


**Q & M Dental Group (Singapore) Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No: 200800507R)

**Full Year Financial Statement Announcement And Dividend Announcement For The Year Ended 31 December 2012**
**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 2012

	Note	Group		
		12 Months ended 31/12/2012 \$'000	12 Months ended 31/12/2011 \$'000	Change %
<b>Revenue</b>				
Dental Clinics		55,033	46,755	18
Dental Equipment & Supplies Distribution		2,011	1,006	100
<b>Other Items of Income</b>				
Interest Income		55	74	(26)
Other Credits	1(a)(i)	392	628	(38)
<b>Other Items of Expense</b>				
Consumables and Dental Supplies Used		(3,596)	(2,937)	22
Cost of Sales - Dental Equipment & Supplies		(1,524)	(616)	147
Employee Benefits Expense		(35,836)	(30,480)	18
Depreciation Expense		(1,523)	(1,156)	32
Rental Expense		(5,618)	(4,691)	20
Other Expenses		(3,856)	(3,437)	12
Other Charges	1(a)(ii)	(47)	(42)	12
Finance Costs		(229)	(37)	519
Share of Profit from Equity-Accounted Associates		58	81	(28)
<b>Profit Before Tax from Continuing Operations</b>		<b>5,320</b>	<b>5,148</b>	<b>3</b>
Income Tax Expense		(274)	(565)	(52)
<b>Profit From Continuing Operations, Net of Tax</b>		<b>5,046</b>	<b>4,583</b>	<b>10</b>
<b>Other Comprehensive Income:</b>				
Exchange Differences on Translating Foreign Operations, Net of Tax		(13)	10	NM
<b>Other Comprehensive (Loss)/Income for the Year, Net of Tax</b>		<b>(13)</b>	<b>10</b>	<b>NM</b>
<b>Total Comprehensive Income for the Year</b>		<b>5,033</b>	<b>4,593</b>	<b>10</b>
<b>Profit attributable to:</b>				
Owners of the Parent, Net of Tax		5,001	4,581	9
Non-Controlling Interests, Net of Tax		45	2	NM
<b>Profit Net of Tax</b>		<b>5,046</b>	<b>4,583</b>	<b>10</b>
<b>Total Comprehensive Income attributable to:</b>				
Owners of the Parent		4,988	4,591	9
Non-Controlling Interests		45	2	NM
<b>Total Comprehensive Income</b>		<b>5,033</b>	<b>4,593</b>	<b>10</b>

NM: Not Meaningful



**Notes:**

1(a)(i) Other Credits

	12 Months ended	
	31/12/2012	31/12/2011
	\$'000	\$'000
Negative Goodwill arising from Acquisition of a Subsidiary	-	213
Foreign Exchange Translation Gain	13	-
Gain on disposal of property, plant and equipment	-	212
SME Cash Grant	217	203
Profit Guarantee from Associate Company	162	-
	<b>392</b>	<b>628</b>

1(a)(ii) Other Charges

	12 Months ended	
	31/12/2012	31/12/2011
	\$'000	\$'000
Plant & Equipment Written Off	36	-
Foreign Exchange Translation Loss	-	42
Loss on disposal of plant and equipment	11	-
	<b>47</b>	<b>42</b>



**Q & M Dental Group (Singapore) Limited**  
(Incorporated in the Republic of Singapore)  
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**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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	17,194	8,342	228	192
Investment in Subsidiaries	-	-	4,760	4,193
Investment in Associates	3,306	3,622	-	-
Intangible Assets	1,023	341	-	-
Other Receivables	580	847	66	323
Other Assets	645	489	384	489
<b>Total Non-Current Assets</b>	<b>22,748</b>	<b>13,641</b>	<b>5,438</b>	<b>5,197</b>
<b>Current Assets</b>				
Inventories	1,498	1,059	-	-
Trade and Other Receivables	5,604	7,044	18,515	13,195
Other Assets	969	1,114	681	637
Cash and Cash Equivalents	18,487	13,640	9,650	5,537
<b>Total Current Assets</b>	<b>26,558</b>	<b>22,857</b>	<b>28,846</b>	<b>19,369</b>
<b>Total Assets</b>	<b>49,306</b>	<b>36,498</b>	<b>34,284</b>	<b>24,566</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
Retained Earnings	5,510	4,225	455	508
Other Reserves, Total	383	40	386	30
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>28,840</b>	<b>27,212</b>	<b>23,788</b>	<b>23,485</b>
Non-Controlling Interests	100	43	-	-
<b>Total Equity</b>	<b>28,940</b>	<b>27,255</b>	<b>23,788</b>	<b>23,485</b>
<b>Non-Current Liabilities</b>				
Provisions	359	306	-	-
Deferred Tax Liabilities	767	602	-	-
Other Financial Liabilities	8,664	525	5,669	-
<b>Total Non-Current Liabilities</b>	<b>9,790</b>	<b>1,433</b>	<b>5,669</b>	<b>-</b>
<b>Current Liabilities</b>				
Income Tax Payable	60	165	5	8
Trade and Other Payables	9,901	6,349	4,822	1,073
Other Financial Liabilities	615	1,296	-	-
<b>Total Current Liabilities</b>	<b>10,576</b>	<b>7,810</b>	<b>4,827</b>	<b>1,081</b>
<b>Total Liabilities</b>	<b>20,366</b>	<b>9,243</b>	<b>10,496</b>	<b>1,081</b>
<b>Total Equity and Liabilities</b>	<b>49,306</b>	<b>36,498</b>	<b>34,284</b>	<b>24,566</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 31/12/2012</u>	<u>As at 31/12/2011</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	305	986
Amount repayable after one year	2,953	200

