



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

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 (the “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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INTERNATIONAL HEALTHWAY CORPORATION LIMITED

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

Unaudited Second Quarter Financial Statements And Related Announcement for the Financial Period Ended 30 June 2015

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		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	10,363	9,010	15.0	20,476	17,805	15.0
Cost of sales	(5,661)	(4,419)	28.1	(10,923)	(8,418)	29.8
Gross profit	4,702	4,591	2.4	9,553	9,387	1.8
Other operating income, net	33,637	5,950	465.3	38,731	6,760	472.9
Administrative expenses	(4,204)	(4,789)	(12.2)	(7,348)	(6,555)	12.1
Finance expenses	(6,273)	(3,430)	82.9	(12,318)	(6,262)	96.7
Profit before tax	27,862	2,322	1,099.9	28,618	3,330	759.4
Income tax expense	(3,414)	(91)	3,651.6	(3,463)	(102)	3,295.1
Profit after tax	24,448	2,231	995.8	25,155	3,228	679.3
Other comprehensive (loss)/income:						
Currency translation differences arising from consolidation	(8,260)	369	N/M	(1,945)	(657)	196.0
Total comprehensive income for the period	16,188	2,600	522.6	23,210	2,571	802.8
Profit attributable to :-						
Equity holders of the Company	28,488	2,215	1,186.1	29,100	3,188	812.8
Non-controlling interests	(4,040)	16	N/M	(3,945)	40	N/M
	24,448	2,231	995.8	25,155	3,228	679.3
Total comprehensive income attributable to :-						
Equity holders of the Company	21,689	2,631	724.4	28,389	2,725	941.8
Non-controlling interests	(5,501)	(31)	17,645.2	(5,179)	(154)	3,263.0
	16,188	2,600	522.6	23,210	2,571	802.8
Earnings per share for profit attributable to equity holders of the Company						
- Basic earnings per share (Singapore cents)	1.722	0.136		1.771	0.196	
- Diluted earnings per share (Singapore cents)	1.722	0.136		1.771	0.196	

N/M - not meaningful



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

Statements of Financial Position

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	26,777	31,025	6,005	5,844
Trade and other receivables	20,400	16,601	222,510	165,397
Other current assets	49,159	39,957	378	287
Inventories	698	548	-	-
Assets held for sale	88,709	92,993	-	-
	<u>185,743</u>	<u>181,124</u>	<u>228,893</u>	<u>171,528</u>
Non-current assets				
Goodwill on consolidation	47,545	45,924	-	-
Intangible assets	1,086	-	-	-
Lease prepayments	6,668	6,679	-	-
Investment properties	280,064	250,465	-	-
Investment properties under development	141,171	107,150	-	-
Property, plant and equipment	7,883	6,313	74	83
Other assets	261	-	-	-
Investment in subsidiaries	-	-	83,494	83,311
	<u>484,678</u>	<u>416,531</u>	<u>83,568</u>	<u>83,394</u>
Total assets	<u>670,421</u>	<u>597,655</u>	<u>312,461</u>	<u>254,922</u>
LIABILITIES				
Current liabilities				
Trade and other payables	30,479	48,927	13,227	30,389
Borrowings	91,994	127,830	12,860	32,008
Income tax liabilities	1,093	1,077	-	-
Other liabilities	-	-	306	776
	<u>123,566</u>	<u>177,834</u>	<u>26,393</u>	<u>63,173</u>
Non-current liabilities				
Trade and other payables	6,807	14,838	-	8,000
Borrowings	281,300	181,138	97,016	-
Deferred tax liabilities	18,043	14,744	-	-
Other liabilities	-	-	1,513	1,665
	<u>306,150</u>	<u>210,720</u>	<u>98,529</u>	<u>9,665</u>
Total liabilities	<u>429,716</u>	<u>388,554</u>	<u>124,922</u>	<u>72,838</u>
NET ASSETS	<u>240,705</u>	<u>209,101</u>	<u>187,539</u>	<u>182,084</u>
EQUITY				
Share capital	192,707	185,219	192,707	185,219
Currency translation reserve	(6,982)	(6,271)	-	-
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	2,726	-	-
Statutory surplus reserve	327	327	-	-
Retained earnings/(Accumulated losses)	116,727	87,626	(5,168)	(3,135)
	<u>240,667</u>	<u>203,885</u>	<u>187,539</u>	<u>182,084</u>
Non-controlling interests	38	5,216	-	-
Total equity	<u>240,705</u>	<u>209,101</u>	<u>187,539</u>	<u>182,084</u>



