

# 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)



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## UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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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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 30 June |         |           | 6 months ended 30 June |          |           |
|                                                                                           | 2016                   | 2015    | Inc/(Dec) | 2016                   | 2015     | Inc/(Dec) |
|                                                                                           | S\$'000                | S\$'000 | %         | S\$'000                | S\$'000  | %         |
| <b>Revenue</b>                                                                            | 13,574                 | 10,363  | 31.0      | 26,924                 | 20,476   | 31.5      |
| Cost of sales                                                                             | (6,753)                | (5,661) | 19.3      | (13,551)               | (10,923) | 24.1      |
| <b>Gross profit</b>                                                                       | 6,821                  | 4,702   | 45.1      | 13,373                 | 9,553    | 40.0      |
| Other operating income, net                                                               | 1,305                  | 33,637  | (96.1)    | 3,570                  | 38,731   | (90.8)    |
| Administrative expenses                                                                   | (3,047)                | (4,204) | (27.5)    | (5,575)                | (7,348)  | (24.1)    |
| Finance expenses                                                                          | (6,022)                | (6,273) | (4.0)     | (12,165)               | (12,318) | (1.2)     |
| <b>(Loss)/profit before tax</b>                                                           | (943)                  | 27,862  | N/M       | (797)                  | 28,618   | N/M       |
| Income tax expense                                                                        | 70                     | (3,414) | N/M       | 40                     | (3,463)  | N/M       |
| <b>(Loss)/profit after tax</b>                                                            | (873)                  | 24,448  | N/M       | (757)                  | 25,155   | N/M       |
| <b>Other comprehensive income/(loss):</b>                                                 |                        |         |           |                        |          |           |
| Currency translation differences arising from consolidation                               | 3,978                  | (8,260) | N/M       | 444                    | (1,945)  | N/M       |
| <b>Total comprehensive income/(loss) for the period</b>                                   | 3,105                  | 16,188  | (80.8)    | (313)                  | 23,210   | N/M       |
| <b>(Loss)/profit attributable to :-</b>                                                   |                        |         |           |                        |          |           |
| Equity holders of the Company                                                             | (869)                  | 28,488  | N/M       | (754)                  | 29,100   | N/M       |
| Non-controlling interests                                                                 | (4)                    | (4,040) | (99.9)    | (3)                    | (3,945)  | (99.9)    |
|                                                                                           | (873)                  | 24,448  | N/M       | (757)                  | 25,155   | N/M       |
| <b>Total comprehensive income/(loss) attributable to :-</b>                               |                        |         |           |                        |          |           |
| Equity holders of the Company                                                             | 3,109                  | 21,689  | (85.7)    | (315)                  | 28,389   | N/M       |
| Non-controlling interests                                                                 | (4)                    | (5,501) | (99.9)    | 2                      | (5,179)  | N/M       |
|                                                                                           | 3,105                  | 16,188  | (80.8)    | (313)                  | 23,210   | N/M       |
| <b>(Loss)/earnings per share for profit attributable to equity holders of the Company</b> |                        |         |           |                        |          |           |
| - Basic (loss)/earnings per share (Singapore cents)                                       | (0.052)                | 1.722   |           | (0.045)                | 1.771    |           |
| - Diluted (loss)/earnings per share (Singapore cents)                                     | (0.052)                | 1.722   |           | (0.045)                | 1.771    |           |

