



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

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

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

BACKGROUND OF THE COMPANY

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

The Company was admitted to the Catalist on 8 July 2013. For the purpose of this announcement, the results of the Group for the 3 months ended 31 March 2014 and the comparative results of the Group for the 3 months ended 31 March 2013 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2013.



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 201304341E)

Unaudited First Quarter Financial Statements And Related Announcement for the Financial Period Ended 31 March 2014

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

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

Revenue

Cost of sales

Gross profit

Other operating income

Administrative expenses

Finance expenses

Profit before tax

Income tax expense

Profit after taxation

Other comprehensive (loss)/income:

Currency translation differences arising from consolidation

Total comprehensive (loss)/income for the period

Profit attributable to :

Equity holders of the Company

Non-controlling interests

Total comprehensive income attributable to :-

Equity holders of the Company

Non-controlling interests

Earnings per share for profit attributable

to equity holders of the Company

- Basic earnings per share (cents)

- Diluted earnings per share (cents)

N/M - not meaningful

Group		
3 months ended 31 March		
2014	2013	Inc/(Dec)
\$'000	\$'000	%
8,795	4,279	105.5
(3,999)	(2,882)	38.8
4,796	1,397	243.3
810	449	80.4
(1,766)	(909)	94.3
(2,832)	(261)	985.1
1,008	676	49.1
(11)	(138)	(92.0)
997	538	85.3
(1,026)	261	N/M
(29)	799	N/M
973	454	114.3
24	84	(71.4)
997	538	85.3
94	635	(85.2)
(123)	164	N/M
(29)	799	N/M
0.060	0.032	
0.060	0.032	



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

Statements of Financial Position

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	32,775	35,272	4,524	3,770
Trade and other receivables	16,810	16,642	124,583	106,252
Other current assets	31,266	362	57	57
Inventories	678	729	-	-
	<u>81,529</u>	<u>53,005</u>	<u>129,164</u>	<u>110,079</u>
Non-current assets				
Intangible assets	43,121	43,121	-	-
Lease prepayments	12,039	12,506	-	-
Investment properties	221,031	216,736	-	-
Investment properties under development	87,896	82,294	-	-
Property, plant and equipment	6,212	6,462	88	27
Investment in subsidiaries	-	-	76,871	71,754
	<u>370,299</u>	<u>361,119</u>	<u>76,959</u>	<u>71,781</u>
Total assets	<u>451,828</u>	<u>414,124</u>	<u>206,123</u>	<u>181,860</u>
LIABILITIES				
Current liabilities				
Trade and other payables	20,014	13,441	5,931	3,003
Borrowings	15,709	9,664	7,391	1,244
Income tax liabilities	898	916	-	-
Other liabilities	-	-	561	308
	<u>36,621</u>	<u>24,021</u>	<u>13,883</u>	<u>4,555</u>
Non-current liabilities				
Trade and other payables	7,272	7,131	-	-
Borrowings	229,465	213,696	4,295	4,509
Deferred tax liabilities	6,376	6,303	-	-
Other liabilities	-	-	1,823	195
	<u>243,113</u>	<u>227,130</u>	<u>6,118</u>	<u>4,704</u>
Total liabilities	<u>279,734</u>	<u>251,151</u>	<u>20,001</u>	<u>9,259</u>
NET ASSETS	<u>172,094</u>	<u>162,973</u>	<u>186,122</u>	<u>172,601</u>
EQUITY				
Share capital	189,614	176,429	189,614	176,429
Currency translation reserve	(3,026)	(2,147)	-	-
Merger reserve	(70,137)	(66,102)	-	-
Statutory surplus reserve	253	253	-	-
Retained earnings/(Accumulated losses)	51,369	50,396	(3,492)	(3,828)
	<u>168,073</u>	<u>158,829</u>	<u>186,122</u>	<u>172,601</u>
Non-controlling interests	<u>4,021</u>	<u>4,144</u>	<u>-</u>	<u>-</u>
Total equity	<u>172,094</u>	<u>162,973</u>	<u>186,122</u>	<u>172,601</u>



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Notes to the Financial Statements

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

Interest income
Interest expense
Amortisation of intangible assets
Depreciation of property, plant and equipment
Impairment loss on doubtful trade receivables
Currency translation loss/(gain) - net
Loss on disposal of property, plant and equipment
Guarantee fee income
Fair value gain on investment properties under development

Group		
3 months ended 31 March		
2014	2013	Inc/(Dec)
\$'000	\$'000	%
(21)	(222)	(90.5)
2,832	261	985.1
73	70	4.3
218	157	38.9
-	89	(100.0)
125	(19)	N/M
-	2	(100.0)
(915)	-	100.0
-	(253)	(100.0)

