



**Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2013  
("2Q13")**

**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 2013 \$'000	Q2 2012 \$'000	Change %	30/6/2013 \$'000	30/6/2012 \$'000	Change %
<b>Revenue</b>							
Dental and Medical Clinics		15,723	13,003	21	30,641	25,459	20
Dental Equipment & Supplies Distribution		185	497	(63)	478	1,040	(54)
<b>Other Items of Income</b>							
Interest Income		3	19	(84)	12	30	(60)
Other Credits	1(a)(i)	56	153	(63)	119	169	(30)
<b>Other Items of Expense</b>							
Consumables and Supplies Used in Dental & Medical Clinics		(1,265)	(1,049)	21	(2,239)	(1,743)	28
Cost of Sales - Dental Equipment & Supplies		(127)	(305)	(58)	(316)	(683)	(54)
Employee Benefits Expense		(10,344)	(8,451)	22	(20,086)	(16,767)	20
Depreciation Expense		(480)	(370)	30	(929)	(707)	31
Rental Expense		(1,712)	(1,327)	29	(3,300)	(2,643)	25
Other Expenses		(1,002)	(898)	12	(1,968)	(1,718)	15
Other Charges	1(a)(ii)	(12)	(1)	NM	(55)	(3)	NM
Finance Costs		(58)	(43)	35	(148)	(63)	135
Share of (Loss)/Profit from Equity-Accounted Associates		43	(4)	NM	59	7	NM
<b>Profit Before Tax from Continuing Operations</b>		<b>1,010</b>	<b>1,224</b>	(17)	<b>2,268</b>	<b>2,378</b>	(5)
Income Tax Expense		(113)	(93)	22	(251)	(168)	49
<b>Profit From Continuing Operations, Net of Tax</b>		<b>897</b>	<b>1,131</b>	(21)	<b>2,017</b>	<b>2,210</b>	(9)
<b>Other Comprehensive Income:</b>							
Exchange Differences on Translating Foreign Operations, Net of Tax		12	5	140	20	2	NM
<b>Other Comprehensive Income for the Period, Net of Tax</b>		<b>12</b>	<b>5</b>	140	<b>20</b>	<b>2</b>	NM
<b>Total Comprehensive Income for the Period</b>		<b>909</b>	<b>1,136</b>	(20)	<b>2,037</b>	<b>2,212</b>	(8)
<b>Profit attributable to:</b>							
Owners of the Parent, Net of Tax		888	1,124	(21)	2,011	2,197	(8)
Non-Controlling Interests, Net of Tax		9	7	29	6	13	(54)
<b>Profit Net of Tax</b>		<b>897</b>	<b>1,131</b>	(21)	<b>2,017</b>	<b>2,210</b>	(9)
<b>Total Comprehensive Income attributable to:</b>							
Owners of the Parent		900	1,129	(20)	2,031	2,199	(8)
Non-Controlling Interests		9	7	29	6	13	(54)
<b>Total Comprehensive Income</b>		<b>909</b>	<b>1,136</b>	(20)	<b>2,037</b>	<b>2,212</b>	(8)

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 2013	Q2 2012	30/6/2013	30/6/2012
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	14	-	9	-
Foreign Exchange Translation Gain	-	5	-	21
Profit Guarantee from a Shareholder of an Associate	42	148	82	148
Enhanced Special Employment Credit	-	-	28	-
	56	153	119	169

1(a)(ii) Other Charges

	Group			
	Second Quarter		Year-To-Date	
	Q2 2013	Q2 2012	30/6/2013	30/6/2012
	\$'000	\$'000	\$'000	\$'000
Plant & Equipment Written Off	1	1	11	3
Foreign Exchange Translation Loss	4	-	37	-
Impairment Loss of Plant and Equipment	7	-	7	-
	12	1	55	3



