HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 ("2015 Q1")

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.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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.

	3 months ended		
	31.03.15 S$'000	31.03.14 S$'000	Change %
Revenue	23,679	22,016	7.6
Other operating income	3,139	1,999	57.0
Medical supplies, consumables and laboratory expenses	(4,552)	(4,412)	3.2
Staff costs	(14,674)	(13,244)	10.8
Depreciation of property, plant and equipment	(333)	(303)	9.9
Amortisation of intangible assets	(74)	(73)	1.4
Other operating expenses	(2,793)	(4,428)	(36.9)
Finance costs	(246)	(263)	(6.5)
Profit before income tax	4,146	1,292	220.9
Income tax (expense) / credit	(629)	137	n.m.
Profit for the period attributable to shareholders	3,517	1,429	146.1
Other comprehensive loss, net of tax	(503)	(1,209)	(58.4)
Total comprehensive income for the period	3,014	220	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

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

	3 months ended		
	31.03.15 S$'000	31.03.14 S$'000	Change %
Interest income	(587)	(352)	66.8
Rental income	(106)	(91)	16.5
(Gain) / loss on disposal of available-for-sale financial assets reclassified from equity	(727)	745	n.m.
Interest expense	246	263	(6.5)
Property, plant & equipment written off	1	29	(96.6)
Foreign exchange (gain) / loss	(557)	327	n.m.
Operating lease expenses	2,081	2,056	1.2

Statement of comprehensive income

	3 months ended		
	31.03.15 S$'000	31.03.14 S$'000	Change %
Profit for the period	3,517	1,429	146.1
Foreign exchange differences	196	(500)	n.m.
Change in fair value of available-for-sale financial assets	28	(1,454)	n.m.
Change in fair value of available-for-sale financial assets reclassified to profit or loss	(727)	745	n.m.
Other comprehensive loss for the period, net of tax	(503)	(1,209)	(58.4)
Total comprehensive income for the period	3,014	220	n.m.

n.m. denotes not meaningful.

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

	Group		Company	
	31.03.15 S$'000	31.12.14 S$'000	31.03.15 S$'000	31.12.14 S$'000
Current Assets				
Cash and cash equivalents	3,621	3,157	1,831	1,936
Trade and other receivables	80,892	75,260	11,742	6,352
Inventories	2,563	2,393	-	-
Available-for-sale financial assets	20	756	20	756
	87,096	81,566	13,593	9,044
Non-Current Assets				
Trade and other receivables	21,835	20,358	-	-
Investments in subsidiaries	-	-	194,383	196,970
Property, plant and equipment	5,803	6,031	-	-
Intangible assets	122,124	122,197	283	355
	149,762	148,586	194,666	197,325
Total Assets	236,858	230,152	208,259	206,369
Equity				
Share capital	201,381	201,381	201,381	201,381
Reserves	(7,742)	(10,756)	(6,769)	(7,182)
Total Equity	193,639	190,625	194,612	194,199
Current Liabilities				
Trade and other payables	23,813	22,413	1,226	1,121
Current income tax liabilities	1,124	365	44	101
Borrowings	12,930	12,431	9,515	9,410
	37,867	35,209	10,785	10,632
Non-Current Liabilities				
Borrowings	4,782	3,748	2,862	1,538
Deferred income tax liabilities	204	204	-	-
Provisions	366	366	-	-
	5,352	4,318	2,862	1,538
Total Liabilities	43,219	39,527	13,647	12,170
Total Equity and Liabilities	236,858	230,152	208,259	206,369

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.

	As at 31.03.15		As at 31.12.14	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable within one year	10,827	1,493	9,604	2,150
Amount repayable after one year	3,980	-	2,843	-

The secured borrowings of the Group relate to bank loans and bank overdrafts which are secured by the following:

(i) joint and several guarantees from certain directors and a former director of the Company and subsidiaries; and

(ii) time deposits of the Company and a subsidiary.

The Group's borrowings presented above do not include finance lease liabilities. Finance lease liabilities of the Group are repayable as follows:

	As at	As at
	31.03.15	31.12.14
	S$'000	S$'000
Amount repayable within one year	610	677
Amount repayable after one year	802	905

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.

