



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

(Company Registration Number: 201304341E)
(Incorporated in the Republic of Singapore on 18 February 2013)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 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

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(Company Registration Number: 201304341E)

Unaudited Full Year Financial Statements And Related Announcement for the Financial Year Ended 31 December 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 31 December			12 months ended 31 December		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,836	8,622	48.9	45,004	35,438	27.0
Cost of sales	(6,821)	(5,378)	26.8	(24,011)	(17,011)	41.1
Gross profit	6,015	3,244	85.4	20,993	18,427	13.9
Other operating income, net	3,928	48,110	(91.8)	48,037	59,045	(18.6)
Administrative expenses	(10,831)	(3,380)	220.4	(21,917)	(12,253)	78.9
Finance expenses	(6,946)	(7,870)	(11.7)	(25,928)	(19,010)	36.4
(Loss)/profit before tax	(7,834)	40,104	N/M	21,185	46,209	(54.2)
Income tax expense	(10,412)	(8,632)	20.6	(13,944)	(8,793)	58.6
(Loss)/profit after tax	(18,246)	31,472	N/M	7,241	37,416	(80.6)
Other comprehensive (loss)/income:						
Currency translation differences arising from consolidation	(3,746)	661	N/M	834	(4,074)	N/M
Revaluation gains on lease prepayments	-	759	N/M	-	3,636	N/M
Total comprehensive (loss)/income for the period	(21,992)	32,892	N/M	8,075	36,978	(78.2)
Profit attributable to :-						
Equity holders of the Company	(22,278)	31,509	N/M	7,146	37,304	(80.8)
Non-controlling interests	4,032	(37)	N/M	95	112	(15.2)
	(18,246)	31,472	N/M	7,241	37,416	(80.6)
Total comprehensive (loss)/income attributable to :-						
Equity holders of the Company	(26,842)	32,635	N/M	8,395	35,906	(76.6)
Non-controlling interests	4,850	257	1,787.2	(320)	1,072	N/M
	(21,992)	32,892	N/M	8,075	36,978	(78.2)
Earnings per share for profit attributable to equity holders of the Company						
- Basic earnings per share (Singapore cents)	(1.343)	1.930		0.433	2.287	
- Diluted earnings per share (Singapore cents)	(1.343)	1.930		0.433	2.268	

