



**Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2015
("2Q15")**

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTER (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Note	Group					
		Second Quarter			Year-To-Date		
		Q2 2015 \$'000	Q2 2014 \$'000	Change %	30/6/2015 \$'000	30/6/2014 \$'000	Change %
Revenue							
Dental and Medical Clinics		22,525	18,388	22	44,576	36,229	23
Dental Equipment & Supplies Distribution		2,159	1,870	15	4,674	3,542	32
Dental Supplies Manufacturing		5,837	-	NM	10,272	-	NM
Other Items of Income							
Interest Income		137	7	NM	156	24	550
Other Gains	1(a)(i)	2,066	179	NM	2,300	759	203
Other Items of Expense							
Consumables and Supplies Used in Dental & Medical Clinics		(1,760)	(1,376)	28	(3,460)	(2,651)	31
Cost of Sales - Dental Equipment & Supplies		(1,529)	(1,292)	18	(3,153)	(2,457)	28
Cost of Dental Supplies Manufacturing		(2,152)	-	NM	(3,637)	-	NM
Employee Benefits Expense		(14,839)	(12,463)	19	(28,881)	(24,505)	18
Depreciation and Amortisation Expense		(888)	(561)	58	(1,810)	(1,092)	66
Rental Expense		(2,243)	(2,008)	12	(4,519)	(3,933)	15
Other Expenses		(2,762)	(1,362)	103	(5,133)	(2,699)	90
Other Losses	1(a)(ii)	(15)	(19)	(21)	(100)	(108)	(7)
Finance Costs		(833)	(69)	NM	(1,080)	(159)	579
Share of Profit from Equity-Accounted Associates		-	40	NM	-	32	NM
Profit Before Tax from Continuing Operations		5,703	1,334	328	10,205	2,982	242
Income Tax Expense		(794)	(64)	1,141	(1,399)	(183)	664
Profit From Continuing Operations, Net of Tax		4,909	1,270	287	8,806	2,799	215
Other Comprehensive (Loss)/Income:							
Exchange Differences on Translating Foreign Operations, Net of Tax		(589)	(122)	383	148	(136)	NM
Other Comprehensive (Loss)/Income for the Period, Net of Tax		(589)	(122)	383	148	(136)	NM
Total Comprehensive Income for the Period		4,320	1,148	276	8,954	2,663	236
Profit attributable to:							
Owners of the Parent, Net of Tax		3,687	1,181	212	6,576	2,722	142
Non-Controlling Interests, Net of Tax		1,222	89	NM	2,230	77	NM
Profit Net of Tax		4,909	1,270	287	8,806	2,799	215
Total Comprehensive Income attributable to:							
Owners of the Parent		3,190	1,059	201	6,478	2,586	151
Non-Controlling Interests		1,130	89	NM	2,476	77	NM
Total Comprehensive Income		4,320	1,148	276	8,954	2,663	236

NM: Not Meaningful



Notes:

1(a)(i) Other Gains

	Group			
	Second Quarter		Year-To-Date	
	Q2 2015	Q2 2014	30/6/2015	30/6/2014
	\$'000	\$'000	\$'000	\$'000
Gain on Disposal of Property, Plant and Equipment	1,788	21	1,782	21
Foreign Exchange Translation Gain	76		65	
Profit Guarantee Received/Receivable from Vendors/Shareholders	128	19	128	310
PIC Cash Payout	-	-	-	60
Gain on Disposal of Subsidiary	-	125	-	125
Enhanced Special Employment Credit	74	14	325	243
	2,066	179	2,300	759

1(a)(ii) Other Losses

	Group			
	Second Quarter		Year-To-Date	
	Q2 2015	Q2 2014	30/6/2015	30/6/2014
	\$'000	\$'000	\$'000	\$'000
Plant & Equipment Written Off	15	9	100	10
Foreign Exchange Translation Loss	-	10	-	98
	15	19	100	108