**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	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	18,259	17,194	228	230
Investment in Subsidiaries	-	-	4,960	4,760
Investment in Associates	3,365	3,306	-	-
Intangible Assets	2,895	1,023	-	-
Other Receivables	495	580	42	66
Other Assets	1,018	645	628	384
<b>Total Non-Current Assets</b>	<b>26,032</b>	<b>22,748</b>	<b>5,858</b>	<b>5,440</b>
<b><u>Current Assets</u></b>				
Inventories	1,916	1,498	-	-
Trade and Other Receivables	6,170	5,604	18,643	18,515
Other Assets	1,558	969	958	681
Cash and Cash Equivalents	30,558	18,487	22,343	9,650
<b>Total Current Assets</b>	<b>40,202</b>	<b>26,558</b>	<b>41,944</b>	<b>28,846</b>
<b>Total Assets</b>	<b>66,234</b>	<b>49,306</b>	<b>47,802</b>	<b>34,286</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	39,722	22,947	39,722	22,947
Retained Earnings	5,250	5,510	592	457
Other Reserves, Total	420	383	403	386
<b>Equity Attributable to Owners of the Parent, Total</b>	<b>45,392</b>	<b>28,840</b>	<b>40,717</b>	<b>23,790</b>
Non-Controlling Interests	233	100	-	-
<b>Total Equity</b>	<b>45,625</b>	<b>28,940</b>	<b>40,717</b>	<b>23,790</b>
<b><u>Non-Current Liabilities</u></b>				
Provisions	359	359	-	-
Deferred Tax Liabilities	782	767	-	-
Other Financial Liabilities	8,514	8,664	5,680	5,669
<b>Total Non-Current Liabilities</b>	<b>9,655</b>	<b>9,790</b>	<b>5,680</b>	<b>5,669</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	77	60	5	5
Trade and Other Payables	6,743	9,901	1,400	4,822
Other Financial Liabilities	4,134	615	-	-
<b>Total Current Liabilities</b>	<b>10,954</b>	<b>10,576</b>	<b>1,405</b>	<b>4,827</b>
<b>Total Liabilities</b>	<b>20,609</b>	<b>20,366</b>	<b>7,085</b>	<b>10,496</b>
<b>Total Equity and Liabilities</b>	<b>66,234</b>	<b>49,306</b>	<b>47,802</b>	<b>34,286</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 30/6/2013</u>	<u>As at 31/12/2012</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	3,964	305
Amount repayable after one year	2,834	2,953

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

	<u>At 30/6/2013</u>	<u>At 31/12/2012</u>
	\$'000	\$'000
<u>Convertible Loan</u>		
Amount repayable within one year	-	-
Amount repayable after one year	5,680	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 30/6/2013</u>	<u>At 31/12/2012</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	170	310
Amount repayable after one year	-	42

