



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 comparative results of the Group for the 9 months ended 30 September 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.



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Unaudited Third Quarter Financial Statements And Related Announcement for the Financial Period Ended 30 September 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.

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	9,011	10,027	(10.1)	26,816	22,160	21.0
Cost of sales	(3,958)	(4,931)	(19.7)	(11,633)	(11,747)	(1.0)
Gross profit	5,053	5,096	(0.8)	15,183	10,413	45.8
Other operating income	2,647	13,821	(80.8)	9,407	54,136	(82.6)
Administrative expenses	(1,220)	(2,746)	(55.6)	(8,518)	(9,911)	(14.1)
Finance expenses	(4,878)	(2,789)	74.9	(11,140)	(5,548)	100.8
Profit before tax	1,602	13,382	(88.0)	4,932	49,090	(90.0)
Income tax expense	(59)	(294)	(79.9)	(161)	(6,783)	(97.6)
Profit after tax (continuing operation)	1,543	13,088	(88.2)	4,771	42,307	(88.7)
Discontinued operation						
Profit from discontinued operation (Note 3)	1,173	-	N/M	1,173	-	N/M
Total profit after tax	2,716	13,088	(79.2)	5,944	42,307	(86.0)
Other comprehensive (loss)/income:						
Currency translation differences arising from consolidation	(4,078)	(333)	1,124.6	(4,735)	1,020	N/M
Total comprehensive (loss)/income for the period	(1,362)	12,755	N/M	1,209	43,327	(97.2)
Profit attributable to :-						
Equity holders of the Company	2,607	13,046	(80.0)	5,795	42,187	(86.3)
Non-controlling interests	109	42	159.5	149	120	24.2
	2,716	13,088	(79.2)	5,944	42,307	(86.0)
Total comprehensive (loss)/income attributable to :-						
Equity holders of the Company	(1,611)	12,725	N/M	1,114	43,022	(97.4)
Non-controlling interests	249	30	730.0	95	305	(68.9)
	(1,362)	12,755	N/M	1,209	43,327	(97.2)
Earnings per share for profit attributable to equity holders of the Company						
- Basic earnings per share (Singapore cents)	0.160	0.814		0.355	2.845	
- Diluted earnings per share (Singapore cents)	0.160	0.814		0.355	2.845	

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	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	43,203	35,272	3,979	3,770
Trade and other receivables	17,546	16,642	189,799	106,252
Other current assets	39,999	362	254	57
Inventories	634	729	-	-
Assets held for sale (Note 3)	96,000	-	-	-
	<u>197,382</u>	<u>53,005</u>	<u>194,032</u>	<u>110,079</u>
Non-current assets				
Intangible assets	43,121	43,121	-	-
Lease prepayments	12,165	12,506	-	-
Investment properties	216,834	216,736	-	-
Investment properties under development	95,926	82,294	-	-
Property, plant and equipment	6,168	6,462	88	27
Investment in subsidiaries	-	-	76,975	71,754
	<u>374,214</u>	<u>361,119</u>	<u>77,063</u>	<u>71,781</u>
Total assets	<u>571,596</u>	<u>414,124</u>	<u>271,095</u>	<u>181,860</u>
LIABILITIES				
Current liabilities				
Trade and other payables	71,932	13,441	52,716	3,003
Borrowings	122,421	9,664	28,646	1,244
Income tax liabilities	960	916	-	-
Other liabilities	-	-	489	308
	<u>195,313</u>	<u>24,021</u>	<u>81,851</u>	<u>4,555</u>
Non-current liabilities				
Trade and other payables	7,197	7,131	-	-
Borrowings	189,645	213,696	-	4,509
Deferred tax liabilities	6,109	6,303	-	-
Other liabilities	-	-	1,714	195
	<u>202,951</u>	<u>227,130</u>	<u>1,714</u>	<u>4,704</u>
Total liabilities	<u>398,264</u>	<u>251,151</u>	<u>83,565</u>	<u>9,259</u>
NET ASSETS	<u>173,332</u>	<u>162,973</u>	<u>187,530</u>	<u>172,601</u>
EQUITY				
Share capital	189,614	176,429	189,614	176,429
Currency translation reserve	(6,828)	(2,147)	-	-
Merger reserve	(70,137)	(66,102)	-	-
Statutory surplus reserve	253	253	-	-
Retained earnings/(Accumulated losses)	56,191	50,396	(2,084)	(3,828)
	<u>169,093</u>	<u>158,829</u>	<u>187,530</u>	<u>172,601</u>
Non-controlling interests	<u>4,239</u>	<u>4,144</u>	<u>-</u>	<u>-</u>
Total equity	<u>173,332</u>	<u>162,973</u>	<u>187,530</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):