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Notes to the Financial Statements

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

	Group			Group		
	3 months ended 30 June			6 months ended 30 June		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(13)	(23)	(43.5)	(25)	(44)	(43.2)
Interest expense	6,273	3,430	82.9	12,318	6,262	96.7
Amortisation of lease prepayments	104	72	44.4	137	145	(5.5)
Depreciation of property, plant and equipment	331	216	53.2	620	434	42.9
Currency translation loss - net	1,838	422	335.5	784	547	43.3
Guarantee fee income	(835)	(1,005)	(16.9)	(1,678)	(1,920)	(12.6)
Profit guarantee income	(455)	-	100.0	(1,089)	-	100.0
Fair value gain on investment properties under development	(33,280)	-	100.0	(33,280)	-	100.0

2. Income tax expense

	Group			Group		
	3 months ended 30 June			6 months ended 30 June		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax - Foreign	(87)	(91)	(4.4)	(136)	(102)	33.3
Deferred income tax	(3,327)	-	100.0	(3,327)	-	100.0
Charge for the period	(3,414)	(91)	3,651.6	(3,463)	(102)	3,295.1

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 30.06.2015			As at 31.12.2014		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	90,908	1,086	91,994	126,764	1,066	127,830
Amount repayable after one year	279,997	1,303	281,300	179,859	1,279	181,138

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

- corporate guarantees from 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 first fixed charge created over the entire issued share capital of a subsidiary of the Company;
- a first party charge created over bank deposits of certain subsidiaries of the Company;
- debenture over the assets and rights of certain subsidiaries of the Company;
- a second legal mortgage over certain asset of a related party of the Company; and
- mortgage over the land of certain investment properties of the Group.



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

	Group		Group	
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities :				
Profit after tax	24,448	2,231	25,155	3,228
Adjustments :-				
Income tax expense	3,414	91	3,463	102
Depreciation of property, plant and equipment	331	216	620	434
Amortisation of lease prepayments	104	72	137	145
Reduction in lease prepayments	1,738	-	-	-
Loss on disposal of property, plant and equipment	-	2	-	2
Fair value gain on investment properties under development	(33,280)	-	(33,280)	-
Interest income	(13)	(23)	(25)	(44)
Interest expense	6,273	3,430	12,318	6,262
Issuance of shares pursuant to a settlement of financing arrangement	7,488	-	7,488	-
Foreign currency translation differences	5,334	672	5,250	(965)
Operating profit before working capital changes	15,837	6,691	21,126	9,164
Decrease/(increase) in:				
Inventories	171	28	(48)	79
Trade and other receivables	(825)	3,154	(3,596)	2,423
Other current assets	-	(6,028)	31	(15,443)
(Decrease)/increase in:				
Trade and other payables	(10,278)	8,924	(9,064)	13,666
Cash generated from operations	4,905	12,769	8,449	9,889
Interest paid	(5,278)	(2,935)	(11,639)	(6,467)
Income tax paid	(98)	(47)	(148)	(47)
Net cash (used in)/generated from operating activities	(471)	9,787	(3,338)	3,375
Cash flow from investing activities :				
Acquisition of investment properties	(29,109)	-	(29,109)	-
Acquisition of/additions to investment properties under development	(1,797)	(2,734)	(4,037)	(5,373)
Purchase of property, plant and equipment	-	(169)	(35)	(332)
Deposit placed for purchase of assets	-	-	(6,662)	-
Net cash (outflow)/inflow from acquisition of subsidiaries	-	-	(1,979)	58
Interest received	13	23	25	44
Net cash used in investing activities	(30,893)	(2,880)	(41,797)	(5,603)
Cash flow from financing activities :				
(Repayment to)/advance from related parties, net	(16,771)	1,330	(19,043)	(519)
Proceeds from borrowings	80,026	-	130,094	8,700
Repayment of borrowings	(28,643)	(4,249)	(70,204)	(4,464)
Net cash provided by/(used in) financing activities	34,612	(2,919)	40,847	3,717
Net increase/(decrease) in cash and cash equivalents	3,248	3,988	(4,288)	1,489
Cash and cash equivalents at beginning of financial period	20,629	29,025	27,275	31,522
Effects of currency translation on cash and cash equivalents	(850)	278	40	280
Cash and cash equivalents at end of financial period	23,027	33,291	23,027	33,291

