



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

International Healthway Corporation Limited (the "**Company**") was listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 8 July 2013. The initial public offering (the "**IPO**") of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with 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 049418, telephone (65) 6229 8088.

BACKGROUND OF THE COMPANY

The Company was incorporated in the Republic of Singapore on 18 February 2013 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Group (the "**Company and its subsidiaries**") was formed pursuant to a restructuring exercise (the "**Restructuring Exercise**") prior to the IPO and listing on the Catalist of the SGX-ST (the "**Catalist**"). Please refer to the Company's offer document dated 1 July 2013 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 8 July 2013. For the purpose of this announcement, the comparative results of the Group for the financial year ended 31 December 2013 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

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Unaudited Full Year Financial Statements And Related Announcement for the Financial Year Ended 31 December 2014

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	8,622	9,155	(5.8)	35,438	31,315	13.2
Cost of sales	(4,281)	(4,634)	(7.6)	(17,011)	(16,381)	3.8
Gross profit	4,341	4,521	(4.0)	18,427	14,934	23.4
Fair value gain on investment properties and investment properties under development	48,882	1,514	>100.0	48,882	53,530	(8.7)
Other operating (loss)/income	(2,036)	2,101	>100.0	8,544	4,221	>100.0
Administrative expenses	(3,213)	(3,083)	4.2	(10,634)	(12,994)	(18.2)
Finance expenses	(7,870)	(2,702)	>100.0	(19,010)	(8,250)	>100.0
Profit before tax	40,104	2,351	>100.0	46,209	51,441	(10.2)
Income tax expense	(8,632)	(109)	>100.0	(8,793)	(6,892)	27.6
Profit after tax	31,472	2,242	>100.0	37,416	44,549	(16.0)
Other comprehensive income/(loss):						
Currency translation differences arising from consolidation	661	(2,849)	N/M	(4,074)	(1,829)	>100.0
Revaluation gains on lease prepayments	759	-	100.0	759	-	100.0
Total comprehensive income/(loss) for the period	32,892	(607)	N/M	34,101	42,720	(20.2)
Profit/(loss) attributable to :-						
Equity holders of the Company	31,509	2,283	>100.0	37,304	44,470	(16.1)
Non-controlling interests	(37)	(41)	(9.8)	112	79	41.8
	31,472	2,242	>100.0	37,416	44,549	(16.0)
Total comprehensive income/(loss) attributable to :-						
Equity holders of the Company	32,635	(662)	N/M	33,749	42,360	(20.3)
Non-controlling interests	257	55	>100.0	352	360	>100.0
	32,892	(607)	N/M	34,101	42,720	(20.2)
Earnings per share for profit attributable to equity holders of the Company						
- Basic earnings per share (Singapore cents)	1.930	0.142		2.287	2.938	
- Diluted earnings per share (Singapore cents)	1.930	0.142		2.287	2.938	

N/M - not meaningful



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- 1(b)(i) A statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	31,025	35,272	5,844	3,770
Trade and other receivables	16,601	16,642	165,397	106,252
Other current assets	39,957	362	287	57
Inventories	548	729	-	-
Assets held for sale	92,993	-	-	-
	<u>181,124</u>	<u>53,005</u>	<u>171,528</u>	<u>110,079</u>
Non-current assets				
Intangible assets	45,924	43,121	-	-
Lease prepayments	6,679	12,506	-	-
Investment properties	250,465	216,736	-	-
Investment properties under development	103,953	82,294	-	-
Property, plant and equipment	6,313	6,462	83	27
Investment in subsidiaries	-	-	83,311	71,754
	<u>413,334</u>	<u>361,119</u>	<u>83,394</u>	<u>71,781</u>
Total assets	<u>594,458</u>	<u>414,124</u>	<u>254,922</u>	<u>181,860</u>
LIABILITIES				
Current liabilities				
Trade and other payables	48,927	13,441	30,389	3,003
Borrowings	127,830	9,664	32,008	1,244
Income tax liabilities	1,077	916	-	-
Other liabilities	-	-	776	308
	<u>177,834</u>	<u>24,021</u>	<u>63,173</u>	<u>4,555</u>
Non-current liabilities				
Trade and other payables	14,838	7,131	-	-
Borrowings	181,138	213,696	-	4,509
Deferred tax liabilities	14,424	6,303	-	-
Other liabilities	-	-	9,665	195
	<u>210,400</u>	<u>227,130</u>	<u>9,665</u>	<u>4,704</u>
Total liabilities	<u>388,234</u>	<u>251,151</u>	<u>72,838</u>	<u>9,259</u>
NET ASSETS	<u>206,224</u>	<u>162,973</u>	<u>182,084</u>	<u>172,601</u>
EQUITY				
Share capital	185,219	176,429	185,219	176,429
Currency translation reserve	(6,271)	(2,147)	-	-
Merger reserve	(65,742)	(66,102)	-	-
Asset revaluation reserve	569	-	-	-
Statutory surplus reserve	253	253	-	-
Retained earnings/(Accumulated losses)	87,700	50,396	(3,135)	(3,828)
	<u>201,728</u>	<u>158,829</u>	<u>182,084</u>	<u>172,601</u>
Non-controlling interests	4,496	4,144	-	-
Total equity	<u>206,224</u>	<u>162,973</u>	<u>182,084</u>	<u>172,601</u>