N/M - 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.**

**Statements of Financial Position**

|                                         | <b>Group</b>          |                       | <b>Company</b>        |                       |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                         | <b>30.6.2016</b>      | <b>31.12.2015</b>     | <b>30.6.2016</b>      | <b>31.12.2015</b>     |
|                                         | <b>S\$'000</b>        | <b>S\$'000</b>        | <b>S\$'000</b>        | <b>S\$'000</b>        |
| <b>ASSETS</b>                           |                       |                       |                       |                       |
| <b>Current assets</b>                   |                       |                       |                       |                       |
| Cash and cash equivalents               | 15,776                | 25,751                | 10                    | 247                   |
| Trade and other receivables             | 15,445                | 13,992                | 168,702               | 165,400               |
| Other current assets                    | 2,462                 | 1,839                 | 145                   | 56                    |
| Inventories                             | 1,133                 | 911                   | -                     | -                     |
| Assets held for sale                    | 114,320               | -                     | -                     | -                     |
|                                         | <u>149,136</u>        | <u>42,493</u>         | <u>168,857</u>        | <u>165,703</u>        |
| <b>Non-current assets</b>               |                       |                       |                       |                       |
| Goodwill on consolidation               | 34,889                | 38,318                | -                     | -                     |
| Intangible assets                       | 5,923                 | 6,531                 | -                     | -                     |
| Investment properties                   | 313,962               | 397,942               | -                     | -                     |
| Investment properties under development | 145,660               | 146,966               | -                     | -                     |
| Property, plant and equipment           | 7,867                 | 7,040                 | 51                    | 63                    |
| Other financial assets                  | -                     | 551                   | -                     | -                     |
| Investment in subsidiaries              | -                     | -                     | 134,195               | 133,279               |
|                                         | <u>508,301</u>        | <u>597,348</u>        | <u>134,246</u>        | <u>133,342</u>        |
| <b>Total assets</b>                     | <u><u>657,437</u></u> | <u><u>639,841</u></u> | <u><u>303,103</u></u> | <u><u>299,045</u></u> |
| <b>LIABILITIES</b>                      |                       |                       |                       |                       |
| <b>Current liabilities</b>              |                       |                       |                       |                       |
| Trade and other payables                | 17,579                | 21,878                | 30,137                | 20,624                |
| Borrowings                              | 129,082               | 231,470               | 57,558                | 9,031                 |
| Income tax liabilities                  | 1,855                 | 1,770                 | -                     | -                     |
| Other liabilities                       | -                     | -                     | 373                   | 703                   |
|                                         | <u>148,516</u>        | <u>255,118</u>        | <u>88,068</u>         | <u>30,358</u>         |
| <b>Non-current liabilities</b>          |                       |                       |                       |                       |
| Trade and other payables                | 8,115                 | 7,258                 | -                     | -                     |
| Borrowings                              | 262,646               | 139,720               | 49,502                | 97,824                |
| Deferred tax liabilities                | 30,850                | 30,122                | -                     | -                     |
| Other liabilities                       | -                     | -                     | 1,257                 | 1,396                 |
|                                         | <u>301,611</u>        | <u>177,100</u>        | <u>50,759</u>         | <u>99,220</u>         |
| <b>Total liabilities</b>                | <u><u>450,127</u></u> | <u><u>432,218</u></u> | <u><u>138,827</u></u> | <u><u>129,578</u></u> |
| <b>NET ASSETS</b>                       | <u><u>207,310</u></u> | <u><u>207,623</u></u> | <u><u>164,276</u></u> | <u><u>169,467</u></u> |
| <b>EQUITY</b>                           |                       |                       |                       |                       |
| Share capital                           | 192,707               | 192,707               | 192,707               | 192,707               |
| Currency translation reserve            | (3,355)               | (3,794)               | -                     | -                     |
| Merger reserve                          | (65,742)              | (65,742)              | -                     | -                     |
| Asset revaluation reserve               | 3,630                 | 3,630                 | -                     | -                     |
| Statutory surplus reserve               | 327                   | 327                   | -                     | -                     |
| Retained earnings/(Accumulated losses)  | 80,370                | 81,124                | (28,431)              | (23,240)              |
|                                         | <u>207,937</u>        | <u>208,252</u>        | <u>164,276</u>        | <u>169,467</u>        |
| <b>Non-controlling interests</b>        | <u>(627)</u>          | <u>(629)</u>          | <u>-</u>              | <u>-</u>              |
| <b>Total equity</b>                     | <u><u>207,310</u></u> | <u><u>207,623</u></u> | <u><u>164,276</u></u> | <u><u>169,467</u></u> |

