



Full Year Financial Statement Announcement And Dividend Announcement For The Year Ended 31 December 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

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

1(a)(i) Unaudited Consolidated Statement of Comprehensive Income of our Group for the full year (twelve months) ended 31 December 2014

	Note	Group		
		12 Months ended 31/12/2014 \$'000	12 Months ended 31/12/2013 \$'000	Change %
Revenue				
Dental and Medical Clinics		84,008	66,897	26
Dental Equipment & Supplies Distribution		9,375	4,257	120
Dental Supplies Manufacturing		6,901	-	NM
Other Items of Income				
Interest Income		57	102	(44)
Other Credits	1(a)(i)	1,016	1,937	(48)
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(6,684)	(4,762)	40
Cost of Sales - Dental Equipment & Supplies		(6,664)	(2,968)	125
Cost of Dental Supplies Manufacturing		(2,353)	-	NM
Employee Benefits Expense		(54,355)	(43,897)	24
Depreciation and Amortisation Expenses		(2,820)	(1,979)	42
Rental Expense		(8,503)	(6,905)	23
Other Expenses		(7,443)	(5,224)	42
Other Charges	1(a)(ii)	(237)	(250)	(5)
Finance Costs		(516)	(365)	41
Share of Profit from Equity-Accounted Associates		2	146	(99)
Profit Before Tax from Continuing Operations		11,784	6,989	69
Income Tax Expense		(1,270)	(486)	161
Profit From Continuing Operations, Net of Tax		10,514	6,503	62
Other Comprehensive Income:				
Exchange Differences on Translating Foreign Operations, Net of Tax		206	143	44
Other Comprehensive Income for the Year, Net of Tax		206	143	44
Total Comprehensive Income for the Year		10,720	6,646	61
Profit attributable to:				
Owners of the Parent, Net of Tax		8,567	6,461	33
Non-Controlling Interests, Net of Tax		1,947	42	4,536
Profit Net of Tax		10,514	6,503	62
Total Comprehensive Income attributable to:				
Owners of the Parent		8,773	6,604	33
Non-Controlling Interests		1,947	42	4,536
Total Comprehensive Income		10,720	6,646	61

NM: Not Meaningful



Notes:

1(a)(i) Other Credits

	12 Months ended	
	31/12/2014	31/12/2013
	\$'000	\$'000
Enhanced Special Employment Credit	436	52
Gain on Disposal of Property, Plant and Equipment	-	1,255
PIC Bonus / SME Cash Grant	116	258
Profit Guarantee Received / Receivable from Vendors / Shareholders	339	372
Gain on Disposal of Subsidiary	125	-
	1,016	1,937

1(a)(ii) Other Charges

	12 Months ended	
	31/12/2014	31/12/2013
	\$'000	\$'000
Plant & Equipment Written Off	72	-
Foreign Exchange Translation Loss	149	250
Loss on Disposal of Plant and Equipment	16	-
	237	250



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

	Group		Company	
	As at		As at	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	37,392	15,364	372	280
Investment in Subsidiaries	-	-	10,365	4,852
Investment in Associates	15	3,452	-	-
Intangible Assets	35,254	5,453	-	-
Other Receivables	483	342	130	-
Other Assets	663	949	313	543
Total Non-Current Assets	73,807	25,560	11,180	5,675
<u>Current Assets</u>				
Inventories	8,627	4,113	-	-
Trade and Other Receivables	16,309	7,737	61,645	32,189
Assets Held For Sale	3,439	-	-	-
Other Assets	2,802	1,475	1,185	857
Cash and Cash Equivalents	35,681	28,749	14,692	9,556
Total Current Assets	66,858	42,074	77,522	42,602
Total Assets	140,665	67,634	88,702	48,277
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	68,470	39,722	68,470	39,722
Retained Earnings	7,868	5,826	399	190
Other Reserves, Total	299	543	-	403
Equity Attributable to Owners of the Parent, Total	76,637	46,091	68,869	40,315
Non-Controlling Interests	8,412	623	-	-
Total Equity	85,049	46,714	68,869	40,315
<u>Non-Current Liabilities</u>				
Provisions	437	350	-	-
Deferred Tax Liabilities	823	813	-	-
Other Financial Liabilities	28,516	8,699	15,000	5,918
Total Non-Current Liabilities	29,776	9,862	15,000	5,918
<u>Current Liabilities</u>				
Income Tax Payable	989	50	5	5
Trade and Other Payables	21,156	10,777	1,828	2,039
Other Financial Liabilities	3,695	231	3,000	-
Total Current Liabilities	25,840	11,058	4,833	2,044
Total Liabilities	55,616	20,920	19,833	7,962
Total Equity and Liabilities	140,665	67,634	88,702	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 31/12/2014</u>	<u>As at 31/12/2013</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	3,681	204
Amount repayable after one year	28,516	2,766

