



Elite Diagnostic Limited

Report to Shareholders

Year Ended June 30, 2022



Directors' Report

The Board of Directors of Elite Diagnostic Limited presents the company's Audited Financial Statements for the year ended June 30th, 2022.

Revenue for the year was \$624.2 Million compared to \$506.9 Million the previous year.

Net profit was \$48.7 Million compared to a profit of \$1.9 Million the previous year. Although there was a 23% increase in revenue during a full year of the Covid-19 pandemic, the company saw an increase in administrative expenses of \$45.6 Million, an increase in depreciation expense of \$5.5 Million, and a foreign exchange loss of \$6.5 Million.

Total Assets grew to \$919.6 Million compared to \$700.4 Million in the previous year. Total Liabilities were \$441 Million compared to \$238.7 Million the previous year.

The St. Ann location continued its steady revenue growth, with increased services to the commercial and residential clients in and around the environs, as our MRI and CT machines were far more reliable throughout this financial year.

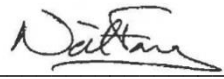
The locations in Kingston maintained steady growth, with increased traffic at the Liguanea branch due to the installation of a new MRI unit.

Despite an improved performance in most modalities, the demand for our interventional procedures continued to be negatively impacted by the COVID-19 pandemic.

Our major goal for the financial year ending June 2023 will be to expand the Elite brand name islandwide, with the opening of a branch in Montego Bay in late 2023.

We take this opportunity to thank our Directors, our customers, the referring doctors, all our shareholders, and our dedicated Elite team for their continued hard work and support to maintain Elite's positive presence within the medical diagnostic industry.


_____) Director
Warren Chung


_____) Director
Neil Fong

September 29, 2022



Elite Diagnostic Limited

Financial Statements
June 30, 2022

Elite Diagnostic Limited

June 30, 2022

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Independent auditor's report

To the Members of
Elite Diagnostic Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Elite Diagnostic Limited (“the Company”) which comprise the statement of financial position as at June 30, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

hlbjm.com

Partners: Sixto P. Coy, Karen A. Lewis

3 Houghton Avenue, Kingston 10, Jamaica W.I. 56 Market Street, Montego Bay, Jamaica W.I.

TEL: (876) 926-2020/2 TEL: (876) 926-9400 TEL: (876) 952-2891 EMAIL: info@hlbjm.com

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Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

Report on the audit of the Financial Statements (cont'd)

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

Report on the audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

Report on the audit of the Financial Statements (cont'd) Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Kingston, Jamaica

September 29, 2022



HLB Mair Russell
Chartered Accountants

Elite Diagnostic Limited

Statement of financial position

June 30, 2022

	Note	2022 \$	2021 \$
Assets			
Non-current assets			
Property, plant and equipment	(3)	776,840,865	587,410,644
		776,840,865	587,410,644
Current assets			
Receivables	(4)	59,261,920	41,766,832
Prepayments		7,567,596	7,243,353
Cash and cash equivalents	(5)	75,890,161	63,993,795
		142,719,677	113,003,980
Total assets		919,560,542	700,414,624
Equity			
Share capital	(6)	348,898,459	348,898,459
Retained earnings		129,645,128	112,791,425
Total equity		478,543,587	461,689,884
Liabilities			
Non-current liabilities			
Lease liabilities	(7)	13,192,272	1,398,488
Long-term loans	(8)	323,522,773	146,250,000
		336,715,045	147,648,488
Current liabilities			
Payables and accruals	(9)	39,355,367	29,791,400
Short-term loan	(10)	5,825,615	-
Current portion of lease liabilities	(7)	8,694,162	12,534,852
Current portion of long-term loans	(8)	50,426,766	48,750,000
		104,301,910	91,076,252
Total liabilities		441,016,955	238,724,740
Total equity and liabilities		919,560,542	700,414,624

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

Approved for issue by the Directors on September 29, 2022 and signed on its behalf by:


Warren Chung


Neil Fong

Elite Diagnostic Limited
Statement of profit or loss and
other comprehensive income
Year ended June 30, 2022

	Note	2022 \$	2021 \$
Income		624,222,166	506,907,233
Direct costs		(191,958,011)	(178,596,671)
		432,264,155	328,310,562
Administrative and other expenses	(11)	(242,288,931)	(196,671,486)
Depreciation and amortisation		(107,525,615)	(102,063,180)
Operating profit		82,449,609	29,575,896
Finance income	(12)	11,261	91,051
Finance costs	(12)	(27,331,985)	(21,016,904)
Loss on foreign exchange		(6,469,182)	(6,720,872)
Profit for the year being total comprehensive income for the year		48,659,703	1,929,171
Earnings per share	(13)	0.14	0.005

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

Elite Diagnostic Limited

Statement of changes in equity

Year ended June 30, 2022

	Share capital \$	Retained earnings \$	Total \$
Balance at June 30, 2020	348,898,459	110,862,254	459,760,713
Profit for the year being total comprehensive income for the year	-	1,929,171	1,929,171
Balance at June 30, 2021	348,898,459	112,791,425	461,689,884
Transactions with owners			
Dividends paid (Note 14)	-	(31,806,000)	(31,806,000)
Profit for the year being total comprehensive income for the year	-	48,659,703	48,659,703
Balance at June 30, 2022	348,898,459	129,645,128	478,543,587

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

Elite Diagnostic Limited

Statement of cash flows

Year ended June 30, 2022

	2022 \$	2021 \$
Cash flows from operating activities:		
Profit for the year	48,659,703	1,929,171
Adjustments for:		
Depreciation and amortisation	107,525,615	102,063,180
Interest expense (Note 12)	27,331,985	21,016,904
	183,517,303	125,009,255
Increase in receivables	(17,495,088)	(254,714)
Increase in prepayments	(324,243)	(643,024)
Increase in payables and accruals	9,563,967	21,949,120
Cash generated from operations	175,261,939	146,060,637
Interest paid	(27,331,985)	(21,016,904)
Net cash provided by operating activities	147,929,954	125,043,733
Cash flow from investing activities		
Purchase of property, plant and equipment	(275,793,213)	(86,242,522)
Net cash used in investing activities	(275,793,213)	(86,242,522)
Cash flow from financing activities		
Dividends paid	(31,806,000)	-
Short-term loan	5,825,615	-
Repayment of long-term loans	(11,050,461)	(533,266)
Repayment of lease liabilities	(13,209,529)	(13,492,080)
Proceeds on long-term loan	190,000,000	-
Net cash provided by/(used in) financing activities	139,759,625	(14,025,346)
Net increase in cash and cash equivalents	11,896,366	24,775,865
Cash and cash equivalents at beginning of year	63,993,795	39,217,930
Cash and cash equivalents at end of year (Note 5)	75,890,161	63,993,795

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

Elite Diagnostic Limited

Notes to the financial statements

Year ended June 30, 2022

1. General information and nature of operations

Elite Diagnostic Limited was incorporated under the Laws of Jamaica on February 28, 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, with branches at 164½ Old Hope Road and Drax Hall, St. Ann.

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. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act. The measurement bases used are more fully described in the accounting policies below.

Changes in accounting policies

New Standards, interpretations and amendments to published standards that became effective in the current year

Certain new and amended standards came into effect during the current financial year. The adoption of those standards and amendments did not have a significant impact on the financial statements:

Amendments to IFRS 9 IAS 39, IFRS 4, IFRS 16 and IFRS 7 - Interest rate benchmark reform - Phase 2. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

Amendments to IFRS 16 - Leases - Covid 19 related rent concessions.

Lessees can select to account for such rent concessions in the same way as they would, if there were no lease modifications.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

a Statement of compliance and basis of preparation (cont'd)

Standards, interpretations and amendments issued but not yet effective and have not been adopted early by the Company

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after January 1, 2022).