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Notes to the Financial Statements

1 Profit before tax of the Group is arrived at after charging/(crediting):

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(135)	(2)	>100.0	(193)	(367)	(47.4)
Interest expense	7,870	2,702	>100.0	19,010	8,250	>100.0
Amortisation of lease prepayments	75	75	-	293	291	0.7
Depreciation of property, plant and equipment	231	221	4.5	887	750	18.3
Impairment loss on doubtful trade receivables	51	46	10.9	51	138	(63.0)
Currency translation (gain)/loss - net	(145)	704	N/M	(389)	926	N/M
Loss on disposal of property, plant and equipment	2	5	(60.0)	4	9	(55.6)
Guarantee fee income	(888)	(899)	(1.2)	(3,625)	(2,549)	42.2
Profit guarantee income	(499)	(1,696)	(70.6)	(1,520)	(1,696)	(10.4)
Fair value gain on investment properties	(44,134)	171	N/M	(44,134)	(31,178)	41.6
Fair value gain on investment properties under development	(4,748)	(1,685)	>100.0	(4,748)	(22,352)	(78.8)
Net rental income from assets held for sale	1,592	-	N/M	2,765	-	N/M
Gain on disposal of a subsidiary	-	-	N/M	-	(369)	N/M

2. Income tax expense

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax - Foreign	176	9	>100.0	337	287	17.4
Deferred income tax	8,456	100	>100.0	8,456	6,605	28.0
Charge for the period	8,632	109	>100.0	8,793	6,892	27.6

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			Group		
	As at 31.12.2014			As at 31.12.2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	126,764	1,066	127,830	8,618	1,046	9,664
Amount repayable after one year	179,859	1,279	181,138	212,441	1,255	213,696

The secured borrowings of the Group consist of term loans and bonds and are secured by the following :-

- corporate guarantees from the Company and a subsidiary of the Company;
- joint and several all-monies guarantees by a director of the Company and two related parties;
- certain bank deposits of the Company, a subsidiary of the Company and a related party;
- the investment properties of the Group;
- a charge created over the land of a development project of the Group;
- a deed of debenture over the assets and rights of a subsidiary pertaining to a development project of the Group;
- a deed of assignment of the subsidiary's full and entire rights and entitlements pertaining to a development project of the Group;
- a first fixed charge created over the entire issued share capital of a subsidiary of the Company;
- a first party charge created over bank deposits of certain subsidiaries of the Company;
- debenture over the assets and rights of certain subsidiaries of the Company;
- a second legal mortgage over certain asset of a related party of the Company; and
- mortgage over the land of certain investment properties of the Group.