	3 months ended	
	31.03.15	**31.03.14**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit for the period	3,517	1,429
Adjustments for:		
Income tax expense / (credit)	629	(137)
Amortisation of intangible assets	74	73
(Gain) / loss on disposal of available-for-sale financial assets reclassified from equity	(727)	745
Depreciation of property, plant and equipment	333	303
Property plant and equipment written off	1	29
Exchange differences	(557)	327
Interest expense	246	263
Interest income	(587)	(352)
	2,929	2,680
Changes in working capital:		
Inventories	(170)	(131)
Trade and other receivables	(3,845)	(4,298)
Trade and other payables	1,401	1,762
Cash generated from operations	315	13
Income tax received	130	183
Net Cash generated from operating activities	**445**	**196**
Cash flows from investing activities		
Purchase of property, plant and equipment	(106)	(476)
Loans to third parties	(2,511)	(516)
Proceeds from sale of available-for-sale financial assets	763	1,499
Interest received	587	352
Net Cash (used in) / generated from investing activities	**(1,267)**	**859**
Cash flows from financing activities		
Proceeds from borrowings	8,517	1,873
Repayment of borrowings	(6,815)	(1,726)
Fixed deposits pledged	(3)	(1)
Net repayment of finance lease liabilities	(170)	(156)
Interest paid	(246)	(263)
Net Cash generated from / (used in) financing activities	**1,283**	**(273)**
Net increase in cash and cash equivalents	461	782
Cash and cash equivalents at beginning of period	1,037	1,553
Effect of exchange rate fluctuations on cash held	-	(1)
Cash and cash equivalents at end of period	**1,498**	**2,334**

Cash and cash equivalents comprised:	As at 31.03.15 S$'000	As at 31.03.14 S$'000
Deposits with banks	3,621	4,449
Fixed deposits pledged as collaterals	(2,123)	(2,115)
	1,498	2,334
Bank overdraft	-	-
	1,498	2,334

For the period ended 31 March 2015, the Group acquired property, plant and equipment with an aggregate cost of S$0.1 million (2014 : S$0.7 million), of which S$nil million (2014: S$0.2 million) was acquired under finance lease.

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.

	←——Share capital ——→						
	Ordinary shares	Treasury shares	Total	Fair value reserve	Translation reserve	Retained earnings	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group - Current period							
At 1 January 2015	204,430	(3,049)	201,381	718	699	(12,173)	190,625
Profit for the period	-	-	-	-	-	3,517	3,517
Net change in fair value of available-for-sale financial assets	-	-	-	(699)	-	-	(699)
Foreign exchange differences	-	-	-	-	196	-	196
Total comprehensive income for the period	-	-	-	(699)	196	3,517	3,014
At 31 March 2015	204,430	(3,049)	201,381	19	895	(8,656)	193,639
Group - Previous period							
At 1 January 2014	204,430	(3,049)	201,381	18,776	624	(22,013)	198,768
Loss for the period	-	-	-	-	-	1,429	1,429
Net change in fair value of available-for-sale financial assets	-	-	-	(709)	-	-	(709)
Foreign exchange differences	-	-	-	-	(500)	-	(500)
Total comprehensive income for the period	-	-	-	(709)	(500)	1,429	220
At 31 March 2014	204,430	(3,049)	201,381	18,067	124	(20,584)	198,988

	<---------- Share capital ---------->						
	Ordinary shares	Treasury shares	Total	Fair value reserve	Translation reserve	Retained earnings	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company - Current period							
At 1 January 2015	204,430	(3,049)	201,381	718	-	(7,900)	194,199
Profit for the period	-	-	-	-	-	1,112	1,112
Net change in fair value of available-for-sale financial assets	-	-	-	(699)	-	-	(699)
Total comprehensive income for the period	-	-	-	(699)	-	1,112	413
At 31 March 2015	204,430	(3,049)	201,381	19	-	(6,788)	194,612
Company - Previous period							
At 1 January 2014	204,430	(3,049)	201,381	18,776	-	(18,486)	201,671
Profit for the period	-	-	-	-	-	(375)	(375)
Net change in fair value of available-for-sale financial assets	-	-	-	(709)	-	-	(709)
Total comprehensive income for the period	-	-	-	(709)	-	(375)	(1,084)
At 31 March 2014	204,430	(3,049)	201,381	18,067	-	(18,861)	200,587

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

Ordinary shares

	Number of shares	Amount S$'000
Ordinary shares excluding treasury shares as at 31 December 2014 and 31 March 2015	2,308,236,183	201,381

There was no change in the Company's share capital from 1 January 2015 to 31 March 2015.