Reconciliation of cash and cash equivalents:

	Group		Group	
	As at	As at	As at	As at
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and cash equivalents per consolidated statement of cash flows	23,027	33,291	23,027	33,291
Add: Bank deposits pledged	3,750	3,750	3,750	3,750
Cash and cash equivalents per consolidated statement of financial position	26,777	37,041	26,777	37,041

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share Capital	Currency translation reserve	Merger reserve	Asset revaluation reserve	Statutory surplus reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as 1 January 2015	185,219	(6,271)	(65,742)	2,726	327	87,626	203,885	5,216	209,101
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	613	613	95	708
Other comprehensive income									
Currency translation differences	-	6,088	-	-	-	-	6,088	227	6,315
Balance at 31 March 2015	185,219	(183)	(65,742)	2,726	327	88,239	210,586	5,538	216,124
Balance at 1 April 2015	185,219	(183)	(65,742)	2,726	327	88,239	210,586	5,538	216,124
Total comprehensive income for the period									
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
Other comprehensive income									
Currency translation differences	-	(6,799)	-	-	-	-	(6,799)	(556)	(7,355)
Balance at 30 June 2015	192,707	(6,982)	(65,742)	3,630	327	116,727	240,667	38	240,705
Balance as 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 loss									
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 as 1 April 2014	189,614	(3,026)	(70,137)	-	253	51,369	168,073	4,021	172,094
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	2,215	2,215	16	2,231
Other comprehensive loss									
Currency translation differences	-	416	-	-	-	-	416	(47)	369
Balance at 30 June 2014	189,614	(2,610)	(70,137)	-	253	53,584	170,704	3,990	174,694

COMPANY	Share Capital	Retained earnings/ (Accumulated losses)	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	185,219	(3,135)	182,084
Total comprehensive income for the period			
Profit for the period	-	355	355
Balance at 31 March 2015	185,219	(2,780)	182,439
Balance at 1 April 2015	185,219	(2,780)	182,439
Total comprehensive income for the period			
Profit for the period	-	(2,388)	(2,388)
Issue of new shares	7,488	-	7,488
Balance at 30 June 2015	192,707	(5,168)	187,539
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 1 April 2014	189,614	(3,492)	186,122
Total comprehensive income for the period			
Loss for the period	-	(216)	(216)
Balance at 30 June 2014	189,614	(3,708)	185,906



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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 April 2015	1,632,313,792	185,219,417
Issue of shares pursuant to settlement of financing arrangement	26,750,811	7,487,552
Balance as at 30 June 2015	<u>1,659,064,603</u>	<u>192,706,969</u>

There were no outstanding convertibles or treasury shares held by the Company as at 30 June 2015 and 30 June 2014.

- 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 2015, the Company had 1,659,064,603 issued and fully paid ordinary shares (excluding treasury shares). As at 31 December 2014, the Company had 1,632,313,792 issued and fully paid ordinary shares (excluding treasury shares).

The Company did not have any treasury shares as at 30 June 2015 and 31 December 2014.

- 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 2015.

- 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 2014.

- 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 2015. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.