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities :				
Profit after tax	31,472	2,242	37,416	44,549
Adjustments :-				
Income tax expense	8,632	109	8,793	6,892
Depreciation of property, plant and equipment	231	221	887	750
Amortisation of lease prepayments	75	75	293	291
Loss on disposal of property, plant and equipment	2	5	4	9
Impairment loss on doubtful trade receivables	51	46	51	138
Gain on disposal of a subsidiary company	-	-	-	(369)
Fair value (gain)/loss on investment properties	(44,134)	171	(44,134)	(31,178)
Fair value gain on investment properties under development	(4,748)	(1,685)	(4,748)	(22,352)
Interest income	(135)	(2)	(193)	(367)
Interest expense	7,870	2,702	19,010	8,250
Expenses settled in shares	-	-	-	1,580
Foreign currency translation differences	3,180	10,877	709	10,585
Operating profit before working capital changes	2,496	14,761	18,088	18,778
Decrease/(Increase) in:				
Inventories	86	210	181	36
Trade and other receivables	2,746	1,093	4,037	(7,235)
Other current assets	8,670	55	(2,072)	(345)
(Decrease)/Increase in:				
Trade and other payables	(1,104)	100	4,277	17,364
Cash generated from operations	12,894	16,219	24,511	28,598
Interest paid	(7,752)	(4,181)	(18,367)	(6,377)
Income tax paid	(89)	(4)	(199)	(340)
Net cash provided by operating activities	5,053	12,034	5,945	21,881
Cash flow from investing activities :				
Acquisition of investment properties	-	(3,070)	(7,663)	(198,547)
Acquisition of/additions to investment properties under development	(1,290)	(1,927)	(11,075)	(15,061)
Acquisition of properties classified as assets held for sale	-	-	(95,992)	-
Purchase of property, plant and equipment	(216)	(170)	(651)	(1,719)
Deposit refunded/(placed) for purchase of assets	(3,198)	-	(4,764)	2,456
Net cash (outflow)/inflow from acquisition of subsidiaries	-	(1)	58	1,901
Net cash outflow from disposal of a subsidiary company	-	-	-	(3)
Interest received	135	2	193	5
Net cash used in investing activities	(4,569)	(5,166)	(119,894)	(210,968)
Cash flow from financing activities :				
(Repayment to)/Advances from related parties, net	(22,262)	2,501	17,322	15,993
Proceeds from borrowings	12,599	23,938	120,758	225,879
Repayment of borrowings	(1,377)	(23,038)	(27,036)	(40,310)
Proceeds from issuance of shares	-	-	- [^]	28,088
Share issue expenses paid	-	-	-	(5,358)
Increase in bank deposits pledged	-	-	-	(3,750)
Capital contribution by former holding company	-	-	-	- [*]
Net cash (used in)/provided by financing activities	(11,040)	3,401	111,044	220,542
Net (decrease)/increase in cash and cash equivalents	(10,556)	10,269	(2,905)	31,455
Cash and cash equivalents at beginning of financial period	39,453	22,182	31,522	69
Effects of currency translation on cash and cash equivalents	(1,622)	(929)	(1,342)	(2)
Cash and cash equivalents at end of financial period	27,275	31,522	27,275	31,522

Reconciliation of cash and cash equivalents:

	Group		Group	
	As at	As at	As at	As at
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and cash equivalents per consolidated statement of cash flows	27,275	31,522	27,275	31,522
Add: Bank deposits pledged	3,750	3,750	3,750	3,750
Cash and cash equivalents per consolidated statement of financial position	31,025	35,272	31,025	35,272

Notes:

* Amount less than S\$1,000.

[^] In Q1 2014, the Company issued 27,468,750 new shares amounting to S\$8,790,000 as consideration for the purchase of shares in a subsidiary company, IHC Shanghai Medical Village Pte Ltd and its subsidiaries ("HSMV").

1(d)(i) A statement (for the issuer and 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.

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share Capital	Currency translation reserve	Merger reserve	Asset revaluation reserve	Statutory surplus reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	176,429	(2,147)	(66,102)	-	253	50,396	158,829	4,144	162,973
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	5,795	5,795	149	5,944
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	(4,035)	-	-	-	9,150	-	9,150
Other comprehensive loss									
Currency translation differences	-	(4,681)	-	-	-	-	(4,681)	(54)	(4,735)
Balance at 30 September 2014	189,614	(6,828)	(70,137)	-	253	56,191	169,093	4,239	173,332
Balance as 1 October 2014	189,614	(6,828)	(70,137)	-	253	56,191	169,093	4,239	173,332
Total comprehensive income/(loss) for the period									
Profit/(loss) for the period	-	-	-	-	-	31,509	31,509	(37)	31,472
Purchase price adjustment pursuant to acquisition of subsidiaries	(4,395)	-	4,395	-	-	-	-	-	-
Other comprehensive income									
Currency translation differences	-	557	-	-	-	-	557	104	661
Revaluation gains on lease prepayments	-	-	-	569	-	-	569	190	759
Balance at 31 December 2014	185,219	(6,271)	(65,742)	569	253	87,700	201,728	4,496	206,224
Balance at 1 January 2013	5,001	(37)	-	-	-	6,179	11,143	-	11,143
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	42,187	42,187	120	42,307
Acquisition of equity interests in subsidiaries	-	-	-	-	-	-	-	3,660	3,660
Capital contribution by former holding company	-*	-	-	-	-	-	-	-	-*
Issue of shares at date of incorporation of the Company	-*	-	-	-	-	-	-	-	-*
Disposal of equity interests in a subsidiary	-	-	-	-	-	-	-	124	124
Issue of shares pursuant to Restructuring Exercise	89,021	-	-	-	-	-	89,021	-	89,021
Issue of shares pursuant to acquisition of subsidiaries	54,401	-	-	-	-	-	54,401	-	54,401
Issue of shares pursuant to payment of professional fees	6,236	-	-	-	-	-	6,236	-	6,236
Effect of adjustments pursuant to Restructuring Exercise	(5,001)	-	(66,102)	-	-	-	(71,103)	-	(71,103)
Issue of shares pursuant to IPO	28,088	-	-	-	-	-	28,088	-	28,088
Share issue expenses	(1,317)	-	-	-	-	-	(1,317)	-	(1,317)
Other comprehensive income									
Currency translation differences	-	835	-	-	-	-	835	185	1,020
Balance at 30 September 2013	176,429	798	(66,102)	-	-	48,366	159,491	4,089	163,580
Balance as 1 October 2013	176,429	798	(66,102)	-	-	48,366	159,491	4,089	163,580
Total comprehensive income/(loss) for the period									
Profit/(loss) for the period	-	-	-	-	-	2,283	2,283	(41)	2,242
Other comprehensive income/(loss)									
Currency translation differences	-	(2,945)	-	-	-	-	(2,945)	96	(2,849)
Transfer to Statutory surplus reserve	-	-	-	-	253	(253)	-	-	-
Balance at 31 December 2013	176,429	(2,147)	(66,102)	-	253	50,396	158,829	4,144	162,973

