



Financial Statement Announcement For The Third Quarter Ended 30 September 2014 (“3Q14”)

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					
		Third Quarter			Year-To-Date		
		Q3 2014 \$'000	Q3 2013 \$'000	Change %	30/9/2014 \$'000	30/9/2013 \$'000	Change %
Revenue							
Dental and Medical Clinics		22,416	16,999	32	58,645	47,640	23
Dental Equipment & Supplies Distribution		3,509	1,716	104	7,051	2,194	221
Dental Supplies Manufacturing		2,518	-	NM	2,518	-	NM
Other Items of Income							
Interest Income		9	21	(57)	33	33	-
Other Credits	1(a)(i)	67	65	3	826	184	349
Other Items of Expense							
Consumables and Supplies Used in Dental & Medical Clinics		(1,857)	(963)	93	(4,508)	(3,202)	41
Cost of Sales - Dental Equipment & Supplies		(2,742)	(1,252)	119	(5,199)	(1,568)	232
Cost of Dental Supplies Manufacturing		(663)	-	-	(663)	-	-
Employee Benefits Expense		(13,986)	(11,150)	25	(38,491)	(31,236)	23
Depreciation and Amortisation Expense		(838)	(551)	52	(1,930)	(1,480)	30
Rental Expense		(2,214)	(1,736)	28	(6,147)	(5,036)	22
Other Expenses		(2,179)	(1,453)	50	(4,878)	(3,421)	43
Other Charges	1(a)(ii)	(194)	(45)	331	(302)	(100)	202
Finance Costs		(183)	(107)	71	(342)	(255)	34
Share of (Loss)/Profit from Equity-Accounted Associates		(13)	48	(127)	19	107	(82)
Profit Before Tax from Continuing Operations		3,650	1,592	129	6,632	3,860	72
Income Tax Expense		(380)	(68)	459	(563)	(319)	76
Profit From Continuing Operations, Net of Tax		3,270	1,524	115	6,069	3,541	71
Other Comprehensive Income:							
Exchange Differences on Translating Foreign Operations, Net of Tax		163	114	43	27	134	NM
Other Comprehensive Income/ (Loss) for the Period, Net of Tax		163	114	43	27	134	NM
Total Comprehensive Income for the Period		3,433	1,638	110	6,096	3,675	66
Profit attributable to:							
Owners of the Parent, Net of Tax		2,335	1,502	55	5,057	3,513	44
Non-Controlling Interests, Net of Tax		935	22	NM	1,012	28	NM
Profit Net of Tax		3,270	1,524	115	6,069	3,541	71
Total Comprehensive Income attributable to:							
Owners of the Parent		2,498	1,616	55	5,084	3,647	39
Non-Controlling Interests		935	22	NM	1,012	28	NM
Total Comprehensive Income		3,433	1,638	110	6,096	3,675	66

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			
	Third Quarter		Year-To-Date	
	Q3 2014	Q3 2013	30/9/2014	30/9/2013
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Plant and Equipment	-	-	21	9
Profit Guarantee Received/Receivable from Vendors/Shareholders	30	41	340	123
PIC Cash Payout	-	-	60	-
Gain on Disposal of Subsidiary	-	-	125	-
Enhanced Special Employment Credit	37	24	280	52
	67	65	826	184

1(a)(ii) Other Charges

	Group			
	Third Quarter		Year-To-Date	
	Q3 2014	Q3 2013	30/9/2014	30/9/2013
	\$'000	\$'000	\$'000	\$'000
Plant & Equipment Written Off	3	18	13	29
Foreign Exchange Translation Loss	191	27	289	64
Impairment Loss of Plant and Equipment	-	-	-	7
	194	45	302	100



