



GWEST CORPORATION LIMITED  
Unaudited Financial Statements  
2nd Quarter Ended September 30, 2019

**GWEST CORPORATION LIMITED**  
**DIRECTOR'S REPORT**  
**FOR THE SECOND QUARTER ENDING SEPTEMBER 30, 2019**

The Board of Directors of Gwest Corporation Limited is pleased to present the company's unaudited financial statements for the quarter ending September 30, 2019 and the six months year to date ending September 30, 2019.

The results for the quarter showed a net loss of \$21.45M compared to \$34.32M for the second quarter ending September 2018, a 38% reduction.

For the year-to-date six months September 2019 the net loss amounted to \$42.21M compared to \$78.51M for the corresponding period in 2018, a 46% reduction in losses for the year-to-date.

The results were impacted by the following:

Cost of sales increased by 40% for this quarter; however, the year -to -date cost of sales reduced by 11%. The increase in cost of sales for the quarter is as a result of timing differences in the accrual of medical expenses, which we expect to level out in the coming quarter.

Administrative expenses reduced by 32% for the quarter and 29% for the year- to- date. This is as a result of a targeted strategy implemented early in the financial year to restructure our organization and to rationalize our human resources. This is being done on an ongoing basis with an aim to achieve further reduction in our operating expenses.

Finance costs increased by 41% for the quarter and 39% for the year to date. This is mainly due to an adoption of IFRS 16 effective for periods beginning on or after January 1, 2019. IFRS 16 replaces the lease standard IAS 17, which previously recognized operating leases in rent/lease expenses. Adoption of IFRS 16 resulted in an increase in our assets through recognizing our long term leases as assets, and increased our financial liabilities resulting in an increase in our finance charges.

#### Financial Position

Gwest Corporation Ltd had total assets of \$1.7B as at September 30, 2019. There is slight reduction in our investment property due to the sale of a small office space during the period. Investment Property amounted to \$894M compared to \$915M last quarter.

**GWEST CORPORATION LIMITED**  
**DIRECTOR'S REPORT**  
**FOR THE SECOND QUARTER ENDING SEPTEMBER 30, 2019**

**Outlook**

Our outlook for the coming quarter remains positive especially in the area of real estate rentals, as our prime location has resulted in greater visitor traffic throughout our medical facilities. This has resulted in increased enquiries about rental space and we expect to see a material growth in the occupancy level in the upcoming periods.

The management and Board will continue to pursue a strategy of steady growth while increasing our efficiency and we are committed to improving our shareholders value.

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



**Konrad Kirlew**

**Director**



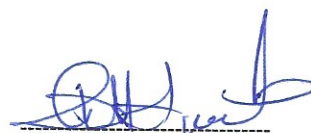
**Denise Samuels**

**Director**

**GWEST CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2019**

	(UNAUDITED) SEPTEMBER 30, 2019 \$'000	(UNAUDITED) SEPTEMBER 30, 2018 \$'000	(AUDITED) MARCH 31, 2019 \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of Use Asset			
Property and equipment	505,142	394,339	389,977
Investment property	894,178	915,596	915,596
Deferred tax asset	12,606	4,052	12,606
<b>Total non-current assets</b>	<b>1,411,926</b>	<b>1,313,986</b>	<b>1,318,179</b>
<b>Current assets</b>			
Receivables	112,971	96,413	112,697
Due from related parties	138,102	112,953	62,951
Tax recoverable	723	702	813
Short term deposits	42,163	72,301	44,757
Cash and bank balances	-	-	3,053
<b>Total current assets</b>	<b>293,960</b>	<b>282,369</b>	<b>224,271</b>
<b>Total assets</b>	<b>1,705,886</b>	<b>1,596,355</b>	<b>1,542,450</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
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	(60,996)	43,785	(18,783)
<b>Total shareholders' equity</b>	<b>673,343</b>	<b>778,123</b>	<b>715,555</b>
<b>Non-current liabilities</b>			
Borrowings - shareholders' loans	425,443	425,809	425,443
Borrowings - others	354,569	284,375	218,750
<b>Total non-current liabilities</b>	<b>780,012</b>	<b>710,184</b>	<b>644,193</b>
<b>Current liabilities</b>			
Borrowings	-	-	48,734
Owed to related parties	79,581	15,095	24,204
Provisions	21,095	-	1,002
Trade and other payables	124,027	90,303	71,556
Bank overdraft	27,828	2,650	37,206
<b>Total current liabilities</b>	<b>252,531</b>	<b>108,048</b>	<b>182,702</b>
<b>Total equity and liabilities</b>	<b>1,705,886</b>	<b>1,596,355</b>	<b>1,542,450</b>