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

b Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

c Property, plant and equipment

(i) Carrying amount

Property, plant and equipment are carried at cost less accumulated depreciation.

(ii) Depreciation

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to forty (40) years for buildings, five to ten (5 - 10) years for furniture, fixtures, machinery and equipment, three (3) years for computers and five (5) years for motor vehicle.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

c Property, plant and equipment (cont'd)

Leasehold building and improvements are being amortised over twenty years.

(iii) Repairs and renewals

The costs of repairs and renewals which do not enhance the carrying value of existing assets are written off to profit or loss as they are incurred.

d Functional and presentation currency

Functional and presentation currency

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

Foreign currency translations and balances

- (i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.
- (ii) Foreign currency transactions are translated into the functional currency at the exchange rate ruling at the dates of those transactions.
- (iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured fair value which are translated using the exchange rates at the date when the fair value was determined.

e Revenue recognition

Revenue is recognised when the company satisfies a performance obligation. Revenue is measured at the fair value of consideration received and receivable.

f Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or the receipt on the goods or as incurred.

g Cash and cash equivalents

Cash and cash equivalents comprise amounts held in current and savings accounts with financial institutions and cash on hand balances net of bank overdraft.

h Trade and other receivables

Trade and other receivables are classified as loans and receivables. These are initially recognised at original invoice amount (which represents fair value) and subsequently measured at amortised cost.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

i Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

i Financial instruments (cont'd)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains equity investments. The company accounts for these equity investments at FVTPL and did not make the irrevocable election to account for these equity investments at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet both of the following conditions:

- they are held under a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses are recognised in other comprehensive income (OCI).

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead, the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

i Financial instruments (cont'd)

- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The company makes use of a simplified approach in accounting for impairment of trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

j Payables and accruals

Payables and accruals are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

2. Summary of significant accounting policies (cont'd)

k Income taxes

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

l Borrowings

Borrowings are recognised initially at fair value, being their issued proceeds net of transaction costs incurred, any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings. Interest expense is reported on the accruals basis and other borrowing costs, are expensed to profit or loss in the period which they are incurred and are reported in finance costs.

m Impairment

The company's assets are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

n Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are included in equity as a deduction from proceeds.

o Critical accounting judgements and key sources of estimation uncertainty

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Depreciation and amortisation of property, plant and equipment.

Depreciation and amortisation are provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as disclosed in Note 2(c).

Expected credit loss

The measurement of expected credit loss requires significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting. Details of these estimates are disclosed in Note (17)(b).

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

3. Property, plant and equipment

The carrying amounts for equipment for the years included in these financial statements as at June 30, 2022 are reconciled as follows:

	Right-of-use assets - Land and Buildings \$	Furniture and Fixtures \$	Medical Equipment \$	Computers \$	Computer Software \$	Solar System \$	Other Equipment \$	Leasehold Improvements \$	Total \$
Gross carrying amount									
Balance at July 1, 2021	40,375,323	38,893,088	674,086,126	15,907,904	11,079,715	9,683,461	33,801,179	144,257,744	968,084,540
Additions	-	2,297,887	263,008,716	2,756,357	3,091,278	-	4,638,975	-	275,793,213
Increase in right-of-use assets	21,162,623	-	-	-	-	-	-	-	21,162,623
Balance at June 30, 2022	61,537,946	41,190,976	937,094,842	18,664,261	14,170,993	9,683,461	38,440,154	144,257,744	1,265,040,376
Depreciation									
Balance at July 1, 2021	(26,946,868)	(16,008,018)	(256,997,240)	(9,145,308)	(8,576,588)	(4,680,341)	(15,288,451)	(43,031,082)	(380,673,896)
Current charge	(10,129,221)	(4,005,866)	(67,612,933)	(3,273,243)	(2,592,836)	(968,347)	(5,057,414)	(13,885,755)	(107,525,615)
Balance at June 30, 2022	(37,076,089)	(20,013,884)	(324,610,173)	(12,418,551)	(11,169,424)	(5,648,688)	(20,345,865)	(56,916,837)	(488,199,511)
Carrying amount at June 30, 2022	24,461,857	21,177,091	612,484,669	6,245,710	3,001,569	4,034,773	18,094,289	87,340,907	776,840,865