## Notes to the Financial Statements

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

|                                                            | Group                  |          |           | Group                  |          |           |
|------------------------------------------------------------|------------------------|----------|-----------|------------------------|----------|-----------|
|                                                            | 3 months ended 30 June |          |           | 6 months ended 30 June |          |           |
|                                                            | 2016                   | 2015     | Inc/(Dec) | 2016                   | 2015     | Inc/(Dec) |
|                                                            | S\$'000                | S\$'000  | %         | S\$'000                | S\$'000  | %         |
| Interest income                                            | (34)                   | (13)     | 161.5     | (38)                   | (25)     | 52.0      |
| Interest expense                                           | 6,022                  | 6,273    | (4.0)     | 12,165                 | 12,318   | (1.2)     |
| Amortisation of lease prepayments                          | 74                     | 104      | (28.8)    | 150                    | 137      | 9.5       |
| Amortisation of intangible asset                           | 59                     | -        | N/M       | 120                    | -        | N/M       |
| Depreciation of property, plant and equipment              | 293                    | 331      | (11.5)    | 585                    | 620      | (5.6)     |
| Allowance for impairment of other receivable               | 231                    | -        | N/M       | 853                    | -        | N/M       |
| Currency translation gain - net                            | (1,229)                | 1,838    | N/M       | (2,964)                | 784      | N/M       |
| Guarantee fee income                                       | (239)                  | (835)    | (71.4)    | (1,126)                | (1,678)  | (32.9)    |
| Profit guarantee income                                    | -                      | (455)    | N/M       | (67)                   | (1,089)  | (93.8)    |
| Fair value gain on investment properties under development | -                      | (33,280) | N/M       | -                      | (33,280) | N/M       |
| Net rental income from assets held for sale                | -                      | (2,584)  | N/M       | -                      | (5,196)  | N/M       |

## 2. Income tax expense

|                              | Group                  |         |           | Group                  |         |           |
|------------------------------|------------------------|---------|-----------|------------------------|---------|-----------|
|                              | 3 months ended 30 June |         |           | 6 months ended 30 June |         |           |
|                              | 2016                   | 2015    | Inc/(Dec) | 2016                   | 2015    | Inc/(Dec) |
|                              | S\$'000                | S\$'000 | %         | S\$'000                | S\$'000 | %         |
| Current income tax - Foreign | 10                     | (87)    | N/M       | 40                     | (136)   | N/M       |
| Deferred income tax          | -                      | (3,327) | N/M       | -                      | (3,327) | N/M       |
| Charge for the period        | 10                     | (3,414) | N/M       | 40                     | (3,463) | N/M       |

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 30.6.2016 |           |         | 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 | 127,499         | 1,583     | 129,082 | 229,772          | 1,698     | 231,470 |
| Amount repayable after one year  | 261,428         | 1,218     | 262,646 | 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.**

**Cash flow from operating activities :**

|                                                                      |         |          |
|----------------------------------------------------------------------|---------|----------|
| (Loss)/profit after tax                                              | (873)   | 24,448   |
| Adjustments :-                                                       |         |          |
| Income tax expense                                                   | (70)    | 3,414    |
| Depreciation of property, plant and equipment                        | 293     | 331      |
| Amortisation of lease prepayments                                    | 74      | 104      |
| Amortisation of intangible assets                                    | 59      | -        |
| Property, plant and equipment written off                            | 4       | -        |
| Allowance for impairment of other receivable and deposit             | 231     | -        |
| Reduction in lease prepayments                                       | -       | 1,738    |
| Fair value gain on investment properties under development           | -       | (33,280) |
| Interest income                                                      | (34)    | (13)     |
| Interest expense                                                     | 6,022   | 6,273    |
| Issuance of shares pursuant to a settlement of financing arrangement | -       | 7,488    |
| Foreign currency translation differences                             | (2,087) | 5,334    |
| Operating profit before working capital changes                      | 3,619   | 15,837   |

(Increase)/decrease in:

|                             |         |       |
|-----------------------------|---------|-------|
| Inventories                 | (361)   | 171   |
| Trade and other receivables | (1,590) | (825) |
| Other current assets        | (805)   | -     |

Decrease in:

|                          |         |          |
|--------------------------|---------|----------|
| Trade and other payables | (1,417) | (10,278) |
|--------------------------|---------|----------|

Cash (used in)/provided by operations

|                                       |         |         |
|---------------------------------------|---------|---------|
| Interest paid                         | (8,025) | (5,278) |
| Income tax paid                       | -       | (98)    |
| Net cash used in operating activities | (8,579) | (471)   |

**Cash flow from investing activities :**

|                                                      |         |          |
|------------------------------------------------------|---------|----------|
| Acquisition of investment properties                 | -       | (29,109) |
| Additions to investment properties under development | (3,064) | (1,797)  |
| Purchase of property, plant and equipment            | (256)   | -        |
| Deposits placed to subcontractor                     | -       | -        |
| Net cash outflow from acquisition of subsidiaries    | -       | -        |
| Interest received                                    | 34      | 13       |
| Net cash used in investing activities                | (3,286) | (30,893) |

