



Financial Statement And Dividend Announcement For The 1st Quarter Ended 31 March 2014 ("1Q14")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) **A Consolidated Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	Group		
		3 Months ended 31/3/2014	3 Months ended 31/3/2013	Increase/ (Decrease)
		\$'000	\$'000	%
Revenue				
Dental and Medical Clinics		17,841	14,918	20
Dental Equipment & Supplies Distribution		1,672	293	471
Other Items of Income				
Interest Income		17	9	89
Other Credits	1(a)(i)	580	68	753
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(1,275)	(974)	31
Cost of Sales - Dental Equipment & Supplies		(1,165)	(189)	516
Employee Benefits Expense		(12,042)	(9,742)	24
Depreciation Expense		(531)	(449)	18
Rental Expense		(1,925)	(1,588)	21
Other Expenses		(1,337)	(966)	38
Other Charges	1(a)(ii)	(89)	(48)	85
Finance Costs		(90)	(90)	-
Share of (Loss)/Profit from Equity-Accounted Associates		(8)	16	NM
Profit Before Tax from Continuing Operations		1,648	1,258	31
Income Tax Expense		(119)	(138)	(14)
Profit From Continuing Operations, Net of Tax		1,529	1,120	37
Other Comprehensive Income:				
Exchange Differences on Translating Foreign Operation, Net of Tax		(14)	8	NM
Other Comprehensive (Loss)/Income for the Period, Net of Tax		(14)	8	NM
Total Comprehensive Income for the Period		1,515	1,128	34
Profit attributable to:				
Owners of the Parent, Net of Tax		1,541	1,123	37
Non-Controlling Interests, Net of Tax		(12)	(3)	300
Profit Net of Tax		1,529	1,120	37
Total Comprehensive Income attributable to:				
Owners of the Parent		1,527	1,131	35
Non-Controlling Interests		(12)	(3)	300
Total Comprehensive Income		1,515	1,128	34

NM: Not Meaningful



Notes:

1(a)(i) Other Credits

	3 Months ended	
	31/03/2014	31/03/2013
	\$'000	\$'000
Profit Guarantee Received/Receivable from Vendors/Shareholders	291	40
Enhanced Special Employment Credit	26	28
PIC Cash Payout	60	-
Wage Credit Scheme	203	-
	580	68

1(a)(ii) Other Charges

	3 Months ended	
	31/03/2014	31/03/2013
	\$'000	\$'000
Foreign Exchange Translation Loss	88	33
Loss on Disposal of Plant and Equipment	1	15
	89	48



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

1(b)(i) A Statement of Financial Position of the Group and the Issuer, together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	15,349	15,364	282	280
Investment in Subsidiaries	-	-	4,852	4,852
Investment in Associates	3,365	3,452	-	-
Intangible Assets	5,448	5,453	-	-
Other Receivables	499	342	60	-
Other Assets	886	949	490	543
Total Non-Current Assets	25,547	25,560	5,684	5,675
<u>Current Assets</u>				
Inventories	4,044	4,113	-	-
Trade and Other Receivables	17,131	7,737	33,540	32,189
Other Assets	1,622	1,475	886	857
Cash and Cash Equivalents	19,133	28,749	8,104	9,556
Total Current Assets	41,930	42,074	42,530	42,602
Total Assets	67,477	67,634	48,214	48,277
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	39,722	39,722	39,722	39,722
Retained Earnings	7,367	5,826	193	190
Other Reserves, Total	531	543	405	403
Equity Attributable to Owners of the Parent, Total	47,620	46,091	40,320	40,315
Non-Controlling Interests	611	623	-	-
Total Equity	48,231	46,714	40,320	40,315
<u>Non-Current Liabilities</u>				
Provisions	362	350	-	-
Deferred Tax Liabilities	820	813	-	-
Other Financial Liabilities	8,650	8,699	5,918	5,918
Total Non-Current Liabilities	9,832	9,862	5,918	5,918
<u>Current Liabilities</u>				
Income Tax Payable	-	50	5	5
Trade and Other Payables	9,213	10,777	1,971	2,039
Other Financial Liabilities	201	231	-	-
Total Current Liabilities	9,414	11,058	1,976	2,044
Total Liabilities	19,246	20,920	7,894	7,962
Total Equity and Liabilities	67,477	67,634	48,214	48,277



1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	<u>As at 31/3/2014</u>	<u>As at 31/12/2013</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	167	204
Amount repayable after one year	2,732	2,766

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

	<u>As at 31/03/2014</u>	<u>As at 31/12/2013</u>
	\$'000	\$'000
<u>Convertible Loan</u>		
Amount repayable within one year	-	-
Amount repayable after one year	5,918	5,918

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>As at 31/03/2014</u>	<u>As at 31/12/2013</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	34	27
Amount repayable after one year	-	15

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.

