



Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2012 ("2Q12")

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.

	Note	Group					
		Second Quarter			Year-To-Date		
		Q2 2012 \$'000	Q2 2011 \$'000	Change %	30/6/2012 \$'000	30/6/2011 \$'000	Change %
Revenue							
Dental Clinics		13,003	11,096	17	25,459	21,595	18
Dental Equipment & Supplies Distribution		497	109	NM	1,040	189	NM
Other Items of Income							
Interest Income		19	27	(30)	30	44	(32)
Other Credits	1(a)(i)	153	213	(28)	169	217	(22)
Other Items of Expense							
Consumables and Dental Supplies Used		(1,049)	(770)	36	(1,743)	(1,376)	27
Cost of Sales - Dental Equipment & Supplies		(305)	(73)	NM	(683)	(112)	NM
Employee Benefits Expense		(8,451)	(7,139)	18	(16,767)	(13,811)	21
Depreciation Expense		(370)	(273)	36	(707)	(531)	33
Rental Expense		(1,327)	(1,120)	18	(2,643)	(2,240)	18
Other Expenses		(898)	(736)	22	(1,718)	(1,500)	15
Other Charges	1(a)(ii)	(1)	(7)	(86)	(3)	(27)	(89)
Finance Costs		(43)	(11)	291	(63)	(15)	320
Share of (Loss)/Profit from Equity-Accounted Associates		(4)	101	NM	7	84	(92)
Profit Before Tax from Continuing Operations		1,224	1,417	(14)	2,378	2,517	(6)
Income Tax Expense		(93)	(57)	63	(168)	(139)	21
Profit From Continuing Operations, Net of Tax		1,131	1,360	(17)	2,210	2,378	(7)
Other Comprehensive Income:							
Exchange Differences on Translating Foreign Operations, Net of Tax		5	5	-	2	3	(33)
Other Comprehensive Income for the Period, Net of Tax		5	5	-	2	3	(33)
Total Comprehensive Income for the Period		1,136	1,365	(17)	2,212	2,381	(7)
Profit attributable to:							
Owners of the Parent, Net of Tax		1,124	1,353	(17)	2,197	2,368	(7)
Non-Controlling Interests, Net of Tax		7	7	-	13	10	30
Profit Net of Tax		1,131	1,360	(17)	2,210	2,378	(7)
Total Comprehensive Income attributable to:							
Owners of the Parent		1,129	1,358	(17)	2,199	2,371	(7)
Non-Controlling Interests		7	7	-	13	10	30
Total Comprehensive Income		1,136	1,365	(17)	2,212	2,381	(7)

NM: Not Meaningful



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

Notes:

1(a)(i) Other Credits

	Group			
	Second Quarter		Year-To-Date	
	Q2 2012	Q2 2011	30/6/2012	30/6/2011
	\$'000	\$'000	\$'000	\$'000
Negative Goodwill arising from Acquisition of a Subsidiary	-	213	-	213
Foreign Exchange Translation Gain	5	-	21	4
Profit Guarantee from Associate Company	148	-	148	-
	153	213	169	217

1(a)(ii) Other Charges

	Group			
	Second Quarter		Year-To-Date	
	Q2 2012	Q2 2011	30/6/2012	30/6/2011
	\$'000	\$'000	\$'000	\$'000
Plant & Equipment Written Off	1	7	3	27



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	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	12,710	8,342	221	192
Investment in Subsidiaries	-	-	4,193	4,193
Investment in Associates	3,629	3,622	-	-
Intangible Assets	341	341	-	-
Other Receivables	796	847	233	323
Other Assets	437	489	437	489
Total Non-Current Assets	17,913	13,641	5,084	5,197
<u>Current Assets</u>				
Inventories	1,384	1,059	-	-
Trade and Other Receivables	5,354	7,044	17,471	13,195
Other Assets	990	1,114	525	637
Cash and Cash Equivalents	14,939	13,640	7,268	5,537
Total Current Assets	22,667	22,857	25,264	19,369
Total Assets	40,580	36,498	30,348	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	4,358	4,225	400	508
Other Reserves, Total	424	40	412	30
Equity Attributable to Owners of the Parent, Total	27,729	27,212	23,759	23,485
Non-Controlling Interests	67	43	-	-
Total Equity	27,796	27,255	23,759	23,485
<u>Non-Current Liabilities</u>				
Provisions	306	306	-	-
Deferred Tax Liabilities	652	602	-	-
Other Financial Liabilities	6,141	525	5,846	-
Total Non-Current Liabilities	7,099	1,433	5,846	-
<u>Current Liabilities</u>				
Income Tax Payable	178	165	5	8
Trade and Other Payables	5,047	6,349	738	1,073
Other Financial Liabilities	460	1,296	-	-
Total Current Liabilities	5,685	7,810	743	1,081
Total Liabilities	12,784	9,243	6,589	1,081
Total Equity and Liabilities	40,580	36,498	30,348	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 30/6/2012</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	125	200

The bank loan is secured on the plant and equipment and covered by a corporate guarantee from the Company.