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(14)	(1)	1,300.0	(58)	(365)	(84.1)
Interest expense	4,878	2,789	74.9	11,140	5,548	100.8
Amortisation of intangible assets	73	74	(1.4)	218	216	0.9
Depreciation of property, plant and equipment	222	217	2.3	656	529	24.0
Impairment loss on doubtful trade receivables	-	2	(100.0)	-	92	(100.0)
Currency translation (gain)/loss - net	(791)	608	N/M	(244)	222	N/M
Loss on disposal of property, plant and equipment	-	1	(100.0)	2	4	(50.0)
Guarantee fee income	(817)	-	N/M	(2,737)	-	N/M
Profit guarantee income	(1,021)	-	N/M	(1,021)	-	N/M
Fair value gain on investment properties	-	(1,036)	(100.0)	-	(31,349)	(100.0)
Fair value gain on investment properties under development	-	(12,453)	(100.0)	-	(20,667)	(100.0)
Gain on disposal of a subsidiary	-	-	-	-	(369)	(100.0)

2. Income tax expense

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax - Foreign	59	83	(28.9)	161	270	(40.4)
Deferred income tax	-	211	(100.0)	-	6,513	(100.0)
Charge for the period	59	294	(79.9)	161	6,783	(97.6)

3. Discontinued operation and Assets held for sale

The Group has entered into a letter of intent to sell the two Australia properties, namely 541 St Kilda Road and 553 St Kilda Road to a third party. As a result, the two buildings are classified as Assets held for sale on the Statements of Financial Position, and the results from the two properties are presented separately on the Consolidated statement of comprehensive income as "Discontinued operation".

- (a) The results of the discontinued operation

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1,528	-	N/M	1,528	-	N/M
Expenses	(355)	-	N/M	(355)	-	N/M
Profit before tax	1,173	-	N/M	1,173	-	N/M
Income tax expense	-	-	N/M	-	-	N/M
Profit after tax	1,173	-	N/M	1,173	-	N/M
Profit attributable to equity holders of the Company	1,173	-	N/M	1,173	-	N/M

- (b) The impact of the discontinued operation on the cash flows of the Group is as follows:

	Group			Group		
	3 months ended 30 September			9 months ended 30 September		
	2014	2013	Inc/(Dec)	2014	2013	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Operating cash inflows	1,305	-	N/M	1,305	-	N/M
Total cash inflows	1,305	-	N/M	1,305	-	N/M

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 30.09.2014			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	121,385	1,036	122,421	8,618	1,046	9,664
Amount repayable after one year	188,402	1,243	189,645	212,441	1,255	213,696