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	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	25,751	31,025	247	5,844
Trade and other receivables	15,619	16,601	227,745	165,397
Other current assets	22,801	39,957	278	287
Inventories	911	548	-	-
Assets held for sale	-	92,993	-	-
	<u>65,082</u>	<u>181,124</u>	<u>228,270</u>	<u>171,528</u>
Non-current assets				
Goodwill on consolidation	36,915	45,924	-	-
Intangible assets	2,338	-	-	-
Lease prepayments	6,531	6,679	-	-
Investment properties	397,942	250,465	-	-
Investment properties under development	146,364	107,150	-	-
Property, plant and equipment	7,376	6,313	63	83
Other financial assets	551	-	-	-
Investment in subsidiaries	-	-	75,499	83,311
	<u>598,017</u>	<u>416,531</u>	<u>75,562</u>	<u>83,394</u>
Total assets	<u>663,099</u>	<u>597,655</u>	<u>303,832</u>	<u>254,922</u>
LIABILITIES				
Current liabilities				
Trade and other payables	29,756	48,927	21,217	30,389
Borrowings	231,470	127,830	9,031	32,008
Income tax liabilities	2,698	1,077	-	-
Other liabilities	-	-	703	776
	<u>263,924</u>	<u>177,834</u>	<u>30,951</u>	<u>63,173</u>
Non-current liabilities				
Trade and other payables	7,258	14,838	-	8,000
Borrowings	139,720	181,138	97,824	-
Deferred tax liabilities	28,206	14,744	-	-
Other liabilities	-	-	1,396	1,665
	<u>175,184</u>	<u>210,720</u>	<u>99,220</u>	<u>9,665</u>
Total liabilities	<u>439,108</u>	<u>388,554</u>	<u>130,171</u>	<u>72,838</u>
NET ASSETS	<u>223,991</u>	<u>209,101</u>	<u>173,661</u>	<u>182,084</u>
EQUITY				
Share capital	192,707	185,219	192,707	185,219
Currency translation reserve	(5,022)	(6,271)	-	-
Merger reserve	(65,742)	(65,742)	-	-
Asset revaluation reserve	3,630	2,726	-	-
Statutory surplus reserve	327	327	-	-
Retained earnings/(Accumulated losses)	98,697	87,626	(19,046)	(3,135)
	<u>224,597</u>	<u>203,885</u>	<u>173,661</u>	<u>182,084</u>
Non-controlling interests	<u>(606)</u>	<u>5,216</u>	<u>-</u>	<u>-</u>
Total equity	<u>223,991</u>	<u>209,101</u>	<u>173,661</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 31 December			12 months ended 31 December		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(10)	(135)	(92.6)	(42)	(193)	(78.2)
Interest expense	6,946	7,870	(11.7)	25,928	19,010	36.4
Amortisation of lease prepayments	89	75	18.7	294	293	0.3
Amortisation of intangible asset	588	-	N/M	588	-	N/M
Depreciation of property, plant and equipment	244	231	5.6	1,149	887	29.5
Allowance for impairment of goodwill	10,000	-	N/M	10,000	-	N/M
Allowance for impairment of other asset	4,383	-	N/M	4,383	-	N/M
Allowance for impairment of other receivable and deposit	17,734	51	N/M	17,734	51	N/M
Currency translation loss - net	(1,172)	(145)	708.3	(1,190)	(389)	205.9
Guarantee fee income	(808)	(888)	(9.0)	(3,348)	(3,625)	(7.6)
Profit guarantee income	(588)	(499)	17.8	(2,004)	(1,520)	31.8
Fair value gain on investment properties	(15,106)	(44,134)	(65.8)	(15,106)	(44,134)	(65.8)
Fair value gain on investment properties under development	(5,623)	(4,748)	18.4	(39,540)	(4,748)	732.8
Net rental income from assets held for sale	-	(2,765)	N/M	-	(2,765)	N/M
Negative goodwill	(857)	-	N/M	(857)	-	N/M
Gain on disposal of a subsidiary	(12,328)	-	N/M	(12,328)	-	N/M

2. Income tax expense

	Group			Group		
	3 months ended 31 December			12 months ended 31 December		
	2015	2014	Inc/(Dec)	2015	2014	Inc/(Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current income tax - Foreign	(2,094)	(176)	N/M	(2,234)	(337)	562.9
Deferred income tax	(8,318)	(8,456)	(1.6)	(11,710)	(8,456)	38.5
Charge for the period	(10,412)	(8,632)	20.6	(13,944)	(8,793)	58.6

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 31.12.2015			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	229,772	1,698	231,470	126,764	1,066	127,830
Amount repayable after one year	138,414	1,306	139,720	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 and a subsidiary;
- joint and several guarantees by a director of the Company and two related parties;
- a fixed charge over the total assets of a subsidiary of the Group which mainly comprise of investment properties and cash and cash equivalents;
- a charge created over the land of a development project of the Group;
- a deed of debenture over the assets and rights of a subsidiary pertaining to a development project of the Group;
- a deed of assignment of the subsidiary's full and entire rights and entitlements pertaining to a development project of the Group;
- a first fixed charge created over the entire issued share capital of a subsidiary of the Company;
- a second legal mortgage over certain asset of a related party of the Company;
- mortgage over certain investment properties of the Group;
- certain bank deposits of the Company and subsidiaries and non- controlling shareholders;
- debenture over the assets and rights of certain subsidiaries of the Company; and
- deed of assignment in respect of payments made by a subsidiary to another subsidiary.