The bank loans are secured by a legal mortgage of a property, plant and equipment and corporate guarantee from the Company.

	<u>At 31/12/2012</u>	<u>At 31/12/2011</u>
	\$'000	\$'000
<u>Convertible Loan</u>		
Amount repayable within one year	-	-
Amount repayable after one year	5,669	-

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 31/12/2012</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	42	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.

	<b>Group</b>	
	<b>12 Months ended</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	5,320	5,148
Adjustments for:		
Interest Income	(55)	(74)
Interest Expense	229	37
Plant and Equipment Written Off	36	-
Loss/(Gain) on Disposal of Plant and Equipment	11	(212)
Depreciation of Property, Plant and Equipment	1,523	1,156
Foreign Currency Translation Reserve	(39)	9
Negative Goodwill	-	(213)
Provisions	53	43
Share of Profit from Associates	(58)	(81)
Share Option Expense	36	30
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>7,056</b>	<b>5,843</b>
Inventories	(439)	(548)
Trade and Other Receivables	2,035	(1,374)
Other Assets	(55)	(583)
Trade and Other Payables	538	1,142
<b>Net Cash Flows From Operations</b>	<b>9,135</b>	<b>4,480</b>
Income Taxes Paid	(190)	(177)
<b>Net Cash Flows From Operating Activities</b>	<b>8,945</b>	<b>4,303</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Purchase of Property, Plant and Equipment	(10,384)	(3,156)
Other Assets	105	(567)
Trade and Other Receivables	(206)	78
Other Receivables, Non-Current	267	380
Interest Received	55	74
Contribution by Non-Controlling Interests	12	-
Acquisition of Subsidiary/(Net of Cash Acquired)	(765)	42
Acquisition of Associate	(15)	-
<b>Net Cash Flows Used in Investing Activities</b>	<b>(10,931)</b>	<b>(3,149)</b>
<b><u>Cash Flows From/(Used in) Financing Activities</u></b>		
Finance Lease Repayment	(284)	(295)
Increase from New Borrowing	3,104	1,322
Proceeds from Convertible Loan	5,948	-
Advances for Proposed Acquisition of SMG	3,000	-
Repayment of Bank Loans	(1,032)	(136)
Interest Paid	(187)	(37)
Dividends Paid to Equity Owners	(3,716)	(3,303)
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>6,833</b>	<b>(2,449)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>4,847</b>	<b>(1,295)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Year	13,640	14,935
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Year</b>	<b>18,487</b>	<b>13,640</b>
<b>Cash and Cash Equivalents at End of Year includes the following:</b>		
Cash and Bank Balances	18,487	13,640
<b>Cash and Cash Equivalents at End of Year</b>	<b>18,487</b>	<b>13,640</b>



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
<b>Group - Current period</b>						
Opening Balance at 1 Jan 2012	27,255	27,212	22,947	4,225	40	43
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Year	5,033	4,988	-	5,001	(13)	45
Equity Component of Convertible Loan	320	320	-	-	320	-
Share Option Expense	36	36	-	-	36	-
Dividends Paid	(3,716)	(3,716)	-	(3,716)	-	-
Contribution by Non-Controlling Interests	12	-	-	-	-	12
Closing Balance at 31 Dec 2012	28,940	28,840	22,947	5,510	383	100
<b>Group - Previous period</b>						
Opening Balance at 1 Jan 2011	25,935	25,894	22,947	2,947	-	41
<b>Movements in Equity:</b>						
Total Comprehensive Income for the Year	4,593	4,591	-	4,581	10	2
Grant of 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	40	43



