



Financial Statement And Dividend Announcement For The 1st Quarter Ended 31 March 2015 ("1Q15")

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 31/3/2015	3 Months ended 31/3/2014	Increase/ (Decrease)
		\$'000	\$'000	%
Revenue				
Dental and Medical Clinics		22,051	17,841	24
Dental Equipment & Supplies Distribution		2,515	1,672	50
Dental Supplies Manufacturing		4,435	-	NM
Other Items of Income				
Interest Income		19	17	12
Other Gains	1(a)(i)	251	580	(57)
Other Items of Expense				
Consumables and Supplies Used in Dental & Medical Clinics		(1,700)	(1,275)	33
Cost of Sales - Dental Equipment & Supplies		(1,624)	(1,165)	39
Cost of Dental Supplies Manufacturing		(1,485)	-	NM
Employee Benefits Expense		(14,042)	(12,042)	17
Depreciation and Amortisation Expenses		(922)	(531)	74
Rental Expense		(2,276)	(1,925)	18
Other Expenses		(2,371)	(1,337)	77
Other Losses	1(a)(ii)	(102)	(89)	15
Finance Costs		(247)	(90)	174
Share of (Loss) from Equity-Accounted Associates		-	(8)	NM
Profit Before Tax from Continuing Operations		4,502	1,648	173
Income Tax Expense		(605)	(119)	408
Profit From Continuing Operations, Net of Tax		3,897	1,529	155
Other Comprehensive Income:				
Exchange Differences on Translating Foreign Operation, Net of Tax		737	(14)	NM
Other Comprehensive (Loss)/Income for the Period, Net of Tax		737	(14)	NM
Total Comprehensive Income for the Period		4,634	1,515	206
Profit attributable to:				
Owners of the Parent, Net of Tax		2,889	1,541	87
Non-Controlling Interests, Net of Tax		1,008	(12)	NM
Profit Net of Tax		3,897	1,529	155
Total Comprehensive Income attributable to:				
Owners of the Parent		3,288	1,527	115
Non-Controlling Interests		1,346	(12)	NM
Total Comprehensive Income		4,634	1,515	206

NM: Not Meaningful



Notes:

1(a)(i) Other Gains

	3 Months ended	
	31/03/2015	31/03/2014
	\$'000	\$'000
Profit Guarantee Received/Receivable from Vendors/Shareholders	-	291
Enhanced Special Employment Credit and Wage Credit Scheme	251	229
PIC Cash Payout	-	60
	251	580

1(a)(ii) Other Losses

	3 Months ended	
	31/03/2015	31/03/2014
	\$'000	\$'000
Foreign Exchange Translation Loss	11	88
Loss on Disposal of Plant and Equipment	6	1
Plant & Equipment Written Off	85	-
	102	89



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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	37,573	37,392	369	372
Investment in Subsidiaries	-	-	10,465	10,465
Investment in Associates	15	15	-	-
Intangible Assets	35,178	35,254	-	-
Other Receivables	467	483	130	130
Other Assets	778	663	276	313
Total Non-Current Assets	74,011	73,807	11,240	11,280
<u>Current Assets</u>				
Inventories	8,831	8,627	-	-
Trade and Other Receivables	17,808	16,309	65,329	61,440
Assets Held For Sale	3,439	3,439	-	-
Other Assets	4,098	2,802	2,206	1,185
Cash and Cash Equivalents	88,494	35,681	67,410	14,692
Total Current Assets	122,670	66,858	134,945	77,317
Total Assets	196,681	140,665	146,185	88,597
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	68,470	68,470	68,470	68,470
Retained Earnings	10,710	7,821	913	294
Other Reserves, Total	745	346	-	-
Equity Attributable to Owners of the Parent, Total	79,925	76,637	69,383	68,764
Non-Controlling Interests	9,758	8,412	-	-
Total Equity	89,683	85,049	69,383	68,764
<u>Non-Current Liabilities</u>				
Provisions	607	437	18	-
Deferred Tax Liabilities	869	823	-	-
Other Financial Liabilities	88,348	28,517	75,000	15,000
Total Non-Current Liabilities	89,824	29,777	75,018	15,000
<u>Current Liabilities</u>				
Income Tax Payable	1,358	989	5	5
Trade and Other Payables	14,917	21,031	1,779	1,828
Other Financial Liabilities	899	3,819	-	3,000
Total Current Liabilities	17,174	25,839	1,784	4,833
Total Liabilities	106,998	55,616	76,802	19,833
Total Equity and Liabilities	196,681	140,665	146,185	88,597



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 31/3/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	681	3,681
Amount repayable after one year	28,348	28,516

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

	<u>As at 31/03/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Medium Term Note</u>		
Amount repayable within one year	-	-
Amount repayable after one year	60,000	-

On 19 March 2015, the Company issued \$60 million 4.40 per cent. 3 year Medium Term Note ("MTN") pursuant to the \$200 million Multicurrency Medium Term Note Programme.