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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	25,362	37,392	360	372
Investment in Subsidiaries	-	-	10,465	10,465
Investment in Associates	15	15	-	-
Intangible Assets	38,912	35,254	-	-
Other Receivables	261	483	130	130
Other Assets	694	663	218	313
Total Non-Current Assets	65,244	73,807	11,173	11,280
<u>Current Assets</u>				
Inventories	9,286	8,627	-	-
Trade and Other Receivables	35,318	16,309	77,644	61,440
Assets Held For Sale	3,439	3,439	-	-
Other Assets	4,253	2,802	1,873	1,185
Cash and Cash Equivalents	86,778	35,681	57,662	14,692
Total Current Assets	139,074	66,858	137,179	77,317
Total Assets	204,318	140,665	148,352	88,597
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	68,440	68,470	68,440	68,470
Retained Earnings	11,906	7,821	385	294
Other Reserves, Total	248	346	-	-
Equity Attributable to Owners of the Parent, Total	80,594	76,637	68,825	68,764
Non-Controlling Interests	14,558	8,412	-	-
Total Equity	95,152	85,049	68,825	68,764
<u>Non-Current Liabilities</u>				
Provisions	607	437	18	-
Deferred Tax Liabilities	863	823	-	-
Other Financial Liabilities	77,533	28,517	75,000	15,000
Total Non-Current Liabilities	79,003	29,777	75,018	15,000
<u>Current Liabilities</u>				
Income Tax Payable	1,509	989	7	5
Trade and Other Payables	17,320	21,031	4,502	1,828
Other Financial Liabilities	11,334	3,819	-	3,000
Total Current Liabilities	30,163	25,839	4,509	4,833
Total Liabilities	109,166	55,616	79,527	19,833
Total Equity and Liabilities	204,318	140,665	148,352	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 30/6/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Bank Loan</u>		
Amount repayable within one year	11,329	3,681
Amount repayable after one year	17,533	28,516

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

	<u>At 30/6/2015</u>	<u>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>At 30/6/2015</u>	<u>At 31/12/2014</u>
	\$'000	\$'000
<u>Finance Leases</u>		
Amount repayable within one year	5	13
Amount repayable after one year	-	1

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

	<u>As at 30/6/2015</u>	<u>As at 31/12/2014</u>
	\$'000	\$'000
<u>Bills Payable</u>		
Amount repayable within one year	-	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.

	Q2 2015	Q2 2014
	\$'000	\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	5,703	1,334
Adjustments for:		
Interest Income	(137)	(7)
Interest Expense	833	69
Gain on Disposal of Property, Plant and Equipment	(1,788)	(21)
Gain on Disposal of Subsidiary	-	(125)
Plant and Equipment Written Off	15	9
Depreciation of Property, Plant and Equipment and Amortisation Expense	888	561
Foreign Currency Translation Reserve	(967)	24
Share of Profit of Associates	-	(40)
Operating Cash Flows Before Changes in Working Capital	4,547	1,804
Inventories	(456)	(650)
Trade and Other Receivables	(1,711)	57
Other Assets	255	(167)
Trade and Other Payables	1,367	304
Net Cash Flows From Operating Activities Before Interest and Tax	4,002	1,348
Income Taxes Paid	(648)	(154)
Net Cash Flows From Operating Activities	3,354	1,194
<u>Cash Flows Used in Investing Activities</u>		
Purchase of Property, Plant and Equipment	(1,416)	(12,360)
Acquisition of Subsidiary (Net of Cash Acquired)	-	(159)
Sale Proceeds from Disposal of Property, Plant and Equipment	14,826	119
Sale Proceeds from Disposal of Subsidiary	-	146
Deposit for Proposed Acquisition in PRC	-	(1,588)
Other Assets	(325)	170
Net Receivables arising from Sale of Property	(14,800)	-
Trade and Other Receivables	36	(23)
Other Receivables, Non-Current	206	23
Interest Received	137	7
Contribution by Non-Controlling Interest	-	8
Net Cash Flows Used In Investing Activities	(1,336)	(13,657)
<u>Cash Flows From Financing Activities</u>		
Finance Lease Repayment	(3)	(6)
Repayment of Bank Loans	(377)	(47)
Rights Issue Expense	(30)	-
Interest Paid	(833)	(30)
Dividends Paid to Equity Owners	(2,491)	(3,996)
Proceeds from Bank Loan	-	11,700
Net Cash Flows (Used In)/From Financing Activities	(3,734)	7,621
Net (Decrease) in Cash and Cash Equivalents	(1,716)	(4,842)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance of the Period	88,494	19,133
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance of the Period	86,778	14,291
Cash and Cash Equivalents at End of Period includes the following:		
Cash and Bank Balances	86,778	14,291
Cash and Cash Equivalents at End of Period	86,778	14,291