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

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

On 21 October 2014, the Company allotted and issued 19,090,909 new ordinary shares pursuant to the conversion by IFC of the US\$5 million convertible loan.

	<u>At 31/12/2014</u>	<u>At 31/12/2013</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	14	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	
	12 Months ended	
	31/12/2014	31/12/2013
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	11,784	6,989
Adjustments for:		
Interest Income	(57)	(102)
Interest Expense	516	365
Plant and Equipment Written Off	72	-
Loss/(Gain) on Disposal of Plant and Equipment	16	(1,255)
Gain on Disposal of Subsidiary	(125)	-
Depreciation of Property, Plant and Equipment and Amortisation Expenses	2,820	1,979
Foreign Currency Translation Reserve	(27)	256
Provisions	88	(9)
Share of Profit from Associates	(2)	(146)
Share Option Expense	(20)	17
Operating Cash Flows Before Changes in Working Capital	15,065	8,094
Inventories	(2,504)	(750)
Trade and Other Receivables	(4,285)	(2,346)
Other Assets	(1,070)	(273)
Trade and Other Payables	3,700	(103)
Net Cash Flows From Operations	10,906	4,622
Income Taxes Paid	(609)	(487)
Net Cash Flows From Operating Activities	10,297	4,135
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Property, Plant and Equipment	(17,198)	(3,350)
Sale Proceeds from Disposal of Subsidiary	146	-
Sale Proceeds from Disposal of Property, Plant and Equipment	-	5,123
Other Assets	30	(504)
Trade and Other Receivables	240	284
Other Receivables, Non-Current	(140)	238
Interest Received	57	102
Acquisition of Subsidiaries (Net of Cash Acquired)	(21,567)	(5,443)
Net Cash Flows Used in Investing Activities	(38,432)	(3,550)
<u>Cash Flows From Financing Activities</u>		
Finance Lease Repayment	(26)	(375)
Proceeds from Placement of Shares	-	16,775
Share Issue Expenses	(87)	-
Exercise of Shares Option	232	-
Bank Loans	29,700	-
Proceeds from Rights Issue	12,781	-
Repayment of Bank Loans	(474)	(288)
Interest Paid	(516)	(290)
Dividends Paid to Equity Owners	(6,543)	(6,145)
Net Cash Flows From Financing Activities	35,067	9,677
Net Increase in Cash and Cash Equivalents in Continuing operations	6,932	10,262
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Year	28,749	18,487
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Year	35,681	28,749
Cash and Cash Equivalents at End of Year includes the following:		
Cash and Bank Balances	35,681	28,749
Cash and Cash Equivalents at End of Year	35,681	28,749



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

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 year						
Opening Balance at 1 Jan 2014	46,714	46,091	39,722	5,826	543	623
Movements in Equity:						
Total Comprehensive Income for the year	10,720	8,773	-	8,567	206	1,947
Equity Component of Convertible Loan	(321)	(321)	-	-	(321)	-
Other Reserve	-	-	-	18	(18)	-
Acquisition of a non-controlling interest without a change in control	-	(29)	-	-	(29)	29
Share Option Expense	5	5	-	-	5	-
Equity Share Options Issued	-	-	62	-	(62)	-
Expiry of Share Options	(25)	(25)	-	-	(25)	-
Exercise of Share Options	232	232	232	-	-	-
Issue of Share Capital (a)	28,454	28,454	28,454	-	-	-
Dividends Paid	(6,543)	(6,543)	-	(6,543)	-	-
Contribution by Non-Controlling Interests	5,813	-	-	-	-	5,813
Closing Balance at 31 Dec 2014	85,049	76,637	68,470	7,868	299	8,412
Group - Previous year						
Opening Balance at 1 Jan 2013	28,940	28,840	22,947	5,510	383	100
Movements in Equity:						
Total Comprehensive Income for the Year	6,646	6,604	-	6,461	143	42
Issue of Share Capital	16,775	16,775	16,775	-	-	-
Share Option Expense	17	17	-	-	17	-
Dividends Paid	(6,145)	(6,145)	-	(6,145)	-	-
Contribution by Non-Controlling Interests	481	-	-	-	-	481
Closing Balance at 31 Dec 2013	46,714	46,091	39,722	5,826	543	623