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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	36,164	15,364	427	280
Investment in Subsidiaries	-	-	10,352	4,852
Investment in Associates	3,391	3,452	-	-
Intangible Assets	34,861	5,453	-	-
Other Receivables	537	342	130	-
Other Assets	649	949	381	543
Total Non-Current Assets	75,602	25,560	11,290	5,675
<u>Current Assets</u>				
Inventories	7,899	4,113	-	-
Trade and Other Receivables	15,184	7,737	55,120	32,189
Other Assets	2,820	1,475	1,247	857
Cash and Cash Equivalents	38,747	28,749	22,333	9,556
Total Current Assets	64,650	42,074	78,700	42,602
Total Assets	140,252	67,634	89,990	48,277
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	45,547	39,722	45,547	39,722
Retained Earnings	4,340	5,826	289	190
Other Reserves, Total	496	543	322	403
Equity Attributable to Owners of the Parent, Total	50,383	46,091	46,158	40,315
Non-Controlling Interests	7,364	623	-	-
Total Equity	57,747	46,714	46,158	40,315
<u>Non-Current Liabilities</u>				
Provisions	353	350	-	-
Deferred Tax Liabilities	861	813	-	-
Other Financial Liabilities	29,815	8,699	16,114	5,918
Total Non-Current Liabilities	31,029	9,862	16,114	5,918
<u>Current Liabilities</u>				
Income Tax Payable	500	50	5	5
Trade and Other Payables	36,274	10,777	13,713	2,039
Other Financial Liabilities	14,702	231	14,000	-
Total Current Liabilities	51,476	11,058	27,718	2,044
Total Liabilities	82,505	20,920	43,832	7,962
Total Equity and Liabilities	140,252	67,634	89,990	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 30/9/2014</u>	<u>As at 31/12/2013</u>
	\$'000	\$'000
<u>Bank Loans</u>		
Amount repayable within one year	14,681	204
Amount repayable after one year	23,709	2,766

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

	<u>At 30/9/2014</u>	<u>At 31/12/2013</u>
	\$'000	\$'000
<u>Convertible Loan</u>		
Amount repayable within one year	-	-
Amount repayable after one year	6,106	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>At 30/9/2014</u>	<u>At 31/12/2013</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	21	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.

	Q3 2014	Q3 2013
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	3,650	1,592
Adjustments for:		
Interest Income	(9)	(21)
Interest Expense	183	107
Plant and Equipment Written Off	3	18
Depreciation of Property, Plant and Equipment and Amortisation Expense	838	551
Provision	(9)	(9)
Foreign Currency Translation Adjustments	279	148
Share of Loss/(Profit) of Associates	13	(48)
Share Option Expense	3	4
Operating Cash Flows Before Changes in Working Capital	4,951	2,342
Inventories	(1,086)	(205)
Trade and Other Receivables	(2,455)	(3,319)
Other Assets	(421)	104
Trade and Other Payables	3,131	4,675
Net Cash Flows From Operating Activities Before Interest and Tax	4,120	3,597
Income Taxes Refund/(Paid)	45	(304)
Net Cash Flows From Operating Activities	4,165	3,293
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(1,328)	(866)
Sale Proceeds from Disposal of Plant and Equipment	2	4
Other Assets	81	12
Trade and Other Receivables	383	(62)
Other Receivables, Non-Current	(61)	23
Interest Received	9	21
Acquisition of Subsidiary (Net of Cash Acquired)	(11,937)	(3,377)
Net Cash Flows Used in Investing Activities	(12,851)	(4,245)
<u>Cash Flows From Financing Activities</u>		
Finance Lease Repayment	(7)	(102)
Increase from New Borrowing	24,000	-
Advances from Undertaking of Rights Issue Exercise	11,758	-
Exercise of Shares Option	263	-
Repayment of Bank Loans	(161)	(124)
Interest Paid	(164)	(70)
Dividends Paid to Equity Owners	(2,547)	(3,875)
Net Cash Flows From/(Used in) Financing Activities	33,142	(4,171)
Net Increase/(Decrease) in Cash and Cash Equivalents	24,456	(5,123)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	14,291	30,558
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	38,747	25,435
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	38,747	25,435
Cash and Cash Equivalents at End of Period	38,747	25,435