Included in net carrying amount of the property, plant and equipment are right-of-use assets (land and buildings) amounting to \$24,461,857.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

3. Property, plant and equipment (cont'd):

	Right-of-use assets - Land and Buildings \$	Furniture and Fixtures \$	Medical Equipment \$	Computers \$	Computer Software \$	Solar System \$	Other Equipment \$	Leasehold Improvements \$	Total \$
Gross carrying amount									
Balance at July 1, 2020	40,375,323	35,719,451	597,520,846	12,578,876	9,812,536	9,683,461	33,801,179	142,350,346	881,842,018
Additions	-	3,173,637	76,565,280	3,329,028	1,267,179	-	-	1,907,398	86,242,522
Balance at June 30, 2021	40,375,323	38,893,088	674,086,126	15,907,904	11,079,715	9,683,461	33,801,179	144,257,744	968,084,540
Depreciation									
Balance at July 1, 2020	(13,473,434)	(12,271,018)	(195,763,249)	(6,267,202)	(6,521,785)	(3,711,995)	(11,908,333)	(28,693,700)	(278,610,716)
Current charge	(13,473,434)	(3,737,000)	(61,233,991)	(2,878,106)	(2,054,803)	(968,346)	(3,380,118)	(14,337,382)	(102,063,180)
Balance at June 30, 2021	(26,946,868)	(16,008,018)	(256,997,240)	(9,145,308)	(8,576,588)	(4,680,341)	(15,288,451)	(43,031,082)	(380,673,896)
Carrying amount at June 30, 2021	13,428,455	22,885,070	417,088,886	6,762,596	2,503,127	5,003,120	18,512,728	101,226,662	587,410,644

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

4. Receivables

	2022	2021
	\$	\$
Due from patients and insurance companies	57,090,090	41,791,558
Other receivables	3,383,317	1,033,830
	60,473,407	42,825,388
Less: expected credit loss	(1,211,487)	(1,058,556)
Total	59,261,920	41,766,832

The ageing of due from patients and insurance companies at the reporting date were:

	2022	2021
	\$	\$
0 – 30 days	22,367,363	10,472,720
31-60 days	18,045,546	14,765,819
Over 60 days	18,849,011	16,553,019
Total	59,261,920	41,791,558

Reconciliation of expected credit loss:

	2022	2021
	\$	\$
Balance at beginning of year	1,058,556	407,159
Additional provision during the year	152,931	651,397
Balance at end of year	1,211,487	1,058,556

5. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank	75,705,161	63,808,795
Cash in hand	185,000	185,000
Total	75,890,161	63,993,795

6. Share capital

	2022	2021
Authorised ordinary stock units of no par value	Unlimited	Unlimited
Issued shares at no par value		
Share capital		
353,400,000 ordinary stock units	348,898,459	348,898,459

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

7. Lease liabilities

The company operates from leased premises at its Holborn Road, Hope Road and Drax Hall locations.