(a) Proceed from issuance of shares net of share issue expenses of \$374k.



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 Jan 2014	40,315	39,722	403	190
Movements in Equity:				
Total Comprehensive Income for the Year	6,752	-	-	6,752
Equity Share Options Issued	-	62	(62)	-
Exercise of Share Options	263	263	-	-
Issue of Share Capital (a)	28,423	28,423	-	-
Equity Component of Convertible Loan	(321)	-	(321)	-
Share Option Expense	5	-	5	-
Expiry of Share Options	(25)	-	(25)	-
Dividends Paid	(6,543)	-	-	(6,543)
Closing Balance at 31 Dec 2014	68,869	68,470	-	399
Company - Previous period				
Opening Balance at 1 Jan 2013	23,790	22,947	386	457
Movements in Equity:				
Total Comprehensive Income for the Year	5,878	-	-	5,878
Issue of Share Capital	16,775	16,775	-	-
Share Option Expense	17	-	17	-
Dividends Paid	(6,145)	-	-	(6,145)
Closing Balance at 31 Dec 2013	40,315	39,722	403	190

(a) Proceed from issuance of shares net of share issue expenses of \$374k.



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 31 Dec 2014	778,623	68,470

Employee Share Option

During the year ended 31 December 2014, 604,000 share options were exercised. There were 302,000 (post share split) options lapsed during the year and no share options outstanding as at 31 December 2014 (31 December 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 for the acquisition of Foo & Associates Pte. Ltd..

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

On 7 November 2014, the Company issued 8,615,847 new ordinary shares to Health Field Enterprises Ltd. as part of the purchase consideration in connection with the acquisition of Aoxin Stomatology Group.

On 10 December 2014, pursuant to its Rights Issue, the Company issued 129,770,582 new ordinary shares to its Shareholders.

Convertibles

On 21 October 2014, the Company allotted and issued 19,090,909 new ordinary shares pursuant to the conversion by IFC of the US\$5 million convertible loan into ordinary shares.

Treasury Shares

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

Grant of Call Option

On 24 May 2014, the Company entered into a Call Option agreement with Heritas Helios Investments Pte. Ltd. to subscribe for up to 63,000,000 new ordinary shares of the Company. The Call Option have an option period of 2 years and an issue price which will be



calculated at higher of (i) a 10% discount to the relevant weighted average price of the shares for trades done on the SGX-ST for the thirty-day period prior to the date of notice, or (ii) the minimum price of \$0.48 per share.

As a result of the Rights Issue, the number of Call Option Shares will be adjusted by 9,410,127 Call Option Shares (the "Adjustment Shares") to 72,410,127 Call Option Shares; and the minimum issue price per Call Option Share will be adjusted from \$0.48 to \$0.4176.

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

	As at 31/12/2014	As at 31/12/2013
Total number of issued shares excluding treasury shares	<u>778,623,495</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 12 Months ended	
	31/12/2014	31/12/2013 (Restated)
(i) Basic earnings per share (cents)	1.20	0.93
(ii) On a fully diluted basis (cents)	1.20	1.07

The basic EPS for the year ended 31 December 2014 and 31 December 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 714,915,095 shares adjusted for the impact of rights issue for 2014 and 693,485,859 shares restated for the impact of rights issue for 2013.

There is no fully diluted EPS for 2014 as the impact of call option is anti-dilutive.