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 2013	Q2 2012
	\$'000	\$'000
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	1,010	1,224
Adjustments for:		
Interest Income	(3)	(19)
Interest Expense	58	43
Gain on Disposal of Plant and Equipment	(14)	-
Plant and Equipment Written Off	38	1
Depreciation of Plant and Equipment	480	370
Foreign Currency Translation Reserve	8	(3)
Share of Loss/(Profit) of Associates	(43)	4
Share Option Expense	4	15
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>1,538</b>	<b>1,635</b>
Inventories	(370)	(348)
Trade and Other Receivables	(608)	(501)
Other Assets	(110)	184
Trade and Other Payables	430	(187)
Net Cash Flows From Operating Activities Before Interest and Tax	<b>880</b>	<b>783</b>
Income Taxes Paid	(110)	(86)
<b>Net Cash Flows From Operating Activities</b>	<b>770</b>	<b>697</b>
<b><u>Cash Flows Used in Investing Activities</u></b>		
Purchase of Plant and Equipment	(1,038)	(654)
Acquisition of Subsidiary (Net of Cash Acquired)	(64)	-
Sale Proceeds from Disposal of Plant and Equipment	24	189
Other Assets	(205)	28
Trade and Other Receivables	(8)	10
Other Receivables, Non-Current	46	(6)
Interest Received	3	19
Contribution by Non-Controlling Interest	-	11
<b>Net Cash Flows Used in Investing Activities</b>	<b>(1,242)</b>	<b>(403)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Finance Lease Repayment	(78)	(78)
Repayment of Bank Loans	(89)	(50)
Interest Paid	(58)	(43)
Dividends Paid to Equity Owners	(2,271)	(2,064)
Proceeds from Bank Loan	3,700	-
Proceeds from Convertible Loan	-	6,198
<b>Net Cash Flows From Financing Activities</b>	<b>1,204</b>	<b>3,963</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>732</b>	<b>4,257</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	29,826	10,682
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period</b>	<b>30,558</b>	<b>14,939</b>
<b>Cash and Cash Equivalents at End of Period includes the following:</b>		
Cash and Bank Balances	30,558	14,939
<b>Cash and Cash Equivalents at End of Period</b>	<b>30,558</b>	<b>14,939</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 April 2013	46,975	46,750	39,722	6,633	395	225
<b>Movements in Equity:</b>						
Total Comprehensive Income for the period	909	900	-	888	12	9
Equity Component of Convertible Loan	9	9	-	-	9	-
Share Option Expense	4	4	-	-	4	-
Dividends Paid	(2,271)	(2,271)	-	(2,271)	-	-
Contribution by Non-Controlling Interests	(1)	-	-	-	-	(1)
Closing Balance at 30 June 2013	45,625	45,392	39,722	5,250	420	233
<b>Group - Previous period</b>						
Opening Balance at 1 April 2012	28,346	28,297	22,947	5,298	52	49
<b>Movements in Equity:</b>						
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



**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
<b>Company - Current period</b>				
Opening Balance at 1 April 2013	40,507	39,722	390	395
<b>Movements in Equity:</b>				
Total Comprehensive Income for the period	2,468	-	-	2,468
Equity Component of Convertible Loan	9	-	9	-
Share Option Expense	4	-	4	-
Dividends Paid	(2,271)	-	-	(2,271)
Closing Balance at 30 June 2013	40,717	39,722	403	592
<b>Company - Previous period</b>				
Opening Balance at 1 April 2012	23,575	22,947	45	583
<b>Movements in Equity:</b>				
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



- 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 2013	<u>550,453</u>	<u>22,947</u>
At 30 Jun 2013	<u><u>605,453</u></u>	<u><u>39,722</u></u>

Employee Share Option

During the period ended 30 June 2013, no share options were issued, lapsed or exercised. There are 906,000 (post share split) options outstanding as at 30 June 2013 (30 June 2012: 906,000).

Ordinary Shares

On 17 January 2013, the Company completed the placement of 55 million new Q&M ordinary shares at \$0.305 per share for a total consideration of \$16.78 million (30 June 2012: Nil).

Convertibles

As at 30 June 2013, there were outstanding convertible options for conversion into 18,260,868 shares (post share split) of the Company arising from the IFC convertible loan (30 June 2012: 18,260,868).

Treasury Shares

The Company did not have any treasury shares as at 30 June 2013 and 30 June 2012.

- 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 30/6/2013</b>	<b>As at 31/12/2012</b>
Total number of issued shares excluding treasury shares	<u><u>605,452,994</u></u>	<u><u>550,452,994</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 2012.

**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 2013	Q2 2012	30/6/2013	30/6/2012
(i) Basic earnings per share (cents)	0.15	0.20	0.33	0.40
(ii) On a fully diluted basis (cents)	0.15	0.20	0.33	0.40

The basic EPS for the period ended 30 June 2013 and 30 June 2012 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 600,591,116 shares for 2013 and 550,452,994 shares for 2012 (ESOP share options are anti-dilutive) after adjusting for the share split.