Information about leases for which the company is a lessee is presented below:

(a) Lease liabilities

	2022 \$	2021 \$
Current	8,694,162	12,534,852
Non-current	13,192,272	1,398,488
	21,886,434	13,933,340

Future minimum lease payments are as follows:

2022

	Within 1 year \$	1 to 2 Years \$	Total \$
Lease payments	8,802,816	13,735,145	22,537,961
Finance charges	(108,654)	(542,873)	(651,527)
Net present values	8,694,162	13,192,272	21,886,434

2021

	Within 1 year \$	1 to 2 Years \$	Total \$
Lease payments	(12,611,693)	(1,400,262)	(14,011,955)
Finance charges	76,841	1,774	78,615
Net present values	(12,534,852)	(1,398,488)	13,933,340

(b) Amounts recognised in the profit or loss

	2022 \$	2021 \$
Depreciation charged on right-of-use assets	10,129,221	13,473,434
Interest expense on lease liabilities	76,841	211,824
	10,206,062	13,685,258

(c) Amounts recognised in the statement of cash flow

	2022 \$	2021 \$
Principal payments	13,209,529	13,492,080
Interest payments	76,841	211,824
Total	13,286,370	13,703,904

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

8. Long-term loans

	2022 \$	2021 \$
(i) MF & G Management Limited	195,000,000	195,000,000
(ii) First Global Bank	178,949,539	-
	373,949,539	195,000,000
Less: Current portion of long-term loans	(50,426,766)	(48,750,000)
Total	323,522,773	146,250,000

- i The term of the loan is 7 years with a moratorium of principal payments of 24 months. Thereafter the loan is repayable over 20 quarterly instalments of \$9,750,000. Interest on the loan is 7.25% per annum.

The loan is secured by:

- Quarter's interest, to be increased to \$10,928,125 (\$9,750,000+\$1,178,125) representing one quarter's principal plus interest, twenty four months after disbursement.
- Bill of sale over Borrower's equipment valued at \$424,918,000.
- Assignment of Low Voltage and Equipment All Risks and Commercial All Risks Insurance Policies for the equipment securing the Facility.
- Subordination of inter-company and shareholder's loans and advances.
- Promissory Note.

- ii The loan bears interest of 6.8% per annum and is repayable over eighty-four (84) months. The loan is repayable in monthly instalments of \$2,849,069 inclusive of interest.

The loan is secured by:

- General Security Agreement over one (1) MAGNETOM Althea-MRI System #14461700.
- Debenture over fixed and floating assets stamped to cover JMD192,000,000.
- Assignment of all risk insurance over MAGNETOM Althea-MRI System #14461700 with FGB's interest noted.
- FGB's interest is be noted on insurance policy over the assets of the company to the extent of JMD 192,000,000.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

9. Payables and accruals

	2022 \$	2021 \$
Trade payables	17,342,493	19,008,810
Other payables	6,478,823	5,313,252
Accruals	15,534,051	5,469,338
Total	39,355,367	29,791,400

10. Short-term loan

	2022 \$	2021 \$
i Jamaica National Bank	2,118,235	-
ii Jamaica National Bank	3,707,380	-
Total	5,825,615	-

(i) This represents insurance premium financing at an interest rate of 2.81% per annum. It is repayable by March 2023 in monthly installments of US\$2,745.

(ii) This represents insurance premium financing at an interest rate of 3.77% per annum and is to be repaid in monthly installments of J\$529,626 by January 2023.

11. Expenses by nature

Total administrative and other operating expenses:

	2022 \$	2021 \$
Audit fees	2,242,500	2,494,500
Legal and professional fees and stock exchange expenses	4,800,566	4,909,906
Staff costs (Note 17)	112,652,078	88,166,047
Advertising and promotion	5,901,007	4,060,607
Repairs and maintenance	31,625,650	21,906,127
Utilities	54,484,025	46,144,479
Insurance	6,280,663	5,876,956
Software licenses	4,794,452	4,393,754
Office and security expenses	11,841,068	10,631,130
AGM expenses	413,380	2,047,525
Directors fees	2,112,000	2,112,000
Expected credit loss	152,931	651,397
Other expenses	4,988,611	3,277,058
Total	242,288,931	196,671,486

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

12. Finance income and finance costs

Finance income for the year comprise:

	2022 \$	2021 \$
Interest income from financial assets	11,261	91,051

Finance costs

	2022 \$	2021 \$
Interest expense for borrowings at amortised cost:		
Interest on long-term loans	27,255,144	20,805,080
Interest expense on lease liabilities	76,841	211,824
Total finance costs	27,331,985	21,016,904

13. Earnings per shares

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue for the year.