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 As at		Company As at	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per ordinary share (cents)	9.8	7.6	8.8	6.7

The net asset value per ordinary share of the Group and the Company as at 31 December 2014 and 31 December 2013 have been calculated based on the total issued number of ordinary shares of 778,623,495 (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 12 months ended 31 December 2014 ("FY14") increased 26% to \$84 million, from \$66.9 million for the previous corresponding year ("FY13"). The increase of \$17.1 million was attributed to higher revenue from existing dental outlets, contributions from new dental and medical outlets in Singapore and in Malaysia as well as the acquisition of Aoxin in PRC in July 2014.



As at 31 December 2014, the Group has a total of 60 dental outlets, 1 mobile dental clinic, 3 medical outlets, 1 aesthetic centre and 2 specialist medical clinics in operations, compared to 56 dental outlets, 1 mobile dental clinic, 4 medical outlets, 1 aesthetic centre and 2 specialist medical clinics as at 31 December 2013 in Singapore.

As at 31 December 2014, the Group has a total of 8 dental outlets in Malaysia and 3 dental hospitals and 4 dental outlets in PRC compared to 8 dental outlets in Malaysia and 10 dental outlets in PRC as at 31 December 2013.

Revenue contribution from the dental equipment and supplies distribution business for FY14 increased 120% to \$9.4 million from \$4.3 million in FY13. The increase of \$5.1 million was mainly due to the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

Revenue contribution of \$6.9 million from the dental supplies manufacturing business for FY14 was due to the acquisition of Aidite, a dental supplies manufacturing company in PRC in August 2014.

Other Items of Income

Other credits in FY14 amounted to \$1 million compared to \$2 million in FY13. Other credits in FY14 were mainly due to the recognition of enhanced special employment credit and profit guarantee received and receivable from the vendors/shareholders of the joint venture companies.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in FY14 rose by 40% to \$6.7 million from \$4.8 million in FY13. The increase was mainly 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, Malaysia 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 FY14 were 8% compared to 7.1% in FY13.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased to \$6.7 million in FY14 compared to \$3 million in FY13 mainly due to the increase in revenue from the acquisition of a dental equipment and supplies distribution company in Malaysia in July 2013.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business for FY14 was due to the acquisition of Aidite in August 2014.

Employee Benefits Expense

Employee benefits expense in FY14 rose 24% to \$54.4 million, from \$43.9 million in FY13 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 FY14 was 54.2% compared to 61.7% in FY13.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses in FY14 increased by 42% to \$2.8 million from \$2 million in FY13. The increase of \$0.8 million was due mainly to purchase of property, dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and Malaysia, acquisition of Aoxin in July 2014 and Aidite in August 2014.



As a percentage of revenue, depreciation expense in FY14 and FY13 was 2.8%.

Rental Expense

Rental expense in FY14 increased by 23% to \$8.5 million from \$6.9 million in FY13. The increase of \$1.6 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 FY14 was 8.5% compared to 9.7% in FY13.

Other Expenses

Other expenses increased by 42% in FY14 to \$7.4 million from \$5.2 million in FY13. The increase was mainly due to increases in sales commission, overseas travelling expenses, marketing expenses, repair and maintenance and credit card merchant charges which were in tandem with the growth in Group's revenue from dental and distribution businesses as well as acquisition of Aoxin in July 2014 and Aidite in August 2014.

As a percentage of revenue, other expenses in FY14 was 7.4% compared to 7.3% in FY13.

Finance Costs

Finance costs in FY14 increased to \$516k from \$365k in FY13. The increase was mainly due to interest on bank loans for purchase of property and acquisitions of Aoxin in July 2014 and Aidite in August 2014.

Profit Before Tax and Net Profit

Despite the medical business losses in FY14 of \$1.4 million (FY13: \$1.2 million), the Group's profit before tax in FY14 rose 69% to \$11.8 million from \$7 million in FY13. The increase of \$4.8 million was due mainly to higher contribution from dental business, distribution business and the acquisition of Aoxin in July 2014 and Aidite in August 2014.

The Group has taken measures to streamline the medical business losses by disposing off the business and assets of its two specialist centres, TDLS and TLSC in January 2015.