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 April 2015	89,683	79,925	68,470	10,710	745	9,758
Movements in Equity:						
Total Comprehensive Income for the period	4,320	3,190	-	3,687	(497)	1,130
Acquisition of a Non-Controlling Interest without a Change of Control	3,670	-	-	-	-	3,670
Dividends Paid	(2,491)	(2,491)	-	(2,491)	-	-
Rights Issue Expenses	(30)	(30)	(30)	-	-	-
Closing Balance at 30 June 2015	95,152	80,594	68,440	11,906	248	14,558
Group - Previous period						
Opening Balance at 1 April 2014	48,231	47,620	39,722	7,367	531	611
Movements in Equity:						
Total Comprehensive Income for the period	1,148	1,059	-	1,181	(122)	89
Dividends Paid	(3,996)	(3,996)	-	(3,996)	-	-
Contribution by Non-Controlling Interests	23	-	-	-	-	23
Closing Balance at 30 June 2014	45,406	44,683	39,722	4,552	409	723



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 April 2015	69,383	68,470	-	913
Movements in Equity:				
Total Comprehensive Income for the period	1,963	-	-	1,963
Rights Issue Expenses	(30)	(30)	-	-
Dividends Paid	(2,491)	-	-	(2,491)
Closing Balance at 30 June 2015	68,825	68,440	-	385
Company - Previous period				
Opening Balance at 1 April 2014	40,320	39,722	405	193
Movements in Equity:				
Total Comprehensive Income for the period	3,976	-	-	3,976
Dividends Paid	(3,996)	-	-	(3,996)
Closing Balance at 30 June 2014	40,300	39,722	405	173



1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares

	<u>Number of Shares</u> '000	<u>Share Capital</u> \$'000
At 1 Jan 2015	<u>778,623</u>	<u>68,470</u>
At 30 Jun 2015	<u><u>778,623</u></u>	<u><u>68,440</u></u>

Employee Share Option

During the period ended 30 June 2015, no share options were issued or exercised. No share options outstanding as at 30 June 2015 (30 June 2014: 604,000).

Treasury Shares

The Company did not have any treasury shares as at 30 June 2015 and 30 June 2014.

Grant of Call Option

The call option remains outstanding as at 30 June 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.

	As at 30/6/2015	As at 31/12/2014
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 :-	Second Quarter		Year-To-Date	
	Q2 2015	Q2 2014 (Restated)	30/6/2015	30/6/2014 (Restated)
(i) Basic earnings per share (cents)	0.52	0.17	0.92	0.39
(ii) On a fully diluted basis (cents)	0.50	0.17	0.89	0.39

The basic EPS for the period ended 30 June 2015 and 30 June 2014 are based on the profit attributable to equity holders of parent, net of tax and the weighted average number of ordinary shares of 711,028,457 shares and 693,485,859 shares restated for the impact of rights issue for 2014.

The diluted EPS for the period ended 30 June 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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Net asset value per ordinary share (cents)	10.4	9.8	8.8	8.8

The net asset value per ordinary share of the Group and the Company as at 30 June 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 three months ended 30 June 2015 ("2Q15") increased 22% to \$22.5 million, from \$18.4 million in the previous corresponding quarter ("2Q14"). The increase of \$4.1 million was attributed 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 30 June 2015, the Group has a total of 61 dental outlets, 1 mobile dental clinic, 3 medical outlets and 1 aesthetic centre in operations, compared to 56 dental outlets, 1 mobile dental clinic, 3 medical outlets, 1 aesthetic centre and 2 specialist medical clinics as at the end of 2Q14 in Singapore.

As at 30 June 2015, the Group has a total of 8 dental outlets in Malaysia and 3 dental hospitals and 4 dental outlets in PRC compared to 9 dental outlets in Malaysia and 9 dental outlets as at the end of 2Q14 in PRC.

Revenue contribution from the dental equipment and supplies distribution business for 2Q15 increased to \$2.2 million from \$1.9 million in 2Q14. The increase of \$0.3 million was mainly due to higher revenue from dental equipment and supplies distribution company in Singapore.

Revenue contribution of \$5.8 million from the dental supplies manufacturing business for 2Q15 was due to the acquisition of Aidite, a dental supplies manufacturing company in PRC in August 2014 and revenue contribution to the Group only commenced in August 2014.

For the first six months ended 30 June 2015 ("1H15"), revenue from dental and medical outlets increased by 23% to \$44.6 million, compared to \$36.2 million in the previous corresponding period ("1H14"). The increase was attributed mainly to an expansion in the



network of new dental outlets in Singapore, an increase in revenue from existing dental clinics in Singapore and the acquisition of Aoxin in July 2014.