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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 31 December		12 months ended 31 December	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flow from operating activities :				
(Loss)/Profit after tax	(18,246)	31,472	7,241	37,416
Adjustments :-				
Income tax expense	10,412	8,632	13,944	8,793
Depreciation of property, plant and equipment	244	231	1,149	887
Amortisation of lease prepayments	89	75	294	293
Amortisation of intangible assets	588	-	588	-
Loss on disposal of property, plant and equipment	2	2	2	4
Allowance for impairment of other receivable and deposit	17,734	51	17,734	51
Allowance for impairment of other asset	4,383	-	4,383	-
Allowance for impairment of goodwill	10,000	-	10,000	-
Fair value gain on investment properties	(15,106)	(44,134)	(15,106)	(44,134)
Fair value gain on investment properties under development	(5,623)	(4,748)	(39,540)	(4,748)
Interest income	(10)	(135)	(42)	(193)
Interest expense	6,946	7,870	25,928	19,010
Issuance of shares pursuant to a settlement of financing arrangement	-	-	7,488	-
Negative goodwill	(857)	-	(857)	-
Gain on disposal of subsidiary	(12,328)	-	(12,328)	-
Foreign currency translation differences	(7,441)	3,180	(560)	720
Operating profit before working capital changes	(9,213)	2,496	20,318	18,099
Decrease/(increase) in:				
Inventories	390	86	(261)	181
Trade and other receivables	(921)	2,746	(5,814)	4,037
Other current assets	19,956	8,670	19,093	(2,072)
Increase/(decrease) in:				
Trade and other payables	515	(7,149)	(7,993)	3,698
Cash generated from operations	10,727	6,849	25,343	23,943
Interest paid	(3,712)	(7,752)	(21,991)	(17,788)
Income tax paid	423	(89)	(192)	(199)
Net cash generated from/(used in) operating activities	7,438	(992)	3,160	5,956
Cash flow from investing activities :				
Acquisition of investment properties	1,177	-	(27,271)	(103,655)
Acquisition of/additions to investment properties under development	(2,464)	(1,290)	(8,074)	(11,086)
Purchase of property, plant and equipment	(59)	(216)	(246)	(651)
Additions to lease prepayments	-	-	-	-
Return of advanced deposits to subcontractor	10,678	2,847	319	(4,764)
Net cash (outflow)/inflow from acquisition of subsidiaries	-	-	(1,979)	58
Net cash outflow from disposal of a subsidiary company	(11)	-	(11)	-
Interest received	10	135	42	193
Net cash from/(used in) investing activities	9,331	1,476	(37,220)	(119,905)
Cash flow from financing activities :				
(Repayment to)/Advance from related parties, net	(4,535)	(22,262)	(19,535)	17,322
Proceeds from borrowings	10,277	12,599	140,714	120,758
Repayment of borrowings	(17,908)	(1,377)	(93,744)	(27,036)
Decrease in bank deposits pledged	-	-	3,750	-
Net cash (used in)/provided by financing activities	(12,166)	(11,040)	31,185	111,044
Net increase/(decrease) in cash and cash equivalents	4,603	(10,556)	(2,875)	(2,905)
Cash and cash equivalents at beginning of financial period	21,438	39,453	27,275	31,522
Effects of currency translation on cash and cash equivalents	(289)	(1,622)	1,352	(1,342)
Cash and cash equivalents at end of financial period	25,752	27,275	25,752	27,275

Reconciliation of cash and cash equivalents:

	Group		Group	
	As at	As at	As at	As at
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and cash equivalents per consolidated statement of cash flows	25,752	27,275	25,752	27,275
Add: Bank deposits pledged	-	3,750	-	3,750
Cash and cash equivalents per consolidated statement of financial position	25,752	31,025	25,752	31,025

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	-	-	-	-	-	29,424	29,424	63	29,487
Acquisition of equity interests in subsidiaries	-	556	-	904	-	3,925	5,385	(5,597)	(212)
Issue of new shares	7,488	-	-	-	-	-	7,488	-	7,488
Other comprehensive income									
Currency translation differences	-	5,258	-	-	-	-	5,258	59	5,317
Balance at 30 September 2015	192,707	(457)	(65,742)	3,630	327	120,975	251,440	(259)	251,181
Balance at 1 October 2015	192,707	(457)	(65,742)	3,630	327	120,975	251,440	(259)	251,181
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	(22,278)	(22,278)	32	(22,246)
Other comprehensive income									
Currency translation differences	-	(4,565)	-	-	-	-	(4,565)	(379)	(4,944)
Balance at 31 December 2015	192,707	(5,022)	(65,742)	3,630	327	98,697	224,597	(606)	223,991
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	-	-	-	-	-	5,795	5,795	149	5,944
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	(4,035)	-	-	-	9,150	-	9,150
Other comprehensive loss									
Currency translation differences	-	(4,681)	-	-	-	-	(4,681)	(54)	(4,735)
Balance at 30 September 2014	189,614	(6,828)	(70,137)	-	253	56,191	169,093	4,239	173,332
Balance as 1 October 2014	189,614	(6,828)	(70,137)	-	253	56,191	169,093	4,239	173,332
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	31,509	31,509	(37)	31,472
Purchase price adjustment pursuant to acquisition of subsidiaries	(4,395)	-	4,395	-	-	-	-	-	-
Other comprehensive loss									
Currency translation differences	-	557	-	-	-	-	557	104	661
Transfer to Statutory surplus reserve	-	-	-	-	74	(74)	-	-	-
Revaluation gains on lease prepayments	-	-	-	2,726	-	-	2,726	910	3,636
Balance at 31 December 2014	185,219	(6,271)	(65,742)	2,726	327	87,626	203,885	5,216	209,101