After deducting provision for income tax expense of \$1.3 million, the Group's net profit in FY14 increased 62% to \$10.5 million from \$6.5 million in FY13.

Statement of Financial Position

As at 31 December 2014, the Group remained in a net cash position with cash and cash equivalents of \$35.7 million and bank borrowings and finance leases totalling \$32.2 million.

Current Assets

Cash and cash equivalents as at 31 December 2014 increased to \$35.7 million from \$28.7 million as at 31 December 2013. The net increase of \$7 million was mainly due to the proceeds from the rights issue and bank borrowings offset by the purchase of property, the Group's investment in Aoxin and Aidite and payment of dividends to shareholders.

Trade and other receivables increased to \$16.3 million as at 31 December 2014 from \$7.7 million as at 31 December 2013. The increase of \$8.6 million was due mainly to an increase in trade and other receivables from the acquisition of Aoxin in July 2014, Aidite in August 2014 and the dental equipment and supplies distribution company in Malaysia.

Other assets as at 31 December 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 prepayments in the PRC and Singapore as well as sign on bonus to dentists.



Inventories increased to \$8.6 million as at 31 December 2014 from \$4.1 million as at 31 December 2013. The increase of \$4.5 million was due mainly to inventories from the acquisition of 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 31 December 2014 increased to \$37.4 million from \$15.4 million as at 31 December 2013. The increase of \$22 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.

Assets Held For Sale

Assets held for sale relates to the Group's investment in its associates, Q & M Dental (Beijing) Pte. Ltd. and Q & M Dental (Shanghai) Pte. Ltd.. The Group is still finalising the disposal consideration of its interest in the associates and has therefore ceased recognizing the Group's share of profit as equity accounted associates. The management is of the view that the fair value less cost of disposal will be higher than the carrying value.

Intangible Assets

The intangible assets as at 31 December 2014 increased to \$35.3 million from \$5.5 million as at 31 December 2013. The increase of \$29.8 million was mainly due to the goodwill arising from the acquisitions in Singapore and PRC.

Current Liabilities

Trade and other payables as at 31 December 2014 increased to \$21.2 million from \$10.8 million as at 31 December 2013. The increase of \$10.4 million was mainly due to the acquisition of Aoxin in July 2014, Aidite in August 2014 and the dental equipment and supplies distribution company in Malaysia.

At the end of 31 December 2014, the Group current portion of bank loan and finance leases increased to \$3.7 million from \$0.2 million due mainly to short term bank loan for acquisition and working capital in PRC.

Statement of Cash Flows

The Group generated net cash flow from operating activities of \$10.3 million in FY14. This was mainly derived from the profit generated in FY14 and after deducting the amount used for working capital.

Net cash used in investing activities in FY14 amounted to \$38.4 million, mainly due to the acquisition of Aoxin, Aidite and the purchase of property, plant and equipment for existing and new dental and medical outlets in Singapore.

Net cash from financing activities in FY14 was \$35.1 million, which arose mainly due to new bank loans and proceeds from rights issue offset by payment of dividends to shareholders.

Consequent to the above factors, the Group's cash and cash equivalents was \$35.7 million as at 31 December 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

- Sale of Business and Assets by The Digestive & Liver Specialist Centre Pte. Ltd. ("TDLS") and The Lung Specialist Centre Pte. Ltd. ("TLSC")

On 15 January 2015, the Group announced the completion of sale of the business and assets of the specialist centres, TDLS and TLSC. The consideration payable by the buyers for the purchasing the business and assets was approximately \$64k.

- Acquisition of New Dental Centre ("NDC")

On 15 January 2015, the Group announced the acquisition of 100% of the shareholding in NDC for a consideration of \$1. NDC is now a wholly owned subsidiary of the Group.

- Proposed Sale of Block 130 Jurong Gateway Road, #01-213, #01-215 and #01-217, Singapore 600130 (The "Property")

On 21 January 2015, the Group announced the Group has granted a conditional option to purchase (the "Option") the Property with book value of \$12.7 million as at 30 September 2014 to Allplus Holdings Pte Ltd and/or its nominee (the "Purchaser") at a sale consideration of \$14.8 million. The Group will realise a profit of approximately \$1.68 million from the Proposed Sale of the Property. The Purchaser has already exercised the Option and the sale is subject to the Shareholders approval at an EGM to be convened at a later date.