N/M - not meaningful

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 31.03.2014			As at 31.12.2013		
	Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
Amount repayable within one year	14,696	1,013	15,709	8,618	1,046	9,664
Amount repayable after one year	228,250	1,215	229,465	212,441	1,255	213,696

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

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



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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	Statutory surplus reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	176,429	(2,147)	(66,102)	253	50,396	158,829	4,144	162,973
Total comprehensive income for the period								
Profit for the period	-	-	-	-	973	973	24	997
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	(4,035)	-	-	9,150	-	9,150
Other comprehensive income								
Currency translation differences	-	(879)	-	-	-	(879)	(147)	(1,026)
Balance at 31 March 2014	189,614	(3,026)	(70,137)	253	51,369	168,073	4,021	172,094
Balance at 1 January 2013	5,001	(37)	-	-	6,179	11,143	-	11,143
Total comprehensive income for the period								
Profit for the period	-	181	-	-	454	635	164	799
Acquisition of equity interests in subsidiaries	-	-	-	-	-	-	3,660	3,660
Capital contribution by former holding company	- *	-	-	-	-	-	-	- *
Issue of shares at date of incorporation of the Company	- *	-	-	-	-	-	-	- *
Balance at 31 March 2013	5,001	144	-	-	6,633	11,778	3,824	15,602

COMPANY	Share Capital	Accumulated losses	Total equity
	\$'000	\$'000	\$'000
Balance at 1 January 2014	176,429	(3,828)	172,601
Total comprehensive income for the period			
Profit for the period	-	336	336
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	13,185
Balance at 31 March 2014	189,614	(3,492)	186,122
Balance at date of incorporation on 18 February 2013	- *	-	- *
Total comprehensive income for the financial period	-	-	-
Balance at 31 March 2013	- *	-	- *

* Amount less than S\$1,000.



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

Cash flow from operating activities :

Profit after tax	
Adjustments :-	
Income tax expense	
Depreciation of property, plant and equipment	
Amortisation of intangible assets	
Loss on disposal of property, plant and equipment	
Impairment loss on doubtful trade receivables	
Fair value gain on investment properties under development	
Interest income	
Interest expense	
Foreign currency translation differences	
Operating profit before working capital changes	

Decrease/(Increase) in:

Inventories	
Trade and other receivables	
Other current assets	

Increase/(Decrease) in:

Trade and other payables	
Cash (used in)/generated from operations	

Interest expense paid	
Net cash (used in)/provided by operating activities	

Cash flow from investing activities :

Acquisition of/additions to investment properties under development	
Purchase of property, plant and equipment	
Net cash inflow from acquisition of subsidiaries	
Interest received	
Net cash (used in)/generated from investing activities	

Cash flow from financing activities :

(Repayment)/Advances from related parties, net	
Proceeds from borrowings	
Repayment of borrowings	
Proceeds from issuance of shares	
Capital contribution by former holding company	
Net cash provided by/(used in) financing activities	

Net (decrease)/increase in cash and cash equivalents	
Cash and cash equivalents at beginning of financial period	
Effects of currency translation on cash and cash equivalents	
Cash and cash equivalents at end of the period	

Group	
3 months ended 31 March	
2014	2013
\$'000	\$'000
997	538
11	138
218	157
73	70
-	2
-	89
-	(253)
(21)	(222)
2,832	261
(1,637)	(20)
2,473	760
51	31
1,983	1,017
(9,415)	(3)
4,742	(429)
(166)	1,376
(6,246)	(340)
(6,412)	1,036
(2,639)	(672)
(163)	(60)
58	1,902
21	1
(2,723)	1,171
(1,849)	611
8,700	-
(215)	(783)
- ^	- *
-	- *
6,636	(172)
(2,499)	2,035
31,522	69
2	(59)
29,025	2,045

Reconciliation of cash and cash equivalents:

Cash and cash equivalents per consolidated statement of cash flows	
Add: Bank deposits pledged	
Cash and cash equivalents per consolidated statement of financial position	

Group	
As at	As at
31.03.2014	31.03.2013
\$'000	\$'000
29,025	2,045
3,750	-
32,775	2,045

Notes:

* Amount less than S\$1,000.

^ During the current financial period, the Company issued 27,468,750 new shares amounting to S\$13,185,000 as consideration for the purchase of shares in a subsidiary company, IHC Shanghai Medical Village Pte Ltd.