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			
Loss for the period	-	(3,504)	(3,504)
Issue of new shares	7,488	-	7,488
Balance at 30 September 2015	192,707	(6,639)	186,068
Balance as 1 October 2015	192,707	(6,639)	186,068
Total comprehensive income for the period			
Loss for the period	-	(12,407)	(12,407)
Balance at 31 December 2015	192,707	(19,046)	173,661
Balance at 1 January 2014	176,429	(3,828)	172,601
Total comprehensive income for the period			
Profit for the period	-	1,744	1,744
Issue of shares pursuant to acquisition of subsidiaries	13,185	-	13,185
Balance at 30 September 2014	189,614	(2,084)	187,530
Balance at 1 April 2014	189,614	(2,084)	187,530
Total comprehensive income for the period			
Profit for the period	-	(1,051)	(1,051)
Purchase price adjustment pursuant to acquisition of subsidiaries	(4,395)	-	(4,395)
Balance at 31 December 2014	185,219	(3,135)	182,084



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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.

<u>Ordinary shares issued and fully paid-up</u>	Number of shares	Paid-up share capital S\$
Balance as at 30 September 2015 and 31 December 2015	1,659,064,603	192,706,969

There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2015 and 31 December 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 31 December 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 31 December 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 31 December 2015 and 31 December 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 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 31 December		12 months ended 31 December	
	2015	2014	2015	2014
Basic earnings per share				
Net (loss)/profit attributable to shareholders (S\$'000)	(22,278)	31,509	7,146	37,304
Weighted average number of ordinary shares in issue	1,659,064,603	1,632,313,792	1,651,295,874	1,631,184,939
Basic (loss)/earnings per share (Singapore cents)	(1.343)	1.930	0.433	2.287
Diluted earnings per share				
Net (loss)/profit attributable to shareholders (S\$'000)	(22,278)	31,509	7,146	37,304
Weighted average number of ordinary shares	1,659,064,603	1,632,313,792	1,651,295,874	1,644,963,939
Diluted (loss)/earnings per share (Singapore cents)	(1.343)	1.930	0.433	2.268

Basic and diluted (loss)/earnings per share were the same for the 3 months and 12 months ended 31 December 2015 and 31 December 2014 as there were no potentially dilutive ordinary shares in issue as at 31 December 2015 and 31 December 2014.

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 31.12.2015	As at 31.12.2014	As at 31.12.2015	As at 31.12.2014
Net asset value attributable to the equity holders of the Company (S\$'000)	224,597	203,885	173,661	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)	13.54	12.49	10.47	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\$9.6 million from S\$35.4 million for the financial year ended 31 December 2014 ("FY 2014") to S\$45.0 million for the financial year ended 31 December 2015 ("FY 2015"), mainly attributable to S\$5.2 million and S\$2.9 million revenue contributions from the acquisition of 100% equity interest in a medical drug distribution company and rental income from Australia properties acquired in 2015 (the "Acquisitions") respectively, and an increase of S\$1.7 million revenue from our hospital in Wuxi, Jiangsu, China ("Wuxi Hospital"). Revenue from the rental income on leasing of 12 fully operational nursing facilities in various part of Japan (the "Nursing Facilities") remained relatively unchanged over the two comparative periods reported on.

