HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

MATERIAL DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the "Board") of Healthway Medical Corporation Limited (the "Company") and together with its subsidiaries (the "Group") refers to the Group's unaudited full year results announcement for the financial year ended 31 December 2015 ("FY2015") released on 23 February 2016 (Announcement Reference. SG160223OTHRPOQ1) (the "Unaudited Full Year Results").

Pursuant to Rule 704(5) of the Listing Manual (Rules of Catalist) of the Singapore Exchange Securities Trading Limited, the Board wishes to highlight that there were certain material differences between the audited financial statements of the Group and the Unaudited Full Year Results in respect of FY2015 following the finalisation of the audit. Details and clarifications of the differences are set out as follows.

STATEMENT OF CASH FLOWS

	Unaudited S$'000	Audited S$'000	Differences S$'000	Note
Cash flows from operating activities				
Profit before income tax	2,696	2,696	-	
Adjustments for:				
Amortisation of intangible assets	295	295	-	
Gain on disposal of available-for-sale financial assets	(727)	(727)	-	
Depreciation of property, plant and equipment	1,340	1,340	-	
Allowance for doubtful trade and other receivables	4,812	4,812	-	
Loss on disposal of property, plant and equipment	-	80	80	1
Property plant and equipment written off	80	-	(80)	1
Unrealised currency translation (gains)/losses	(262)	(262)	-	
Interest expense	1,078	1,078	-	
Interest income	(1,806)	(1,806)	-	
	7,506	7,506	-	
Changes in working capital:				
Inventories	103	103	-	
Trade and other receivables	(6,956)	424	7,380	2
Trade and other payables	3,524	3,095	(429)	3
Provisions	-	(9)	(9)	#
Cash generated from operations	4,177	11,119	6,942	
Income tax paid	(304)	(304)	-	
Net cash provided by operating activities	**3,873**	**10,815**	**6,942**	
Cash flows from investing activities				
Additions to property, plant and equipment	(1,300)	(658)	642	3
Proceeds on disposal of property, plant and equipment	44	44	-	
Loans to party A and B	(4,962)	(4,961)	1	#
Proceeds from sale of available-for-sale financial assets	763	765	2	#
Advances to party A and B - net	-	(5,790)	(5,790)	2 , 3
Interest received	1,806	11	(1,795)	2
Net cash used in investing activities	**(3,649)**	**(10,589)**	**(6,940)**	
Cash flows from financing activities				
Proceeds from borrowings	27,131	27,131	-	
Repayment of borrowings	(25,650)	(25,650)	-	
Fixed deposits pledged	282	282	-	
Repayment of finance lease liabilities	(900)	(902)	(2)	#
Interest paid	(1,078)	(1,078)	-	
Net cash used in financing activities	**(215)**	**(217)**	**(2)**	
Net increase in cash and cash equivalents	9	9	-	
Beginning of financial year	1,037	1,037	-	
Effect of currency translation on cash and cash equivalents	-	-	-	
End of financial year	**1,046**	**1,046**	**-**	

\# *Not material*

Explanatory notes:

(1) The difference is due to re-classification of accounts within the same category.

(2) The increase in “Trade and other receivables” under changes in working capital is due to the following:

(i) Re-classification of advances to party A and B amounting to S$5.6 million from cash flows from operating activities to “Advances to party A and B - net" under cash flows from investing activities.

(ii) Re-classification of interest receivable from party A amounting to S$1.8 million from “Interest received” under cash flows from investing activities to cash flows from operating activities.

(3) The net decrease in “Trade and other payables” under changes in working capital is due to the following:

(i) Re-classification of property, plant and equipment acquired under finance leases amounting to S$0.6 million from “Additions to property, plant and equipment” under cash flows from investing activities to cash flows from operating activities.

(ii) Re-classification of repayments to party A amounting to S$0.2 million from cash flows from operating activities to “Advances to party A and B – net” under cash flows from investing activities.

BY ORDER OF THE BOARD

Mr Wong Yee Kong Andrew
President
9 April 2016

This announcement has been prepared by Healthway Medical Corporation Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.