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

	Group		Group	
	3 months ended 30 June		6 months ended 30 June	
	2015	2014	2015	2014
Basic earnings per share				
Net profit attributable to shareholders (S\$'000)	28,488	2,215	29,100	3,188
Weighted average number of ordinary shares in issue	1,654,361,164	1,632,313,792	1,643,398,382	1,630,037,376
Basic earnings per share (Singapore cents)	1.722	0.136	1.771	0.196
Diluted earnings per share				
Net profit attributable to shareholders (S\$'000)	28,488	2,215	29,100	3,188
Weighted average number of ordinary shares	1,654,361,164	1,632,313,792	1,643,398,382	1,630,037,376
Diluted earnings per share (Singapore cents)	1.722	0.136	1.771	0.196

Basic and diluted earnings per share are the same for the 3 months and 6 months ended 30 June 2015 and 30 June 2014 as there were no potentially dilutive ordinary shares in issue as at 30 June 2015 and 30 June 2014 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.

	Group		Company	
	As at 30.06.2015	As at 31.12.2014	As at 30.06.2015	As at 31.12.2014
Net asset value attributable to the equity holders of the Company (S\$'000)	240,667	203,885	187,539	182,084
Number of ordinary shares in issue	1,659,064,603	1,632,313,792	1,659,064,603	1,632,313,792
Net asset value per ordinary share (Singapore cents)	14.51	12.49	11.30	11.15

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\$1.4 million from S\$9.0 million for the financial period ended 30 June 2014 ("Q2 2014") to S\$10.4 million for the financial period ended 30 June 2015 ("Q2 2015"), mainly attributable to the revenue increase in the Group's Healthcare services with the acquisition of 100% equity interest in a medical company in Q1 2015 ("Acquisition"). Revenue from the Healthcare services contributed by rental income on leasing of 12 fully operational nursing facilities in various part of Japan (the "Nursing Facilities") remained stable over the two periods reported on.

(b) Other operating income

Other operating income increased by S\$27.6 million from S\$6.0 million in Q2 2014 to S\$33.6 million in Q2 2015, mainly due to S\$33.3 million fair value gains on investment properties under development on our China assets, S\$2.6 million rental income from the two Australia properties in Melbourne ("Melbourne Properties") that were classified as Assets held for sale, and foreign currency exchange loss of S\$1.8 million.



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(c) Administrative expenses

Administrative expenses decreased by S\$0.6 million from S\$4.8 million in Q2 2014 to S\$4.2 million in Q2 2015. The decrease was mainly due to the absence of S\$1.3 million project costs incurred in Q2 2014, offset by S\$0.7 million operating expenses incurred on the Melbourne Properties in Q2 2015.

(d) Finance expenses

Finance expenses increased by S\$2.9 million from S\$3.4 million in Q2 2014 to S\$6.3 million in Q2 2015, mainly due to the interest costs incurred on the borrowings utilised to finance capital expenditure for the acquisition of healthcare assets, which includes the acquisition of the Melbourne Properties and an annex to one of the Japan properties, as well as for working capital needs.

(e) Income tax expense

Income tax expense increased by S\$3.3 million from S\$0.1 million in Q2 2014 to S\$3.4 million in Q2 2015, attributed mainly to deferred tax on fair value gains on Investment properties under development.