(b) Other operating income

Other operating income decreased by S\$11.0 million from S\$59.0 million in FY 2014 to S\$48.0 million in FY 2015, attributed mainly to allowance for impairment of goodwill of S\$10.0 million, impairment of other asset of S\$4.4 million and impairment of receivables and deposits of S\$17.7 million; set off by the gain on disposal of a subsidiary of S\$12.3 million, increase in fair value gains by S\$5.8 million pursuant to the fair value of the Group's investment properties under development in China and investment properties in Japan which were determine by independent and qualified valuers, foreign currency exchange gain by S\$0.8 million and gross rental income from assets held for sale by S\$3.4 million.



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(c) Administrative expenses

Administrative expenses increased by S\$9.6 million from S\$12.3 million in FY 2014 to S\$21.9 million in FY 2015. The increase was mainly due to increase of S\$5.1 million in legal and professional fees mainly on amortised costs related to MTN recognised and acquisition of a property in Geelong, Australia, S\$2.3 million increase in costs and operating expenses relating to two subsidiaries that was acquired during the year, S\$0.9 million, S\$0.6 million and S\$0.4 million increase in repair and maintenance costs, property tax and utilities expenses respectively which pertains to the two properties in St. Kilda, Australia, S\$0.2 million of asset management fees paid for Japan properties and S\$0.5 million increase in employee remuneration and benefits.

(d) Finance expenses

Finance expenses increased by S\$6.9 million from S\$19.0 million in FY 2014 to S\$25.9 million in FY 2015, mainly due to the interest costs incurred on borrowings undertaken to finance the acquisition of Healthcare assets, i.e the acquisition of the property in Geelong, Australia and for working capital needs.

(e) Income tax expense

Income tax expense increased by S\$5.1 million from S\$8.8 million in FY 2014 to S\$13.9 million in FY 2015, mainly due to additional deferred tax expenses of S\$3.2 million being recognised on higher fair value gains in FY 2015 and S\$2.2 million increase in income tax of the Australia properties due to full year operation in FY2015 compared to FY2014.

(f) (Loss)/Profit after tax

The Group recorded a Profit after tax of S\$7.2 million in FY 2015 as compared to a Profit after tax of S\$37.4 million in FY 2014.

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) decreased by S\$116.0 million from S\$181.1 million at 31 December 2014 to S\$65.1 million at 31 December 2015, mainly attributed to reclassification of Assets held for sale of S\$93.0 million to Non-current assets pursuant to the termination of the Sale and Purchase Agreement for the Melbourne Properties and S\$17.2 million decrease in Other current assets mainly due to \$20.0 million refund of deposits and S\$8.7 million impairment made for deposits placed for the Group's Shanghai properties, and S\$5.2 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\$181.5 million from S\$416.5 million as at 31 December 2014 to S\$598.0 million at 31 December 2015, attributable mainly to S\$148.5 million increase in Investment properties mainly due to S\$93.0 million on reclassification of Melbourne Properties from Assets held for sale to Investment properties, S\$28.9 million on acquisition of a property in Geelong, Australia, and S\$14.4 million on fair value gain for the Group's Japan assets, and S\$39.2 million increase in Investment properties under development due mainly to the fair value gain on the Group's China assets. Intangible assets of S\$2.3 million as at 31 December 2015 relates to various drug equipments and drug related licences through the acquisition of a medical drug distribution company in Q1 2015. Other financial assets of S\$0.6 million is pertaining of the rental guarantee from previous owner of Melbourne property. Decreased in goodwill is mainly due to the allowance for impairment of S\$10 million made during the financial year offset by the gain from currency adjustment.
- (c) Current liabilities (comprising Trade and other payables, Borrowings and Income tax liabilities) increased by S\$86.1 million from S\$177.8 million at 31 December 2014 to S\$263.9 million at 31 December 2015 mainly due to S\$142.0 million reclassification of loans relates to the acquisition of Group's Japan asset from Non-current borrowings to Current borrowings, set off by \$19.1 million decrease in Trade and other payables mainly due to the settlement of S\$7.6 million financing arrangement by issuance of shares in May 2015, S\$16.8 million on repayment of shareholder's loans.
- (d) Non-current liabilities (comprising Trade and other payables, Borrowings and Deferred tax liabilities) decreased by S\$35.5 million from S\$210.7 million at 31 December 2014 to S\$175.2 million at 31 December 2015, attributed mainly to S\$13.4 million increase in Deferred tax liabilities on fair value gains on the Group's Investment properties, S\$142.0 million reclassification of loans from Non-current borrowings to Current borrowings, set off by S\$100.0 million from MTN issued in first half 2015, and S\$7.5 million decrease in Trade and other payables mainly due to repayment of shareholder's loans.