For the first six months ended 30 June 2015 ("1H15") revenue from the dental equipment and supplies distribution business increased to \$4.7 million from \$3.5 million in the corresponding period ("1H14"). The increase of \$1.2 million was mainly due to higher revenue from dental equipment and supplies distribution company in Singapore.

For the first six months ended 30 June 2015 ("1H15") revenue from the dental supplies manufacturing was \$10.3 million. This was due mainly to the acquisition of Aidite in August 2014.

Other Items of Income

Other gains in 2Q15 amounted to \$2.1 million compared to \$179k in 2Q14. Other gains in 2Q15 was mainly due to completion and the recognition of gain on sale of the property at Block 130 Jurong Gateway Road, #01-213, #01-215 and #01-217, Singapore 600130.

For 1H15, the increase in other gains was due to the same reason given above.

Other Items of Expense

Consumables and Supplies Used in Dental & Medical Clinics

Consumables and supplies used in 2Q15 rose 28% to \$1.8 million from \$1.4 million in 2Q14. The increase was in line with the increase in revenue from the dental outlets, increase in the cost of purchases in Singapore and the acquisition of Aoxin in July 2014.

As a percentage of revenue from the dental and medical outlets, consumables and supplies used in the dental and medical outlets in 2Q15 was 7.8% compared to 7.5% in 2Q14.

Comparing 1H15 with 1H14, consumables and supplies used increased by \$0.8 million or 31%, for the same reasons given above.

Cost of Sales Dental Equipment and Supplies

The cost of sales from dental equipment and supplies distribution business increased to \$1.5 million in 2Q15 compared to \$1.3 million in 2Q14. This was mainly due to the increase in revenue from the dental equipment and supplies distribution company in Singapore.

As a percentage of revenue from dental equipment and supplies distribution, cost of sales used in the dental equipment and supplies distribution in 2Q15 was 70.8% compared to 69.1% in 2Q14.

Comparing 1H15 with 1H14, cost of sales from dental equipment and supplies distribution business increased by \$696k, for the same reason given above.

Cost of Dental Supplies Manufacturing

Cost of sales from the dental supplies manufacturing business for 2Q15 was related to the acquisition of Aidite in August 2014.

Employee Benefits Expense

Employee benefits expense in 2Q15 rose 19% to \$14.8 million, from \$12.5 million in 2Q14, which was in line with the increase in revenue from existing and new dental outlets in Singapore, salary revision and an increase in headcount to support more dental outlets in Singapore as well as increase in headcount from the acquisition of Aoxin in July 2014 and Aidite in August 2014.

As a percentage of revenue, employee benefits expense in 2Q15 was 48.6% compared to 61.5% in 2Q14.



Comparing 1H15 with 1H14, employee benefit expense increased by \$4.4 million or 18%, for the same reasons given above.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses in 2Q15 increased 58% to \$0.89 million from \$0.56 million in 2Q14. The increase of \$0.33 million was due mainly to purchase of dental equipment, furniture, fixtures and fittings for new and existing dental outlets in Singapore and acquisition of Aoxin in July 2014.

As a percentage of revenue, depreciation and amortisation expenses in 2Q15 were 2.9% compared to 2.8% in 2Q14.

Comparing 1H15 with 1H14, depreciation and amortisation expenses increased by \$0.72 million or 66%, for the same reason given above.

Rental Expense

Rental expense in 2Q15 increased 12% to \$2.2 million from \$2 million in 2Q14. The increase of \$0.2 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 2Q15 was 7.3% compared to 9.9% in 2Q14.

Comparing 1H15 with 1H14, rental expense increased by \$0.59 million or 15%, for the same reason given above.

Other Expenses

Other expenses in 2Q15 increased 103% to \$2.8 million from \$1.4 million in 2Q14. The increase was mainly due to the acquisition of Aoxin in July 2014 and Aidite in August 2014 which contributed approximately \$831k to the increase in 2Q15. Other expenses also increased due to the growth in Group's revenue from dental business and legal and professional fee expenses related to the Medium Term Note ("MTN") programme and termination of International Finance Corporation ("IFC") term loan amounting to \$126k.

As a percentage of revenue, other expenses in 2Q15 was 9% compared to 6.7% in 2Q14.

Comparing 1H15 with 1H14, other expenses increased by \$2.4 million or 90%, for the same reasons given above.