	Group	
	3 Months ended	
	31/3/2014	31/3/2013
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	1,648	1,258
Adjustments For:		
Interest Income	(17)	(9)
Interest Expense	90	90
Depreciation of Property, Plant and Equipment and Amortisation Expenses	531	449
Loss on Disposal of Plant and Equipment	1	15
Foreign Currency Translation Reserve	(33)	8
Provisions	12	-
Share of Loss/(Profit) from Associates	8	(16)
Share Option Expense	2	4
Operating Cash Flows Before Changes in Working Capital	2,242	1,799
Inventories	69	(18)
Trade and Other Receivables	(1,965)	(254)
Other Assets	(5)	(323)
Trade and Other Payables	(1,564)	(882)
Net Cash Flows From Operations Before Interest and Tax	(1,223)	322
Income Taxes Paid	(201)	(106)
Net Cash Flows (Used in)/From Operating Activities	(1,424)	216
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Property, Plant and Equipment	(491)	(577)
Acquisition of Subsidiaries (Net of Cash Acquired)	-	(2,002)
Sale Proceeds from Disposal of Plant and Equipment	2	44
Trade and Other Receivables	165	374
Deposit for proposed acquisition in PRC	(6,288)	-
Deposit for proposed acquisition of property	(1,192)	-
Other Assets	(79)	(292)
Other Receivables, Non-Current	(157)	38
Interest Received	17	9
Net Cash Flows Used in Investing Activities	(8,023)	(2,406)
<u>Cash Flows From/(Used in) Financing Activities</u>		
Finance Lease Repayments	(8)	(103)
Proceeds from Placement of Shares	-	13,775
Repayment of Bank Loans	(71)	(72)
Interest Paid	(90)	(71)
Net Cash Flows (Used in)/From Financing Activities	(169)	13,529
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,616)	11,339
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	28,749	18,487
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period	19,133	29,826
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	19,133	29,826
Cash and Cash Equivalents at End of Period	19,133	29,826



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1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Total Equity</u>	<u>Attributable to Parent Sub-total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Other Reserves</u>	<u>Non-Controlling Interest</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group - Current period						
Opening Balance at 1 January 2014	46,714	46,091	39,722	5,826	543	623
Movements in Equity:						
Total Comprehensive Income for the period	1,515	1,527	-	1,541	(14)	(12)
Share Option Expense	2	2	-	-	2	-
Closing Balance at 31 March 2014	48,231	47,620	39,722	7,367	531	611
Group - Previous period						
Opening Balance at 1 January 2013	28,940	28,840	22,947	5,510	383	100
Movements in Equity:						
Total Comprehensive Income for the period	1,128	1,131	-	1,123	8	(3)
Issue of Share Capital	16,775	16,775	16,775	-	-	-
Share Option Expense	4	4	-	-	4	-
Contribution by Non-Controlling Interests	128	-	-	-	-	128
Closing Balance at 31 March 2013	46,975	46,750	39,722	6,633	395	225



1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	<u>Total Equity</u>	<u>Share Capital</u>	<u>Share Option Reserve</u>	<u>Retained Earnings</u>
	\$'000	\$'000	\$'000	\$'000
Company - Current period				
Opening Balance at 1 January 2014	40,315	39,722	403	190
Movements in Equity:				
Total Comprehensive Income for the period	3	-	-	3
Share Option Expense	2	-	2	-
Closing Balance at 31 March 2014	40,320	39,722	405	193
Company - Previous period				
Opening Balance at 1 January 2013	23,790	22,947	386	457
Movements in Equity:				
Total Comprehensive Income for the period	(62)	-	-	(62)
Issue of Share Capital	16,775	16,775	-	-
Share Option Expense	4	-	4	-
Closing Balance at 31 March 2013	40,507	39,722	390	395



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 2014	<u>605,453</u>	<u>39,722</u>
At 31 Mar 2014	<u>605,453</u>	<u>39,722</u>

Employee Share Option

During the period ended 31 March 2014, no share options were issued or exercised. There are 906,000 (post share split) options outstanding as at 31 March 2014 (31 March 2013: 906,000).

Convertibles

As at 31 March 2014, 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 March 2013: 18,260,868).

