

INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)

(Incorporated in the Republic of Singapore on 18 February 2013)

(In receivership over charged shares in certain subsidiaries)



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

This announcement has been prepared by International Healthway 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 ("SGX-ST") Listing Manual Section B: Rules of Catalyst. 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.

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Unaudited First Quarter Financial Statements And Related Announcement for the Financial Period Ended 31 March 2016

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		
	3 months ended 31 March		
	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%
Revenue	13,350	10,113	32.0
Cost of sales	(6,798)	(5,262)	29.2
Gross profit	6,552	4,851	35.1
Other operating income, net	2,265	5,094	(55.5)
Administrative expenses	(2,528)	(3,143)	(19.6)
Finance expenses	(6,143)	(6,045)	1.6
Profit before tax	146	757	(80.7)
Income tax expense	(30)	(49)	(38.8)
Profit after tax	116	708	(83.6)
Other comprehensive (loss)/income:			
Currency translation differences arising from consolidation	(3,534)	6,315	N/M
Total comprehensive (loss)/income for the period	(3,418)	7,023	N/M
Profit attributable to :-			
Equity holders of the Company	115	613	(81.2)
Non-controlling interests	1	95	(98.9)
	116	708	(83.6)
Total comprehensive (loss)/income attributable to :-			
Equity holders of the Company	(3,424)	6,701	N/M
Non-controlling interests	6	322	(98.1)
	(3,418)	7,023	N/M
Earnings per share for profit attributable to equity holders of the Company			
- Basic earnings per share (Singapore cents)	0.007	0.038	
- Diluted earnings per share (Singapore cents)	0.007	0.037	

N/M - not meaningful

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	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	20,506	25,751	83	247
Trade and other receivables	14,687	13,992	165,398	165,400
Other current assets	1,656	1,839	56	56
Inventories	773	911	-	-
	37,622	42,493	165,537	165,703
Non-current assets				
Goodwill on consolidation	36,275	38,318	-	-
Intangible assets	6,179	6,531	-	-
Investment properties	404,834	397,942	-	-
Investment properties under development	147,901	146,966	-	-
Property, plant and equipment	8,349	7,040	57	63
Other financial assets	551	551	-	-
Investment in subsidiaries	-	-	134,171	133,279
	604,089	597,348	134,228	133,342
Total assets	641,711	639,841	299,765	299,045
LIABILITIES				
Current liabilities				
Trade and other payables	21,696	21,878	23,680	20,624
Borrowings	84,092	231,470	9,031	9,031
Income tax liabilities	1,910	1,770	-	-
Other liabilities	-	-	525	703
	107,698	255,118	33,236	30,358
Non-current liabilities				
Trade and other payables	7,431	7,258	-	-
Borrowings	292,529	139,720	98,176	97,824
Deferred tax liabilities	29,848	30,122	-	-
Other liabilities	-	-	1,327	1,396
	329,808	177,100	99,503	99,220
Total liabilities	437,506	432,218	132,739	129,578
NET ASSETS	204,205	207,623	167,026	169,467
EQUITY				
Share capital	192,707	192,707	192,707	192,707
Currency translation reserve	(7,333)	(3,794)	-	-
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	3,630	-	-
Statutory surplus reserve	327	327	-	-
Retained earnings/(Accumulated losses)	81,239	81,124	(25,681)	(23,240)
	204,828	208,252	167,026	169,467
Non-controlling interests	(623)	(629)	-	-
Total equity	204,205	207,623	167,026	169,467

Notes to the Financial Statements

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

	Group		
	3 months ended 31 March		
	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%
Interest income	(4)	(12)	(66.7)
Interest expense	6,143	6,045	1.6
Amortisation of lease prepayments	76	33	130.3
Amortisation of intangible asset	61	-	N/M
Depreciation of property, plant and equipment	292	289	1.0
Allowance for impairment of other receivable and deposit	622	-	N/M
Currency translation gain - net	(1,735)	(1,054)	64.6
Guarantee fee income	(887)	(843)	5.2
Profit guarantee income	(67)	(634)	(89.4)
Net rental income from assets held for sale	-	(2,612)	N/M