Convertibles

The Company did not have any outstanding convertibles as at 31 March 2015 and 31 March 2014.

Treasury shares

The Company had 18,698,000 treasury shares as at 31 March 2015 and 31 March 2014.

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 31.03.15	As at 31.12.14
Total number of issued shares excluding treasury shares	2,308,236,183	2,308,236,183

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. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the 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 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 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.

Save as disclosed in paragraph 5 below, 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.

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 applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial year compared with the audited financial statements as at 31 December 2014, except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2015. The adoption of these new FRS and INT FRS has no significant impact on the financial statements for the current and 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.

	3 months ended	
	31.03.15	**31.03.14**
Basic and diluted earnings per ordinary share (Singapore cents)	0.15	0.06

Basic and diluted earnings per share of the Group for the 3 months ended 31 March 2015 and 31 March 2014 are calculated based on the weighted average number of ordinary shares in issue of 2,308,236,183.

There were no potentially dilutive ordinary shares in existence during the 3 months ended 31 March 2015 and 31 March 2014, and accordingly, basic earnings per ordinary share and diluted earnings per ordinary share were the same for the respective periods.

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 31.03.15	As at 31.12.14	As at 31.03.15	As at 31.12.14
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	8.39	8.26	8.43	8.41

The net asset value per ordinary share of the Group and the Company as at 31 March 2015 were calculated based on the total number of issued shares, excluding treasury shares, of 2,308,236,183 (31 December 2014: 2,308,236,183).

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 performance

The Group's turnover for the quarter ended 31 March 2015 ("FY2015 Q1") was S$23.7 million, an increase of S$1.7 million or 7.6% from S$22.0 million for the quarter ended 31 March 2014 ("FY2014 Q1"). The increase was mainly due to increase in revenue from the Specialist & Wellness Healthcare segment by S$1.4 million, from S$9.5 million in FY2014 Q1 to S$10.9 million in FY2015 Q1 and from the Primary Healthcare segment by S$0.3 million, from S$12.5 million in FY2014 Q1 to S$12.8 million in FY2015 Q1.

The Group's other operating income increased by S$1.1 million or 57.0% from S$2.0 million for FY2014 Q1 to S$3.1 million for FY2015 Q1. The increase is mainly due to S$0.7 million gain on disposal of available-for-sale financial assets, increase in interest income by S$0.2 million as a result of higher loan receivables balances and higher wage credit and special employment credit received in FY2015 Q1.

Total operating costs for the Group, which included medical supplies, consumables and laboratory expenses, staff costs, depreciation of property, plant and equipment, amortisation of intangible assets and other operating expenses, decreased by S$0.1 million or 0.2% from S$22.5 million for FY2014 Q1 to S$22.4 million for FY2015 Q1. The decrease was mainly due to unrealised foreign exchange loss of S$0.3 million in FY2014 Q1 as compared to gain of S$0.6 million in FY2015 Q1 and no loss on disposal of available-for-sale financial assets for FY2015 Q1 as compared to S$0.7 million in FY2014 Q1. The decrease was offset by higher staff costs of S$1.4 million which was in line with the increase in revenue.

The finance costs for the Group decreased by S$0.1 million or 6.5% from S$0.3 million for FY2014 Q1 to S$0.2 million for FY2015 Q1.

The Group's net profit before income tax for FY2015 Q1 was S$4.1 million as compared to S$1.3 million in FY2014 Q1 and the net profit attributable to shareholders for FY2015 Q1 was S$3.5 million as compared to net profit attributable to shareholders of S$1.4 million for FY2014 Q1.

Financial position

Non-current assets (comprising property, plant and equipment, intangible assets, trade and other receivables) were S$149.8 million as at 31 March 2015, representing an increase of S$1.2 million from S$148.6 million as at 31 December 2014. This was mainly due to an increase in trade and other receivables of S$1.5 million, offset by decrease of S$0.2 million in property, plant and equipment.