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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 July 2014	45,406	44,683	39,722	4,552	409	723
Movements in Equity:						
Total Comprehensive Income for the period	3,433	2,498	-	2,335	163	935
Equity Component of Convertible Loan	7	7	-	-	7	-
Share Option Expense	3	3	-	-	3	-
Equity Share Options Issued	-	-	62	-	(62)	-
Expiry of Share Options	(24)	(24)	-	-	(24)	-
Exercise of Share Options	263	263	263	-	-	-
Issue of Share Capital	5,500	5,500	5,500	-	-	-
Dividends Paid	(2,547)	(2,547)	-	(2,547)	-	-
Contribution by Non-Controlling Interests	5,706	-	-	-	-	5,706
Closing Balance at 30 September 2014	57,747	50,383	45,547	4,340	496	7,364
Group - Previous period						
Opening Balance at 1 July 2013	45,625	45,392	39,722	5,250	420	233
Movements in Equity:						
Total Comprehensive Income for the period	1,638	1,616	-	1,502	114	22
Share Option Expense	4	4	-	-	4	-
Dividends Paid	(3,875)	(3,875)	-	(3,875)	-	-
Contribution by Non-Controlling Interests	339	-	-	-	-	339
Closing Balance at 30 September 2013	43,731	43,137	39,722	2,877	538	594



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
Company - Current period				
Opening Balance at 1 July 2014	40,300	39,722	405	173
Movements in Equity:				
Total Comprehensive Income for the period	2,663	-	-	2,663
Share Option Expense	3	-	3	-
Equity Share Options Issued	-	62	(62)	-
Expiry of Share Options	(24)	-	(24)	-
Exercise of Share Options	263	263	-	-
Issue of Share Capital	5,500	5,500	-	-
Dividends Paid	(2,547)	-	-	(2,547)
Closing Balance at 30 September 2014	46,158	45,547	322	289
Company - Previous period				
Opening Balance at 1 July 2013	40,717	39,722	403	592
Movements in Equity:				
Total Comprehensive Income for the period	3,856	-	-	3,856
Share Option Expense	4	-	4	-
Dividends Paid	(3,875)	-	-	(3,875)
Closing Balance at 30 September 2013	40,702	39,722	407	573



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>	<u>Share Capital</u>
	'000	\$'000
At 1 Jan 2014	605,453	39,722
At 30 September 2014	621,146	45,547

Employee Share Option

During the period ended 30 September 2014, 604,000 share options were issued or exercised. There were 302,000 (post share split) options which lapsed and no share options outstanding as at 30 September 2014 (30 September 2013: 906,000).

Ordinary Shares

On 22 July 2014, the Company issued 15,089,163 new ordinary shares as the consideration shares to Dr Foo Mooh Thong.

On 23 July 2014, the Company issued 604,000 ordinary shares, pursuant to Q & M Employee Share Option Scheme.

Convertibles

As at 30 September 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 (30 September 2013: 18,260,868).

Treasury Shares

The Company did not have any treasury shares as at 30 September 2014 and 30 September 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.

	As at 30/9/2014	As at 31/12/2013
Total number of issued shares excluding treasury shares	621,146,157	605,452,994

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 :-	Third Quarter		Year-To-Date	
	Q3 2014	Q3 2013	30/9/2014	30/9/2013
(i) Basic earnings per share (cents)	0.38	0.25	0.83	0.58
(ii) On a fully diluted basis (cents)	0.38	0.25	0.81	0.57

The basic EPS for the quarter and nine months ended 30 September 2014 and 30 September 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 609,417,185 shares for 2014 and 602,229,551 shares for 2013 (ESOP share options are anti-dilutive) after adjusting for the share split.

The fully diluted EPS for the quarter and nine months ended 30 September 2014 and 30 September 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 627,678,055 shares for 2014 and 620,490,420 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 30/9/2014	As at 31/12/2013	As at 30/9/2014	As at 31/12/2013
Net asset value per ordinary share (cents)	8.1	7.6	7.4	6.7

The net asset value per ordinary share of the Group and the Company as at 30 September 2014 has been calculated based on the total issued number of ordinary shares of 621,146,157 (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 outlets for the three months ended 30 September 2014 ("3Q14") increased by 32% to \$22.4 million, from \$17 million in the previous corresponding quarter ("3Q13"). The increase of \$5.4 million was attributed to higher revenue from existing dental and medical outlets amounting to \$1.4 million, as well as contributions from new dental and medical outlets in Singapore and acquisition of Aoxin, a dental hospital group in PRC in July 2014 amounting to \$4 million.