2. Income tax expense

	Group		
	3 months ended 31 March		
	2016	2015	Inc/(Dec)
	S\$'000	S\$'000	%
Current income tax - Foreign	(30)	(49)	(38.8)
Deferred income tax	-	-	-
Charge for the period	(30)	(49)	(38.8)

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 31.3.2016			As at 31.12.2015		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	82,463	1,629	84,092	229,772	1,698	231,470
Amount repayable after one year	291,276	1,253	292,529	138,414	1,306	139,720

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;
- joint and several guarantees by a director of the Company and two related parties;
- a fixed charge over the total assets of a subsidiary of the Group which mainly comprise of investment properties and cash and cash equivalents;
- 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 second legal mortgage over certain asset of a related party of the Company;
- mortgage over certain investment properties of the Group;
- certain bank deposits of the Company and subsidiaries and non- controlling shareholders;
- debenture over the assets and rights of certain subsidiaries of the Company; and
- deed of assignment in respect of payments made by a subsidiary to another subsidiary.

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	
		3 months ended 31 March	
		2016	2015
		S\$'000	S\$'000
Cash flow from operating activities :			
Profit after tax		116	708
Adjustments :-			
Income tax expense		30	49
Depreciation of property, plant and equipment		292	289
Amortisation of lease prepayments		76	33
Amortisation of intangible assets		61	-
Allowance for impairment of other receivable and deposit		622	-
Interest income		(4)	(12)
Interest expense		6,143	6,045
Foreign currency translation differences		(3,252)	(84)
Operating profit before working capital changes		4,084	7,028
Decrease/(increase) in:			
Inventories		138	(219)
Trade and other receivables		(702)	(2,771)
Other current assets		182	31
(Decrease)/Increase in:			
Trade and other payables		(1,938)	1,214
Cash generated from operations		1,764	5,283
Interest paid		(4,603)	(6,361)
Income tax paid		-	(50)
Net cash used in operating activities		(2,839)	(1,128)
Cash flow from investing activities :			
Additions to investment properties under development		(579)	(2,240)
Purchase of property, plant and equipment		(1,613)	(35)
Additions to lease prepayments		-	(1,738)
Deposits placed to subcontractor		-	(6,662)
Net cash outflow from acquisition of subsidiaries		-	(1,979)
Interest received		4	12
Net cash used in investing activities		(2,188)	(12,642)
Cash flow from financing activities :			
Advances from/(repayment to) related parties, net		485	(2,272)
Proceeds from borrowings		1,045	50,068
Repayment of borrowings		(1,861)	(41,561)
Net cash (used in)/provided by financing activities		(331)	6,235
Net decrease in cash and cash equivalents		(5,358)	(7,535)
Cash and cash equivalents at beginning of financial period		25,751	27,275
Effects of currency translation on cash and cash equivalents		113	889
Cash and cash equivalents at end of financial period		20,506	20,629

Reconciliation of cash and cash equivalents:

		Group	
		As at	As at
		31.3.2016	31.3.2015
		S\$'000	S\$'000
Cash and cash equivalents per consolidated statement of cash flows		20,506	20,629
Add: Bank deposits pledged		-	3,750
Cash and cash equivalents per consolidated statement of financial position		20,506	24,379

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 as 1 January 2016	192,707	(3,794)	(65,742)	3,630	327	81,124	208,252	(629)	207,623
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	115	115	1	116
Other comprehensive income									
Currency translation differences	-	(3,539)	-	-	-	-	(3,539)	5	(3,534)
Balance at 31 March 2016	192,707	(7,333)	(65,742)	3,630	327	81,239	204,828	(623)	204,205
Balance as 1 January 2015	185,219	(6,271)	(65,742)	2,726	327	87,626	203,885	5,216	209,101
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	613	613	95	708
Other comprehensive loss									
Currency translation differences	-	6,088	-	-	-	-	6,088	227	6,315
Balance at 31 March 2015	185,219	(183)	(65,742)	2,726	327	88,239	210,586	5,538	216,124