COMPANY	Share Capital	Retained earnings/ (Accumulated losses)	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	176,429	(3,828)	172,601
Total comprehensive income for the period			
Profit for the period	-	1,744	1,744
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	13,185
Balance at 30 September 2014	189,614	(2,084)	187,530
Balance at 1 October 2014	189,614	(2,084)	187,530
Total comprehensive income for the period			
Loss for the period	-	(1,051)	(1,051)
Purchase price adjustment pursuant to acquisition of subsidiaries	(4,395)	-	(4,395)
Balance at 31 December 2014	185,219	(3,135)	182,084
Balance at date of incorporation on 18 February 2013	-*	-	-*
Issue of shares pursuant to Restructuring Exercise	89,021	-	89,021
Issue of shares pursuant to acquisition of subsidiaries	54,401	-	54,401
Issue of shares pursuant to payment of professional fees	6,236	-	6,236
Profit for the period	-	11,518	11,518
Issue of shares pursuant to IPO	28,088	-	28,088
Share issue expenses	(1,317)	-	(1,317)
Balance at 30 September 2013	176,429	11,518	187,947
Balance at 1 October 2013	176,429	11,518	187,947
Loss for the period	-	(15,346)	(15,346)
Balance at 31 December 2013	176,429	(3,828)	172,601

* Amount less than S\$1,000.



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- 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 of the issuer, 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 issued and fully paid-up

	Number of shares	Paid-up share capital S\$
Balance as at 30 September 2014	1,632,313,792	189,614,417
Purchase price adjustment pursuant to acquisition of subsidiaries (Note 1)	-	(4,395,000)
Balance as at 31 December 2014	1,632,313,792	185,219,417

- Note 1** From 30 September 2014 to 31 December 2014, there was a decrease in the share capital of S\$4,395,000 due to an adjustment in purchase price for acquisition of subsidiaries.

There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2014 and 31 December 2013.

- 1(d)(iii) To show the 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 December 2014, the Company had 1,632,313,792 issued and fully paid ordinary shares (excluding treasury shares). As at 31 December 2013, the Company had 1,604,845,042 issued and fully paid ordinary shares (excluding treasury shares).

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

- 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.

Not applicable. The Company did not have any treasury shares during and as at the end of the financial year ended 31 December 2014 and 31 December 2013.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 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.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2014. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.



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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:-

	Group		Group	
	3 months ended 31 December		12 months ended 31 December	
	2014	2013	2014	2013
Net profit attributable to shareholders (S\$'000)	31,509	2,283	37,304	44,470
Weighted average number of ordinary shares in issue	1,632,313,792	1,604,845,042	1,631,184,939	1,513,579,189
Basic and diluted earnings per share (Singapore cents)	1.930	0.142	2.287	2.938

For illustrative purposes, the calculation of the basic and diluted earnings per share of the Group for the financial year ended 31 December 2013 was based on the post-Restructuring Exercise issued and paid-up ordinary share capital of 1,420,000,000 shares and adjusted for 126,328,042 ordinary shares issued on 28 June 2013 in fulfillment of the Group's payment obligations and 58,517,000 ordinary shares issued on 5 July 2013 pursuant to the IPO, giving rise to the weighted average number of ordinary shares of 1,513,579,189.