**Cash flow from financing activities :**

|                                           |          |          |
|-------------------------------------------|----------|----------|
| Repayment to related parties, net         | (516)    | (16,771) |
| Proceeds from borrowings                  | 18,133   | 80,026   |
| Repayment of borrowings                   | (11,997) | (28,643) |
| Net cash provided by financing activities | 5,620    | 34,612   |

|                                                              |         |        |
|--------------------------------------------------------------|---------|--------|
| Net (decrease)/increase in cash and cash equivalents         | (6,245) | 3,248  |
| Cash and cash equivalents at beginning of financial period   | 20,506  | 20,629 |
| Effects of currency translation on cash and cash equivalents | 1,515   | (850)  |
| Cash and cash equivalents at end of financial period         | 15,776  | 23,027 |

| Group                  |          | Group                  |          |
|------------------------|----------|------------------------|----------|
| 3 months ended 30 June |          | 6 months ended 30 June |          |
| 2016                   | 2015     | 2016                   | 2015     |
| S\$'000                | S\$'000  | S\$'000                | S\$'000  |
| (873)                  | 24,448   | (757)                  | 25,155   |
| (70)                   | 3,414    | (40)                   | 3,463    |
| 293                    | 331      | 585                    | 620      |
| 74                     | 104      | 150                    | 137      |
| 59                     | -        | 120                    | -        |
| 4                      | -        | 4                      | -        |
| 231                    | -        | 853                    | -        |
| -                      | 1,738    | -                      | -        |
| -                      | (33,280) | -                      | (33,280) |
| (34)                   | (13)     | (38)                   | (25)     |
| 6,022                  | 6,273    | 12,165                 | 12,318   |
| -                      | 7,488    | -                      | 7,488    |
| (2,087)                | 5,334    | (5,339)                | 5,250    |
| 3,619                  | 15,837   | 7,703                  | 21,126   |
| (361)                  | 171      | (223)                  | (48)     |
| (1,590)                | (825)    | (2,292)                | (3,596)  |
| (805)                  | -        | (623)                  | 31       |
| (1,417)                | (10,278) | (3,355)                | (9,064)  |
| (554)                  | 4,905    | 1,210                  | 8,449    |
| (8,025)                | (5,278)  | (12,628)               | (11,639) |
| -                      | (98)     | -                      | (148)    |
| (8,579)                | (471)    | (11,418)               | (3,338)  |
| -                      | (29,109) | -                      | (29,109) |
| (3,064)                | (1,797)  | (3,643)                | (4,037)  |
| (256)                  | -        | (1,869)                | (35)     |
| -                      | -        | -                      | (6,662)  |
| -                      | -        | -                      | (1,979)  |
| 34                     | 13       | 38                     | 25       |
| (3,286)                | (30,893) | (5,474)                | (41,797) |
| (516)                  | (16,771) | (31)                   | (19,043) |
| 18,133                 | 80,026   | 19,178                 | 130,094  |
| (11,997)               | (28,643) | (13,858)               | (70,204) |
| 5,620                  | 34,612   | 5,289                  | 40,847   |
| (6,245)                | 3,248    | (11,603)               | (4,288)  |
| 20,506                 | 20,629   | 25,751                 | 27,275   |
| 1,515                  | (850)    | 1,628                  | 40       |
| 15,776                 | 23,027   | 15,776                 | 23,027   |

**Reconciliation of cash and cash equivalents:**

|                                                                    |        |        |
|--------------------------------------------------------------------|--------|--------|
| Cash and cash equivalents per consolidated statement of cash flows | 15,776 | 23,027 |
| Add: Bank deposits pledged                                         | -      | 3,750  |

Cash and cash equivalents per consolidated statement of financial position

| Group           |                 | Group           |                 |
|-----------------|-----------------|-----------------|-----------------|
| As at 30.6.2016 | As at 30.6.2015 | As at 30.6.2016 | As at 30.6.2015 |
| S\$'000         | S\$'000         | S\$'000         | S\$'000         |
| 15,776          | 23,027          | 15,776          | 23,027          |
| -               | 3,750           | -               | 3,750           |
| 15,776          | 26,777          | 15,776          | 26,777          |