COMPANY	Share Capital	Retained earnings/ (Accumulated losses)	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2016	192,707	(23,240)	169,467
Total comprehensive income for the period			
Loss for the period	-	(2,441)	(2,441)
Balance at 31 March 2016	192,707	(25,681)	167,026
Balance at 1 January 2015	185,219	(3,135)	182,084
Total comprehensive income for the period			
Profit for the period	-	355	355
Balance at 31 March 2015	185,219	(2,780)	182,439

- 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.

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital S\$
Balance as at 31 December 2015 and 31 March 2016	1,659,064,603	192,706,969

There were no outstanding convertibles or treasury shares held by the Company as at 31 March 2016 and 31 March 2015.

- 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 March 2016 and 31 December 2015, the Company had 1,659,064,603 issued and fully paid ordinary shares (excluding treasury shares).

The Company did not have any treasury shares as at 31 March 2016 and 31 December 2015.

- 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 period ended 31 March 2016.

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 2015.

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 2016. 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.

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	
	3 months ended 31 March	
	2016	2015
Basic earnings per share		
Net profit attributable to shareholders (S\$'000)	115	613
Weighted average number of ordinary shares in issue	1,659,064,603	1,632,313,792
Basic earnings per share (Singapore cents)	0.007	0.038
Diluted earnings per share		
Net profit attributable to shareholders (S\$'000)	115	613
Weighted average number of ordinary shares	1,659,064,603	1,659,064,603
Diluted earnings per share (Singapore cents)	0.007	0.037

Basic and diluted earnings per share were the same for the 3 months ended 31 March 2016 as there were no potentially dilutive ordinary shares in issue as at 31 March 2016.

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	As at	As at	As at
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Net asset value attributable to the equity holders of the Company (S\$'000)	204,828	208,252	167,026	169,467
Number of ordinary shares in issue	1,659,064,603	1,659,064,603	1,659,064,603	1,659,064,603
Net asset value per ordinary share (Singapore cents)	12.35	12.55	10.07	10.21

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

Revenue increased by S\$3.3 million from S\$10.1 million for the financial quarter ended 31 March 2015 ("Q1 2015") to S\$13.4 million for the financial quarter ended 31 March 2016 ("Q1 2016") This is mainly attributable to the S\$1.8 million rental income contributed from the two investment properties in St. Kilda, Australia ("St. Kilda properties"), S\$0.7 million from the investment property in Geelong, Australia which was acquired by the Group in June 2015 and an increase of revenue of \$0.8 million from our medical drug distribution company acquired in January 2015

The St Kilda properties were previously classified as "Assets held for Sale" as at 31 March 2015 and accordingly, the rental income of S\$2.6 million from the St Kilda properties was included in "Other Operating income" for Q1 2015. Following their subsequent reclassification to Investment Properties in October 2015, the S\$1.8 million rental income generated from the St Kilda properties for Q1 2016 are recorded as Revenue. Lower rental income from St. Kilda properties for Q1 2016 as compared to Q1 2015 is mainly due to the expiry of the tenancy agreement of a tenant of one of the St. Kilda properties in August 2015, and a new tenancy agreement is expected to start on October 2016.

Rental income from the Group's 12 fully operational nursing facilities in various parts of Japan (the "Nursing Facilities") and revenue from our hospital in Wuxi, Jiangsu, China ("Wuxi Hospital") remained relatively unchanged over the two comparative periods reported on.

(b) Other operating income

Other operating income decreased by S\$2.9 million from S\$5.1 million in Q1 2015 to S\$2.2 million in Q1 2016. This is mainly attributable to the classification of rental income from St. Kilda properties as Revenue for Q1 2016 as compared to Other operating income for Q1 2015; rental income from the St Kilda properties amounted to S\$2.6 million in Q1 2015. The decrease was also attributable to S\$0.6 million of impairment of amount due from a related party and S\$0.5 million decrease in profit guarantee income from the vendor of Wuxi Hospital in Q1 2016 as compared to Q1 2015. This is due to the expiry of profit guarantee provided by the vendor in January 2016.