- Subscription Agreement Between The Company and Li Hong Wen ("LHW") and Li Bin ("LB", and collectively with LHW, the "Subscribers")

On 22 January 2015, the Group announced the Company had on 21 January 2015 entered into a subscription agreement with the Subscribers pursuant to which the Subscribers have agreed to subscribe for 4,660,848 new ordinary shares ("Subscription Shares") in the capital of the Company at an issue price of \$0.46 for each Subscription Share amounting to an aggregate cash consideration of \$2.14 million.

On 22 February 2015, the Company has obtained approval in principle from SGX-ST for the admission to the Official List of the SGX-ST and the listing and quotation of the Subscription Shares.

- Incorporation of wholly-owned subsidiary, QA Healthcare Solution Pte Ltd ("QA Solution")

On 16 February 2015, the Group announced the incorporation of a wholly-owned subsidiary in Singapore, "QA Solution".



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 60 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 2 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 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? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.41 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	0.32 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	Ordinary
Dividend Amount per Share (in cents)	0.64 cents per ordinary share
Tax Rate	One Tier Tax Exempt

Name of dividend	Final
Dividend Type	Ordinary
Dividend Amount per Share (in cents)	0.66 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(c) The date the dividend is payable.

The Directors are pleased to recommend a final dividend of 0.32 cents per share in respect of the financial year ended 31 December 2014 for approval by the shareholders at the Annual General Meeting.

The date of payment of the proposed dividends, if approved at the Annual General Meeting, will be paid on 18 May 2015.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 7 May 2015 on which day no share transfer will be effected.

Duly completed and stamped transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd), 80 Robinson Road #02-00 Singapore 068898, up to 5.00pm on 6 May 2015 will be registered to determine members' entitlements to the final dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00pm on 6 May 2015 will be entitled to the payment of the final dividend.

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

Not applicable.

**Part II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments

The Group has three reportable segments as described below.

- Primary Healthcare comprising dentistry, family medicine, aesthetic and specialist services.
- Dental Equipment Distribution comprising distribution of dental supplies and equipment.
- Dental Supplies Manufacturing comprising distribution of manufactured dental supplies.



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	2014 \$'000	2013 \$'000
Segment Revenue		
Primary Healthcare	84,008	66,897
Dental Equipment & Supplies Distribution	9,375	4,257
Dental Supplies Manufacturing	6,901	-
Total	<u>100,284</u>	<u>71,154</u>
Segment Result		
Primary Healthcare	8,430	7,107
Dental Equipment & Supplies Distribution	378	(264)
Dental Supplies Manufacturing	2,974	-
Share of Profit of Associate Company	2	146
Consolidated Profit Before Income Tax	<u>11,784</u>	<u>6,989</u>
Income Tax Expense	(1,270)	(486)
Profit for the Period	<u>10,514</u>	<u>6,503</u>
Segment Asset		
Primary Healthcare	182,066	100,660
Dental Equipment & Supplies Distribution	12,484	5,501
Dental Supplies Manufacturing	17,503	-
Elimination of Inter-Segment Assets	(71,388)	(38,527)
Total	<u>140,665</u>	<u>67,634</u>
Segment Liability		
Primary Healthcare	116,336	56,471
Dental Equipment & Supplies Distribution	6,299	2,901
Dental Supplies Manufacturing	4,244	-
Elimination of Inter-Segment Liabilities	(71,263)	(38,452)
Total	<u>55,616</u>	<u>20,920</u>
Capital Expenditure		
Primary Healthcare	46,973	6,012
Dental Equipment & Supplies Distribution	174	3,100
Dental Supplies Manufacturing	8,072	-
Total	<u>55,219</u>	<u>9,113</u>
Depreciation		
Primary Healthcare	2,644	1,915
Dental Equipment & Supplies Distribution	77	49
Dental Supplies Manufacturing	19	-
Total	<u>2,740</u>	<u>1,964</u>
Amortisation		
Primary Healthcare	80	15
Dental Equipment & Supplies Distribution	-	-
Dental Supplies Manufacturing	-	-
Total	<u>80</u>	<u>15</u>



Finance Cost

Primary Healthcare	512	363
Dental Equipment & Supplies Distribution	4	2
Dental Supplies Manufacturing	-	-
Total	516	365

Geographical segments

The Group has dentistry business in Singapore, Malaysia and PRC, dental equipment and supplies distribution business in Singapore and Malaysia and manufacturing of dental supplies business in PRC.