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2014 and 31 December 2013.

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:- (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
Net asset value attributable to the equity holders of the Company (S\$'000)	201,728	158,829	182,084	172,601
Number of ordinary shares in issue	1,632,313,792	1,604,845,042	1,632,313,792	1,604,845,042
Net asset value per ordinary share (Singapore cents)	12.36	9.90	11.15	10.75

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:- (a) 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 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of financial performance

(a) Revenue and Gross profit

Revenue increased by S\$4.1 million from S\$31.3 million for the financial year ended 31 December 2013 ("FY 2013") to S\$35.4 million for the financial year ended 31 December 2014 ("FY 2014"), mainly attributable to an increase in rental income on leasing of 12 fully operational nursing facilities in various part of Japan (the "Nursing Facilities") which contributed to the Group's revenue for the full 12 months in FY2014 while it only started contributing to the Group's revenue from April 2013 onwards in FY2013.

The properties under the Integrated Medical Real Estate segment are still under development or earmarked for development and hence there were no revenue contribution from this business segment for FY2013 and FY2014.

Gross profit increased by S\$3.5 million from S\$14.9 million in FY 2013 to S\$18.4 million in FY 2014. This is largely due to the increase in rental income on leasing of Group's Nursing Facilities in Japan.



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(b) Fair value gain on investment properties and investment properties under development

Fair value gain on Investment properties for the Group's Nursing Facilities (including an annex to the one of the Group's Nursing Facilities in Japan ("Annex") acquired in the current financial year) and Investment properties under development for the Group's properties in Chengdu and Malaysia amounted to S\$48.9 million based on independent professional valuations as at 31 December 2014.

(c) Other operating income

Other operating income increased by S\$4.3 million from S\$4.2 million in FY 2013 to S\$8.5 million in FY 2014, attributed mainly to S\$2.8 million net rental income from the two Australia properties in Melbourne ("**Melbourne Properties**") classified as Assets held for sale, increase in guarantee fee income of S\$1.1 million and an increase in net currency translation gains of S\$1.3 million as compared to prior year, offset by the absence of one-off gain on disposal of subsidiary recorded in FY 2013 of S\$0.4 million and a decrease in S\$0.3 million in interest income. In addition, other operating income amounting to S\$5.3 million from a consultancy service contract that was recorded in Q2 2014 was capitalised as investment properties under development as a reduction of development cost in the current quarter.

(d) Administrative expenses

Administrative expenses decreased by S\$2.4 million from S\$13.0 million in FY 2013 to S\$10.6 million in FY 2014. The decrease was mainly due to decrease of S\$3.2 million on legal and professional fees attributed mainly to listing of the Company in FY 2013, offset by S\$0.6 million increase in staff costs and S\$0.2 million on asset management fees for the Nursing Facilities.

(e) Finance expenses

Finance expenses increased by S\$10.7 million from S\$8.3 million in FY 2013 to S\$19.0 million in FY 2014, due mainly to the interest costs incurred on the borrowings utilised to finance capital expenditure for the acquisition of healthcare assets, including the acquisition of the Melbourne Properties and the Annex completed during the financial year, as well as for working capital needs.

(f) Income tax expense

Income tax expense incurred in FY 2014 amounted to S\$8.8 million, due mainly to recognition of S\$8.5 million deferred tax liabilities on fair value gain relating to the revaluation of the Investment properties and Investment properties under development, and S\$0.3 million current income tax provision relating to the provision of healthcare services through the operation of Wuxi Hospital.

(g) Profit before tax

Profit before tax decreased by S\$5.2 million from S\$51.4 million in FY2013 to S\$46.2 million in FY2014. The decrease is mainly due to increase in finance expenses of S\$10.7 million and decrease in fair value gain of S\$4.6 million, offset by increase in gross profit of S\$3.5 million, increase in other operating income of S\$4.3 million and decrease in administration expenses of S\$2.4 million.

Statement of Financial Position

(a) Current assets (comprising Cash and cash equivalents, Trade and other receivables, Other current assets, Inventories and Assets held for sale) increased by S\$128.1 million from S\$53.0 million at 31 December 2013 to S\$181.1 million at 31 December 2014. The increase was mainly attributed to an increase of S\$39.6 million in Other current assets and S\$93.0 million in Assets held for sale on the Melbourne Properties acquired in the current financial year, offset by a decrease of S\$4.3 million in Cash and cash equivalents and S\$0.2 million in Inventories. The increase in Other current assets was due mainly to S\$35.1 million deposits that had been paid for the intended maternity home development in Shanghai Holland Village ("HSMV Project") and S\$1.6 million deposits paid for the acquisition of a freehold medical use property in Geelong, Australia ("Geelong Property").