	<u>At 30/6/2012</u>	<u>At 31/12/2011</u>
	\$'000	\$'000
<u>Convertible Loan</u>		
Amount repayable within one year	-	-
Amount repayable after one year	5,846	-

The convertible loan of US\$5 million from International Finance Corporation ("IFC") is to be used to finance the Group's expansion plans in the People's Republic of China ("PRC"). Material subsidiaries which comprise of the profitable entities and clinics of the Group have provided corporate guarantees to secure the repayment of all amounts owed by the Company under the loan agreement.

	<u>At 30/6/2012</u>	<u>At 31/12/2011</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	310	310
Amount repayable after one year	170	325

The finance leases are secured on the plant and equipment under finance leases.



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.

	Q2 2012	Q2 2011
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	1,224	1,417
Adjustments for:		
Interest Income	(19)	(27)
Interest Expense	43	11
Plant and Equipment Written Off	1	7
Depreciation of Plant and Equipment	370	273
Foreign Currency Translation Reserve	(3)	3
Share of Loss (Profit) of Associates	4	(101)
Share Option Expense	15	6
Operating Cash Flows Before Changes in Working Capital	1,635	1,589
Inventories	(348)	(309)
Trade and Other Receivables	(501)	294
Other Assets	184	(77)
Trade and Other Payables	(187)	(168)
Net Cash Flows From Operating Activities Before Interest and Tax	783	1,329
Income Taxes Paid	(86)	(101)
Net Cash Flows From Operating Activities	697	1,228
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(654)	(193)
Disposal of Plant and Equipment	189	-
Other Assets	28	-
Trade and Other Receivables	10	(1)
Other Receivables, Non-Current	(6)	10
Interest Received	19	27
Contribution by Non-Controlling Interest	11	-
Net Cash Flows Used in Investing Activities	(403)	(157)
<u>Cash Flows From/(Used in) Financing Activities</u>		
Finance Lease Repayment	(78)	(73)
Repayment of Bank Loans	(50)	(42)
Interest Paid	(43)	(11)
Dividends Paid to Equity Owners	(2,064)	(1,651)
Proceeds from Convertible Loan	6,198	-
Net Cash Flows From/(Used in) Financing Activities	3,963	(1,777)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,257	(706)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	10,682	15,393
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	14,939	14,687
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	14,939	14,687
Cash and Cash Equivalents at End of Period	14,939	14,687



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 April 2012	28,346	28,297	22,947	5,298	52	49
Movements in Equity:						
Total Comprehensive Income for the period	1,136	1,129	-	1,124	5	7
Equity Component of Convertible Loan	352	352	-	-	352	-
Share Option Expense	15	15	-	-	15	-
Dividends Paid	(2,064)	(2,064)	-	(2,064)	-	-
Contribution by Non-Controlling Interests	11	-	-	-	-	11
Closing Balance at 30 June 2012	27,796	27,729	22,947	4,358	424	67
Group - Previous period						
Opening Balance at 1 April 2011	26,951	26,907	22,947	3,962	(2)	44
Movements in Equity:						
Total Comprehensive Income for the period	1,365	1,358	-	1,353	5	7
Share Option Expense	6	6	-	-	6	-
Dividends Paid	(1,651)	(1,651)	-	(1,651)	-	-
Closing Balance at 30 June 2011	26,671	26,620	22,947	3,664	9	51



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>Other Reserve</u>	<u>Retained Earnings /(Accumulated Losses)</u>
	\$'000	\$'000	\$'000	\$'000
Company - Current period				
Opening Balance at 1 April 2012	23,575	22,947	45	583
Movements in Equity:				
Total Comprehensive Income for the period	1,881	-	-	1,881
Equity Component of Convertible Loan	352	-	352	-
Share Option Expense	15	-	15	-
Dividends Paid	(2,064)	-	-	(2,064)
Closing Balance at 30 June 2012	23,759	22,947	412	400
Company - Previous period				
Opening Balance at 1 April 2011	23,297	22,947	-	350
Movements in Equity:				
Total Comprehensive Income for the period	36	-	-	36
Share Option Expense	6	-	6	-
Closing Balance at 30 June 2011	23,339	22,947	6	386



- 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> \$'000
At 1 Jan 2012	<u>275,226</u>	<u>22,947</u>
At 30 Jun 2012	<u><u>550,453</u></u>	<u><u>22,947</u></u>