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 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'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 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 September		9 months ended 30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities :				
Profit after tax	2,716	13,088	5,944	42,307
Adjustments :-				
Income tax expense	59	294	161	6,783
Depreciation of property, plant and equipment	222	217	656	529
Amortisation of intangible assets	73	74	218	216
Loss on disposal of property, plant and equipment	-	1	2	4
Impairment loss on doubtful trade receivables	-	2	-	92
Gain on disposal of a subsidiary company	-	-	-	(369)
Fair value gain on investment properties	-	(1,036)	-	(31,349)
Fair value gain on investment properties under development	-	(12,453)	-	(20,667)
Interest income	(14)	(1)	(58)	(365)
Interest expense	4,878	2,789	11,140	5,548
Expenses settled in shares	-	-	-	1,580
Foreign currency translation differences	(2,228)	93	(2,471)	601
Operating profit before working capital changes	5,706	3,068	15,592	4,910
Decrease/(Increase) in:				
Inventories	16	(117)	95	(174)
Trade and other receivables	(1,132)	(382)	1,291	(8,223)
Other current assets	(6,153)	157	(10,742)	(400)
Increase in:				
Trade and other payables	(2,240)	(841)	11,426	17,117
Cash (used in)/generated from operations	(3,803)	1,885	17,662	13,230
Interest paid	(4,148)	(1,711)	(10,615)	(2,196)
Income tax paid	(63)	(49)	(110)	(258)
Net cash (used in)/provided by operating activities	(8,014)	125	6,937	10,776
Cash flow from investing activities :				
Acquisition of investment properties	(7,663)	-	(7,663)	(195,477)
Acquisition of/additions to investment properties under development	(4,412)	(2,167)	(9,785)	(13,134)
Acquisition of properties classified as held for sale	(91,358)	-	(95,992)	-
Purchase of property, plant and equipment	(103)	(131)	(435)	(1,549)
Deposit placed for purchase of assets	-	-	(7,611)	2,456
Net cash inflow from acquisition of subsidiaries	-	-	58	1,902
Net cash outflow from disposal of a subsidiary company	-	-	-	(3)
Interest received	14	1	58	3
Net cash used in investing activities	(103,522)	(2,297)	(121,370)	(205,802)
Cash flow from financing activities :				
Advances from/(to) related parties, net	40,103	(4,999)	39,584	13,492
Proceeds from borrowings	99,459	6,523	108,159	201,941
Repayment of borrowings	(21,195)	(15,995)	(25,659)	(17,272)
Proceeds from issuance of shares	-	28,088	- [^]	28,088
Share issue expenses paid	-	(5,358)	-	(5,358)
Increase in bank deposits pledged	-	(3,750)	-	(3,750)
Capital contribution by former holding company	-	-	-	- [*]
Net cash provided by financing activities	118,367	4,509	122,084	217,141
Net increase in cash and cash equivalents	6,831	2,337	7,651	22,115
Cash and cash equivalents at beginning of financial period	33,291	19,847	31,522	69
Effects of currency translation on cash and cash equivalents	(669)	(2)	280	(2)
Cash and cash equivalents at end of financial period	39,453	22,182	39,453	22,182

Reconciliation of cash and cash equivalents:

	Group		Group	
	As at 30.09.2014	As at 30.09.2013	As at 30.09.2014	As at 30.09.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and cash equivalents per consolidated statement of cash flows	39,453	22,182	39,453	22,182
Add: Bank deposits pledged	3,750	3,750	3,750	3,750
Cash and cash equivalents per consolidated statement of financial position	43,203	25,932	43,203	25,932

Notes:

* Amount less than S\$1,000.

[^] In Q1 2014, 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)(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	-	-	-	-	3,188	3,188	40	3,228
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	(4,035)	-	-	9,150	-	9,150
Other comprehensive loss								
Currency translation differences	-	(463)	-	-	-	(463)	(194)	(657)
Balance at 30 June 2014	189,614	(2,610)	(70,137)	253	53,584	170,704	3,990	174,694
Balance as 1 July 2014	189,614	(2,610)	(70,137)	253	53,584	170,704	3,990	174,694
Total comprehensive income for the period								
Profit for the period	-	-	-	-	2,607	2,607	109	2,716
Other comprehensive loss								
Currency translation differences	-	(4,218)	-	-	-	(4,218)	140	(4,078)
Balance at 30 September 2014	189,614	(6,828)	(70,137)	253	56,191	169,093	4,239	173,332
Balance at 1 January 2013	5,001	(37)	-	-	6,179	11,143	-	11,143
Total comprehensive income for the period								
Profit for the period	-	-	-	-	29,141	29,141	275	29,416
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	- *	-	-	-	-	-	-	- *
Disposal of equity interests in a subsidiary	-	-	-	-	-	-	124	124
Issue of shares pursuant to Restructuring Exercise	89,021	-	-	-	-	89,021	-	89,021
Issue of shares pursuant to acquisition of subsidiaries	54,401	-	-	-	-	54,401	-	54,401
Issue of shares pursuant to payment of professional fees	6,236	-	-	-	-	6,236	-	6,236
Effect of adjustments pursuant to Restructuring Exercise	(5,001)	-	(66,588)	-	-	(71,589)	-	(71,589)
Other comprehensive income								
Currency translation differences	-	1,156	-	-	-	1,156	-	1,156
Balance at 30 June 2013	149,658	1,119	(66,588)	-	35,320	119,509	4,059	123,568
Balance as 1 July 2013	149,658	1,119	(66,588)	-	35,320	119,509	4,059	123,568
Total comprehensive income for the period								
Profit for the period	-	-	-	-	13,046	13,046	30	13,076
Issue of shares pursuant to IPO	28,088	-	-	-	-	28,088	-	28,088
Share issue expenses	(1,317)	-	-	-	-	(1,317)	-	(1,317)
Effects of adjustments pursuant to Restructuring Exercise	-	-	486	-	-	486	-	486
Other comprehensive loss								
Currency translation differences	-	(321)	-	-	-	(321)	-	(321)
Balance at 30 September 2013	176,429	798	(66,102)	-	48,366	159,491	4,089	163,580