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- (b) Non-current assets (comprising Intangible assets, Lease prepayments, Investment properties, Investment properties under development, and Property, plant and equipment) increased by S\$52.2 million from S\$361.1 million at 31 December 2013 to S\$413.3 million at 31 December 2014, attributable mainly to S\$33.7 million and S\$21.7 million increases in Investment properties and Investment properties under development respectively. The increase in Investment properties was mainly due to acquisition of an Annex to one of the Group's Nursing Facilities in Japan of S\$7.7 million and fair value gain on revaluation of the properties as at 31 December 2014 of S\$44.1 million, offset by currency translation differences of S\$18.1 million due to the depreciation of Japanese Yen during the year. The increase in Investment properties under development was due mainly to the reclassification of lease prepayments held by the Wuxi Hospital from lease prepayments to Investment properties under development at fair value of S\$6.6 million following the commencement of development for the land adjacent to Wuxi Hospital, coupled with fair value gain on revaluation of the properties as at 31 December 2014 of S\$4.8 million, and costs capitalised of S\$11.1 million, offset by currency translation difference of S\$0.8 million.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) increased by S\$153.8 million from S\$24.0 million at 31 December 2013 to S\$177.8 million at 31 December 2014 due mainly to the increases of S\$35.5 million in Trade and other payables and S\$118.2 million in Borrowings. The increase in Trade and other payables was mainly attributable to an advance payment received from a sub-contractor of S\$11.1 million, S\$10.9 million interest-free loan from certain substantial shareholders of the Company, S\$7.6 million contribution on financing arrangement from a non-related party and increase in other payables and accrued operating expenses of S\$5.8 million as a result of expansion of the Group's operations. The increase in borrowings was mainly due to S\$101.6 million loan undertaken for the acquisition of the Melbourne Properties and for payment of deposit for HSMV project, and S\$28.8 million of borrowings which were reclassified from Non-current liabilities to Current liabilities as they are due in the next 12 months, offset by loan repayments during the year.
- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) decreased by S\$16.3 million from S\$227.1 million at 31 December 2013 to S\$210.4 million at 31 December 2014, attributed mainly to S\$28.8 million of borrowings reclassified from Non-current liabilities to Current liabilities in accordance with the repayment period, offset by net increase in borrowings of S\$11.5 million during the current financial year for acquisition of the Annex, and for development of the Group's Malaysia project.
- (e) Shareholders' equity increased by S\$42.9 million from S\$158.8 million at 31 December 2013 to S\$201.7 million at 31 December 2014, due mainly to new shares issued pursuant to the acquisition of HSMV of S\$8.8 million, S\$0.6 million increase in Asset revaluation reserve due to the reclassification of lease prepayments held by Wuxi Hospital from lease prepayments to Investment properties under development and the net profit attributable to equity holders of S\$37.3 million for the current financial year ended 31 December 2014, offset by currency translation loss of S\$4.1 million.

Cashflow and Working Capital

- (a) Net cash generated by operating activities of S\$5.9 million in FY 2014 arose from profit after tax of S\$37.4 million, adjusted for non-cash items amounting to S\$19.3 million, cash inflow from a net increase in working capital of S\$6.4 million attributed mainly to decrease in Trade and other receivables of S\$4.0 million and increase in Trade and other payables of S\$4.3 million, offset by increase in Other current assets of S\$2.1 million, and the net payment of interest and tax amounted to S\$18.6 million.

Net cash used in investing activities of S\$119.9 million in FY 2014 comprised additions to Investment properties of S\$7.7 million due to acquisition of the Annex, acquisition of the Melbourne Properties amounting to S\$96.0 million, additions to Investment properties under development of S\$11.1 million, S\$4.8 million on deposits placed and S\$0.7 million for purchase of Property, plant and equipment.

Net cash provided by financing activities of S\$111.0 million in FY 2014 comprised mainly of proceeds of borrowings of S\$120.8 million for acquisition of the Melbourne Properties and the Annex, as well as for working capital purpose, S\$17.3 million of advances from related parties and certain shareholders, offset by S\$27.0 million repayment of borrowings during the current financial year.

Based on the above, Cash and cash equivalents decreased by S\$4.2 million (including S\$1.3 million currency translation difference) from S\$31.5 million at 31 December 2013 to S\$27.3 million at 31 December 2014, excluding S\$3.75 million pledged in fixed deposits.