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- (e) Shareholders' equity increased by S\$20.7 million from S\$203.9 million at 31 December 2014 to S\$224.6 million at 31 December 2015.

Cashflow and Working Capital

- (a) Net cash generated from operations of S\$3.2 million in FY 2015 arises from profit after tax of S\$7.2 million, adjusted for non-cash items amounting to S\$13.1 million and cash outflow from a net increase in working capital of S\$5.4 million attributed mainly to increase in Trade and other receivables of S\$5.8 million and decreased in other current assets and trade and other payables of S\$19.1 million and S\$7.5 million respectively. After the net payment of interest and tax amounting to S\$22.6 million, net cash used in operating activities in FY 2015 was S\$3.2 million.

Net cash used in investing activities of S\$37.2 million in FY 2015 was due mainly to acquisition of investment properties of S\$27.3 million, S\$8.1 million additions of development costs and S\$2.0 million of cash outflow from acquisition of a subsidiary.

Net cash provided by financing activities of S\$31.2 million in FY 2015 comprised mainly of proceed from new borrowings of S\$140.7 million and decrease of bank deposits pledged of S\$3.8 million, set off by S\$93.7 million repayment of borrowings and repayment to related parties of S\$19.5 million in the current year.

Based on the above, Cash and cash equivalents decreased by S\$1.5 million (including S\$1.3 million currency translation difference) from S\$27.3 million at 31 December 2014 to S\$25.8 million at 31 December 2015.

- (b) As at 31 December 2015, the Group had negative working capital of S\$198.8 million mainly due to the reclassification of loans related to the acquisition of the Group's Japan and Australia assets from Non-current liabilities to Current liabilities.

The Company is in the process of finalising the legal documents for the re-financing of the Japan loans amounting to Japanese Yen 12.9 billion (approximately S\$150.9 million) which matures in April 2016. The Company is also in the process of extending the maturity date of Australia loans of A\$53.1 (approximately S\$54 million) which matures in August 2016.

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

Not applicable. No forecast or prospect statement has been previously disclosed to the shareholders for the current financial period.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will focus and explore the strengthening of its financial position through the possibilities such as re-positioning of its asset portfolio, fund raising activities, restructuring its existing borrowings to lower its finance costs and tightening of cost control. The Group will also continue to pursue the implementation of its Real Estate Investment Trust ("REIT") strategy for its income stabilised portfolio.

The Group sees healthcare services continuing to be a growth sector with demand in private healthcare and the ageing population in the Asia markets generating demand for elder care. The Group will continue to explore and develop our elder healthcare services and integrated medical real estate.

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/recommendeded, a statement to that effect

No dividend has been declared or recommended for the financial period ended 31 December 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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Dr. Jong Hee Sen ⁽¹⁾	S\$360,000	-

- (1) During Q4 FY2015, an Advisory Service Agreement (the "Agreement") dated 1st October 2015 was entered between IHC Medical Assets Pte Ltd ("HMAC"), a wholly-owned subsidiary of the Company, and Dr. Jong Hee Sen ("Dr. Jong"), a Non-Executive Director of the Company for a period of one year from the date of the Agreement. Under this Agreement, Dr. Jong is entitled to a monthly fee of S\$30,000. As such, the value of the interested person transaction in respect of this Agreement is S\$360,000. His key duties are:-
- (a) establish, foster and continuously improve working and business relationship with all officials of the relevant foreign government agencies, business partners and business associates where the Company has a presence in PRC, Japan and Malaysia;
 - (b) continue to maintain and ensure that the Company's licence to operate its healthcare services and healthcare related mix-development business remain valid at all times;
 - (c) on request by the company, assist, guide and mentor members of the Company's designated working teams assigned to the various foreign government officials and business partners;
 - (d) be assigned special assignments to sustain proper business functions and issue resolution.