(f) Profit after tax

Profit after tax increased by S\$22.2 million from S\$2.2 million in Q2 2014 to 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\$4.6 million from S\$181.1 million as at 31 December 2014 to S\$185.7 million at 30 June 2015, mainly attributed to S\$5.3 million increase in Trade and other receivables mainly due to an increase of S\$2.9 million in trade debtors mainly as a result of the Acquisition and S\$1.1 million increase in receivables from a related party; S\$9.2 million increase in Other current assets mainly due to deposits largely placed for the Shanghai project; offset by S\$4.3 million translation loss on the Australia properties classified as Assets held for sale (for which a Sale and Purchase Agreement for the Melbourne Properties was entered into and completion of the sale is expected by end 2015) due to depreciation of Australia Dollar against the Singapore Dollar and S\$4.2 million decrease in cash and cash equivalents.
- (b) Non-current assets (comprising Goodwill on consolidation, Intangible assets, Lease prepayments, Investment properties, Investment properties under development, Other assets and Property, plant and equipment) increased by S\$68.2 million from S\$416.5 million as at 31 December 2014 to S\$484.7 million at 30 June 2015, attributable mainly to S\$29.6 million increase in Investment properties mainly due to the acquisition of a property in Geelong, Australia and the S\$34.0 million increase in Investment properties under development mainly due to S\$33.3 million fair value gains on China assets. Intangible assets of S\$1.1 million as at 30 June 2015 relates to various drug equipment and drug related licences through the acquisition of a medical company in 2015.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) decreased by S\$54.2 million from S\$177.8 million at 31 December 2014 to S\$123.6 million at 30 June 2015 mainly due to decrease in Borrowings, attributable mainly to the repayment of higher-interest loans using the net proceeds from the Medium Term Notes ("MTN") and the S\$18.4 million decrease in Trade and other payables was mainly due to the settlement of S\$7.6 million financing arrangement by issuance of shares and S\$10.7 million repayment of shareholder's loan.
- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) increased by S\$95.5 million from S\$210.7 million at 31 December 2014 to S\$306.2 million at 30 June 2015, attributed mainly to proceeds of S\$100.0 million from MTN issued during the current period and S\$3.3 million increase in Deferred tax liabilities arises from the fair value gains, offset by decrease in Trade and other payables mainly due to repayment of shareholder's loan.



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- (e) Shareholders' equity increased by S\$36.8 million from S\$203.9 million at 31 December 2014 to S\$240.7 million at 30 June 2015.

Cashflow and Working Capital

- (a) Net cash generated from operations of S\$4.9 million in Q2 2015 arises from profit after tax of S\$24.4 million, adjusted for non-cash items amounting to S\$8.6 million and cash outflow from a net decrease in working capital of S\$10.9 million attributed mainly to increase in Trade and other receivables of S\$0.8 million and S\$10.3 million decrease in Trade and other payables. After the net payment of interest and tax amounting to S\$5.4 million, net cash used in operating activities in Q2 2015 was S\$0.5 million.

Net cash used in investing activities of S\$30.9 million in Q2 2015 due mainly to acquisition of a property in Geelong, Australia.

Net cash provided by financing activities of S\$34.6 million in Q2 2015 was mainly attributable to S\$80 million proceeds from borrowings mainly from the proceeds from MTN, offset by repayment of S\$16.8 million of advances from related parties and certain shareholders, and S\$28.6 million repayment of borrowings in the current quarter.

Based on the above, Cash and cash equivalents increased by S\$2.4 million (including S\$0.8 million currency translation difference) from S\$20.6 million at 31 March 2015 to S\$23.0 million at 30 June 2015, excluding S\$3.75 million pledged in fixed deposits.

- (b) As at 30 June 2015, the Group had net positive working capital of S\$62.2 million.

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

Not applicable. No forecast or prospect statement 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.

Healthcare continues to be a growth sector with continual increase demand in private healthcare spurred by the rising wealth in Asia and the ageing population in the Asia markets.

Pursuant to the demand for higher quality healthcare, low supply base and the changes in public policies and healthcare reforms adopted by the governments, the Group believes that the outlook for the integrated healthcare services and facilities industry in Malaysia, Japan and China remains favorable. We will continue developing our Asia-centric portfolio of healthcare services and integrated medical real estates.

Other than the proposed acquisition of Healthway Medical Corporation Limited which was announced earlier, 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.

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

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

None.



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11. (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/recommended, a statement to that effect

No dividend has been declared or recommended for the financial period ended 30 June 2015.

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 interested person transactions of S\$100,000 and above during the financial period under review.

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

14. Use of IPO net proceeds

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

Note:-

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

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



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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 Siew Teng Kean, 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 3 months and 6 months ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the board of directors

Jong Hee Sen
Non-Executive Chairman

Siew Teng Kean
Lead Independent Director

BY ORDER OF THE BOARD

Fan Kow Hin
Chief Executive Officer
International Healthway Corporation Limited

14 August 2015