The fully diluted EPS for the period ended 30 June 2013 and 30 June 2012 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 618,851,985 shares for 2013 and 555,168,713 shares for 2012 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		As at	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
Net asset value per ordinary share (cents)	7.5	5.2	6.7	4.3

The net asset value per ordinary share of the Group and the Company as at 30 June 2013 has been calculated based on the total issued number of ordinary shares of 605,452,994 (2012: 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 2013 ("2Q13") increased 21% to \$15.7 million, from \$13 million in the previous corresponding quarter ("2Q12"). The increase of \$2.7 million was attributed to higher revenue from existing dental outlets, as well as contributions from new dental outlets in Singapore and in Malaysia.

In 2Q13, 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 \$1.6 million during 2Q13.

At the end of June 2013, the Group had a total of 56 dental outlets and 1 mobile dental clinic in operation, compared to 51 dental outlets and 1 mobile dental clinic at the end of June 2012 in Singapore.

Revenue contribution from the dental equipment and supplies distribution business for 2Q13 decreased to \$0.2 million from \$0.5 million in 2Q12. In 2Q12, the revenue was higher mainly due to sales arising from a trade exhibition in April 2012 which was not repeated in 2Q13.

The Group recorded revenue of \$38k from the set up of new medical and aesthetics clinics in 2Q13. As at 30 June 2013, the Group has 4 medical clinics and 1 aesthetic centre in Singapore.

For the first six months ended 30 June 2013 ("1H13"), revenue gained 20% to \$30.6 million, compared to \$25.5 million in the previous corresponding period ("1H12"). The increase was attributed mainly to an expansion in the network of new dental outlets and an increase in revenue from existing dental clinics in Singapore.



For the first six months ended 30 June 2013 (“1H13”) revenue from the dental equipment and supplies distribution business decreased to \$0.5 million from \$1 million in the corresponding period (“1H12”). This was due mainly to the non-repeated orders from a government tender and exhibition sale in 1H12 as compared to 1H13.

#### **Other Items of Income**

Other credits in 2Q13 amounted to \$56k compared to \$153k in 2Q12. Other credits in 2Q13 were mainly due to the recognition of profit guarantee from Q&M Dental (Shanghai) Pte. Ltd..

#### **Other Items of Expense**

##### Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in 2Q13 rose 21% to \$1.3 million from \$1 million in 2Q12. The increase was in line with the increase in revenue from the dental outlets. As a percentage of revenue from the dental outlets, consumables and dental supplies used in the dental outlets in 2Q13 were 8% compared to 8.1% in 2Q12.

Comparing 1H13 with 1H12, consumables and supplies used increased by \$0.5 million or 28%, for the same reason given above.

##### Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business decreased to \$127k in 2Q13 compared to \$305k in 2Q12 mainly due to the decrease in revenue.

Comparing 1H13 with 1H12, cost of sales from dental equipment and supplies distribution business decreased by \$0.37 million or 54%, for the same reason given above.

##### Employee Benefits Expense

Employee benefits expense in 2Q13 rose 22% to \$10.3 million, from \$8.5 million in 2Q12 which was mainly due to salary revision and increase in headcount to support more dental outlets in Singapore and Malaysia as well as for the new medical clinics and aesthetic centre. As a percentage of revenue, employee benefits expense in 2Q13 was 65% compared to 62.6% in 2Q12.

Comparing 1H13 with 1H12, employee benefit expense increased by \$3.3 million or 20%, for the same reasons given above.

##### Depreciation Expense

Depreciation expense in 2Q13 increased 30% to \$0.48 million from \$0.37 million in 2Q12. The increase of \$0.11 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 2Q13 was 3% compared to 2.7% in 2Q12.

Comparing 1H13 with 1H12, depreciation expense increased by \$0.2 million or 31%, for the same reason given above.

##### Rental Expense

Rental expense in 2Q13 increased 29% to \$1.7 million from \$1.3 million in 2Q12. The increase of \$0.4 million was due mainly to an increase in the number of dental, medical and aesthetic outlets in Singapore and dental outlets in Malaysia. As a percentage of revenue, rental expense in 2Q13 was 10.8% compared to 9.8% in 2Q12.