(b) As at 31 December 2014, the Group had net positive working capital of S\$3.3 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to the shareholders for the current

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.

With the rising demand in private healthcare spurred by the rising wealth in Asia, the ageing population in the Asia markets that is demanding higher quality healthcare and the changes in public policies and healthcare reforms adopted by the governments, the Group believes that the outlook for the integrated healthcare services and facilities industry in Malaysia, Japan and China remains bullish. We will continue developing our Asia-centric portfolio of healthcare

The Group will continue to pursue the implementation of its business strategies and future plans to enlarge its asset portfolio of healthcare services and facilities, including the Real Estate Investment Trust plan as previously announced.

11. If a decision regarding dividend has been made :-

(a) Whether an interim/final ordinary dividend has been declared/recommended; and

None.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for the financial year ended 31 December 2014.



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- 13. If the Group has obtained a general mandate from shareholders for 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.**

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 103 and 104; and pages 171 and 174 of the offer document dated 1 July 2013 respectively, there were no other interested person transactions of S\$100,000 and above during the financial period under review.

The Group does not have a general mandate from shareholders for the recurrent interested person transactions.

- 14. Segmented revenue and results for operating 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.**

The Group's business can be categorised into two segments as follows:

- (i) Provision of healthcare services ("Healthcare Services") through:
 - the management and operation of hospital, and
 - the rental of healthcare-related facilities
- (ii) Development of medical real estate (such as hospital facilities), healthcare-related assets (such as nursing homes) and integrated mixed-use developments (such as developments with medical real estate/healthcare-related assets, retail space and/or service residences) ("Integrated Medical Real Estate")

All other segments comprises head office function, including most senior management staff .



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(a) Business segments

Group FY2014	Healthcare Services	Integrated Medical Real Estate	All other segments	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
External revenue				
- Medical services	19,667	-	-	19,667
- Rental income	15,771	-	-	15,771
Total segment revenue	35,438	-	-	35,438
Adjusted EBITDA	66,922	6,498	(7,214)	66,206
Depreciation of property, plant and equipment	(825)	(2)	(60)	(887)
Amortisation of lease prepayments	(293)	-	-	(293)
Finance expenses	(12,017)	(5,508)	(1,485)	(19,010)
Interest income	3	24	166	193
Profit/(Loss) before tax	53,790	1,012	(8,593)	46,209
Other information:				
Segment assets and consolidated total assets	336,318	233,975	24,165	594,458
Segment assets includes:				
Additions to :				
- Property, plant and equipment	552	12	87	651
- Investment properties	7,663	-	-	7,663
- Investment properties under development	-	11,075	-	11,075
- Investment properties classified as Assets held for sale	-	95,992	-	95,992
Segment liabilities	185,221	134,731	52,781	372,733
Unallocated:				
Provision for taxation				1,077
Defferred tax liabilities				14,424
Consolidated total liabilities				388,234

Group FY2013	Healthcare Services	Integrated Medical Real Estate	All other segments	Total for continuing operations
	\$'000	\$'000	\$'000	\$'000
Revenue				
External revenue				
- Medical services	19,888	-	-	19,888
- Rental income	11,427	-	-	11,427
Total segment revenue	31,315	-	-	31,315
Adjusted EBITDA	45,440	20,958	(6,033)	60,365
Depreciation of property, plant and equipment	(738)	-	(12)	(750)
Amortisation of lease prepayments	(291)	-	-	(291)
Finance expenses	(7,355)	-	(895)	(8,250)
Interest income	3	-	364	367
Profit/(Loss) before tax	37,059	20,958	(6,576)	51,441
Other information:				
Segment assets and consolidated total assets	303,278	83,965	26,776	414,019
Segment assets includes:				
Additions to :				
- Property, plant and equipment	1,548	-	171	1,719
- Investment properties	198,547	-	-	198,547
- Investment properties under development	-	15,061	-	15,061
Segment liabilities	196,812	38,260	8,860	243,932
Unallocated:				
Provision for taxation				916
Defferred tax liabilities				6,303
Consolidated total liabilities				251,151



(b) Geographical segments

The Group's two business segments operate in five main geographical areas:

Singapore - the Company is headquartered in Singapore. The operations in this area are principally investment holding;

China (including Hong Kong) - the operations in this area consists of the provision of healthcare services through the management and operation of hospital and the development of medical real estate, healthcare-related assets and integrated mixed use developments, as well as investment holding;

Japan - the operations in this area are principally the provision of healthcare services through the rental of healthcare-related assets;

Malaysia - the operations in this area are principally the development of medical real estate, healthcare-related assets and integrated mixed-use development; and

Australia - the operations in this area are principally rental of commercial properties;

Other countries - the operations in these areas are principally investment holding.