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

Ordinary shares issued and fully paid-up

	Number of shares	Paid-up share capital S\$
Balance as at 1 January 2014	1,604,845,042	176,429,417
Issue of shares pursuant to acquisition of subsidiaries	27,468,750	13,185,000
Balance as at 31 March 2014	<u>1,632,313,792</u>	<u>189,614,417</u>

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

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

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

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

- 1(d)(iv) A statement showing all sales, transfers, disposal, 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 2014.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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



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6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	3 months ended 31 March	
	2014	2013
Net profit attributable to shareholders (S\$'000)	973	454
Weighted average number of ordinary shares in issue	1,627,735,667	1,420,000,000
Basic and diluted earnings per share (cents)	0.060	0.032

For illustrative purposes, the calculation of the basic and diluted earnings per share of the Group for the 3 months financial period ended 31 March 2013 was based on the post-Restructuring Exercise issued and paid-up ordinary share capital of 1,420,000,000 shares.

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31.03.2014	As at 31.12.2013	As at 31.03.2014	As at 31.12.2013
Net asset value (S\$'000)	168,073	158,829	186,122	172,601
Number of ordinary shares in issue	1,632,313,792	1,604,845,042	1,632,313,792	1,604,845,042
Net asset value per ordinary share (cents)	10.30	9.90	11.40	10.75

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of financial performance

(a) Revenue and Gross profit

Revenue increased by S\$4.5 million from S\$4.3 million for the three months financial period ended 31 March 2013 ("Q1 2013") to S\$8.8 million for the three months financial period ended 31 March 2014 ("Q1 2014"). The increase was due mainly to revenue contribution from rental income on leasing of 12 fully operational nursing facilities in various part of Japan (the "Nursing Facilities") which started contributing to the Group's revenue from April 2013.

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

Gross profit increased by S\$3.4 million from S\$1.4 million in Q1 2013 to S\$4.8 million in Q1 2014, due mainly to profit attributed from the Japan Nursing Facilities which the Group had acquired in Q2 2013.

(b) Other operating income

Other operating income increased by S\$0.4 million from S\$0.4 million in Q1 2013 to S\$0.8 million in Q1 2014, attributed mainly to guarantee fee income of S\$0.9 million, offset by exchange loss of S\$0.1 million, a decrease in interest income of S\$0.2 million resulting from interest charged in Q1 2013 to a subsidiary company of IHC Shanghai Medical Village Pte Ltd ("HSMV"), a subsidiary company which the Company had acquired in Q1 2014, and S\$0.3 million fair value gain on the investment properties under development recorded in Q1 2013.



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(c) Administrative expenses

Administrative expenses increased by S\$0.9 million from S\$0.9 million in Q1 2013 to S\$1.8 million in Q1 2014. The increase was due mainly to S\$0.5 million operating expenses incurred by the Japan Nursing Facilities which was acquired in Q2 2013 and S\$0.4 million on legal and professional fees incurred mainly for the acquisition of the three freehold commercial properties in Australia.

(d) Finance expenses

Finance expenses increased by S\$2.5 million from S\$0.3 million in Q1 2013 to S\$2.8 million in Q1 2014, due mainly to the interest expense incurred on the borrowings utilised to finance capital expenditure for the acquisition of Investment properties and Investment properties under development, as well as for working capital needs.

(e) Income tax expense

Income tax expense incurred in the current quarter relates to the provision of healthcare services through the operation of a hospital in Wuxi City, Jiangsu Province, the People's Republic of China (the "Wuxi Hospital").

Profit after taxation

The Group recorded a profit after tax of S\$1.0 million in Q1 2014 as compared to S\$0.5 million in Q1 2013.