Comparing 1H13 with 1H12, rental expense increased by \$0.66 million or 25%, for the same reason given above.



#### Other Expenses

Other expenses in 2Q13 increased 12% to \$1 million from \$0.9 million in 2Q12. The increase was in tandem with the growth in Group dental revenue. As a percentage of revenue, other expenses in 2Q13 was 6.3% compared to 6.7% in 2Q12.

Comparing 1H13 with 1H12, other expenses increased by \$0.25 million or 15%, for the same reason given above.

#### Finance Costs

Finance costs in 2Q13 increased to \$58k from \$43k in 2Q12 mainly due to the interest payable on the convertible loan from IFC.

Comparing 1H13 with 1H12, finance cost increased by \$85k or 135%, for the same reason given above.

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

The Group recorded a share of profit from associates of \$43k in 2Q13 compared to a loss of \$4k in 2Q12. 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).

The share of profit from associates for 1H13 was \$59k compared with \$7k for 1H12, mainly derived from the above mentioned Chinese joint ventures.

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

The Group's profit before tax for 2Q13 was \$1 million compared with \$1.2 million for 2Q12. Although the profit before tax from the core dental business improved to \$1.19 million in 2Q13 from \$1.03 million in 2Q12, the overall Group profit was reduced due to the start-up losses from the new medical clinics and aesthetic centre and reduced profit from the dental equipment and supplies distribution business.

The provision for income tax expense in 2Q13 was higher because of under provision of tax expense of \$70k relating to the prior year.

After deducting provision for income tax expense of \$113k, the Group's net profit in 2Q13 declined 21% to \$0.9 million from \$1.1 million in 2Q12.

For 1H13, net profit after tax was \$2 million, compared with \$2.2 million for 1H12. The decrease of \$0.2 million was mainly due to the start-up losses from the new medical clinics and aesthetic centre and reduced profit from the dental equipment and supplies distribution business.

#### **Statement of Financial Position**

As at 30 June 2013, the Group remained in a strong financial position with cash and cash equivalents of \$30.6 million and bank borrowing, convertible loan and finance leases totalling \$12.6 million.

#### **Current Assets**

Cash and cash equivalents as at 30 June 2013 increased to \$30.6 million from \$18.5 million as at 31 December 2012. The net increase of \$12.1 million was mainly due to the proceeds from private placement of 55 million new Q&M ordinary shares at \$0.305 per share on 17 January 2013.

Other assets as at 30 June 2013 increased to \$1.6 million from \$1 million as at 31 December 2012. The net increase of \$0.6 million was mainly due to the increase in prepayment of \$0.3 million and payment of sign on bonuses to dentists.



Trade and other receivables increased to \$6.2 million as at 30 June 2013 from \$5.6 million as at 31 December 2012. The increase of \$0.6 million was due mainly to the deposit placed for the acquisition of AR Dental Supplies Sdn. Bhd., rental deposits for new medical clinics and increase in receivables for the prison project.

Inventories increased to \$1.9 million as at 30 June 2013 from \$1.5 million as at 31 December 2012. The increase of \$0.4 million was due mainly to inventories for the new dental and medical clinics and aesthetic centre.

### **Non-Current Assets**

The net book value of property, plant and equipment as at 30 June 2013 increased to \$18.3 million from \$17.2 million as at 31 December 2012. The increase of \$1.1 million was mainly due to the purchase of plant and equipment for existing and new dental clinics in Singapore and Malaysia as well as the new medical clinics and aesthetic centre in Singapore.

Investment in associate companies is in 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.

Intangible assets as at 30 June 2013 increased to \$2.9 million from \$1 million as at 31 December 2012. The increase of \$1.9 million was mainly due to the acquisitions of Shanghai Chuangyi Investment & Management Co. Ltd., D & D Dental Sdn. Bhd. and Medsolutions Pte. Ltd..

Other assets as at 30 June 2013 increased to \$1 million from \$0.6 million as at 31 December 2012. The increase of \$0.4 million was mainly due to the payment of sign on bonuses to dentists.