	Singapore		China		Japan		Malaysia		Australia		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue												
External customers	-	-	19,667	19,888	15,771	11,427	-	-	-	-	35,438	31,315
Fair value gain	-	-	5,114	10,028	44,134	31,178	(366)	12,764	-	-	48,882	53,970
Other income	(304)	1,661	2,750	455	3,654	2,014	(324)	(349)	2,768	-	8,544	3,781
	(304)	1,661	27,531	30,371	63,559	44,619	(690)	12,415	2,768	-	92,864	89,066
Other geographical information:												
Segment assets	17,464	11,479	147,893	93,189	266,130	236,073	69,472	73,278	93,500	-	594,459	414,019
Segment liabilities	(106,686)	(7,102)	(10,521)	(12,395)	(166,465)	(193,765)	(43,412)	(37,784)	(61,150)	-	(388,234)	(251,046)
Net assets	(89,222)	4,377	137,372	80,794	99,665	42,308	26,060	35,494	32,350	-	206,225	162,973
Non-current assets	190	160	94,141	83,178	250,465	216,736	68,538	61,045	-	-	413,334	361,119

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Healthcare services

Revenue for the Healthcare service is increased by S\$4.1 million from S\$31.3 million in FY2013 to S\$35.4 million in FY 2014, comprising medical fees relating to the provision of healthcare services through the operation of a hospital in Wuxi City and rental income from a portfolio of 12 fully operational nursing facilities in various parts of Japan (commencing from April 2013). This segment recorded a pre-tax profit of S\$53.8 million in the current financial year which includes fair value gain recognised on revaluation of Investment properties amounting to S\$44.1 million, Guarantee fee income of S\$3.6 million and Profit guarantee income of S\$1.5 million, offset by S\$12.0 million of finance expenses due mainly to loans taken up to finance the acquisition of the healthcare assets and for working capital purposes.

Integrated Medical Real Estate

No revenue was recorded under the Integrated Medical Real Estate segment for FY 2014 as the properties are still under development or earmarked for development. Pre-tax profit of S\$1.0 million for this segment in FY 2014 was mainly due to fair value gain recognised on Investment properties under development of S\$4.8 million.

All other segments

No revenue was recorded under All other segments for FY 2014 as the companies in this segment are investment holding in nature. Pre-tax loss of S\$8.6 million in this segment in FY 2014 was mainly due to S\$1.5 million of finance expenses, S\$1.5 million of legal and professional fees and other corporate overheads.

16. A breakdown of sales as follows: -

	Group		
	2014	2013	Increase/ (decrease)
	\$'000	\$'000	%
(a) Sales reported for first half year	17,805	12,133	46.7
(b) Operating profit after tax before deducting minority interests reported for first half year	3,228	29,219	(89.0)
(c) Sales reported for second half year	17,633	19,182	(8.1)
(d) Operating profit after tax before deducting minority interests reported for second half year	34,188	15,330	123.0

N/M - not meaningful

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

No dividend had been declared or recommended for the financial year ended 31 December 2014 and financial year ended 31 December 2013.

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(10) 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 and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Jamie Fan Wei Zhi	26	Daughter of a substantial shareholder, Mr Fan Kow Hin	Business development manager since 2014, Responsible for business development / operations in China and Australia since 2014.	Nil

Pursuant to Rule 704(10) of the Catalyst Rules, except for the person disclosed above, there is no other person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 31 December 2014.

19. Use of IPO net proceeds

	Amount allocated (as disclosed in the offer document dated 1 July 2013) S\$'000	Amount utilised as at the date of this Announcement S\$'000	Balance of net proceeds as at the date of this Announcement S\$'000
Development and redevelopment of our existing projects	10,000	10,000	-
Acquisition of our pending projects	8,000	8,000	-
Purchase and/or upgrade of medical equipment	500	-	500
Working capital *	4,230	4,230	-
	<u>22,730</u>	<u>22,230</u>	<u>500</u>

Note:-

* Amount for working capital has been utilised for the repayment of borrowings and interest expense.

The above utilisations are in accordance with the intended use of the IPO net proceeds and percentage allocated, as stated in the offer document dated 1 July 2013.

BY ORDER OF THE BOARD OF DIRECTORS

Jong Hee Sen
Executive Chairman and Group President
International Healthway Corporation Limited

1 March 2015