COMPANY	Share Capital	Retained earnings/ (Accumulated losses)	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 1 January 2014	176,429	(3,828)	172,601
Total comprehensive income for the period			
Profit for the period	-	120	120
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	13,185
Balance at 30 June 2014	189,614	(3,708)	185,906
Balance at 1 July 2014	189,614	(3,708)	185,906
Total comprehensive income for the period			
Profit for the period	-	1,624	1,624
Balance at 30 September 2014	189,614	(2,084)	187,530
Balance at date of incorporation on 18 February 2013	- *	-	- *
Issue of shares pursuant to Restructuring Exercise	89,021	-	89,021
Issue of shares pursuant to acquisition of subsidiaries	54,401	-	54,401
Issue of shares pursuant to payment of professional fees	6,236	-	6,236
Total comprehensive income for the financial period	-	15,427	15,427
Balance at 30 June 2013	149,658	15,427	165,085
Balance at 1 July 2013	149,658	15,427	165,085
Issue of shares pursuant to IPO	28,088	-	28,088
Share issue expenses	(1,317)	-	(1,317)
Total comprehensive loss for the financial period	-	(3,909)	(3,909)
Balance at 30 September 2013	176,429	11,518	187,947

* Amount less than S\$1,000.



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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 30 June 2014 and 30 September 2014	1,632,313,792	189,614,417

From 1 July 2014 to 30 September 2014, there was no change in the Company's share capital.

There were no outstanding convertibles or treasury shares held by the Company as at 30 September 2014 and 30 September 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 30 September 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 30 September 2014 and 31 December 2013.

- 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 September 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		Group	
	3 months ended 30 September		9 months ended 30 September	
	2014	2013	2014	2013
Continuing operation				
Net profit attributable to shareholders (S\$'000)	1,434	13,046	4,622	42,187
Weighted average number of ordinary shares in issue	1,632,313,792	1,602,300,825	1,630,804,520	1,482,822,930
Basic and diluted earnings per share (Singapore cents)	0.088	0.814	0.283	2.845
Discontinued operation				
Net profit attributable to shareholders (S\$'000)	1,173	-	1,173	-
Weighted average number of ordinary shares in issue	1,632,313,792	1,602,300,825	1,630,804,520	1,482,822,930
Basic and diluted earnings per share (Singapore cents)	0.072	-	0.072	-
Total basic and diluted earnings per share (Singapore cents)	0.160	0.814	0.355	2.845

The calculation of the basic and diluted earnings per share of the Group for the 3 months financial period ended 30 September 2013 was based on the pre-placement issued and paid-up ordinary share capital of 1,546,328,042 shares and adjusted for 58,517,000 ordinary shares issued on 5 July 2013 pursuant to the IPO, giving rise to the weighted average number of ordinary shares of 1,602,300,825.

For illustrative purposes, the calculation of the basic and diluted earnings per share of the Group for the 9 months financial period ended 30 September 2013 was based on the post-Restructuring Exercise issued and paid-up ordinary share capital of 1,420,000,000 shares and adjusted for 126,328,042 ordinary shares issued on 28 June 2013 in fulfillment of the Group's payment obligations and 58,517,000 ordinary shares issued on 5 July 2013 pursuant to the IPO, giving rise to the weighted average number of ordinary shares of 1,482,822,930.