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      |
| <b>Balance at 1 January 2016</b>                 | 192,707                                       | (3,794)                      | (65,742)       | 3,630                     | 327                       | 81,124            | 208,252 | (629)                     | 207,623      |
| <b>Total comprehensive income for the period</b> |                                               |                              |                |                           |                           |                   |         |                           |              |
| Profit for the period                            | -                                             | -                            | -              | -                         | -                         | 115               | 115     | 1                         | 116          |
| <b>Other comprehensive loss</b>                  |                                               |                              |                |                           |                           |                   |         |                           |              |
| Currency translation differences                 | -                                             | (3,539)                      | -              | -                         | -                         | -                 | (3,539) | 5                         | (3,534)      |
| <b>Balance at 31 March 2016</b>                  | 192,707                                       | (7,333)                      | (65,742)       | 3,630                     | 327                       | 81,239            | 204,828 | (623)                     | 204,205      |
| <b>Balance as 1 April 2016</b>                   | 192,707                                       | (7,333)                      | (65,742)       | 3,630                     | 327                       | 81,239            | 204,828 | (623)                     | 204,205      |
| <b>Total comprehensive income for the period</b> |                                               |                              |                |                           |                           |                   |         |                           |              |
| Loss for the period                              | -                                             | -                            | -              | -                         | -                         | (869)             | (869)   | (4)                       | (873)        |
| <b>Other comprehensive income</b>                |                                               |                              |                |                           |                           |                   |         |                           |              |
| Currency translation differences                 | -                                             | 3,978                        | -              | -                         | -                         | -                 | 3,978   | -                         | 3,978        |
| <b>Balance at 30 June 2016</b>                   | 192,707                                       | (3,355)                      | (65,742)       | 3,630                     | 327                       | 80,370            | 207,937 | (627)                     | 207,310      |
| <b>Balance at 1 January 2015</b>                 | 185,219                                       | (6,271)                      | (65,742)       | 2,726                     | 327                       | 87,626            | 203,885 | 5,216                     | 209,101      |
| <b>Total comprehensive income for the period</b> |                                               |                              |                |                           |                           |                   |         |                           |              |
| Profit for the period                            | -                                             | -                            | -              | -                         | -                         | 613               | 613     | 95                        | 708          |
| <b>Other comprehensive income</b>                |                                               |                              |                |                           |                           |                   |         |                           |              |
| Currency translation differences                 | -                                             | 6,088                        | -              | -                         | -                         | -                 | 6,088   | 227                       | 6,315        |
| <b>Balance at 31 March 2015</b>                  | 185,219                                       | (183)                        | (65,742)       | 2,726                     | 327                       | 88,239            | 210,586 | 5,538                     | 216,124      |
| <b>Balance as 1 April 2015</b>                   | 185,219                                       | (183)                        | (65,742)       | 2,726                     | 327                       | 88,239            | 210,586 | 5,538                     | 216,124      |
| <b>Total comprehensive income for the period</b> |                                               |                              |                |                           |                           |                   |         |                           |              |
| Profit for the period                            | -                                             | -                            | -              | -                         | -                         | 24,448            | 24,448  | 20                        | 24,468       |
| Acquisition of equity interests in subsidiaries  | -                                             | -                            | -              | 904                       | -                         | 4,040             | 4,944   | (4,964)                   | (20)         |
| Issue of new shares                              | 7,488                                         | -                            | -              | -                         | -                         | -                 | 7,488   | -                         | 7,488        |
| <b>Other comprehensive loss</b>                  |                                               |                              |                |                           |                           |                   |         |                           |              |
| Currency translation differences                 | -                                             | (6,799)                      | -              | -                         | -                         | -                 | (6,799) | (556)                     | (7,355)      |
| <b>Balance at 30 June 2015</b>                   | 192,707                                       | (6,982)                      | (65,742)       | 3,630                     | 327                       | 116,727           | 240,667 | 38                        | 240,705      |