Share Split

The Company completed a two for one shares split on 9 May 2012. After the share split, the Company has an issued and paid-up share capital of \$22,947,641 divided into 550,452,994 issued shares (30 June 2011: 275,226,497)

Employee Share Option

During the period ended 30 June 2012, no share options were issued, lapsed or exercised. There is 906,000 (post share split) options outstanding as at 30 June 2012 (30 June 2011: 453,000)

Convertibles

The Company has drawdown a US\$5 million convertible loan from the International Finance Corporation ("IFC") on 15 May 2012 (30 June 2011: Nil). Pursuant to the terms and conditions of the Loan Agreement, IFC has the right to convert up to US\$5 million of the Loan into 9,130,434 (pre share split) shares of the Company.

Treasury Shares

The Company did not have any treasury shares as at 30 June 2012 and 30 June 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.**

	As at 30/6/2012	As at 31/12/2011
Total number of issued shares excluding treasury shares	<u><u>550,452,994</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 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.**

Earnings per ordinary share for the period :-	Second Quarter		Year-To-Date	
	Q2 2012	Restated Q2 2011	30/6/2012	Restated 30/6/2011
(i) Basic earnings per share (cents)	0.20	0.25	0.40	0.43
(ii) On a fully diluted basis (cents)	0.20	0.25	0.40	0.43

The basic EPS for the quarter and half year 30 June 2012 and 30 June 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 550,452,994 shares for 2012 and 2011 (ESOP share options are anti-dilutive) after adjusting for the share split.

The fully diluted EPS for the quarter and half year 30 June 2012 and 30 June 2011 have been computed based on the profit attributable to equity holders of parent after convertible loan interest, net of tax and the weighted average number of ordinary shares of 555,168,713 shares for 2012 and 550,452,994 shares for 2011 after adjusting for the convertible loan and share split dilutive effect.



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	Restated	As at	Restated
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
Net asset value per ordinary share (cents)	5.0	5.0	4.3	4.3

The net asset value per ordinary share of the Group and the Company as at 30 June 2012 and 31 December 2011 have been calculated based on the total issued number of ordinary shares of 550,452,994 (Restated 2011: 550,452,994).

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

Dental Clinics revenue for the three months ended 30 June 2012 ("2Q12") increased 17% to \$13 million, from \$11.1 million in the previous corresponding quarter ("2Q11"). The increase of \$1.9 million was attributed to higher revenue from existing dental outlets, as well as contributions from new dental outlets in Singapore and Malaysia.

In 2Q12, the Group recorded revenue of \$1.1 million from new dental outlets in Singapore. Existing dental outlets in Singapore and Malaysia contributed incremental revenue of \$0.8 million during 2Q12.

At the end of June 2012, the Group had a total of 47 dental clinics, 4 dental centres and 1 mobile dental clinic in operation, compared to 41 clinics, 2 dental centres and 1 mobile dental clinic at the end of June 2011 in Singapore.

Revenue from the dental equipment and supplies distribution business for 2Q12 increased to \$0.5 million from \$0.1 million in 2Q11. This was mainly due to inclusion of the full quarter revenue in 2Q12 of the dental equipment distribution business which was acquired in June 2011.

For the first six months ended 30 June 2012 ("1H12"), dental clinics revenue gained 18% to \$25.5 million, compared to \$21.6 million in the previous corresponding period ("1H11"). The increase was attributed mainly to an expansion in the network of dental outlets and an increase in revenue from existing clinics in Singapore.



For the first six months ended 30 June 2012 (“1H12”) revenue from the dental equipment and supplies distribution business increased to \$1 million from \$0.2 million in the corresponding period (“1H11”). This was mainly due to the acquisition of the dental equipment distribution business in June 2011.

Other Items of Income

Other credits in 2Q12 amounted to \$153k compared to \$213k in 2Q11. Other credits in 2Q12 are mainly due to the recognition of profit guarantee from Q&M Dental (Shanghai) Pte. Ltd. In 2Q11, other credits were mainly due to the recognition of one time negative goodwill arising from the acquisition of a subsidiary in 2Q11.

Other Items of Expense

Consumables and Dental Supplies Used

Consumables and dental supplies used in 2Q12 rose 36% to \$1.0 million from \$0.8 million in 2Q11. The increase was mainly due to the increase in revenue and increase in purchase cost of consumables and dental supplies used in the dental outlets. As a percentage of revenue from the dental outlets, consumables and dental supplies used in the dental outlets in 2Q12 were 8.1% compared to 6.9% in 2Q11.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business was \$0.3 million in 2Q12 compared to \$73k in 2Q11 mainly due to inclusion of the full quarter cost in 2Q12 from the dental equipment distribution business which was acquired in June 2011.

