

Elite Diagnostic Limited

Unaudited Interim Financial Statements

Third Quarter ended March 31, 2018

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Elite Diagnostic Limited
Directors' report
For the third quarter ended March 31, 2018

The Board of Directors of Elite Diagnostic Limited is pleased to present the company's unaudited financial statements for the third quarter and year to date (9 months) ending March 31, 2018.

Revenues in the third quarter increased by 20% to \$78.2 Million, when compared to the similar period last year. This was a result of the increased demand for the company's services and the opening of the Liguanea location in November 2017. Net profit after tax for the third quarter amounted to \$6.7 Million, declining by 64% primarily due to increased administrative costs related to the opening of the new location. Year to date profit after tax decreased to \$18.6 Million from \$32.9 Million.

Our continued investment in state of the art diagnostic equipment resulted in property, plant and equipment increasing by 144% from \$177.5 Million to \$434.26 Million. It is expected that the company will see continued revenue growth as a result of these investments. Revenues for the Liguanea location was \$6.9 Million for third quarter compared to \$2.5 Million for the second quarter.

The 3T MRI that was scheduled to be operational in late April has been delayed until late May. It is expected that the new 3T will add significant revenue once that capacity is operational. The company also just recently purchased another MRI system with plans to expand its services outside of Kingston. The company continues to invest in, and expand its services to better serve the needs of our customers.


Warren Chung, Director


Neil Fong, Director

Unaudited statement of financial position

March 31, 2018

	Unaudited March 31, 2018 \$	Unaudited March 31, 2017 \$	Audited June 30, 2017 \$
Assets			
Non-current assets			
Property, plant and equipment	434,260,415	177,591,911	187,897,748
	<u>434,260,415</u>	<u>177,591,911</u>	<u>187,897,748</u>
Current assets			
Receivables	11,547,244	7,380,270	6,097,024
Prepayments	92,894	734,902	734,902
Cash and bank balances	137,365,107	70,768,200	76,303,124
	<u>149,005,245</u>	<u>78,883,372</u>	<u>83,135,050</u>
Total assets	<u>583,265,660</u>	<u>256,475,283</u>	<u>271,032,798</u>
Equity			
Share capital	353,498,993	217,848,063	217,848,063
Accumulated surplus/(deficit)	24,316,120	(5,555,392)	5,679,931
Total equity	<u>377,815,113</u>	<u>212,292,671</u>	<u>223,527,994</u>
Liabilities			
Non-current liabilities			
Deferred tax liability	9,455,019	-	9,455,019
Long-term loans	191,775,158	33,776,126	34,548,969
	<u>201,230,177</u>	<u>33,776,126</u>	<u>44,003,988</u>
Current liabilities			
Payables and accruals	242,993	10,406,486	3,500,816
Taxation payable	3,977,377	-	-
	<u>4,220,370</u>	<u>10,406,486</u>	<u>3,500,816</u>
Total liabilities	<u>205,450,547</u>	<u>44,182,612</u>	<u>47,504,804</u>
Total equity and liabilities	<u>583,265,660</u>	<u>256,475,283</u>	<u>271,032,798</u>

Approved for issue by the Directors on 15/5/18 and signed on its behalf by:


Warren Chung


Neil Fong

The notes on the accompanying pages form an integral part of these financial statements.

Unaudited statement of profit or loss and other comprehensive income Nine months ended March 31, 2018