Foreign exchange gain has increased by S\$0.7 million in Q1 2016 as compared to Q1 2015 pursuant to exchange rate fluctuations of Ringgit Malaysia ("RM") and Japanese Yen ("JPY") against Singapore Dollar ("SGD").

(c) Administrative expenses

Administrative expenses decreased by S\$0.6 million from S\$3.1 million in Q1 2015 to S\$2.5 million in Q1 2016. This is mainly attributable to classification of S\$0.6 million of operating costs from St. Kilda properties as Cost of sales for Q1 2016 as compared to Administrative expenses for Q1 2015.

(d) Finance expenses

Finance expenses, which relate to interest costs incurred on borrowings taken to finance the acquisition of our properties in Australia and Japan in prior periods, have remained relatively unchanged over the two comparative periods reported on.

(e) Profit after tax

The Group recorded a Profit after tax of S\$0.1 million in Q1 2016 as compared to a Profit after tax of S\$0.7 million in Q1 2015.

Statement of Financial Position

- (a) Current assets (comprising Cash and cash equivalents, Trade and other receivables, Other current assets and Inventories) decreased by S\$4.9 million from S\$42.5 million at 31 December 2015 to S\$37.6 million as at 31 March 2016, mainly attributable to S\$5.2 million and S\$0.2 million decrease in cash and cash equivalents and Other current assets respectively, off set by S\$0.7 million increase in Trade and other receivable. Increased in Trade and other receivables is mainly due to the increase of operating revenue.
- (b) Non-current assets (comprising Goodwill on consolidation, Intangible assets, Investment properties, Investment properties under development ("IPUD"), Other financial assets and Property, plant and equipment) increased by S\$6.8 million from S\$597.3 million as at 31 December 2015 to S\$604.1 million as at 31 March 2016. This is mainly attributable to a S\$6.9 million increase in the carrying value of the properties in Japan arising from the strengthening of JPY against SGD as at 31 March 2016 as compared to 31 December 2015, a S\$0.6 million increase in IPUD and a S\$1.3 million increase in property, plant and equipment due to the new medical equipment acquired by Wuxi Hospital during Q1 2016. The above increases are offset by a reduction of goodwill by S\$2.0 million due to a weakening of Chinese Yuan against SGD as at 31 March 2016 as compared to 31 December 2015.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) decreased by S\$147.4 million from S\$255.1 million as at 31 December 2015 to S\$107.7 million as at 31 March 2016 mainly due to S\$148.1 million reclassification of loans in Japan ("Japan Loans") from Current borrowings to Non-current borrowings as the Group has successfully re-financed its Japan Loans, off set by S\$1.0 million of new borrowings for the purchase of medical equipment by Wuxi Hospital.
- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) increased by S\$152.7 million from S\$177.1 million as at 31 December 2015 to S\$329.8 million as at 31 March 2016. This is mainly attributable to the reclassification of Japan Loans amounting to S\$148.1 million from Current borrowings to Non-current borrowings. The strengthening of JPY and RM against SGD as at 31 March 2016 as compared to 31 December 2015 also resulted in an increase of \$4.4 million of Borrowings when the loans are translated to SGD for financial reporting purposes.

- (e) Shareholders' equity decreased by S\$3.5 million from S\$208.3 million at 31 December 2015 to S\$204.8 million at 31 March 2016.

Cashflow and Working Capital

- (a) Net cash generated from operations of S\$1.8 million in Q1 2016 arises from profit after tax of S\$0.1 million, adjusted for non-cash items amounting to S\$4.0 million and cash outflow from a net increase in working capital of S\$2.3 million attributed mainly to increase in Trade and other receivables of S\$0.7 million and decreased in other current assets and trade and other payables of S\$0.2 million and S\$1.9 million respectively. Decreased in trade and other payable is mainly attributable to the repayment of professional fees. After the net payment of interest payable amounting to S\$4.6 million, net cash used in operating activities in Q1 2016 was S\$2.8 million.