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2014 and 30 September 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 30.09.2014	As at 31.12.2013	As at 30.09.2014	As at 31.12.2013
Net asset value attributable to the equity holders of the Company (S\$'000)	169,093	158,829	187,530	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 (Singapore cents)	10.36	9.90	11.49	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 decreased by S\$1.0 million from S\$10.0 million for the three months financial period ended 30 September 2013 ("Q3 2013") to S\$9.0 million for the three months financial period ended 30 September 2014 ("Q3 2014"), mainly attributable to translation loss on rental income on leasing of Group's nursing facilities in Japan of S\$0.5 million due to weakening of Japanese Yen against Singapore Dollars and lower revenue from provision of healthcare services through the operation of a hospital in Wuxi City, Jiangsu Province, the People's Republic of China (the "Wuxi Hospital") by S\$0.5 million. Compared to Q2 2014, revenue for Q3 2014 on Wuxi Hospital's healthcare services had increased by S\$0.2 million quarter-on-quarter.

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 maintained at S\$5.1 million for Q3 2013 and Q3 2014 despite the decrease in revenue for Q3 2014. This is largely due to the decrease in cost of sales for the hospital operation in Wuxi through tighter cost control measures.



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(b) Other operating income

Other operating income decreased by S\$11.2 million from S\$13.8 million in Q3 2013 to S\$2.6 million in Q3 2014, attributed mainly to fair value gain of S\$13.5 million on Investment properties and Investment properties under development in Q3 2013 which did not occur in Q3 2014, offset by profit guarantee income of S\$1.0 million pursuant to the sales and purchase agreement entered into in February 2013 for acquisition of Wuxi New District Phoenix Hospital ("WNDH") and increase of net exchange gain of S\$1.4 million. The Group recorded a net exchange gain of S\$0.8 million in Q3 2014 compared to a net exchange loss of S\$0.6 million in Q3 2013.

(c) Administrative expenses

Administrative expenses decreased by S\$1.5 million from S\$2.7 million in Q3 2013 to S\$1.2 million in Q3 2014. The decrease was mainly due to S\$0.6 million IPO related expenses recorded in Q3 2013 which were not recorded in Q3 2014, decreases in Asset management fee by S\$0.2 million, S\$0.6 million reduction of legal and professional fees and S\$0.1 million decrease in other operating expenses.

(d) Finance expenses

Finance expenses increased by S\$2.1 million from S\$2.8 million in Q3 2013 to S\$4.9 million in Q3 2014, due mainly to the interest costs incurred on the borrowings utilised to finance the acquisition of two Australia properties during the current period.

(e) Income tax expense

Income tax expense incurred in the current quarter relates to the provision of healthcare services through the operation of Wuxi Hospital.

Profit after taxation

The Group recorded a total profit after tax amounted to S\$2.7 million in Q3 2014 as compared to S\$13.1 million in Q3 2013.

Profit from discontinued operation

Profit after tax from discontinued operation relates to the operating results from the Group's recent acquisition of two Australia properties. The details on the profit after tax of S\$1.2 million for Q3 2014 is included in the Notes to the financial statements on page 4 of this announcement.

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\$144.4 million from S\$53.0 million at 31 December 2013 to S\$197.4 million at 30 September 2014. The increase was mainly attributed by increases of S\$7.9 million in Cash and cash equivalents, S\$0.9 million in Trade and other receivables, S\$39.6 million in Other current assets and S\$96.0 million in Assets held for sale on the two Australia properties in Melbourne ("Melbourne Properties") acquired in the current period. The increase in Other current assets was due mainly to S\$35.1 million deposits that had been paid for the HSMV (as defined herein) and S\$1.6 million deposits paid for the acquisition of a freehold medical use property in Geelong, Australia.
- (b) Non-current assets (comprising Intangible assets, Lease prepayments, Investment properties, Investment properties under development and Property, plant and equipment) increased by S\$13.1 million from S\$361.1 million at 31 December 2013 to S\$374.2 million at 30 September 2014, attributable mainly to S\$13.6 million increase in Investment properties under development. The increase in Investment properties under development was due mainly to the acquisition of IHC Shanghai Medical Village Pte Ltd ("HSMV") in Q1 2014 amounting to S\$3.7 million, S\$9.6 million of project costs capitalised in Investment properties under development and S\$0.3 million of exchange difference due mainly to the appreciation Malaysia Ringgit against the Singapore Dollars.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) increased by S\$171.3 million from S\$24.0 million at 31 December 2013 to S\$195.3 million at 30 September 2014 due mainly to the increases of S\$58.5 million in Trade and other payables and S\$112.7 million in Borrowings. The increase in Trade and other payables was mainly attributable to increases of S\$6.0 million of other payables pursuant to the acquisition of HSMV in Q1 2014, S\$8.0 million contribution on financing arrangement from a non-related party, S\$9.7 million interest-free advances from a related party, S\$3.2 million contribution by a non-controlling shareholder of a subsidiary as part of the capital injection to a subsidiary and S\$30.5 million interest-free loan from certain substantial shareholders of the Company. The increase in borrowings was mainly due to S\$96.3 million loan undertaken for the acquisition of freehold commercial Melbourne Properties and for payment of deposit for HSMV project, and S\$28.8 million loan reclassified from Non-current liabilities to Current liabilities that are due in the next 12 months, offset by repayment of loan of S\$12.4 million.
- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) decreased by S\$24.1 million from S\$227.1 million at 31 December 2013 to S\$203.0 million at 30 September 2014, attributed mainly to S\$28.8 million reclassified from Non-current liabilities to Current liabilities in accordance with the repayment period, repayment of loan of S\$13.3 million during the current period, and S\$5.0 million exchange gain on loan denominated in Japanese Yen due to depreciation of Japanese Yen against the Singapore Dollars, offset by increase in borrowings of S\$23.0 million for acquisition of a Japan property and HSMV, and development of the Group's Malaysia project.