	<u>As at 31/03/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	8	13
Amount repayable after one year	-	1

The finance leases are secured on the plant and equipment under finance leases.

	<u>As at 31/3/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Bills Payable</u>		
Amount repayable within one year	210	125
Amount repayable after one year	-	-

The bills payable of the subsidiary are secured or covered by corporate guarantee, joint and severally guaranteed by certain directors, negative pledge and fixed deposit of the subsidiary.



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	
	31/3/2015	31/3/2014
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	4,502	1,648
Adjustments For:		
Interest Income	(19)	(17)
Interest Expense	247	90
Depreciation of Property, Plant and Equipment and Amortisation Expenses	922	531
Loss on Disposal of Plant and Equipment	6	1
Foreign Currency Translation Reserve	840	(33)
Plant & Equipment Written Off	85	-
Provisions	170	12
Share of Loss from Associates	-	8
Share Option Expense	-	2
Operating Cash Flows Before Changes in Working Capital	6,753	2,242
Inventories	(204)	69
Trade and Other Receivables	(1,458)	(1,965)
Other Assets	(1,432)	(5)
Trade and Other Payables	(4,758)	(1,564)
Net Cash Flows (Used in) Operations Before Interest and Tax	(1,099)	(1,223)
Income Taxes Paid	(239)	(201)
Net Cash Flows (Used in) Operating Activities	(1,338)	(1,424)
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Plant and Equipment	(1,218)	(491)
Sale Proceeds from Disposal of Plant and Equipment	46	2
Trade and Other Receivables	(41)	165
Purchase Consideration for Acquisition of Subsidiary	(1,356)	-
Deposit for Proposed Acquisition in PRC	-	(6,288)
Deposit for Proposed Acquisition of Property	-	(1,192)
Other Assets	21	(79)
Other Receivables, Non-Current	16	(157)
Interest Received	19	17
Net Cash Flows Used in Investing Activities	(2,513)	(8,023)
<u>Cash Flows From/(Used in) Financing Activities</u>		
Finance Lease Repayments	(6)	(8)
Bills Payable	85	-
Proceeds from Medium Term Note	60,000	-
Repayment of Bank Loans	(3,168)	(71)
Interest Paid	(247)	(90)
Net Cash Flows From/(Used in) Financing Activities	56,664	(169)
Net Increase/(Decrease) in Cash and Cash Equivalents	52,813	(9,616)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the period	35,681	28,749
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the period	88,494	19,133
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	88,494	19,133
Cash and Cash Equivalents at End of Period	88,494	19,133



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 2015	85,049	76,637	68,470	7,821	346	8,412
Movements in Equity:						
Total Comprehensive Income for the period	4,634	3,288	-	2,889	399	1,346
Closing Balance at 31 March 2015	89,683	79,925	68,470	10,710	745	9,758
Group - Previous 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



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	68,764	68,470	-	294
Movements in Equity:				
Total Comprehensive Income for the period	619	-	-	619
Closing Balance at 31 March 2014	69,383	68,470	-	913
Company - Previous 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



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

	Number of Shares '000	Share Capital \$'000
At 1 Jan 2015	<u>778,623</u>	<u>68,470</u>
At 31 Mar 2015	<u><u>778,623</u></u>	<u><u>68,470</u></u>

Employee Share Option

During the period ended 31 March 2015, no share options were issued or exercised. No share options outstanding as at 31 March 2015 (31 March 2014: 906,000).

Treasury Shares

The Company did not have any treasury shares as at 31 March 2015 and 31 March 2014.

Grant of Call Option

The call option remains outstanding as at 31 March 2015.

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 31/3/2015</u>	<u>As at 31/12/2014</u>
Total number of issued shares excluding treasury shares	<u><u>778,623,495</u></u>	<u><u>778,623,495</u></u>

1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been reviewed / audited by the Company's auditor.



3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as set out in Note 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements as at 31 December 2014.

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	
	31/3/2015	31/3/2014 (Restated)
(i) Basic earnings per share (cents)	0.43	0.22
(ii) On a fully diluted basis (cents)	0.42	0.22

The basic EPS for the period ended 31 March 2015 and 31 March 2014 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 667,854,441 shares and 693,485,859 shares restated for the impact of rights issue for 2014.

The diluted EPS for the period ended 31 March 2015 is based on the weighted average number of ordinary shares and shares of ordinary shares issuable upon assumed exercise of call option which would have a dilutive effect.