	Three months ended March 31, 2018 \$	Three months ended March 31, 2017 \$	Nine months ended March 31, 2018 \$	Nine months ended March 31, 2017 \$
Income	78,243,070	65,281,623	219,910,637	179,287,069
Direct costs	(24,365,917)	(18,328,972)	(70,844,698)	(55,398,254)
Gross profit	53,877,153	46,952,651	149,065,939	123,888,815
Administrative expenses	(33,764,018)	(20,435,697)	(86,301,066)	(59,647,745)
Depreciation	(9,606,192)	(7,098,668)	(25,915,540)	(20,924,622)
Operating profit	10,506,943	19,418,286	36,849,333	43,316,448
Finance costs	(3,799,191)	(532,467)	(14,235,767)	(5,549,944)
Profit before tax	6,707,752	18,885,819	22,613,566	37,766,504
Income tax expense	-	-	(3,977,377)	(4,796,410)
Net profit and comprehensive income for the period	6,707,752	18,885,819	18,636,189	32,970,094
Basic and diluted earnings per share	0.02	0.06	0.06	0.11

The notes on the accompanying pages form an integral part of these financial statements.

Unaudited statement of changes in equity Nine months ended March 31, 2018

	Share capital \$	Accumulated surplus/ (deficit) \$	Total \$
Balance at June 30, 2016 - Audited	217,848,063	(38,525,486)	179,322,577
Profit for the nine months ended March 31, 2017 being total comprehensive income for the period	-	32,970,094	32,970,094
Balance at March 31, 2017 - Unaudited	<u>217,848,063</u>	<u>(5,555,392)</u>	<u>212,292,671</u>
Balance at June 30, 2017 - Audited	217,848,063	5,679,931	223,527,994
Issue of shares	135,650,930	-	135,650,930
Profit for the nine months ended March 31, 2018 being total comprehensive income for the period	-	18,636,189	18,636,189
Balance at March 31, 2018 - Unaudited	<u>353,498,993</u>	<u>24,316,120</u>	<u>377,815,113</u>

The notes on the accompanying pages form an integral part of these financial statements.

Unaudited statement of cash flows

Nine months period ended March 31, 2018

	Unaudited March 31, 2018 \$	Unaudited March 31, 2017 \$	Audited June 30, 2017 \$
Cash flows from operating activities:			
Profit before tax	22,613,566	37,766,504	59,556,344
Adjustments for:			
Finance cost	14,235,767	5,549,944	-
Depreciation	25,915,540	20,924,622	28,023,291
	<u>62,764,873</u>	<u>64,241,070</u>	<u>87,579,635</u>
(Increase)/decrease in receivables	(5,450,220)	(293,173)	990,073
Decrease in prepayments	642,008	-	-
(Decrease)/increase in payables and accruals	<u>(3,257,823)</u>	<u>1,739,742</u>	<u>(5,165,928)</u>
Cash provided by operations	54,698,838	65,687,639	83,403,780
Finance cost	(14,235,767)	(5,549,944)	-
Income tax paid	-	1,039,498	(60,000)
Net cash provided by operations	40,463,071	61,177,193	83,343,780
Cash flow from investing activities			
Purchase of property, plant and equipment	(272,278,207)	(13,150,826)	(30,555,332)
Net cash used in investing activities	(272,278,207)	(13,150,826)	(30,555,332)
Cash flow from financing activities			
Increase in share capital	135,650,930	-	-
Proceeds from loans	167,420,000	-	-
Repayment of loans	(10,193,811)	(34,308,076)	(33,535,233)
Net cash provided by/(used in) financing activities	292,877,119	(34,308,076)	(33,535,233)
Net increase in cash and cash equivalents	61,061,983	13,718,291	19,253,215
Cash and cash equivalents at beginning of period/year	76,303,124	57,049,909	57,049,909
Cash and cash equivalents at end of period/year (Note 7)	137,365,107	70,768,200	76,303,124

The notes on the accompanying pages form an integral part of these financial statements.

Notes to the interim financial statements

Nine months ended March 31, 2018

1. General information and nature of operations

Elite Diagnostic Limited was incorporated under the laws of Jamaica on February 12, 2012 and is domiciled in Jamaica. The company commenced operations in August 2013. The company's principal place of business is located at 1b Holborn Road, Kingston 5. It opened a branch at 164½ Old Hope Road on November 1, 2017.

The company provides diagnostic imaging services.