	2014	2013
	\$'000	\$'000
Segment Revenue		
Singapore	76,848	65,327
Malaysia	9,457	4,462
China	13,979	1,365
Total	100,284	71,154

Segment Asset – Non-Current

Primary Healthcare	34,407	15,555
Dental Equipment & Supplies Distribution	4,477	4,490
Dental Supplies Manufacturing	34,923	5,515
Total	73,807	25,560

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Performance by business segment

The increase in primary healthcare segment revenue and result in FY14 as compared to FY13 was mainly due to higher contribution from existing and new dental outlets in Singapore and the acquisition of Aoxin in July 2014.

The increase in dental equipment and supplies distribution segment revenue and result in FY14 as compared to FY13 was mainly due to the full year contribution of the Malaysia company that was acquired in July 2013.

The dental supplies manufacturing segment revenue and result in FY14 was due to the acquisition of Aidite in August 2014.

Performance by geographical segment

The increase in the contribution to the Group's revenue from Singapore operations in FY14 as compared to FY13 was mainly due to higher contribution from existing and new dental outlets in Singapore.

The increase in the contribution to the Group's revenue from Malaysia operations in FY14 as compared to FY13 was mainly due to the acquisition of the dental equipment and supplies distribution company in July 2013.

The increase in the contribution to the Group's revenue from PRC operations in FY14 as compared to FY13 was mainly due to the acquisition of Aoxin in July 2014 and Aidite in August 2014.



15. A breakdown of sales

	Group		Change %
	2014 \$'000	2013 \$'000	
15(a) Revenue reported for first half	39,771	31,119	27.8
15(b) Operating profit after tax before deducting non-controlling interests reported for first half year	2,799	2,017	38.8
15(c) Revenue reported for second half	60,513	40,035	51.2
15(d) Operating profit after tax before deducting non-controlling interests reported for second half year.	7,715	4,486	72

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary*	5,038	7,871
Preference	-	-
Total	5,038	7,871

*Total annual dividend for FY14 comprises recommended FY14 final dividend (from FY14H2 profit) of \$2.49 million, and \$2.55 million interim dividend paid in respect of FY14H1 profit.

*Total annual dividend for FY13 comprises recommended FY13 final dividend (from FY13H2 profit) of \$4 million, and \$3.88 million interim dividend paid in respect of FY13H1 profit.

17. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").



18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Foo Siew Jiuan	46	Wife of Dr Ng Chin Siau, Group Chief Executive Officer of Q & M Dental Group (Singapore) Limited ("QDGS"). Sister-in-law of Ng Sook Hwa, Group Financial Controller of QDGS.	General Manager (1999)	None
Ng Sook Hwa	43	Wife of San Yi Leong, Chief Financial Officer of Q & M Dental Holdings (China) Pte. Ltd.. Sister of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS.	Group Financial Controller (June 2011)	None
San Yi Leong	37	Husband of Ng Sook Hwa, Group Financial Controller of QDGS. Brother-in-law of Dr Ng Chin Siau, Group Chief Executive Officer of QDGS.	Chief Financial Officer of Q & M Dental Holdings (China) Pte. Ltd. (March 2015)	Business Development Director of QDGS



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19. Use of proceeds

- (i) The Company has fully utilised \$16.78 million raised from the private placement on 17 January 2013 for clinics expansion, investment and working capital in Singapore, Malaysia and PRC.
- (ii) The Company has fully utilised US\$5 million IFC convertible loan for acquisition and working capital in PRC.
- (iii) Of the \$13 million raised from the rights issue on 10 December 2014 we have used \$1.1 million for the acquisition of Aoxin.

BY ORDER OF THE BOARD

Ng Chin Siau
Group Chief Executive Officer
27 February 2015