Treasury Shares

The Company did not have any treasury shares as at 31 March 2014 and 31 March 2013.

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

	<u>As at 31/3/2014</u>	<u>As at 31/12/2013</u>
Total number of issued shares excluding treasury shares	<u>605,452,994</u>	<u>605,452,994</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 2013.

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 3 Months ended	
	31/3/2014	31/3/2013
(i) Basic earnings per share (cents)	0.25	0.19
(ii) On a fully diluted basis (cents)	0.25	0.19

The basic EPS for the period ended 31 March 2014 and 31 March 2013 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 605,452,994 shares for 2014 and 595,675,216 shares for 2013 (ESOP share options are anti-dilutive) after adjusting for the share split.

The fully diluted EPS for the period ended 31 March 2014 and 31 March 2013 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 623,713,864 shares for 2014 and 613,936,086 shares for 2013 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	
	<u>31/3/2014</u>	<u>31/12/2013</u>	<u>31/3/2014</u>	<u>31/12/2013</u>
Net asset value per ordinary share (cents)	7.9	7.6	6.7	6.7

The net asset value per ordinary share of the Group and the Company as at 31 March 2014 has been calculated based on the total issued number of ordinary shares of 605,452,994 (2013: 605,452,994).

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 and medical clinics for the 3 months ended 31 March 2014 ("1Q14") increased 20% to \$17.8 million, from \$14.9 million for the previous corresponding quarter ("1Q13"). The increase of \$2.9 million was mainly attributed to higher revenue from existing dental outlets amounting to \$1.7 million, as well as revenue from new dental and medical outlets in Singapore and in Malaysia amounting to \$1.2 million.

As at the end 1Q14, the Group had a total of 56 dental outlets and 1 mobile dental clinic, 4 medical outlets, 1 aesthetic centre and 2 specialist medical clinics in operations, compared to 55 dental outlets and 1 mobile dental clinic as at the end of 1Q13 in Singapore.

Revenue contribution from the dental equipment and supplies distribution business for 1Q14 increased to \$1.7 million from \$0.3 million in 1Q13. The increase of \$1.4 million was mainly due to the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

Other Items of Expense

Consumables and Supplies Used in Dental and Medical Clinics

Consumables and supplies used in 1Q14 increased by 31% to \$1.3 million from \$1 million in 1Q13. The increase was due to an increase in number of patients, increase in cost of purchase, and purchases related to the new medical outlets in Singapore.

As a percentage of revenue from dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 1Q14 was 7.1% compared to 6.5% in 1Q13.



Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased to \$1.2 million in 1Q14 compared to \$0.2 million in 1Q13 mainly due to the increase in revenue from the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 1Q14 was 69.7% compared to 64.5% in 1Q13.

Employee Benefits Expense

Employee benefits expense in 1Q14 rose 24% to \$12 million, from \$9.7 million in 1Q13 which was mainly due to increase in headcount to support more dental outlets in Singapore and Malaysia, new medical clinics, aesthetic centre and specialist clinics as well as the increased in headcount from the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013. As a percentage of revenue, employee benefits expense in 1Q14 was 61.7% compared to 64% in 1Q13.

Depreciation Expense

Depreciation expense in 1Q14 increased by 18% to \$0.5 million from \$0.4 million in 1Q13. The increase of \$0.1 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for new and existing dental outlets in Singapore and Malaysia, and new medical outlets in Singapore. As a percentage of revenue, depreciation expense in 1Q14 was 2.7% compared to 3% in 1Q13.

Rental Expense

Rental expense in 1Q14 increased by 21% to \$1.9 million from \$1.6 million in 1Q13. The increase of \$0.3 million was due mainly to an increase in the number of dental, medical, aesthetic and specialist outlets in Singapore and dental outlets in Malaysia. As a percentage of revenue, rental expense in 1Q14 was 9.9% compared to 10.4% in 1Q13.

Other Expenses

Other expenses in 1Q14 increased by 38% to \$1.3 million from \$1 million in 1Q13. The increase was mainly due to the growth in Group's revenue, higher costs of plant and equipment maintenance with the increase in clinics as well as higher expenses incurred in more overseas trips to PRC. As a percentage of revenue, other expenses in 1Q14 was 6.9% compared to 6.4% in 1Q13.

Share of (Loss)/Profit from Equity-Accounted Associates

The Group recorded a share of loss from associates of \$8k in 1Q14 compared to a profit of \$16k in 1Q13. 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 1Q14 rose 31% to \$1.6 million from \$1.3 million in 1Q13. The performance in 1Q14 was affected by the start up losses of \$564k in the medical outlets in Singapore and incremental exchange losses of \$55k in 1Q14.