As at 30 September 2014, the Group had a total of 59 dental outlets, 1 mobile dental clinic, 3 medical outlets, 1 aesthetic centre and 2 specialist medical clinics in operations, compared to 54 dental outlets, 1 mobile dental clinic, 4 medical outlets and 1 aesthetic centre as at 30 September 2013 in Singapore.

Revenue contribution from the dental equipment and supplies distribution business for 3Q14 increased to \$3.5 million from \$1.7 million in 3Q13.

Revenue contribution of \$2.5 million from the dental supplies manufacturing business for 3Q14 was due mainly to the acquisition of Aidite, a dental supplies manufacturing company in PRC in August 2014.

For the first nine months ended 30 September 2014, revenue from dental and medical outlets increased by 23% to \$58.6 million, compared to \$47.6 million in the previous corresponding period. The increase was attributed mainly to an expansion in the network of new dental and medical outlets in Singapore, an increase in revenue from existing dental clinics in Singapore and the acquisition of Aoxin in July 2014.

For the first nine months ended 30 September 2014, revenue from the dental equipment and supplies distribution business increased to \$7.1 million from \$2.2 million in the corresponding



period. This was due mainly to the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

For the first nine months ended 30 September 2014, revenue from the dental supplies manufacturing was \$2.5 million. This was due mainly to the acquisition of Aidite in August 2014.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in 3Q14 rose 93% to \$1.9 million from \$1 million in 3Q13. The increase was due to an increase in the number of patients, increase in the cost of purchases, purchases related to the new dental and medical outlets in Singapore and the acquisition of Aoxin in July 2014.

As a percentage of revenue from the dental and medical outlets, consumables and dental supplies used in the dental and medical outlets in 3Q14 were 8.3% compared to 5.7% in 3Q13.

Comparing nine months ended 30 September 2014 with 30 September 2013, consumables and supplies used increased by \$1.3 million or 41%. The increase was mainly due to the new dental and medical outlets in Singapore, Malaysia and acquisition of Aoxin in July 2014.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased to \$2.7 million in 3Q14 compared to \$1.3 million in 3Q13 mainly due to the increase in revenue from the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

Comparing nine months ended 30 September 2014 with 30 September 2013, cost of sales from dental equipment and supplies distribution business increased by \$3.6 million, for the same reason given above.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business for 3Q14 was due to the acquisition of Aidite in August 2014.

Employee Benefits Expense

Employee benefits expense in 3Q14 rose 25% to \$14 million, from \$11.2 million in 3Q13 which was mainly due to increase in headcount to support more dental outlets in Singapore and Malaysia, new medical clinics and aesthetic centre as well as the increased in head count from the acquisition of Aoxin in July 2014 and Aidite in August 2014. As a percentage of revenue, employee benefits expense in 3Q14 was 49.2% compared to 59.6% in 3Q13.

Comparing nine months ended 30 September 2014 with 30 September 2013, employee benefit expense increased by \$7.3 million or 23%, for the same reasons given above.

Depreciation and Amortisation Expense

Depreciation expense in 3Q14 increased 52% to \$0.84 million from \$0.55 million in 3Q13. The increase of \$0.29 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia and acquisition of Aoxin in July 2014 and Aidite in August 2014. As a percentage of revenue, depreciation expense in 3Q14 was 3.0% compared to 2.9% in 3Q13.

Comparing nine months ended 30 September 2014 with 30 September 2013, depreciation expense increased by \$0.45 million or 30%, for the same reasons given above.



Rental Expense

Rental expense in 3Q14 increased 28% to \$2.2 million from \$1.7 million in 3Q13. The increase of \$0.50 million was due mainly to an increase in the number of dental, medical and aesthetic outlets in Singapore, dental outlets and distribution business in Malaysia, acquisition of Aoxin in July 2014 and Aidite in August 2014. As a percentage of revenue, rental expense in 3Q14 was 7.9% compared to 9.3% in 3Q13.