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</u>
	\$'000	\$'000	\$'000	\$'000
<b>Company - Current period</b>				
Opening Balance at 1 Jan 2012	23,485	22,947	30	508
<b>Movements in Equity:</b>				
Total Comprehensive Income for the Year	3,663	-	-	3,663
Equity Component of Convertible Loan	320	-	320	-
Share Option Expense	36	-	36	-
Dividends Paid	(3,716)	-	-	(3,716)
Closing Balance at 31 Dec 2012	23,788	22,947	386	455
<b>Company - Previous period</b>				
Opening Balance at 1 Jan 2011	23,268	22,947	-	321
<b>Movements in Equity:</b>				
Total Comprehensive Income for the Year	3,490	-	-	3,490
Share Option Expense	30	-	30	-
Dividends Paid	(3,303)	-	-	(3,303)
Closing Balance at 31 Dec 2011	23,485	22,947	30	508



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	275,226	22,947
At 31 Dec 2012	550,453	22,947

Employee Share Option

During the year ended 31 December 2012, no share options were issued, lapsed or exercised. There are 906,000 (post share split) options outstanding as at 31 December 2012 (31 December 2011: 453,000)

Convertibles

As at 31 December 2012, there were outstanding convertible options for conversion into 18,260,868 shares (post share split) of the Company arising from the IFC convertible loan (31 December 2011: Nil).

Treasury Shares

The Company did not have any treasury shares as at 31 December 2012 and 31 December 2011.

Share Split

The Company completed a 1 for 2 share split in May 2012. After the share split, the Company's paid up capital of \$22,947,641 is divided into 550,452,994 shares.

1 (d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31/12/2012	As at 31/12/2011
Total number of issued shares excluding treasury shares	550,452,994	275,226,497

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 :-	Group 12 Months ended	
	31/12/2012	31/12/2011
(i) Basic earnings per share (cents)	0.91	0.83
(ii) On a fully diluted basis (cents)	0.91	0.84

The basic EPS for the year ended 31 December 2012 and 31 December 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 year ended 31 December 2012 and 31 December 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 561,959,843 shares for 2012 and 550,452,994 shares for 2011 after adjusting for the convertible loan and share split.



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
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Net asset value per ordinary share (cents)	5.2	4.9	4.3	4.3

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

Revenue from dental clinics for the 12 months ended 31 December 2012 ("FY12") increased 18% to \$55 million, from \$46.8 million for the previous corresponding year ("FY11"). The increase of \$8.2 million was attributed to higher revenue from existing dental outlets, as well as contributions from new dental outlets in Singapore and in Malaysia.

The Group recorded revenue of \$4.1 million from new dental outlets in Singapore. Existing dental outlets in Singapore and Malaysia contributed to incremental revenue of \$4.1 million in FY12.

At the end of FY12, the Group had a total of 55 dental outlets in operations in Singapore, compared to 49 dental outlets at the end of FY11 in Singapore.

Revenue contribution from the dental equipment and supplies distribution business for FY12 increased to \$2 million from \$1 million in FY11. The increase of \$1 million was due to the acquisition of the dental equipment distribution business in June 2011.

##### Other Items of Income

Other credits in FY12 amounted to \$392k compared to \$628k in FY11 including SME Cash Grant and recognition of profit guarantee from Joint Venture partner of Q&M Dental (Shanghai) Pte. Ltd.



## **Other Items of Expense rise**

### Consumables and Dental Supplies Used

Consumables and dental supplies used in FY12 increased by 22% to \$3.6 million from \$2.9 million in FY11. 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 dental outlets, consumables and dental supplies used in the dental outlets in FY12 was 6.5% compared to 6.3% in FY11.

### Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business rose to \$1.5 million in FY12 compared to \$0.6 million in FY11 mainly due to the acquisition of the dental equipment distribution business in June 2011.

### Employee Benefits Expense

Employee benefits expense in FY12 rose 18% to \$35.8 million, from \$30.5 million in FY11 which was in tandem with the growth in Group revenue. As a percentage of revenue, employee benefits expense in FY12 was 62.8% compared to 63.8% in FY11.

