



GWEST CORPORATION LIMITED
Unaudited Financial Statements
1st Quarter Ended June 30, 2019

GWEST CORPORATION LIMITED

DIRECTOR'S REPORT

FOR THE FIRST QUARTER ENDING JUNE 30, 2019

The Board of Directors of Gwest Corporation limited is pleased to present the company's unaudited financial statements for first quarter ending June 30, 2019.

The results for the quarter showed a net loss of \$20.76M compared \$41.62M for the previous first quarter ending June 30, 2018.

Revenue

For the quarter ending June 30, 2019 Gwest Corporation Ltd recorded total revenue of \$33.13M. This represents an increase of \$7.73M or 30% increase over the previous quarter. This increase was positively influenced by a 52% increase in patient fees. Rental and lease income increased by 8% quarter over quarter.

Expenses

For the quarter ending June 30, 2019 Gwest Corporation Ltd recorded total expenses of \$53.90M. This represents a decrease of \$13.12M or 20% decrease from the first quarter ending June 30, 2018.

This decrease was positively influenced by a \$10.96M or 23% reduction in administrative expenses. The cost of sales was also reduced by \$5.82M or 49% over the previous quarter. There was a \$3.65M increase in our finance cost and this was mainly attributed to our adoption of new International Financial Reporting Standards (IFRS) 16. Effective for periods beginning on or after January 1, 2019, IFRS 16 replaces the previous lease standard IAS 17, which previously recognized operating leases as an expense. Adoption of IFRS 16 resulted in an increase in our asset through recognizing our long term leases as assets, and an increase in our financial liabilities resulting in an increase in our finance charges.

Financial Position

Gwest Corporation Ltd total assets as of June 30, 2019 was \$1.73 Billion an increase of \$98.54M. The primary contributing factor for the increase in total value of our balance sheet was due to the increase in our fixed and non-current assets mainly due to the adoption of IFRS 16 which requires the recognition of long term leases as assets on our balance sheet. Our non-

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DIRECTOR'S REPORT

FOR THE FIRST QUARTER ENDING JUNE 30, 2019

current assets increased by \$127.40M over previous quarter. Similarly, mainly through the adoption of IFRS 16 our non-current liabilities increased by \$146.83M over previous quarter .

Our shareholder equity was \$694.79M as at June 30, 2019. This represents a \$120.22M reduction over the previous quarter.

Our current assets as at June 2019 quarter were \$288M, a reduction of \$28.83M over previous quarter. The main contributing factor was a reduction in our short term deposits and cash balances.

Outlook

The outlook for the future remains encouraging as we continue with our restructuring and rationalization exercise while improving our revenue stream through increased marketing and forming alliances with our target customer base.

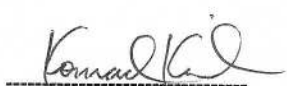
Efforts to sell a portion of our investment properties and to negotiate financial arrangements to finance expansion plans with respect to our Surgery Centre and Inpatient Units are advancing as planned.

Our open house held to showcase vacant spaces for lease and sale has yielded positive results which should translate to improved revenue in the near future.

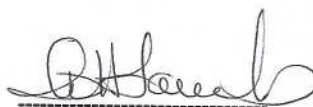
We will continue to analyze our offerings and seek out opportunities for acquisitions where potential prospects may arise in the marketplace.

The management and Board is committed to pursuing a strategy of steady growth while increasing our efficiency for our shareholders.

In closing we wish to thank our customers and patients, staff for their ongoing support, our suppliers for their assistance in our continued effort to build our company.



Konrad Kirlaw
Director



Denise Samuels
Director

GWEST CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
June 30, 2019

	(UNAUDITED) JUNE 30, 2019 \$'000	(UNAUDITED) JUNE 30, 2018 \$'000	(AUDITED) MARCH 31, 2019 \$'000
ASSETS			
Non-current assets			
Land and development costs			
Property and equipment	511,518	392,705	389,977
Investment property	915,596	915,596	915,596
Deferred tax asset	<u>12,606</u>	<u>4,052</u>	<u>12,606</u>
Total non-current assets	<u>1,439,720</u>	<u>1,312,352</u>	<u>1,318,179</u>
Current assets			
Receivables	107,886	73,947	112,697
Due from related parties	134,589	96,656	62,951
Tax recoverable	784	16,370	813
Short term deposits	44,781	129,897	44,757
Cash and bank balances	<u>-</u>	<u>-</u>	<u>3,053</u>
Total current assets	<u>288,040</u>	<u>316,870</u>	<u>224,271</u>
Total assets	<u>1,727,760</u>	<u>1,629,223</u>	<u>1,542,450</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	419,152	419,152	419,152
10% Non redeemable preference shares	250,000	250,000	250,000
Property revaluation reserve	65,186	65,186	65,186
Retained earnings	<u>(39,545)</u>	<u>80,677</u>	<u>(18,783)</u>
Total shareholders' equity	<u>694,793</u>	<u>815,015</u>	<u>715,555</u>
Non-current liabilities			
Borrowings - shareholders' loans	425,443	425,810	425,443
Borrowings - others	<u>374,016</u>	<u>226,817</u>	<u>218,750</u>
Total non-current liabilities	<u>799,459</u>	<u>652,627</u>	<u>644,193</u>
Current liabilities			
Borrowings	26,826	68,495	48,734
Owed to related parties	58,387	12,306	24,204
Provisions	21,095	-	1,002
Trade and other payables	96,903	74,659	71,556
Bank overdraft	<u>30,296</u>	<u>6,122</u>	<u>37,206</u>
Total current liabilities	<u>233,508</u>	<u>161,582</u>	<u>182,702</u>
Total equity and liabilities	<u>1,727,760</u>	<u>1,629,223</u>	<u>1,542,450</u>