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>31/3/2015</u>	<u>31/12/2014</u>	<u>31/3/2015</u>	<u>31/12/2014</u>
Net asset value per ordinary share (cents)	10.3	9.8	8.9	8.8

The net asset value per ordinary share of the Group and the Company as at 31 March 2015 has been calculated based on the total issued number of ordinary shares of 778,623,495 (2014: 778,623,495).

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 2015 ("1Q15") increased 24% to \$22.1 million, from \$17.8 million for the previous corresponding quarter ("1Q14"). The increase of \$4.2 million was attributed mainly to higher revenue from existing and new dental outlets in Singapore as well as the acquisition of Aoxin in People's Republic of China ("PRC") in July 2014.

As at 31 March 2015, the Group has a total of 60 dental outlets, 1 mobile dental clinic, 3 medical outlets and 1 aesthetic centre in operations, compared to 56 dental outlets, 1 mobile dental clinic, 4 medical outlets, 1 aesthetic centre and 2 specialist medical clinics as at the end of 1Q14 in Singapore.

As at 31 March 2015, 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 as at the end of 1Q14 in PRC.

Revenue contribution from the dental equipment and supplies distribution business for 1Q15 increased 50% to \$2.5 million from \$1.7 million in 1Q14. The increase of \$0.8 million was mainly due to higher revenue from dental equipment and supplies distribution company in Malaysia.

Revenue contribution of \$4.4 million from the dental supplies manufacturing business for 1Q15 was due to the acquisition of Aidite, a dental supplies manufacturing company in PRC in August 2014. However, revenue only came in for the Group from August 2014.



Other Items of Income

Other gains in 1Q15 amounted to \$0.25 million compared to \$0.6 million in 1Q14. Other gains in 1Q15 was mainly due to the recognition of enhanced special employment credit.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in 1Q15 rose by 33% to \$1.7 million from \$1.3 million in 1Q14. The increase was mainly due to an increase in the number of patients, increase in the cost of purchases in Singapore and Malaysia, purchases related to the new dental 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 1Q15 were 7.7% compared to 7.1% in 1Q14.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased to \$1.6 million in 1Q15 compared to \$1.2 million in 1Q14 mainly due to the increase in revenue from the dental equipment and supplies distribution company in Malaysia.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 1Q15 was 64.6% compared to 69.7% in 1Q14.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business for 1Q15 was related to the acquisition of Aidite.

Employee Benefits Expense

Employee benefits expense in 1Q15 rose 17% to \$14 million, from \$12 million in 1Q14 was in line with the increase in revenue from existing and new dental outlets in Singapore, increase in headcount to support more dental outlets in Singapore as well as 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 1Q15 was 48.4% compared to 61.7% in 1Q14.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses in 1Q15 increased by 74% to \$0.9 million from \$0.5 million in 1Q14. The increase of \$0.4 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for existing and new dental outlets in Singapore and acquisition of Aoxin in July 2014.

As a percentage of revenue, depreciation expense in 1Q15 was 3.2% compared to 2.7% in 1Q14.

Rental Expense

Rental expense in 1Q15 increased by 18% to \$2.3 million from \$1.9 million in 1Q14. The increase of \$0.4 million was due mainly to an increase in the number of dental outlets in Singapore, acquisition of Aoxin in July 2014 and Aidite in August 2014.

As a percentage of revenue, rental expense in 1Q15 was 7.8% compared to 9.9% in 1Q14.

Other Expenses

Other expenses increased by 77% in 1Q15 to \$2.4 million from \$1.3 million in 1Q14. The increase was mainly due to the acquisition of Aoxin in July 2014 and Aidite in August 2014



which contributed approximately \$720k to the increase in 1Q15. Other expenses also increase due to the growth in Group's revenue from dental and distribution business.

As a percentage of revenue, other expenses in 1Q15 was 8.2% compared to 6.9% in 1Q14.

Finance Costs

Finance costs in 1Q15 increased to \$247k from \$90k in 1Q14. The increase was mainly due to accruals of interest for Medium Term Notes (MTN) and 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

The Group's profit before tax in 1Q15 rose 173% to \$4.5 million from \$1.6 million in 1Q14. The increase of \$2.9 million was partly due to contribution from Aoxin acquired in July 2014 and Aidite acquired in August 2014.

After deducting provision for income tax expense of \$605k, the Group's net profit in 1Q15 increased 155% to \$3.9 million from \$1.5 million in 1Q14.

Statement of Financial Position

As at 31 March 2015, the Group has cash and cash equivalents of \$88.5 million, MTN, bank borrowings and finance leases totalling \$89.2 million.