Finance Costs

Finance costs in 2Q15 amounted to \$833k compared to \$69k in 2Q14. The increase was mainly due to the accruals of interest payable for Medium Term Notes (MTN).

Profit Before Tax and Net Profit

The Group's profit before tax in 2Q15 rose 328% to \$5.7 million from \$1.3 million in 2Q14. The increase of \$4.4 million was mainly due to profit contribution from Aoxin acquired in July 2014 and Aidite acquired in August 2014.

After deducting provision for income tax expense of \$794k, the Group's net profit in 2Q15 rose 287% to \$4.9 million from \$1.3 million in 2Q14.

For 1H15, net profit after tax was \$8.8 million, compared with \$2.8 million for 1H14.

Statement of Financial Position

As at 30 June 2015, the Group has cash and cash equivalents of \$86.8 million and MTN, bank borrowings and finance leases totalling \$88.9 million.



Current Assets

Cash and cash equivalents as at 30 June 2015 increased to \$86.8 million from \$35.7 million as at 31 December 2014. The net increase of \$51.1 million was mainly due to the issuance of the MTN on 19 March 2015.

Trade and other receivables increased to \$35.3 million as at 30 June 2015 from \$16.3 million as at 31 December 2014. The increase of \$19 million was mainly due to an increase in trade receivables from Aidite and amount owing from the sale of Jurong Gateway property.

Other assets as at 30 June 2015 increased to \$4.3 million from \$2.8 million as at 31 December 2014. The net increase of \$1.5 million was mainly due to an increase in prepayment in legal and professional fee arising from the issuance of the MTN.

Inventories increased to \$9.3 million as at 30 June 2015 from \$8.6 million as at 31 December 2014. The increase of \$0.7 million was due mainly to increase in inventories from Aidite in PRC.

Non-Current Assets

The net book value of property, plant and equipment as at 30 June 2015 decreased to \$25.4 million from \$37.4 million as at 31 December 2014. The decrease of \$12 million was mainly due to the sale of Jurong Gateway property.

Intangible assets as at 30 June 2015 increased to \$38.9 million from \$35.3 million as at 31 December 2014. The increase of \$3.6 million was mainly due to the goodwill arising from acquisition of Aidite.

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..

Current Liabilities

Trade and other payables as at 30 June 2015 decreased to \$17.3 million from \$21 million as at 31 December 2014. The decrease of \$3.7 million was mainly due to payment of expenses such as fee payable to dentists and staff bonuses which were accrued as at 31 December 2014 as well as further payment of the outstanding purchase consideration for Aoxin's acquisition.

Other financial liabilities as at 30 June 2015 increased to \$11.3 million from \$3.8 million as at 31 December 2014. The increase of \$7.5 million was mainly due to reclassification of the bank loan arising from the sale of Jurong Gateway property.

Non-Current Liabilities

At the end of 30 June 2015, the Group non-current portion of other financial liabilities increased to \$77.5 million from \$28.5 million due mainly to issuance of the MTN on 19 March 2015.

Statement of Cash Flows

The Group generated net cash flow of \$3.4 million from operating activities in 2Q15. This was derived from the profit generated in 2Q15, and after deducting the increase in trade and other receivables from Aidite.



Net cash used in investing activities in 2Q15 amounted to \$1.4 million, mainly due to the purchase of plant and equipment for Aidite and for existing and new dental outlets in Singapore.

Net cash used in financing activities in 2Q15 was \$3.7 million, which arose mainly from dividend payment of \$2.5 million with respect to FY2014.

Consequent to the above factors, the Group's cash and cash equivalents was \$86.8 million as at 30 June 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.

Recent Developments

• Proposed Acquisition of Aesthetics Dental Surgery

On 12 May 2015, the Group announced the proposed acquisition of 100% of the shareholding in Aesthetics Dental Surgery Pte. Ltd., Dr Tan Hwee Hiang Pte. Ltd. and Teh Prostho & Implant Centre Pte. Ltd. for a total consideration of \$4 million. The purchase consideration to be paid was \$2 million in cash to Dr Tan Hwee Hiang, Dr Teh Kiat Seong, Mr Tan Tiang Fo Gerard and Madam Chua Boon Keow and \$2 million worth of the Company's shares at an issue price of \$0.711, 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 8 May 2015, to Dr Tan Hwee Hiang and Dr Teh Kiat Seong.