GWEST CORPORATION LIMITED
 STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 Three MONTHS ENDED JUNE 30, 2019

	3 MONTHS ENDED June 30, 2019 \$'000	3 MONTHS ENDED June 30, 2018 \$'000
Revenue	33,138	25,405
Cost of sales	(6,083)	(11,901)
	27,055	13,504
Other gains or losses	267 (12)
Administrative expenses	(35,670)	(33,047)
Other operating expenses	(406)	(13,709)
Operating Loss	(8,753)	(33,263)
Interest income	0	0
Finance costs	(12,010)	(8,358)
Loss before taxation	(20,762)	(41,621)
Taxation	-	-
NET LOSS BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(20,762)</u>	<u>(41,621)</u>
Earnings per share (Note 4)	<u>0.04</u>	<u>0.09</u>

GWEST CORPORATION LIMITED
 STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 THREE MONTHS ENDED JUNE 30, 2019

	<u>Share Capital</u>	<u>Property Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
<u>Three months ended June 30, 2019</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at April 1, 2019	669,152	65,186	(18,783)	715,555
Net loss being total comprehensive income for the period	-	-	(20,762)	(20,762)
Balance at June 30, 2019	<u>669,152</u>	<u>65,186</u>	<u>39,545</u>	<u>694,793</u>

	<u>Share Capital</u>	<u>Property Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
<u>Three months ended June 30, 2018</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at April 1, 2018	419,152	65,186	122,298	606,636
Issue of 10% Non redeemable preference shares	250,000			250,000
Net loss being total comprehensive income for the period	-	-	(41,621)	(41,621)
Balance at June 30, 2018	<u>669,152</u>	<u>65,186</u>	<u>80,677</u>	<u>815,015</u>

GWEST CORPORATION LIMITED
STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	<u>\$'000</u>	<u>\$'000</u>
OPERATING ACTIVITIES		
Net loss	(20,762)	(41,621)
Adjustments for:		
Depreciation of property and equipment	<u>7,981</u>	<u>1,605</u>
	(12,780)	(40,016)
Decrease in receivables/prepayments	(8,871)	(3,681)
Increase in payables	<u>42,109</u>	<u>16,967</u>
Cash provided by / (used in) operating activities	20,458	(26,730)
INVESTING ACTIVITIES		
Short term investments	-	(129,897)
Property and equipment / Land and development costs	<u>(129,522)</u>	<u>(5,076)</u>
Cash used in investing activities	(109,064)	(161,703)
FINANCING ACTIVITIES		
Bank borrowings received/ (repaid)	111,516	(10,938)
Issue of non-redeemable preference shares	-	250,000
Shareholders' loans converted to Non-redeemable preference shares	-	(250,000)
Advances to/ (repayments from) related parties	<u>1,445</u>	<u>(10,605)</u>
Cash flows provided by / (used in) financing activities	<u>112,962</u>	<u>(21,543)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3,898	(183,246)
OPENING CASH AND CASH EQUIVALENTS	<u>10,570</u>	<u>177,124</u>
CLOSING CASH AND CASH EQUIVALENTS	<u>14,468</u>	<u>(6,122)</u>

1. **IDENTIFICATION**

Gwest Corporation Limited (the company) is a limited liability company which is incorporated in Jamaica. Its main activities are to undertake the development of its commercial property and the management of health care facilities. The company which was incorporated on December 3, 2007, has completed its major project of development of a medical and dental complex on lands at Fairview, Montego Bay. The registered office of the company is Lot 6 Crane Boulevard, Fairview, Montego Bay.

The company's shares were listed on the Jamaica Junior Stock Exchange on December 21, 2017.

2. **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements comply with the relevant requirements of the Jamaican Companies Act and have been prepared under the historical cost basis as modified by the revaluation of property, plant and equipment and investment property.