Save as disclosed above, there were no IPTs which were more than S\$100,000 entered into by the Group during the current financial period reported on.

The Company does not have a IPT mandate.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's business can be categorised into two segments as follows:

- (i) Provision of healthcare services ("Healthcare Services") through:
 - the management and operation of hospital, and
 - the rental of healthcare-related facilities
- (ii) Development of medical real estate (such as hospital facilities), healthcare-related assets (such as nursing homes) and integrated mixed-use developments (such as developments with medical real estate/healthcare-related assets, retail space and/or service residences) ("Integrated Medical Real Estate")

All other segments comprises head office function, including most senior management staff .



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(a) Business segments

	Healthcare Services	Integrated Medical Real Estate	All other segments	Total
	\$'000	\$'000	\$'000	\$'000
Group FY2015				
Revenue				
External revenue				
- Medical services	26,585	-	-	26,585
- Rental income	15,488	2,931	-	18,420
Total segment revenue	42,073	2,931	-	45,004
Other income				
- Rental income for assets held-for-sale	-	7,829	-	7,829
Adjusted EBITDA	65,891	(14,346)	(2,442)	49,103
Depreciation of property, plant and equipment	(1,081)	(3)	(65)	(1,149)
Amortisation of lease prepayments	(294)	-	-	(294)
Amortisation of intangible assets	(588)	-	-	(588)
Finance expenses	(11,163)	(7,112)	(7,653)	(25,928)
Interest income	1	14	27	42
Profit/(Loss) before tax	52,766	(21,447)	(10,133)	21,186
Other information:				
Segment assets and consolidated total assets	369,891	251,145	42,064	663,100
Segment assets includes:				
Additions to :				
- Property, plant and equipment	6	-	240	246
- Investment properties	100	29,005	-	29,105
- Investment properties under development	2,118	5,956	-	8,074
Segment liabilities	168,933	106,566	132,708	408,207
Unallocated:				
Provision for taxation				2,698
Defferered tax liabilities				28,206
Consolidated total liabilities				439,111

	Healthcare Services	Integrated Medical Real Estate	All other segments	Total for continuing operations
	\$'000	\$'000	\$'000	\$'000
Group FY2014				
Revenue				
External revenue				
- Medical services	19,667	-	-	19,667
- Rental income	15,771	-	-	15,771
Total segment revenue	35,438	-	-	35,438
Other income				
- Rental income for assets held-for-sale	-	4,384	-	4,384
Adjusted EBITDA	66,922	6,498	(7,214)	66,206
Depreciation of property, plant and equipment	(825)	(2)	(60)	(887)
Amortisation of lease prepayments	(293)	-	-	(293)
Finance expenses	(12,017)	(5,508)	(1,485)	(19,010)
Interest income	3	24	166	193
Profit/(Loss) before tax	53,790	1,012	(8,593)	46,209
Other information:				
Segment assets and consolidated total assets	339,515	233,975	24,165	597,655
Segment assets includes:				
Additions to :				
- Property, plant and equipment	552	12	87	651
- Investment properties	7,663	95,992	-	103,655
- Investment properties under development	-	11,086	-	11,086
Segment liabilities	185,221	134,731	52,781	372,733
Unallocated:				
Provision for taxation				1,077
Defferered tax liabilities				14,744
Consolidated total liabilities				388,554



(b) Geographical segments

The Group's two business segments operate in five main geographical areas:

Singapore - the Company is headquartered in Singapore. The operations in this area are principally investment holding;

China (including Hong Kong) - the operations in this area consists of the provision of healthcare services through the management and operation of hospital and the development of medical real estate, healthcare-related assets and integrated mixed use developments, as well as investment holding;

Japan - the operations in this area are principally the provision of healthcare services through the rental of healthcare-related assets;

Malaysia - the operations in this area are principally the development of medical real estate, healthcare-related assets and integrated mixed-use development; and

Australia - the operations in this area are principally rental of commercial properties;

Other countries - the operations in these areas are principally investment holding.