### **Current Liabilities**

Trade and other payables as at 30 June 2013 decreased to \$6.7 million from \$9.9 million as at 31 December 2012, mainly due to the conversion of the advance received for the proposed joint acquisition of Singapore Medical Group Limited ("SMG") with a private party to placement of 55 million of new Q&M ordinary shares.

At the end of 2Q13, the Group current portion of bank loan and finance leases increased to \$4.1 million from \$0.6 million due mainly to the bank loan relating to the Clementi Central property.

### **Statement of Cash Flows**

The Group generated net cash flow from operating activities of \$0.8 million in 2Q13. This was derived from the profit generated in 2Q13, and after deducting the amount used for working capital.

Net cash used in investing activities in 2Q13 amounted to \$1.2 million, mainly due to the purchase of dental equipment, furniture, fixtures and fittings for new dental and medical outlets in Singapore.

Net cash from financing activities in 2Q13 was \$1.2 million, which arose mainly from drawdown of the bank loan for Clementi Central property and after dividend payment of \$2.3 million with respect to FY2012.

Consequent to the above factors, the Group's cash and cash equivalents was \$30.6 million as at 30 June 2013.



**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**

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

The Group announced the termination of 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 on 9 May 2013.

- Sale of property

The Group sold its property in Clementi Central to a third party for a consideration of \$5 million on 23 May 2013. Legal completion is expected in August 2013.

- Completion of the Acquisition of 70% Shareholding in AR Dental Supplies Sdn Bhd ("ARD")

On 5 July 2013, the Group completed the acquisition of 70% shareholding in ARD for a total consideration of RM8.4 million (approximately \$3.36 million).

- Memorandum of Understanding ("MOU")

The Group has signed a non-binding MOU with Dr. Yongxin Shao to acquire 60% of Aoxin Stomatology Group for RMB108 million (approximately \$21.6 million) on 30 July 2013. Aoxin Stomatology Group is an integrated dental group owning and operating 3 dental hospitals, 3 dental centres and a training centre. The Group shall be commencing its due diligence exercise shortly on Aoxin Stomatology Group. The acquisition is subject to the Group being satisfied with the due diligence exercise to be conducted on Aoxin.

**Future Plans**

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

- Expansion of network of dental clinics in Singapore

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 and 1 mobile dental clinic 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 and 3 dental clinics in Kuala Lumpur. 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 will seek opportunities for the acquisition of larger and established institutions and not just dental clinics and laboratories.

- Expansion into the medical services business

The Group will continue its expansion into the medical services business which comprises of general practice and specialists practice. This expansion will enable the Group to offer a comprehensive and holistic medical care in line with the trend of increasing consumer expenditure on healthcare services, longer life expectancy and stronger purchasing power in Asia. The Group currently operates 4 medical clinics and 1 aesthetic centre in Singapore.

- 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	Cash
Dividend Amount per Share (in cents)	0.64 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)	0.30 cents per ordinary share
Tax Rate	One Tier Tax Exempt



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

The dividend will be paid on 3 September 2013.

**(d) Book closure date**

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 22 August 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 division of Tricor Singapore Pte Ltd), 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 21 August 2013 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 21 August 2013 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 2013 to be false or misleading in any material aspect.

**15. Use of proceeds**

We have raised approximately \$16.78 million from the private placement of 55 million new Q&M ordinary shares on 17 January 2013. The original purpose of the proceeds was for the acquisition of the Singapore Medical Group Ltd.. However, the acquisition was terminated on 9 May 2013. As such, the proceeds shall now be utilised for expansion of dental and medical business of the Group in Singapore and overseas and for working capital.

We have used \$1.45 million from the proceeds for expansion of dental and medical clinics and \$95k for working capital which comprise mainly of salaries for employees, clinic rental and purchase of clinic consumables.

**BY ORDER OF THE BOARD**

**Dr Ng Chin Siau**  
**Group Chief Executive Officer**  
**12 August 2013**