The accounting policies are consistent with those applied to the audited financial statements for the year ended March 31, 2019, except for the adoption of IFRS 16 'Leases' which became effective January 1, 2019. The impact of adoption in the new standard is shown in Note 5.

The financial statements are expressed in Jamaican Dollars.

IFRS 16 'Leases'

The company has adopted IFRS 16 from April 1, 2019 and has not restated comparatives for the prior reporting period as permitted under the specific transitional provisions in the standard in applying the simplified transition approach.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on April 1, 2019.

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases of low-value assets. For lessors, the accounting stays almost the same.

Effective April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right of-use asset is depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis.

3. **SEGMENT REPORTING**

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are received regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performances.

Based on the nature of the company's business activities, management has determined that disclosure of segment information is not applicable as the company is operating in one segment.

GWEST CORPORATION LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THREE (3) MONTHS ENDED JUNE 30, 2019

4. **EARNINGS PER SHARE**

Earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue for the period. The weighted number of shares for the period was calculated as follows:

	<u>1st Quarter June</u> <u>30, 2019</u>	<u>1st Quarter June</u> <u>30, 2018</u>
Weighted Average number of Ordinary shares held during the period	<u>484,848,485</u>	<u>484,848,485</u>

5. **EFFECT OF ADOPTION OF IFRS 16**

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases.' These liabilities were measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average company's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.5%.

	April 1, 2019
Operating Lease commitments disclosed as at 31 March 2019	191,739,000.00
<u>Discounted using the incremental borrowing rate at the date of initial application</u>	<u>127,515,144.00</u>
<u>Lease Liabilities recognised on adoption of IFRS 16</u>	<u>127,515,144.00</u>
<u>Lease Liabilities recognised as at 1 April 2019</u>	<u>127,515,144.00</u>

As stated in the accounting policy for the new standard, the transition provisions applied by the company do not require comparative figures to be restated. The total impact of adoption is therefore recognised in the opening statement of financial position on April 1, 2019.

The right-of-use assets were measured at the amount equal to the lease liability. There was no onerous lease contracts that would have required comparative an adjustment to the right-of-use assets at the date of initial application. The adoption of IFRS 16 resulted in an increase in the lease liabilities of \$127,515,144 and a corresponding increase in the right-of-use assets of \$127,515,144 on April 1, 2019.

The company incurred depreciation charges of \$6,375,757 on the right-of-use assets and interest expense of \$4,075,453.75 on the lease liabilities during the period.

GWEST CORPORATION LIMITED

Top 10 shareholdings as at June 30, 2019

Primary Account Holder	Joint Holder(s)	Volume	Percentage
1. Cornwall Medical and Dental Supplies	Dennis Samuels Denise Crichton-Samuels Client total ownership	71,232,461	14.6900
2. Dr. Konrad Kirlew	Client total ownership	62,210,449	12.8300
3. Ladi Doonquah	Client total ownership	61,520,637	12.6900
4. Bull Investments Limited	Client total ownership	34,374,366	7.0900
5. JMMB T1 EQUITY FUND (JMD)	Client total ownership	32,173,018	6.6400
6. Mrs. Elva Williams Richards	Mr. Jhameque Jamara Richards Client total ownership	115,665 30,760,319 30,760,319	0.0239 6.3161 6.3400
7. North Coast Imaging Ltd	Konrad Kirlew Canute Johnson Geoffrey Williams Client total ownership	30,760,319	6.3400
8. MF&G Trust & Finance Ltd - A/C 57	Client total ownership	29,290,000	6.0400
9. JMMBSL AVAILABLE FOR SALE	Client total ownership	16,393,009	3.3800
10. PATRICK THELWELL	Client total ownership	9,421,494	1.9400
Total issued capital		484,848,485	
Total units owned by top 10 shareholders		378,136,072	

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT June 30, 2019

NAME	POSITION	CONNECTED PARTY	UNITS	%
Konrad Kirlew	Director	Self	62,210,449	12.83%
		Northcoast Imaging Ltd.	30,760,319	6.34%
Dennis Samuels	Director	Cornwall Medical and		
Denise Samuels	Director	Dental Supplies	71,232,461	14.69%
Leyford Doonquah	Director	Self	61,520,637	12.69%
Wayne Gentles	Director	Self	1,538,016	0.32%
		Bull Investments Limited	34,374,366	7.09%
Elva Williams-Richards	Director	Self	30,760,319	6.32%
		Jhameque Richards	115,665	0.02%
Wayne Wray	Mentor	Self		
		Christine Randle	400,000	0.08%
Karl Townsend	Director	None	189,170	0.00%
Peter Pearson	Director	None	142,159	0.02%
SENIOR MANAGERS				
Marceline Hayles	Chief Executive Officer	None	0	0.00%
Karen Christie-Harris	Chief Accountant	None	0	0.00%