Current assets (comprising inventories, trade and other receivables, available-for-sale financial assets and cash and cash equivalents) were S$87.1 million as at 31 March 2015. This was S$5.5 million higher than S$81.6 million as at 31 December 2014. The increase was mainly due to increase of inventories of S$0.2 million, increase in trade and other receivables of S$5.6 million and increase in cash and bank balances of S$0.5 million, offset by decrease in available-for-sale financial assets of S$0.7 million following the disposal of available-for-sale financial assets ("AFS") in the open market. The increase in trade and other receivables of S$5.6 million was mainly due to increase in receivables from third party clinics managed by the Group of S$4.4 million. The remaining AFS balance as at 31 March 2015 pertains to the balance of shares (which remains untransferable) to the scrip-based shareholders of the Company pursuant to the Distribution in Specie approved by the shareholders on 22 May 2013.

Non-current liabilities (comprising provisions, borrowings and deferred income tax liabilities) were S$5.4 million as at 31 March 2015, an increase of S$1.1 million from S$4.3 million as at 31 December 2014, mainly due to additional loans drawn down during FY2015 Q1.

Current liabilities (comprising borrowings, trade and other payables and current income tax liabilities) were S$37.9 million as at 31 March 2015, an increase of S$2.7 million from S$35.2 million as at 31 December 2014, mainly due to increase in financial liabilities of S$0.5 million as a result of additional loans drawn down, increase in trade and other payables of S$1.4 million and increase in current income tax liabilities of S$0.8 million.

The Group had a positive working capital of S$49.2 million as at 31 March 2015, as compared to S$46.4 million as at 31 December 2014.

Cash flow statement

As at 31 March 2015, the Group had cash and cash equivalents amounting to S$1.5 million, net of fixed deposits pledged of S$2.1 million, as compared to cash and cash equivalents amounting to S$2.3 million, net of fixed deposits pledged of S$2.1 million as at 31 March 2014.

The significant cash movements during FY2015 Q1 as compared to FY2014 Q1 can be summarised as follows : -

Cash flow generated from operating activities for FY2015 Q1 amounted to S$0.4 million as compared to S$0.2 million for FY2014 Q1. The cash flow generated from operating activities for FY2015 Q1 was mainly due to higher profits for the period and an increase in trade and other payables of S$1.4 million offset by an increase in trade and other receivables of S$3.8 million.

Cash flow used in investing activities for FY2015 Q1 was S$1.3 million as compared to cash flow generated from investing activities of S$0.9 million for FY2014 Q1. The cash flow used in investing activities for FY2015 Q1 was mainly due to increase in loan receivables of S$2.5 million and purchase of property, plant and equipment of S$0.1 million, offset by proceed from sale of available-for-sale financial assets of S$0.8 million and interest received of S$0.6 million.

Cash flow generated from financing activities was S$1.3 million for FY2015 Q1 as compared to cash flow used in financing activities of S$0.3 million for FY2014 Q1. The cash flow generated from financing activities in FY2015 Q1 was mainly due to S$8.5 million increase in borrowings for working capital purposes, offset by S$6.8 million repayment of borrowings, net repayment of finance lease liabilities of S$0.2 million and interest paid of S$0.2 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 had been previously disclosed to shareholders for the current 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.

Both the Primary Healthcare and Specialist & Wellness Healthcare segment contributed positively to the growth of the Group revenue in the 1st quarter of 2015. The Group is expected to continue to build patient load through the government programmes such as Community Health Assist Scheme ("CHAS") and Pioneer Generation Package ("PG").

We have commenced preparatory works for more joint clinics to be added to the Group.

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

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

No dividends have been declared or recommended for the current reporting period.

(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) Book closure date

Not applicable.

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

No dividends have been declared or recommended for the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for Interested Person 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 has obtained a general mandate from shareholders for IPTs between the Group and Healthway Medical Development (Private) Limited ("**HMD**"). However, there were no IPTs between the Group and HMD during FY2015 Q1.

There were also no IPTs of S$100,000 or more entered into by the Group during FY2015 Q1.

14. Confirmation pursuant to Rule 705(5).

The Board of Directors (the "**Board**") has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the quarter ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Mr Yeow Ming Ying
Executive Director
5 May 2015