### Depreciation Expense

Depreciation expense in FY12 increased by 32% to \$1.5 million from \$1.2 million in FY11. The increase of \$0.3 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for new and existing dental outlets in Singapore and Malaysia. As a percentage of revenue, depreciation expense in FY12 was 2.7% compared to 2.4% in FY11.

### Rental Expense

Rental expense in FY12 increased by 20% to \$5.6 million from \$4.7 million in FY11. The increase of \$0.9 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 FY12 and FY11 were at 9.8%.

### Other Expenses

Other expenses in FY12 increased by 12% to \$3.9 million from \$3.4 million in FY11. The increase was in tandem with the growth in Group revenue and expenses incurred in relation to its business expansion activities in PRC and Malaysia. As a percentage of revenue, other expenses in FY12 was 6.8% compared to 7.2% in FY11.

### Finance Costs

Finance costs in FY12 increased to \$229k from \$37k in FY11 mainly due to the interest expense on the convertible loan from IFC.

### Share of Profit from Equity-Accounted Associates

The Group recorded a share of profit from associates of \$58k in FY12 compared to \$81k in FY11. 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 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 FY12 rose 3% to \$5.3 million from \$5.1 million in FY11.

The provision for income tax expense in FY12 was lower than FY11 mainly due to higher Productivity Innovation Credit (PIC) grants in FY12. After deducting provision for income tax of \$274k, the Group's net profit in FY12 increased 10% to \$5 million from \$4.6 million in FY11.



### **Statement of Financial Position**

As at 31 December 2012, the Group was in a net cash position with cash and cash equivalents of \$18.5 million and bank borrowings, convertible loan and finance leases totalling \$9.3 million.

#### **Current Assets**

Cash and cash equivalents as at 31 December 2012 increased to \$18.5 million from \$13.6 million as at 31 December 2011. The net increase of \$4.9 million was due mainly to advances received for the proposed acquisition of Singapore Medical Group Ltd ("SMG") and the drawdown of IFC convertible loan offset by the purchase of Clementi property in cash.

Trade and other receivables decreased to \$5.6 million as at 31 December 2012 from \$7.0 million as at 31 December 2011. The decrease of \$1.4 million was due mainly to the receipt of the sale proceeds from Sims Place property 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 December 2012 increased to \$17.2 million from \$8.3 million as at 31 December 2011. The increase of \$8.9 million was mainly due to the purchase of Clementi and Jurong East Central properties, purchase of plant and equipment for existing and new clinics in Singapore.

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

#### **Current Liabilities**

Trade and other payables as at 31 December 2012 increased to \$9.9 million from \$6.3 million as at 31 December 2011, due mainly to advances received for the proposed acquisition of SMG.

At the end of 31 December 2012, the Group current portion of bank loan and finance leases decreased to \$0.6 million from \$1.3 million due mainly to the repayment of the bank loan for financing the purchase of the Sims Place property which was sold in December 2011.

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

Other financial liabilities as at 31 December 2012 increased to \$8.7 million from \$0.53 million as at 31 December 2012, mainly due to the drawdown of IFC convertible loan of US\$5 million and the drawdown of a term loan of \$3.1 million which was used to finance the purchase of Jurong East Central property.

### **Statement of Cash Flows**

The Group generated net cash flow from operating activities of \$8.9 million in FY12. This was mainly derived from the profit generated in FY12 and the reduction in changes in working capital resulting from lower trade receivables in FY12 as compared to FY11.

Net cash used in investing activities in FY12 amounted to \$10.9 million, mainly due to the purchase of Clementi property and Jurong East Central property and plant and equipment for existing and new dental outlets in Singapore.



Net cash from financing activities in FY12 was \$6.8 million, which arose mainly from drawdown of a term loan, IFC convertible loan, advances received for the proposed acquisition of SMG offset by dividend payment of \$3.7 million to equity owners and repayment of bank loans.

Consequent to the above factors, the Group's cash and cash equivalents was \$18.5 million as at 31 December 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. However the tightening of the foreign workers policy and the reduction in the dependency ratio ceiling in the recently announced Budget 2013 will have an impact on costs of employment for the Group.

**Recent Developments**

• Private Placement of 55 million New Q&M Shares

On 27 December 2012, the Group entered into a private placement agreement to issue 55 million new Q&M ordinary shares at \$0.305 per share for a total cash consideration of \$16.78 million. The private placement was completed on 17<sup>th</sup> January 2013.