• Proposed Acquisition of Tiong Bahru Dental Clinic and Bright Smile Dental Clinic

On 12 May 2015, the Group announced the proposed acquisition of 100% of the shareholding in Tiong Bahru Dental Surgery Pte. Ltd. and Bright Smile Dental Surgery Pte. Ltd. for a total consideration of \$3.8 million. The purchase consideration to be paid was \$2.6 million in cash to Dr Chong Tuck Fung and Dr Mok Tong Bee and \$1.2 million worth of the Company's shares at an issue price of \$0.711, 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 8 May 2015, to Dr Chong Tuck Fung.

• Proposed Acquisition of Orchard Scotts Dental Clinic and De Pacific Dental Group

On 12 May 2015, the Group announced the proposed acquisition of 100% of the shareholding in Orchard Scotts Dental Pte. Ltd., De Pacific Dental Management Services Pte. Ltd., De Pacific Dental Group (AMK) Pte. Ltd., De Pacific Dental Group (Balestier) Pte. Ltd., De Pacific Dental Group (Jurong West) Pte. Ltd. and De Pacific Dental Group (Pasir Ris) Pte. Ltd. for a total consideration of \$12.5 million. The



purchase consideration to be paid in \$6.25 million in cash to Dr Yap Yi Roon and Dr Lim Eng Yong and \$6.25 million worth of the Company's shares at an issue price of \$0.711, 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 8 May 2015, to Dr Yap Yi Roon and Dr Lim Eng Yong.

- Memorandum of Understanding ("MOU") for Panjin City Dental Clinics and Gaizhou City Dental Clinic located in Liaoning Province, People's Republic of China ("PRC")

On 3 June 2015, the Group has entered into two separate non-binding MOUs to acquire 60% of the shareholding in 2 dental clinics located in Panjin City from Dr Ren Hong and a dental clinic located in Gaizhou City from Dr Li Zhuo for a total consideration of RMB12.156 million.

- Letter of Intent with Liaoning Medical University

On 3 June 2015, the Group has entered into a non-binding letter of intent with Liaoning Medical University ("LMU") and the affiliated LMU Stomatology Hospital No. 2 ("LMU Hospital") on a joint collaboration whereby LMU will allow the Group to corporatize and privately run the LMU Hospital and the entire Stomatology arm of the medical faculty.

- Proposed Acquisition of Smilebay Dental Clinics located in Penang, Malaysia

On 22 June 2015, the Group announced the proposed acquisition of 60% of the shareholding in Yong Dental Sdn. Bhd., Smilebay Dental Sdn. Bhd. and Smilebay (BW) Sdn. Bhd. for a total consideration of RM12.29 million. The purchase consideration to be paid was RM6.774 million in cash to Dr Yong Peng San, Mr Tong Hiew Yu, Dr Tan Pui Ling and Dr Lim Sze Ming and RM4.516 million worth of the Company's shares at an issue price of 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 19 June 2015, or \$0.72 per share, whichever is higher, to Dr Yong Peng San.

- Memorandum of Understanding ("MOU") for Panjin Jinsai Dental Clinic located in Panjin City, Liaoning Province, People's Republic of China ("PRC")

On 5 July 2015, the Group has entered into a non-binding MOU to acquire 60% of the shareholding in a dental clinic located in Panjin City from Dr Zhang Chun for a total consideration of RMB5.976 million.

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 future growth of its operations in Singapore. With 61 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 further growth and acquisition opportunities.



- Expansion into private dental healthcare market in the People's Republic of China ("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 continuously 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)	0.42 cents per ordinary share
Tax Rate	One Tier Tax Exempt

(b) Corresponding Period of the immediately Preceding Financial Year

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

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

(c) The date the dividend is payable.

The dividend will be paid on 4 September 2015.

(d) Book closure date

Notice is hereby given that Share Transfer Books and Register of Members of the Company will be closed on 25 August 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 division of Tricor Singapore Pte Ltd), 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 24 August 2015 will be registered to determine members' entitlements to the interim dividend. Members (being depositors) whose securities account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 24 August 2015 will be entitled to the payment of the interim dividend.

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

Not applicable.



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

- 13. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from shareholders for IPTs.

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of the Group and the Company for the period ended 30 June 2015 to be false or misleading in any material aspect.

- 15. Use of proceeds**

The Company has fully utilised the \$13 million raised from the rights issue on 10 December 2014. We have used \$11.44 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 August 2015