Group	Singapore		China		Japan		Malaysia		Australia		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External customers	-	-	26,585	19,667	15,488	15,771	-	-	2,931	-	45,004	35,438
Fair value gain	-	-	43,005	5,114	14,404	44,134	(3,466)	(366)	702	-	54,645	48,882
Other income	5,365	(304)	(20,192)	2,750	3,348	3,654	(3,674)	(324)	8,543	4,387	(6,610)	10,163
	<u>5,365</u>	<u>(304)</u>	<u>49,398</u>	<u>27,531</u>	<u>33,240</u>	<u>63,559</u>	<u>(7,140)</u>	<u>(690)</u>	<u>12,176</u>	<u>4,387</u>	<u>93,039</u>	<u>94,483</u>
Other geographical information:												
Segment assets	8,371	17,463	173,769	151,090	298,713	266,130	61,780	69,472	120,468	93,500	663,101	597,655
Segment liabilities	(119,994)	(106,686)	(31,730)	(10,841)	(177,112)	(166,465)	(35,581)	(43,412)	(74,694)	(61,150)	(439,111)	(388,554)
Net assets	<u>(111,623)</u>	<u>(89,223)</u>	<u>142,039</u>	<u>140,249</u>	<u>121,601</u>	<u>99,665</u>	<u>26,199</u>	<u>26,060</u>	<u>45,774</u>	<u>32,350</u>	<u>223,990</u>	<u>209,101</u>
Non-current assets	<u>134</u>	<u>190</u>	<u>138,408</u>	<u>97,338</u>	<u>280,842</u>	<u>250,465</u>	<u>60,935</u>	<u>68,538</u>	<u>117,698</u>	<u>-</u>	<u>598,017</u>	<u>416,531</u>

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Healthcare services

Revenue for the Healthcare service is increased by S\$6.6 million from S\$35.4 million in FY2014 to S\$42.1 million in FY 2015 mainly due to the S\$5.2 million revenue contributions from the acquisition of 100% equity interest in a medical drug distribution company in FY15. This segment recorded a pre-tax profit of S\$52.8 million in the current financial year which includes fair value gain recognised on revaluation of Investment properties amounting to S\$53.9 million, Guarantee fee income of S\$3.3 million and Profit guarantee income of S\$2 million, offset by S\$11.5 million of finance expenses due mainly to loans taken up to finance the acquisition of the healthcare assets and for working capital purposes and S\$10 million of impairment of goodwill.

Integrated Medical Real Estate

Revenue for Integrated Medical Real Estate segment in FY15 of S\$2.9 million (FY14: Nil) is pertaining to the rental income derived from Australia properties. No revenue from properties in Malaysia and Chengdu, China as these properties still under development or earmarked for development. This segment recorded a pre-tax loss of S\$21.4 million in FY15 which including the fair value loss of S\$2.8 million, impairment of deposits and other assets of S\$12.8 million, S\$2.5 million of incidental costs incurred for purchase of Melbourne property and S\$6.8 million of finance expenses of the loan taken up to finance the acquisition of Australia properties.

All other segments

No revenue was recorded under All other segments for FY 2014 and FY15 as the companies in this segment are investment holding in nature. Pre-tax loss of S\$9.8 million in this segment in FY 2015 was mainly due to S\$7.7 million of finance expenses, S\$3.1 million of legal and professional fees and other corporate overheads.

16. A breakdown of sales as follows: -

	Group		
	2015	2014	Increase/ (decrease)
	\$'000	\$'000	%
(a) Sales reported for first half year	20,476	17,805	15.0
(b) Operating profit after tax before deducting minority interests reported for first half year	25,155	3,228	679.3
(c) Sales reported for second half year	24,528	17,633	39.1
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(17,914)	34,188	N/M

N/M - not meaningful

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17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

No dividend had been declared or recommended for the financial year ended 31 December 2015 and financial year ended 31 December 2014.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Jamie Fan Wei Zhi	27	Daughter of a substantial shareholder, Mr Fan Kow Hin	Business development manager since 2014, Responsible for business development / operations in China and Australia since 2014.	On Sabbatical leave.

Pursuant to Rule 704(10) of the Catalyst Rules, except for the person disclosed above, there is no other person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 31 December 2015.

19. 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.

BY ORDER OF THE BOARD OF DIRECTORS

Lim Beng Choo
Executive Director
International Healthway Corporation Limited

29 February 2016