• Proposed Acquisition of 72.57% Shareholding in Singapore Medical Group Limited ("SMG")

On 27 December 2012, the Group announced the proposed acquisition of 72.57% shareholding in SMG for a total consideration of \$13.99 million from the two major shareholders, Dr. Xiaoyan Baumann Geb. Bi. and Mr. Felix Huang Keming. The Group is in the midst of verification of the warranties and representations made by the two major shareholders.

• Completion of the Acquisition of 70% Shareholding in D&D Dental Sdn Bhd ("DDD")

On 7 February 2013, the Group announced the completion of the acquisition of 70% shareholding in DDD for a total consideration of RM840k (approximately \$336k).

**Future Plans**

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

• Expansion of network of dental clinics in Singapore

The demand for dental healthcare services will continue to be strong with greater affluence, a larger and aging population. The Group continues to benefit from the



government assist programme CHAS (Community Health Assist Scheme) with higher demand for primary dental care services from this scheme.

The Group will 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 55 dental outlets in Singapore, the Group believes it is well-positioned to cater to the rising demand for primary and higher value specialist dental healthcare services. The Group targets to have 60 dental outlets in Singapore by 2015, subject to the economic conditions in Singapore.

- Expansion into private dental healthcare market in Malaysia

Currently, the Group operates 3 dental clinics in Johor, 1 dental centre in Solaris Mont Kiara, Kuala Lumpur and is in the process of opening 2 new dental clinics in Klang Valley. With a positive outlook 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 Malaysia will become an important pillar of the Group's expansion plan. The Group targets to have 15 dental clinics in Malaysia by 2015, subject to the economic conditions in Malaysia.

- Expansion into private dental healthcare market in the PRC

The main thrust of the Group's proposed joint ventures and organic growth initiatives in PRC 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, subject to the economic conditions in PRC.

- Expansion into the medical services business

The Group intends to expand into the medical services business which comprise of general practice and specialists practice. Such expansion will enable the Group to offer a comprehensive and holistic medical care from unique specialty centres of excellence in line with the trend of increasing consumer expenditure on healthcare services, longer life expectancy and stronger purchasing power in Asia.

- Expansion through acquisitions, joint ventures and/or strategic alliances

The Group is 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	Ordinary
Dividend Amount per Share (in cents)	0.30 cents per ordinary share *
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	0.375 cents per ordinary share *
Tax Rate	One Tier Tax Exempt



\* After a share split of 1 into 2 shares effective May 2012

**(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)	0.60 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

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

The Directors are pleased to recommend a final dividend of 0.375 cents per share in respect of the financial year ended 31 December 2012 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 17 May 2013.

**(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 2013 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 business division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898, up to 5.00pm on 6 May 2013 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 6 May 2013 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, Malaysia and PRC. The Malaysia subsidiary's dentistry business contribution to the Group was immaterial in FY12 and FY11. The Group's PRC dentistry business contribution through its sole subsidiary acquired in June 2012 was immaterial in FY12. 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 FY12 and FY11. 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 %
		2012 \$'000	2011 \$'000	
15(a)	Revenue reported for first half	26,499	21,784	21.6
15(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	2,210	2,378	(7.1)
15(c)	Revenue reported for second half	30,545	25,977	17.6
15(d)	Operating profit after tax before deducting non-controlling interests reported for second half year.	2,836	2,205	28.6

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 \$'000	Previous Full Year \$'000
Ordinary*	3,920	3,715
Preference	-	-
Total	3,920	3,715

\*Total annual dividend for FY12 comprises recommended FY12 final dividend (from FY12H2 profit) of \$2.27 million, and \$1.65 million interim dividend paid in respect of FY12H1 profit.





\*Total annual dividend for FY11 comprises of \$1.65 million interim dividend and final dividend of \$2.064 million paid in respect of FY11 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 Jiu	44	Wife of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited ("QDGS").  Sister-in-law of Ng Sook Hwa, Group Financial Controller of QDGS.	General Manager (1999)	None
Ng Sook Hwa	41	Wife of San Yi Leong, Business Development Director of QDGS.  Sister of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS.	Group Financial Controller (June 2011)	None
San Yi Leong	35	Husband of Ng Sook Hwa, Group Financial Controller of QDGS.  Brother-in-law of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS.	Business Development Director (June 2011)	None



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

**19. Use of proceeds**

The proceeds from the initial public offering (“IPO”) have been fully disbursed in accordance with the intended application of proceeds stated in the prospectus.

**BY ORDER OF THE BOARD**

**Ng Chin Siau**  
**Group Chief Executive Officer**  
**1 March 2013**