  
 Konrad Kirlow  
 Director

  
 Denise Samuels  
 Director

GWEST CORPORATION LIMITED  
 STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 SIX MONTHS ENDED SEPTEMBER 30, 2019

	3 MONTHS ENDED SEPTEMBER 30, 2019 \$'000	3 MONTHS ENDED SEPTEMBER 30, 2018 \$'000	6 MONTHS ENDED SEPTEMBER 30, 2019 \$'000	6 MONTHS ENDED SEPTEMBER 30, 2018 \$'000
Revenue	35,410	31,715	68,908	57,205
Cost of sales	( 12,375)	( 8,832)	( 18,460)	( 20,719)
	23,035	22,883	50,448	36,486
Other gains or losses	( 97)	( 166)	174	( 477)
Administrative expenses	( 32,300)	( 48,175)	( 68,330)	( 95,567)
Other operating expenses	-	( 275)	( 406)	( 1,605)
Operating Loss	( 9,362)	( 25,733)	( 18,114)	( 61,163)
Interest income	26	-	26	1
Finance costs	( 12,114)	( 8,585)	( 24,124)	( 17,351)
<b>Loss before taxation</b>	( 21,451)	( 34,318)	( 42,213)	( 78,513)
Taxation	-	-	-	-
<b>NET LOSS BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	( 21,451)	( 34,318)	( 42,213)	( 78,513)
Earnings per share (Note 4)	( 0.04)	( 0.07)	( 0.09)	0.16

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

	<u>Share Capital</u> \$'000	<u>Property</u> <u>Revaluation</u> <u>Reserve</u> \$'000	<u>Retained</u> <u>Earnings</u> \$'000	<u>Total</u> \$'000
<u>Six months ended September 30, 2019</u>				
Balance at April 1, 2019	669,152	65,186	(18,783)	715,555
Net loss being total comprehensive income for the period	-	-	(42,213)	(42,213)
Balance at September 30, 2019	<u>669,152</u>	<u>65,186</u>	<u>60,996</u>	<u>673,342</u>

	<u>Share Capital</u> \$'000	<u>Property</u> <u>Revaluation</u> <u>Reserve</u> \$'000	<u>Retained</u> <u>Earnings</u> \$'000	<u>Total</u> \$'000
<u>Six months ended September 30, 2018</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	-	-	(78,513)	(78,513)
Balance at September 30, 2018	<u>669,152</u>	<u>65,186</u>	<u>43,785</u>	<u>778,123</u>

**GWEST CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>OPERATING ACTIVITIES</b>		
Net loss	(42,213)	(78,513)
Adjustments for:		
Depreciation of property and equipment	<u>15,962</u>	<u>3,211</u>
	(26,250)	(75,301)
Decrease in receivables/prepayments	(13,911)	(11,035)
Increase in payables	<u>44,601</u>	<u>32,867</u>
Cash provided by / (used in) operating activities	4,441	(53,470)
<b>INVESTING ACTIVITIES</b>		
Short term investments	-	(72,301)
Property and equipment / Land and development costs	<u>(109,709)</u>	<u>(8,316)</u>
Cash used in investing activities	(105,269)	(134,087)
<b>FINANCING ACTIVITIES</b>		
Bank borrowings received / (repaid)	92,069	(21,875)
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>16,930</u>	<u>(23,813)</u>
Cash flows provided by / (used in) financing activities	<u>109,000</u>	<u>(45,687)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,731	(179,774)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<u>10,604</u>	<u>177,124</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u><u>14,335</u></u>	<u><u>(2,650)</u></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 SIX (6) MONTHS ENDED SEPTEMBER 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>2nd Quarter</u> <u>September 30,</u> <u>2019</u>	<u>2nd Quarter</u> <u>September 30,</u> <u>2018</u>	<u>Six Month Ended</u> <u>September 30,</u> <u>2019</u>	<u>Six Month Ended</u> <u>September 30,</u> <u>2018</u>
Weighted Average number of Ordinary shares held during the period	<u>484,848,485</u>	<u>484,848,485</u>	<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%.

The table below shows the reconciliation of the operating lease commitments disclosed as at 31 March 2019 to the lease liabilities recognised as at 1 April 2019.

	<b><u>April 1, 2019</u></b>
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>
<b><u>Lease Liabilities recognised on adoption of IFRS 16</u></b>	<b><u>127,515,144.00</u></b>
<b><u>Lease Liabilities recognised as at 1 April 2019</u></b>	<b><u>127,515,144.00</u></b>

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.

**GWEST CORPORATION LIMITED**  
**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**  
**FOR SIX (6) MONTHS ENDED SEPTEMBER 30, 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 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 \$12,751,514 on the right-of-use assets and interest expense of \$8,148,908 on the lease liabilities during the period.

**GWEST CORPORATION LIMITED**

**Top 10 shareholdings as at September 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 115,665 30,760,319 Client total ownership	30,760,319	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
<b>Total issued capital</b>		<b>484,848,485</b>	
<b>Total units owned by top 10 shareholders</b>		<b>378,136,072</b>	

**DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS AS AT September 30, 2019**

<b>NAME</b>	<b>POSITION</b>	<b>CONNECTED PARTY</b>	<b>UNITS</b>	<b>%</b>
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%
<b>SENIOR MANAGERS</b>				
Konrad Kirlew	Chief Executive Officer	Self	62,210,449	12.83%
		Northcoast Imaging Ltd.	30,760,319	6.34%
Karen Christie-Harris	Chief Accountant	None	0	0.00%