| COMPANY                                                           | Share Capital | Retained earnings/<br>(Accumulated losses) | Total equity |
|-------------------------------------------------------------------|---------------|--------------------------------------------|--------------|
|                                                                   | S\$'000       | S\$'000                                    | S\$'000      |
| <b>Balance at 1 January 2016</b>                                  | 192,707       | (23,240)                                   | 169,467      |
| <b>Total comprehensive income for the period</b>                  |               |                                            |              |
| Loss for the period                                               | -             | (2,441)                                    | (2,441)      |
| <b>Balance at 31 March 2016</b>                                   | 192,707       | (25,681)                                   | 167,026      |
| <b>Balance at 1 April 2016</b>                                    | 192,707       | (25,681)                                   | 167,026      |
| <b>Total comprehensive income for the period</b>                  |               |                                            |              |
| Loss for the period                                               | -             | (2,750)                                    | (2,750)      |
| <b>Balance at 30 June 2016</b>                                    | 192,707       | (28,431)                                   | 164,276      |
| <b>Balance at 1 January 2015</b>                                  | 185,219       | (3,135)                                    | 182,084      |
| <b>Total comprehensive income for the period</b>                  |               |                                            |              |
| Profit for the period                                             | -             | 355                                        | 355          |
| <b>Balance at 31 March 2015</b>                                   | 185,219       | (2,780)                                    | 182,439      |
| <b>Balance at 1 April 2015</b>                                    | 185,219       | (2,780)                                    | 182,439      |
| <b>Total comprehensive income for the period</b>                  |               |                                            |              |
| Profit for the period                                             | -             | (2,388)                                    | (2,388)      |
| Purchase price adjustment pursuant to acquisition of subsidiaries | 7,488         | -                                          | 7,488        |
| <b>Balance at 30 June 2015</b>                                    | 192,707       | (5,168)                                    | 187,539      |

- 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**

|                                              | <b>Number of shares</b> | <b>Paid-up share capital<br/>S\$</b> |
|----------------------------------------------|-------------------------|--------------------------------------|
| Balance as at 31 March 2016 and 30 June 2016 | 1,659,064,603           | 192,706,969                          |

There were no change in the Company's share capital between 1 April 2016 and 30 June 2016.

There were no outstanding convertibles or treasury shares held by the Company as at 30 June 2016 and 30 June 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 30 June 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 30 June 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 30 June 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:-**

|                                                          | <b>Group</b>                  |               | <b>Group</b>                  |               |
|----------------------------------------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                                                          | <b>3 months ended 30 June</b> |               | <b>6 months ended 30 June</b> |               |
|                                                          | <b>2016</b>                   | <b>2015</b>   | <b>2016</b>                   | <b>2015</b>   |
| <b>Basic (loss)/earnings per share</b>                   |                               |               |                               |               |
| Net (loss)/profit attributable to shareholders (S\$'000) | (869)                         | 28,488        | (754)                         | 29,100        |
| Weighted average number of ordinary shares in issue      | 1,659,064,603                 | 1,654,361,164 | 1,659,064,603                 | 1,643,398,382 |
| Basic (loss)/earnings per share (Singapore cents)        | (0.052)                       | 1.722         | (0.045)                       | 1.771         |
| <b>Diluted (loss)/earnings per share</b>                 |                               |               |                               |               |
| Net (loss)/profit attributable to shareholders (S\$'000) | (869)                         | 28,488        | (754)                         | 29,100        |
| Weighted average number of ordinary shares               | 1,659,064,603                 | 1,654,361,164 | 1,659,064,603                 | 1,643,398,382 |
| Diluted (loss)/earnings per share (Singapore cents)      | (0.052)                       | 1.722         | (0.045)                       | 1.771         |

Basic and diluted earnings per share were the same for the 3 months and 6 months ended 30 June 2016 and 30 June 2015 as there were no potentially dilutive ordinary shares in issue as at 30 June 2016 and 30 June 2015 respectively.

**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.**

|                                                                             | <b>Group</b>     |                   | <b>Company</b>   |                   |
|-----------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|
|                                                                             | <b>As at</b>     | <b>As at</b>      | <b>As at</b>     | <b>As at</b>      |
|                                                                             | <b>30.6.2016</b> | <b>31.12.2015</b> | <b>30.6.2016</b> | <b>31.12.2015</b> |
| Net asset value attributable to the equity holders of the Company (S\$'000) | 207,937          | 208,252           | 164,276          | 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)                        | 12.53            | 12.55             | 9.90             | 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\$3.2 million from S\$10.4 million for the financial period ended 30 June 2015 ("Q22015") to S\$13.6 million for the financial period ended 30 June 2016 ("Q2 2016"). This is mainly attributable to the S\$1.9 million rental income contributed from the two investment properties in St. Kilda, Australia ("St. Kilda properties"), S\$0.5 million from the investment property in Geelong, Australia which was acquired by the Group in June 2015 and an increase of revenue of \$0.6 million from our medical drug distribution company acquired in January 2015