Comparing nine months ended 30 September 2014 with 30 September 2013, rental expense increased by \$1.1 million or 22%, for the same reasons given above.

Other Expenses

Other expenses in 3Q14 increased 50% to \$2.2 million from \$1.5 million in 3Q13. The increase was mainly in tandem with the growth in Group dental revenue and dental equipment and supplies distribution business as well as acquisition of Aoxin in July 2014 and Aidite in August 2014. As a percentage of revenue, other expense in 3Q14 was 7.7% compared to 7.8% in 3Q13.

Comparing nine months ended 30 September 2014 with 30 September 2013, other expense increased by \$1.5 million or 43%, for the same reasons given above.

Other Charges

Other charges in 3Q14 increased to \$200k mainly due to unrealised foreign exchange losses arising from IFC USD\$5m convertible loan.

Comparing nine months ended 30 September 2014 with 30 September 2013, other charges increased by \$0.2 million, for the same reason given above.

Finance Costs

Finance costs in 3Q14 increase to 71% to \$183k from \$107k in 3Q13. The increase was mainly due to interest on additional short term bank loan and interest on property loan.

Comparing nine months ended 30 September 2014 with 30 September 2013, finance costs increased by \$84k or 34%, for the same reasons given above.

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

The Group recorded a share of loss from associates of \$13k in 3Q14 compared to a profit of \$48k in 3Q13.

Profit Before Tax and Net Profit

As a result of the above factors the Group's profit before tax for 3Q14 was \$3.7 million compared with \$1.6 million for 3Q13. This increase of \$2.1 million was due mainly to the acquisition of Aoxin in July 2014 and Aidite in August 2014.

After deducting provision for income tax expense of \$380k, the Group's net profit in 3Q14 increased 115% to \$3.3 million from \$1.5 million in 3Q13.

The Group's profit net of tax attributable to owners of the parent for 3Q14 was \$2.3 million.

For nine months ended 30 September 2014, net profit after tax was \$6.1 million, compared with \$3.5 million for 30 September 2013.

For nine months ended 30 September 2014, net profit after tax attributable to owners of the parent was \$5.1 million.



Statement of Financial Position

As at 30 September 2014, the Group remained in a strong financial position with cash and cash equivalents of \$38.7 million and bank borrowing, convertible loan and finance leases totalling \$44.5 million.

Current Assets

Cash and cash equivalents as at 30 September 2014 increased to \$38.7 million from \$28.7 million as at 31 December 2013. The net increase of \$10 million was mainly due to the drawdown of the bank loans and advance received from undertaking of right issue exercise offset by the purchase of property, investment in PRC and payment of dividends to shareholders.

Trade and other receivables increased to \$15.2 million as at 30 September 2014 from \$7.7 million as at 31 December 2013. The increase of \$7.5 million was due mainly to an increase in trade and other receivables from the acquisition of Aoxin in July 2014 and Aidite in August 2014.

Other assets as at 30 September 2014 increased to \$2.8 million from \$1.5 million as at 31 December 2013. The net increase of \$1.3 million was mainly due to an increase in prepayment from the acquisition of Aidite in August 2014.

Inventories increased to \$7.9 million as at 30 September 2014 from \$4.1 million as at 31 December 2013. The increase of \$3.8 million was due mainly to inventories from the acquisition of Aoxin in July 2014 and Aidite in August 2014 and the dental equipment and supplies distribution company in Singapore and Malaysia.

Non-Current Assets

The net book value of property, plant and equipment as at 30 September 2014 increased to \$36.2 million from \$15.4 million as at 31 December 2013. The increase of \$20.8 million was mainly due to the acquisition of Aoxin in July 2014 and Aidite in August 2014 as well as the purchase of property, plant and equipment for existing and new dental clinics in Singapore and Malaysia.

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

The intangible assets as at 30 September 2014 increased to \$34.9 million from \$5.5 million as at 31 December 2013. The increase of \$29.4 million was mainly due to the goodwill arising from the acquisitions in PRC and Singapore.