The company was listed on the Jamaica Stock Exchange (JSE) Junior Market via an Initial Public Offering (IPO) on February 20, 2018.

2. Statement of compliance

a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34, Interim Financial Reporting.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended June 30, 2017. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended June 30, 2017.

The company adopted full IFRS during the current financial year after previously using International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs) to prepare its financial statements. The adoption of full IFRS had no impact on these financial statements.

b Critical judgements and sources of estimation uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

Elite Diagnostic Limited

Notes to the interim Financial Statements
Nine months ended March 31, 2018

3. Share capital

	Nine months ended March 31, 2018 \$	Year ended June 30, 2017 \$
Authorised ordinary units of no par value	<u>Unlimited</u>	3,040,000
Issued ordinary units of no par value	<u>353,400,000</u>	3,040,000
Stated capital:		
Issued and fully paid ordinary stocks of no par value	<u>353,498,993</u>	217,848,063

Shares issued during the period in IPO

	Nine months ended March 31, 2018 \$	Year ended June 30, 2017 \$
Shares issued:		
70,680,000 ordinary shares (\$2) per share	141,360,000	-
Transaction cost	<u>(5,709,070)</u>	-
	<u>135,650,930</u>	-

In anticipation of the IPO, on November 11, 2017 the company adopted resolutions whereby:

- (i) the company was converted from a private company to a public company;
- (ii) the company adopted a new set of Articles of Incorporation to conform with its status as a public company and with the Rules prescribed by the JSE for listed Companies;
- (iii) the company is authorised to issue an unlimited number of shares;
- (iv) each of the issued shares in the capital of the company were subdivided into 93 Ordinary shares;
- (v) all the company's issued Ordinary shares were converted into stock units.

During the third quarter, the company issued 70,680,000 new ordinary shares at \$2 per share to the general public through its IPO. The additional issue of shares increased the total number of issued shares to 353,400,000.

Weighted average number of shares:

3,040,000 shares subdivided into 93 shares	<u>282,720,000</u>
Weighted average member shares for the quarter after new issue	<u>314,133,333</u>
Weighted average number of shares for the 9 months	<u>293,191,111</u>

Elite Diagnostic Limited

Notes to the interim Financial Statements
Nine months ended March 31, 2018

List of Directors and Shareholdings As at March 31, 2018

Directors

Names	Position	Shares Held	Percentages %
Steven Gooden	Chairman	242,230	0.0685
Warren Chung	Executive Director	352,780	0.0998
Neil Fong	Executive Director	140,000	0.0396
Andre Ho Lung	Non-Executive Director	161,494	0.0457
Kevin Donaldson	Non-Executive Director	140,000	0.0396
Paula Kerr-Jarrett	Non-Executive Director	NIL	NIL
Quentin Hugh Sam	Non-Executive Director	681,891	0.1930
Peter D. Chin	Non-Executive Director	19,388	0.0055
William Mahfood	Non-Executive Director	172,025	0.0487
		1,909,808	0.5404

Top 10 Shareholders

Names	Share Held	Percentages %
1. Excel Investments (See connected party note below)	145,140,264	41.0697
2. NCB Capital Markets Limited	66,043,392	18.6880
3. JCSD Trustee Services Limited - Sigma Optima	31,438,024	8.8959
4. West Indies Radiology Outsourcing Ltd.	17,670,000	5.0000
5. Barnett Limited	15,515,994	4.3905
6. Lizette Mowatt	3,703,632	1.0480
7. Kevin Keaton Palmer	3,550,000	1.0045
8. VM Wealth Equity Fund	3,390,939	0.9595
9. SJIML A/C 3119	3,188,169	0.9021
10. URUS Corporation Limited	2,073,000	0.5866
Total units owned by top 10 Shareholders	291,713,414	82.5448
Total Issued Capital	353,400,000	

Excel Investments is a connected party to Warren Chung and Neil Fong, Executive Directors.