Net cash used in investing activities of S\$2.2 million in Q1 2016 was due mainly to acquisition of medical equipment by Wuxi Hospital and additional cost incurred on development of IPUD of S\$1.6 million and S\$0.6 million respectively.

Net cash used in financing activities of S\$0.3 million in Q1 2016 comprised mainly of S\$1.9 million repayment of borrowings, S\$1.0 million proceeds from new borrowings of S\$1.0 million in Q1 2016 and advances from a related party of S\$0.4 million.

Based on the above, Cash and cash equivalents decreased by S\$5.2 million (including S\$0.1 million currency translation difference) from S\$25.8 million as at 31 December 2015 to S\$20.5 million as at 31 March 2016.

- (b) As at 31 March 2016, the Group had negative working capital of S\$70.1 million mainly due to the reclassification of loans related to the acquisition of the Group's Australia properties from Non-current liabilities to Current liabilities.

The Company is in the process of extending the maturity date of the Australia loans of A\$52.6 million (approximately S\$54.3 million) which matures in August 2016. The Group is also looking to re-position its asset portfolio to repay its certain short and long term borrowings. Therefore, the Board is of the view that there are reasonable grounds to believe that the Group would be able to pay its debts as and when they fall due.

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 financial 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.

Following the Ground Breaking Ceremony for our Wuxi Hospital Phase 2 expansion project in April 2016, our flagship hospital in Wuxi, China, has made good progress in its development and will continue to spearhead the Group's expansion in China.

The Group sees healthcare services to continue to be a growth sector with demand in private healthcare and the ageing population in the Asia markets generating demand for rehabilitative and elder care. The Group will continue to explore and develop our elder healthcare services and integrated medical real estate.

The Group will continue to focus and explore the strengthening of its financial position through various possibilities such as re-positioning of its asset portfolio.

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.

11. (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 period ended 31 March 2016.

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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mr. Fan Kow Hin ⁽¹⁾	S\$240,000	-

- (1) A Management Advisory Service Agreement (the "Agreement") dated 1st February 2016 was entered between IHC Medical Assets Pte Ltd ("HMAC"), a wholly-owned subsidiary of the Company, and Mr. Fan Kow Hin ("Mr. Fan"), the founder and shareholder of the Company for a period of one year from the date of the Agreement. Under this Agreement, Mr. Fan is entitled to a monthly fee of S\$20,000. As such, the value of the interested person transaction in respect of this Agreement is S\$240,000. His key duties involves advising the Company on business development with regards to IHC's Medical Real Estate Mixed Development projects in Asia Pacific region. This includes sourcing for potential strategic acquisitions and introducing investors for the purpose of fund raising.

Save as disclosed above, there were no IPTs which were S\$100,000 and above entered into by the Group during the current financial period reported on.

The Company does not have a general IPT mandate.

14. Use of IPO net proceeds

	Amount allocated (as disclosed in the offer document dated 1 July 2013)	Amount utilised as at the date of this Announcement	Balance of net proceeds as at the date of this Announcement
	S\$'000	S\$'000	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.

15. Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("Catalist Rules")

The Company has procured undertakings from all its directors (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

16. Negative Confirmation by the Board pursuant to Rule 705(5) of Catalist Rules

We, Lim Beng Choo and Jong Hee Sen, being two directors of International Healthway Corporation Limited, do hereby confirm on behalf of the Board of Directors of the Company (the "**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the financial period ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board,

Jong Hee Sen
Non-executive Director

Lim Beng Choo
Executive Director

BY ORDER OF THE BOARD OF DIRECTORS

Lim Beng Choo
Executive Director
International Healthway Corporation Limited

26 July 2016