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- (e) Shareholders' equity increased by S\$10.3 million from S\$158.8 million at 31 December 2013 to S\$169.1 million at 30 September 2014, due mainly to new shares issued and merger reserve recognised pursuant to the acquisition of HSMV and the net profit of S\$5.8 million generated during the 9 months ended 30 September 2014, offset by currency translation loss.

Cashflow and Working Capital

- (a) Net cash used in operations of S\$3.8 million in Q3 2014 arose from profit after tax of S\$2.7 million, adjusted for non-cash items amounting to S\$3.0 million, cash outflow from a net increase in working capital of S\$9.5 million attributed mainly to increase in Trade and other receivables of S\$1.1 million, Other current assets of S\$6.2 million and Trade and other payables of S\$2.2 million, and the net payment of interest and tax amounted to S\$4.2 million.

Net cash used in investing activities of S\$103.5 million in Q3 2014 comprised additions to Investment properties of S\$7.7 million due to acquisition of an annex of an existing nursing home in Japan, acquisition of the Melbourne Properties amounting to S\$91.4 million, additions to Investment properties under development of S\$4.4 million and S\$0.1 million for purchase of Property, plant and equipment.

Net cash provided by financing activities of S\$118.4 million in Q3 2014 comprised mainly of proceeds of borrowings of S\$99.5 million for acquisition of the Melbourne and Japan properties as well as working capital purpose, S\$40.1 million of advances from related parties and certain shareholders, offset by S\$21.2 million repayment of borrowings during the current period.

Based on the above, Cash and cash equivalents increased by S\$6.2 million (including S\$0.7 million currency translation difference) from S\$33.3 million at 30 June 2014 to S\$39.5 million at 30 September 2014, excluding S\$3.75 million pledged in fixed deposits.

- (b) As at 30 September 2014, the Group had net positive working capital of S\$2.1 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.

With the rising demand in private healthcare spurred by the rising wealth in Asia, the ageing population in the Asia markets that is demanding higher quality healthcare 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 bullish. We will continue developing our Asia-centric portfolio of healthcare services and integrated medical real estates.

The Board of Directors would like to announce that the Group has entered into a letter of intent to sell the two Australia properties, namely 541 St Kilda Road and 553 St Kilda Road to a third party as part of its asset management strategy.

The Board of Directors would also like to announce that the Group will not pursue with the acquisition of the two pending projects which were disclosed in the Offer Document (on page 165) dated 1 July 2013; namely, Aqua Villa Kashiihama Ichibankan and Kashiihama Senior Residence, due to the difficulties faced by the vendors to resolve their distressed loans. The Group will continue to actively look for new investment opportunities. We have completed the acquisition of an annex to our existing nursing home in Sapporo, Japan in Q3 2014 and also target to acquire more properties in the coming quarters.

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, including the Real Estate Investment Trust plan as previously announced.

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/recommended, a statement to that effect

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

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.



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 3 months and 9 months ended 30 September 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 November 2014