Current Assets

Cash and cash equivalents as at 31 March 2015 increased to \$88.5 million from \$35.7 million as at 31 December 2014. The net increase of \$52.8 million was mainly due to the issuance of the MTN on 19 March 2015.

Trade and other receivables increased to \$17.8 million as at 31 March 2015 from \$16.3 million as at 31 December 2014. The increase of \$1.5 million was due mainly to an increase in trade receivables arising from the increase in Aidite's revenue.

Other assets as at 31 March 2015 increased to \$4.1 million from \$2.8 million as at 31 December 2014. The net increase of \$1.3 million was mainly due to an increase in prepayments in legal and professional fees arising from the issuance of the MTN.

Non-Current Assets

The net book value of property, plant and equipment as at 31 March 2015 increased to \$37.6 million from \$37.4 million as at 31 December 2014. The increase of \$0.2 million was mainly due to the purchase of plant and equipment by Aidite and Aoxin in PRC.

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 in the process of 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.

Current Liabilities

Trade and other payables as at 31 March 2015 decreased to \$14.9 million from \$21 million as at 31 December 2014. The decrease of \$6.1 million was mainly due to payment of expenses such as fees payable to dentists and doctors and staff bonuses which were accrued as at 31 December 2014 as well as the further payment of the outstanding purchase consideration for Aoxin's acquisition.



At the end of 31 March 2015, the Group non-current portion of other financial liabilities increased to \$88.3 million from \$28.5 million due mainly to issuance of the MTN on 19 March 2015.

Statement of Cash Flows

Despite profit before tax of \$4.5 million, net cash used in operating activities was \$1.3 million in 1Q15. This was mainly attributable to increase in trade and other receivables and decrease in trade and other payables, for reasons given above.

Net cash used in investing activities in 1Q15 amounted to \$2.5 million, mainly due to the purchase of plant and equipment by Aoxin and Aidite and further payment of the outstanding purchase consideration for Aoxin's acquisition.

Net cash from financing activities in 1Q15 was \$56.7 million, which arose mainly due to proceeds from the MTN.

Consequent to the above factors, the Group's cash and cash equivalents was \$88.5 million as at 31 March 2015.

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.

- Termination of Memorandum of Understanding

On 1 March 2015, the Group announced the termination of non-binding memorandum of understanding entered with Mr. Zhang Haiquan in respect of the proposed acquisition of a 60% stake in Nanjing Sucoronal Dentistry Technique Center located in Nanjing, China.

- Issue of \$60 million 4.4 Per Cent. 3 year Medium Term Note Due 2018 pursuant to the \$200 million Multicurrency Medium Term Note Programme

On 19 March 2015, the Group announced the issuance of a \$60 million 4.4 per cent. 3 year MTN due 19 March 2018 pursuant to the \$200 million multicurrency medium note programme.

- Proposed Spin-Off and Listing of the Group's Manufacturing Business in the PRC

On 24 April 2015, the Group announced that it is exploring a possible spin-off of its subsidiary, Q & M Aidite International Pte. Ltd., via a listing on a reputable stock exchange.



- Proposed Acquisition of TP Dental Surgeons Pte. Ltd.

On 28 April 2015, the Group announced the proposed acquisition of TP Dental Surgeons Pte. Ltd. for a total consideration of \$28.6 million from the five major shareholders, Dr Tng Thiam Huat, Dr Phua Tin Cock, Dr Ngan Kee Leong, Dr Hwang Yee Cheau and Dr Chin Yee Fatt. The purchase consideration to be paid in \$18 million in cash to the 5 major shareholders and \$10.6 million worth of the Company's shares at an issue price of S\$0.70668, being 90% of the weighted average price for trade done on the shares of the Company on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 24 April 2015, to Dr Hwang Yee Cheau.

- Proposed Spin-Off and Listing of the Group's Dental Healthcare Business in the PRC and Malaysia

On 5 May 2015, the Group announced that it is exploring a possible spin-off of its subsidiaries, Q & M Dental Holdings (China) Pte. Ltd. and Q & M Dental Group (Malaysia) Sdn. Bhd., via a listing on a reputable stock exchange.

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. Malaysia remains one of the key markets where the Group will look for growth and acquisition opportunities.

- 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 dental 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?

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.

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 2015 to be false or misleading in any material aspect.

15. Use of proceeds

Of the \$13 million raised from the rights issue on 10 December 2014 we have used \$8.8 million for the acquisition of Aoxin and Aidite, as well as \$1.56 million for general working capital purposes.

BY ORDER OF THE BOARD

Dr Ng Chin Siau
Group Chief Executive Officer
12 May 2015