to the above factors, the Group's cash and cash equivalents decreased to \$10.7 million as at 31 March 2012, from \$13.6 million as at 31 December 2011.

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. However, the changes in the manpower policies 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

- Acquisition of property

During the Group's AGM held on 26 April 2012, the Group obtained approval from shareholders for the acquisition of Jurong property from a director and his associate for a purchase consideration of \$3,880,000.

- Share Split

During the Group's AGM held on 26 April 2012, the Group obtained approval from shareholders for the share split of each ordinary share into two ordinary shares. The Company has an issued and paid-up share capital of \$22,947,641 divided into 275,226,497 issued shares, as at 5 March 2012 (the date of the announcement). Following the implementation of the proposed share split on 9th May 2012, the Group has an issued and paid-up share capital of \$22,947,641 divided into 550,452,994 issued shares.



- New dental clinic in Johor, Malaysia

The Group has opened a third dental clinic in Taman Mount Austin in Johor on 2 May 2012. This new clinic, Q & M Dental Surgery (Austin) is 70% owned by the Group and 30% owned by Dr Hong An Liang our equity partner in Q & M Dental Surgery (Molek) Sdn Bhd.

The clinic is conveniently located along the main street of Taman Mount Austin and is easily accessible to surrounding urban districts. With two treatment rooms, the clinic is 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 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, 4 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 and the growing medical tourism market in Singapore. The Group targets to have 60 dental outlets in Singapore by 2015.

- Expansion into private dental healthcare market in Malaysia

The Group currently operates three dental clinics in Johor, Malaysia through its 70% stake in Q&M Dental Surgery (Molek) Sdn Bhd and Q&M Dental Surgery (Austin) Sdn Bhd. With a positive view of the Malaysia's dental healthcare market which is envisaged to grow on raising consumer affluence and an expanding pool of dentists, the Group believes that this will facilitate the expansion of the Q&M brand presence in Malaysia. The Group targets to have 15 dental clinics in Malaysia by 2015.

- Expansion into private dental healthcare market in the PRC

The main thrust of the Group's proposed joint ventures and organic growth initiatives is to develop a new and sustainable growth pillar that can yield long term value for the Group. The Group targets to have 50 dental clinics and 20 dental laboratories by 2015.

- 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 value with its existing business in Singapore, the PRC and Malaysia.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None



(b) Corresponding Period of the Immediately preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2012.

13. If the group has obtained a general mandate from shareholders for Interested Parties 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 Group did not obtain a general mandate from shareholders for IPTs.

14. 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 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
14 May 2012