Current Liabilities

Trade and other payables as at 30 September 2014 increased to \$36.3 million from \$10.8 million as at 31 December 2013, mainly due to the advance received for the undertaking right issue exercise and the acquisition of Aoxin in July 2014 and Aidite in August 2014.

At the end of 3Q14, the Group current portion of bank loans and finance leases increased to \$14.7 million from \$0.2 million due mainly to the short term loan of \$14 million for acquisition and working capital in PRC.



Non-Current Liabilities

At the end of 3Q14, the Group non-current portion of bank loans and convertible loan increased to \$29.8 million from \$8.7 million due mainly to the bank loan relating to the purchase of Jurong Gateway property.

Non-Controlling Interest

Non-controlling interest as at 30 September 2014 increased to \$7.4 million from \$0.6 million as at 31 December 2013, mainly due to the acquisition of Aoxin in July 2014 and Aidite in August 2014.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$4.1 million in 3Q14. This was mainly derived from the profit generated in 3Q14.

Net cash used in investing activities in 3Q14 amounted to \$12.9 million, mainly due to the acquisition of Aoxin, Aidite, dental clinic in Singapore and purchase of plant and equipment for existing and new dental and medical outlets in Singapore.

Net cash from financing activities in 3Q14 was \$33.2 million arose mainly due to the drawdown of the bank loans and advances received from undertaking of right issue exercise offset by interim dividends payment of \$2.5 million with respect to FY2014.

Consequent to the above factors, the Group's cash and cash equivalents was \$38.7 million as at 30 September 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

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

- Completion of the Acquisition of 100% Shareholding in Qinhuangdao Aidite High Technical Ceramic Co., Ltd ("Aidite")

On 13 August 2014, the Group completed the acquisition of 100% shareholding in Aidite for a total consideration of RMB 39.5 million (approximately \$8.03 million) in cash to the seller. In addition, RMB 35 million (approximately \$7.11 million) shall be injected as capital for the expansion of Aidite.



- Issue and Allotment of Shares Pursuant to Conversion of IFC Loan
On 20 October 2014, the Company has allotted and issued 19,090,909 ordinary shares in the capital of the Company to IFC.
- Proposed Renounceable Non-Underwritten Rights Issue – Receipt of Approval-in-Principle (“AIP”) from SGX-ST and Adjustments to the Call Option Shares
On 23 October 2014, the Company has announced that AIP has been obtained from the SGX-ST in respect of the dealing in, listing of and quotation for up to 142,370,582 Right Shares at an issue price of \$0.10 for each rights share, on the basis of one rights share for every five existing shares.
- Grant of Call Option to Heritas Investments Pte. Ltd. (“HHI”) – Receipt of Approval-in-Principle (“AIP”) from SGX-ST
On 28 October 2014, the Company has announced that AIP has been obtained from the SGX-ST in respect of the dealing in, listing of and quotation for up to 63 million call option shares on the Official List. An extraordinary general meeting will be carried out to seek shareholders’ approval for the grant of the call option.
- Issue and Allotment of Shares In Connection With The Acquisition of Aoxin Stomatology Group
On 7 November 2014, the Company has allotted and issued 8,615,847 ordinary shares in the capital of the Company to Health Field Enterprises Ltd as part of the purchase consideration in connection with the acquisition of Aoxin Stomatology Group.

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 59 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.
- 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 and 1 dental clinic in Malacca. 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.
- 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 and established institutions and dental supplies manufacturers in PRC.



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

The Group is constantly looking out 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? No

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) The date the dividend is payable.

NA.

(d) Book closure date

NA.

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 September 2014 to be false or misleading in any material aspect.

15. Use of proceeds

(i) The Company has fully utilised \$16.78 million raised from the private placement on 17 January 2013, we have used \$10.48 million for clinics' expansion and working capital in Singapore, \$3.3 million for investment and working capital in PRC, as well as \$3 million for investment and working capital in Malaysia.

(ii) The Company has fully utilised US\$5 million IFC convertible loan for acquisition and working capital in PRC.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
13 November 2014