The St Kilda properties were previously classified as "Assets held for Sale" since 30 September 2014 and accordingly, the rental income of S\$2.6 million from the St Kilda properties was included in "Other Operating income" for Q2 2015. Following their subsequent reclassification to Investment Properties in October 2015, the S\$1.9 million rental income generated from the St Kilda properties for Q2 2016 are recorded as Revenue. Lower rental income from St. Kilda properties for Q2 2016 as compared to Q2 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\$32.3 million from S\$33.6 million in Q2 2015 to S\$1.3 million in Q2 2016. This is mainly attributable to the S\$33.3 million fair value gains on investment properties under development on our China assets recorded in Q2 2015 and classification of rental income from St. Kilda properties as Revenue for Q2 2016 as compared to Other operating income for Q2 2015, whereby rental income from the St Kilda properties amounted to S\$2.6 million in Q2 2015. The decrease was also attributable to S\$0.2 million of impairment of amount due from a related party, S\$0.5 million decrease in profit guarantee income from the vendor of Wuxi Hospital and S\$0.6 million decrease in guarantee fee income from a related party in Q2 2016 as compared to Q2 2015. This is due to the expiry of profit guarantee provided by the vendor and guarantee fee income provided by the related party in January 2016 and April 2016 respectively.

However, the decrease of other operating income was partially off set by the foreign exchange gain of S\$1.2 million in Q2 2016 pursuant to exchange rate fluctuations of Ringgit Malaysia ("RM") and Japanese Yen ("JPY") against Singapore Dollar ("SGD"). While, the Group recorded a foreign exchange loss of S\$1.8 million in Q2 2015.

**(c) Administrative expenses**

Administrative expenses decreased by S\$1.2 million from S\$4.2 million in Q2 2015 to S\$3.0 million in Q2 2016. This is mainly attributable to classification of S\$0.6 million of operating costs from St. Kilda properties as Cost of sales for Q2 2016 as compared to Administrative expenses for Q2 2015. The decrease is also due to the S\$0.3 million property management costs that was over accrued in financial year 2015 and being reversed in Q2 2016 and the absence of S\$0.3 million of other administrative expenses incurred for the issuance of Medium Term Notes ("MTN") in April 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 Loss after tax of S\$0.1 million in Q2 2016 as compared to a Profit after tax of S\$24.4 million in Q2 2015.

**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\$106.6 million from S\$42.5 million at 31 December 2015 to S\$149.1 million as at 30 June 2016, mainly attributable to the reclassification of our investment properties in Australia of S\$114.3 million to Assets held for sale on 30 June 2016 in accordance with FRS. The increase was also due to S\$1.5 million and S\$0.8 million increased in Trade and other receivable and other current assets respectively, off set by decreased of S\$10.0 million in cash and cash equivalents. The increase in Trade receivables is mainly due to the increase of operating revenue, while the increase of other receivables is wholly attributable to the increase of consumption tax receivable by Japan entities. The increase in other current assets is mainly due to property tax paid in advance for Wuxi Hospital.
- (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) decreased by S\$89.0 million from S\$597.3 million as at 31 December 2015 to S\$508.3 million as at 30 June 2016. This is mainly attributable to the reclassification of our investment properties in Australia of S\$114.3 million from Non-current assets to Asset held for sale. The decrease was also due to a reduction of goodwill, IPUD and intangible assets by S\$3.4 million, S\$1.3 million and S\$0.5 million respectively due to the weakening of Chinese Yuan against SGD as at 30 June 2016 as compared to 31 December 2015. However, it was partially mitigated by a S\$30.3 million increase in the carrying value of the investment properties in Japan arising from the strengthening of JPY against SGD as at 30 June 2016 as compared to 31 December 2015, a S\$0.8 million increase in property, plant and equipment due to the new medical equipment acquired by Wuxi Hospital in 2016.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) decreased by S\$106.6 million from S\$255.1 million as at 31 December 2015 to S\$148.5 million as at 30 June 2016 mainly due to S\$150.9 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 and S\$5.1 million decreased in trade and other payables, which is mainly due to the repayment of interest expenses payable and professional fees. The decreased was off set by S\$1.0 million of new borrowings for the purchase of medical equipment by Wuxi Hospital and S\$49.4 million reclassification of the second tranche-MTN from Non-current borrowings to Current borrowings. Second tranche-MTN will mature and due for redemption in April 2017.

- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) increased by S\$124.5 million from S\$177.1 million as at 31 December 2015 to S\$301.6 million as at 30 June 2016. This is mainly attributable to the reclassification of Japan Loans amounting to S\$150.9 million from Current borrowings to Non-current borrowings and new borrowings of S\$18.1 million from a third party for the purpose of working capital. The strengthening of JPY and RM against SGD as at 30 June 2016 as compared to 31 December 2015 also resulted in an increase of \$2.8 million of Borrowings and S\$0.9 million of trade and other payable when the loans and trade and other payable are translated to SGD for financial reporting purposes, off set by S\$49.4 million reclassification of the second tranche-MTN from Non-current borrowings to Current borrowings.
- (e) Shareholders' equity decreased by S\$0.3 million from S\$208.2 million at 31 December 2015 to S\$207.9 million at 30 June 2016.

#### **Cashflow and Working Capital**

- (a) Net cash used in operations of S\$0.6 million in Q2 2016 arises from loss after tax of S\$0.9 million, adjusted for non-cash items amounting to S\$4.5 million and cash outflow from a net increase in working capital of S\$4.2 million mainly attributed to increase in inventories, trade and other receivables, and other current assets of S\$0.4 million, S\$1.6 million and S\$0.8 million respectively and decreased in trade and other payables of S\$1.4 million. After the net payment of interest payable amounting to S\$8.0 million, net cash used in operating activities in Q2 2016 was S\$8.6 million.

Net cash used in investing activities of S\$3.3 million in Q2 2016 was due mainly to acquisition of medical equipment by Wuxi Hospital and additional cost incurred on development of IPUD of S\$0.3 million and S\$3.1 million respectively.

Net cash generated from financing activities of S\$5.6 million in Q2 2016 comprised mainly S\$18.1 million proceeds from new borrowings, off set by S\$12.0 million repayment of borrowings and S\$0.5 million repayment to a related party in Q2 2016.

Based on the above, Cash and cash equivalents decreased by S\$4.7 million (including S\$1.5 million currency translation difference) from S\$20.5 million as at 31 March 2016 to S\$15.8 million as at 30 June 2016.

- (b) As at 30 June 2016, the Group had net positive working capital of S\$0.6 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 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.**

The Group has net assets value of S\$207.30 million and is in positive net current assets position as at 30 June 2016. However, the Group shall continue its objective to actively look for opportunities to monetise its investment properties to strengthen its liquidity position and to continue its focus in developing its medical services business through acquisitions of healthcare operating businesses, as appropriate.

The Group will also continue to develop its existing healthcare services in the Japan and China markets in view of the continuous demand.

Our litigation case against the receivers and the funds (refer to announcement dated 3 May 2016) concerning the receivership over the share capital of certain subsidiaries is still outstanding as at 30 June 2016. The Group will continue to take all necessary action to vigorously defend the Group's interest with advice from our solicitors.

**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 period ended 30 June 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.**

There were no IPTs which were S\$100,000 and above entered into by the Group during the financial period under review.

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

**14. Use of IPO net proceeds**

|                                                        | <b>Amount<br/>allocated<br/>(as disclosed<br/>in the offer<br/>document<br/>dated 1 July<br/>2013)<br/>S\$'000</b> | <b>Amount<br/>utilised as<br/>at the date of<br/>this<br/>Announcement<br/>S\$'000</b> | <b>Balance<br/>of net<br/>proceeds<br/>as at the<br/>date of this<br/>Announcement<br/>S\$'000</b> |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 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>22,730</u>                                                                          | <u>-</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 Gerald Lim Thien Su, 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 30 June 2016 to be false or misleading in any material aspect.

**On behalf of the Board,**

**Lim Beng Choo**  
**Executive Director**

**Gerald Lim Thien Su**  
**Non-Executive Director**

**BY ORDER OF THE BOARD OF DIRECTORS**

**Lim Beng Choo**  
**Executive Director**  
**International Healthway Corporation Limited**

**28 August 2016**