After deducting provision for income tax of \$119k, the Group's net profit in 1Q14 increased 37% to \$1.53 million from \$1.12 million in 1Q13.

Statement of Financial Position

As at 31 March 2014, the Group was in a net cash position with cash and cash equivalents of \$19.1 million and bank borrowings, convertible loan and finance leases totalling \$8.9 million.



Current Assets

Cash and cash equivalents as at 31 March 2014 decreased to \$19.1 million from \$28.7 million as at 31 December 2013. The net decrease of \$9.6 million was mainly due to the deposit of \$6.3 million which relates to the Group's investment in Aoxin and the \$1.2 million deposit for the purchase of Jurong Gateway property.

Trade and other receivables increased to \$17.1 million as at 31 March 2014 from \$7.7 million as at 31 December 2013. The increase of \$9.4 million was mainly due to the deposit of \$6.3 million which relates to the Group's investment in Aoxin and the \$1.2 million deposit for the purchase of Jurong Gateway property.

Non-Current Assets

The net book value of property, plant and equipment as at 31 March 2014 decreased to \$15.3 million from \$15.4 million as at 31 December 2013. The decrease of \$0.1 million was mainly due to the purchase of plant and equipment for existing and new clinics in Singapore and Malaysia offset by depreciation of plant and equipment.

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.

Current Liabilities

Trade and other payables as at 31 March 2014 decreased to \$9.2 million from \$10.8 million as at 31 December 2013, mainly due to payment of expense such as remuneration owing to dentists, staff bonuses and audit fees which were accrued as at 31 December 2013.

Statement of Cash Flows

Net cash used in operating activities in 1Q14 amounted to \$1.4 million, mainly due to increase in trade and other receivables because of increase in credit sales, renovation deposits and tender deposit for new clinics as well as decrease in trade and other payables for reasons given above.

Net cash used in investing activities in 1Q14 amounted to \$8 million, mainly due to the deposit of \$6.3 million which relates to the Group's investment in Aoxin as well as the \$1.2 million deposit for the purchase of Jurong Gateway property.

Consequent to the above factors, the Group's cash and cash equivalents was \$19.1 million as at 31 March 2014.

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

The existing government foreign worker policy will have an impact on the availability of foreign workers and cost of employment for the Group. 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

On 3 March 2014, the Group entered into an option to purchase three HDB shop units in Jurong Gateway Road for a purchase consideration of \$12.15 million from independent third party not related to the Directors or any substantial shareholder. The legal completion is expected to take place in June 2014.

- Memorandum of Understanding (“MOU”) for the Acquisition of 60% Shareholding in Nanjing Sucoronal Dentistry Technique Center (“NSDTC”)

On 10 March 2014, the Group has signed a non-binding MOU with Mr Zhang Haiquan to acquire 60% of NSDTC for RMB21 million (approximately \$4.38 million). NSDTC operates 8 dental clinics as well as a dental laboratory in Nanjing. The Group shall be commencing its due diligence exercise shortly on NSDTC. The acquisition is subject to the Group being satisfied with the due diligence exercise to be conducted on NSDTC.

- Proposed Acquisition of 100% Shareholding in Foo & Associates Pte Ltd (“F&A”)

On 18 March 2014, the Group announced the proposed acquisition of 100% shareholding in F&A for a total consideration of \$5.5 million. The Group is in the midst of conducting due diligence on F&A.

- Completion of Proposed Acquisition of 70% Shareholding in NG GK Dental Surgery (Melaka) Sdn Bhd (“NGDS”)

On 8 April 2014, the Group announced the completion of proposed acquisition of 70% shareholding in NGDS for a total consideration of RM490k (approximately \$189k).

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 56 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 4 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 continue to seek opportunities for the acquisition of larger established dental institutions and dental supplies manufacturers in the PRC.

- 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, PRC and Malaysia.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 31 March 2014.

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.



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14. Confirmation pursuant to Rule 705 (5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Group and the Company for the period ended 31 March 2014 to be false or misleading in any material aspect.

15. Use of proceeds

Of the \$16.78 million raised from the private placement on 17 January 2013, we have used \$5.08 million for clinics' expansion and working capital in Singapore, \$2.68 million for working capital in China, as well as \$1.02 million for acquisitions and working capital in Malaysia.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
14 May 2014