Statement of Financial Position

- (a) Non-current assets (comprising Intangible assets, Property, plant and equipment, Investment properties, Investment properties under development and Lease Prepayments) increased by S\$9.2 million from S\$361.1 million at 31 December 2013 to S\$370.3 million at 31 March 2014. The increase was due mainly to S\$4.3 million increase in Investment properties attributed to appreciation of Japanese Yen against Singapore Dollar for the Group's Japan assets, and S\$5.6 million increase in Investment properties under development. The increase in Investment properties under development was due mainly to the acquisition of HSMV in Q1 2014 amounting to S\$3.6 million and approximately S\$2.3 million project costs capitalised in Investment properties under development during the current period. This is offset by S\$0.5 million decrease in Lease prepayments and S\$0.2 million of depreciation charge on Property, plant and equipment.
- (b) Current assets (comprising Cash and cash equivalents, Trade and other receivables, Other current assets and Inventories) increased by S\$28.5 million from S\$53.0 million at 31 December 2013 to S\$81.5 million at 31 March 2014. The increase was mainly attributed by an increase of S\$30.9 million in Other current assets due mainly to S\$24.6 million deposits that had been paid for the Shanghai properties by HSMV and S\$6.3 million deposits paid for the acquisition of three freehold commercial properties in Australia during the current period, offset by a decrease in Cash and cash equivalents of S\$2.5 million.
- (c) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) increased by S\$16.0 million from S\$227.1 million at 31 December 2013 to S\$243.1 million at 31 March 2014, attributed mainly to increase in borrowings of S\$11.3 million pursuant to the acquisition of HSMV by the Company in Q1 2014, and S\$4.7 million of borrowings taken up for financing of Investment properties under development.
- (d) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) increased by S\$12.6 million from S\$24.0 million at 31 December 2013 to S\$36.6 million at 31 March 2014 due mainly to the increases of S\$6.6 million in Trade and other payables and S\$6.0 million in Borrowings undertaken for the acquisition of three freehold commercial properties in Australia. The increase in Trade and other payables was mainly attributed to increases of S\$4.5 million pursuant to the acquisition of HSMV in Q1 2014 and S\$3.2 million of shareholder loan by a non-controlling shareholder of a subsidiary as part of the capital injection to a subsidiary, offset by decreases in trade payables and accrued expenses of S\$1.1 million.
- (e) Shareholders' equity increased by S\$9.3 million from S\$158.8 million at 31 December 2013 to S\$168.1 million at 31 March 2014, due mainly to new shares issued and merger reserve recognised pursuant to the acquisition of HSMV, currency translation loss and the net profit generated during the current financial period.



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Cashflow and Working Capital

- (a) Net cash used in operating activities of S\$6.4 million in Q1 2014 arose from profit after tax of S\$1.0 million, adjusted for non-cash items amounting to S\$1.5 million, cash outflow from a net decrease in working capital of S\$2.7 million attributed mainly on increases in Other current assets of S\$9.4 million and Trade and other payables of S\$4.7 million, offset by decrease in Trade and other receivables of S\$2.0 million, and the payment of interest expense amounted to S\$6.2 million.

Net cash used in investing activities of S\$2.7 million in Q1 2014 comprised of additions to Investment properties under development of S\$2.6 million and S\$0.2 million on purchase of Property, plant and equipment, offset by a net cash inflow of S\$0.1 million on acquisition of subsidiaries.

Net cash provided by financing activities of S\$6.6 million comprised mainly of S\$8.7 million proceeds from Borrowings mainly undertaken to finance the deposits paid for the three freehold properties in Australia and financing for the Investment properties under development, offset by S\$0.2 million of repayment of Borrowings and net repayment of advances from related parties of S\$1.9 million.

Based on the above, Cash and cash equivalents decreased by S\$2.5 million to from S\$31.5 million at 31 December 2013 to S\$29.0 million at 31 March 2014, excluding S\$3.75 million pledged in fixed deposits.

- (b) As at 31 March 2014, the Group had net positive working capital of S\$44.9 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 development of the integrated medical real estate projects in the Group's portfolio is ongoing. The current portfolio of properties of the Group under both healthcare services and integrated medical real estate segments are located in Malaysia, Japan, the People Republic of China ("China") and Australia. The Group believes that the outlook for the integrated healthcare services and facilities industry in Malaysia, Japan, China and Australia remains positive as demand is primarily driven by both organic growth and increasing private healthcare consumption, fuelled by rising affluence and improved standard of living.

The Group will continue to pursue the implementation of its business strategies and future plans to enlarge its asset portfolio of healthcare services and facilities.

Healthcare Real Estate Investment Trust

The Company is currently exploring the establishment of a Healthcare Real Estate Investment Trust ("REIT") to be listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") as announced on 16 January 2014. The properties forming the portfolio of the REIT, the terms at which the properties will be injected into the REIT and the other details of the proposed transaction (including the size of any offering to be made in respect of units in the REIT, the timeframe of any such offering as well as the terms of any such offering) are currently still under review. The listing of the REIT will enable the Company to monetise part of its asset portfolio as well as offer a wider portfolio of operating healthcare properties with which IHC can offer medical services. The Company will keep its shareholders informed as and when there are material developments on the healthcare REIT.

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.



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(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 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

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

**INTERNATIONAL HEALTHWAY CORPORATION LIMITED**

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201304341E)

14. Use of IPO net proceeds

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

Note:-

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

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

BY ORDER OF THE BOARD OF DIRECTORS

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

14 May 2014



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201304341E)

Confirmation of Negative Assurance by the Board of Directors Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

We, Jong Hee Sen and Yip Yuen Leong, being two of the directors of International Healthway Corporation Limited (the "Company"), do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the board of directors

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

14 May 2014