Employee Benefits Expense

Employee benefits expense in 2Q12 rose 18% to \$8.5 million, from \$7.1 million in 2Q11 which was in tandem with the growth in Group revenue. As a percentage of revenue, employee benefits expense in 2Q12 was 62.6% compared to 63.7% in 2Q11.

Depreciation Expense

Depreciation expense in 2Q12 increased 36% to \$0.37 million from \$0.27 million in 2Q11. The increase of \$0.1 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia. As a percentage of revenue, depreciation expense in 2Q12 was 2.7% compared to 2.4% in 2Q11.

Rental Expense

Rental expense in 2Q12 increased 18% to \$1.3 million from \$1.1 million in 2Q11. The increase of \$0.2 million was due mainly to an increase in the number of dental outlets in Singapore. As a percentage of revenue, rental expense in 2Q12 was 9.8% compared to 10% in 2Q11.

Other Expenses

Other expenses in 2Q12 increased 22% to \$0.9 million from \$0.74 million in 2Q11. The increase was in tandem with the growth in Group revenue. As a percentage of revenue, other expenses in 2Q12 and 2Q11 were 6.6%.

Finance Costs

Finance costs in 2Q12 increased to \$43k from \$11k in 2Q11 mainly due to the interest payable on the convertible loan from IFC.

Share of Profit from Equity-Accounted Associates

The Group recorded a share of loss from associates of \$4k in 2Q12 compared to a profit of \$101k in 2Q11. 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.



Profit Before Tax and Net Profit

The Group's profit before tax for 2Q12 was \$1.2 million compared with \$1.4 million for 2Q11 mainly due to the gestation period for the newly opened dental clinics and centres as certain start-up costs were incurred immediately while there was a lag in revenue growth.

After deducting provision for income tax expense of \$93k, the Group's net profit in 2Q12 declined 17% to \$1.1 million from \$1.4 million in 2Q11.

For 1H12, net profit after tax was \$2.2 million, compared with \$2.4 million for 1H11.

Statement of Financial Position

As at 30 June 2012, the Group remained in a strong financial position with cash and cash equivalents of \$14.9 million and bank borrowing, convertible loan and finance leases totalling \$7.0 million.

Current Assets

Cash and cash equivalents as at 30 June 2012 increased to \$14.9 million from \$13.6 million as at 31 December 2011. The increase of \$1.3 million was due mainly to the drawdown of IFC convertible loan offset by the purchase of plant and equipment and the payment of dividends to shareholders.

Trade and other receivables decreased to \$5.4 million as at 30 June 2012 from \$7.0 million as at 31 December 2011. The decrease of \$1.6 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 30 June 2012 increased to \$12.7 million from \$8.3 million as at 31 December 2011. The increase of \$4.4 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.

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 30 June 2012 decreased to \$5 million from \$6.3 million as at 31 December 2011, due mainly to payment of expense such as professional fees owing to dentists, staff bonuses and audit fees which were accrued as at 31 December 2011.

At the end of 2Q12, 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

Other financial liabilities as at 30 June 2012 increased to \$6.1 million from \$0.53 million as at 31 December 2011, mainly due to the drawdown of IFC convertible loan of US\$5 million which was to be used to finance the Group's expansion plans in the PRC.



Statement of Cash Flows

The Group generated net cash flow from operating activities of \$0.7 million in 2Q12. This was derived from the profit generated in 2Q12, and after deducting the amount used for working capital.

Net cash used in investing activities in 2Q12 amounted to \$0.4 million, mainly due to the purchase of dental equipment, furniture, fixtures and fittings for new dental outlets in Singapore.

Net cash from financing activities in 2Q12 was \$4 million, which arose mainly from drawdown of the IFC convertible loan and after dividend payment of \$2 million with respect to FY2011.

Consequent to the above factors, the Group's cash and cash equivalents was \$14.9 million as at 30 June 2012.

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

- Acquisition of property

The Group has completed the acquisition of a property in Jurong East Central from a director and his associate for a purchase consideration of \$3.88 million on 8th August 2012. The Group has taken a bank loan of \$3 million to finance the purchase of this property.

- Memorandum of Understanding ('MOU')

The Group has signed a MOU with a leading Chinese private equity firm, Kunwu Jiuding Capital Co Ltd, headquartered in Beijing, for a proposed strategic investment of up to RMB 240 million.



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 47 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? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.30 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	Cash
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 dividend will be paid on 7 September 2012.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 28 August 2012 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd), 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 27 August 2012 will be registered to determine members' entitlements to the interim 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 5.00 p.m. on 27 August 2012 will be entitled to the payment of the interim dividend.

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

Not applicable.

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 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
13 August 2012