	2022 \$	2021 \$
Profit attributable to shareholders	48,659,703	1,929,171
Weighted average number of shares	353,400,000	353,400,000
Basic and diluted earnings per share	0.14	0.005

14. Dividends

On July 6, 2021, the Board declared dividend of \$0.09 per stock unit. The payment date was October 5, 2021.

15. Income tax

The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

Reconciliation of theoretical tax charge to effective tax charge:

	2022 J\$	2021 J\$
Profit for the year	48,659,703	1,929,171
Tax at applicable tax rate of 25%	12,164,926	482,293
Adjustment for non-deductible expenses	26,881,404	25,515,795
Tax effect of allowances and remission of tax	(39,046,330)	(25,998,088)
Income tax charge for the year	-	-

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

16. Segment information

The company's revenue is derived mainly from diagnostic imaging services, as a result there is no relevant segment information.

17. Staff costs

	2022	2021
	\$	\$
Salaries and wages	83,036,119	62,185,978
Statutory contributions	23,286,570	16,380,071
Staff welfare and training	6,329,389	9,599,998
Total	112,652,078	88,166,047

Salaries and wages included amounts paid to key management which is disclosed at Note 18.

18. Balances and transaction with related parties

(i) At the reporting date there were no balances due to or from related parties.

(ii) Transactions with key management.

The compensation of key management for services is shown below:

	2022	2021
	\$	\$
Fees paid to directors	2,112,000	2,112,000
Salaries and other short-term employee benefits	11,869,790	9,956,353
Total	13,981,790	12,068,353

Compensation paid to directors

	2022	2021
	\$	\$
Fees paid to directors	2,112,000	2,112,000
Salaries	7,119,790	5,928,560
Total	9,231,790	8,040,560

19. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

19. Risk management policies (cont'd)

a Market risk (cont'd)

i Currency risk (cont'd)

The company is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US\$) the company however, maintains US\$ bank accounts in an attempt to manage this risk.

At the end of the reporting period there were net assets/(liabilities) of approximately US\$17,758 (2021 - \$61,511) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2022 US\$	2021 US\$
Financial assets		
- Cash and cash equivalents	160,835	48,924
Financial liabilities		
- Trade payables	(45,133)	(17,639)
- Lease liabilities	(97,944)	(92,796)
Total	17,758	(61,511)

Foreign currency sensitivity

The following table illustrates the sensitivity and the impact on profit for the year of company's financial assets and financial liabilities to foreign exchange rates, all other things being equal. The sensitivity analysis is based on the company's foreign currency financial instruments held at each reporting date. Only movements between the Jamaican dollar and the United States dollars are considered, as these are the two major currencies of the company.

Effect on profit before tax:

If the Jamaican dollar weakens by 4% (2021 - 6%) against the United States dollar then this would have the effect shown below on the basis that all other variables remain constant.

	Percentage change %	Effect on earnings \$
2022	4	(108,743)
2021	6	(369,438)

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

19. Risk management policies (cont'd)

a Market risk (cont'd)

If the Jamaican dollar strengthens against the United States dollar by 2% (2021 - 2%) this would have the following effect:

	Percentage change %	Effect on earnings \$
2022	2	53,371
2021	2	(186,307)

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company holds cash in interest-earning bank accounts with licensed financial institutions. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b Credit risk

The company faces credit risk in respect of its receivables and bank balances. There is significant concentration of credit risk in receivables. However, this risk is controlled by close monitoring of these assets by the company. In addition, bank balances are maintained with licensed financial institutions considered to be stable.

Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy. Savings and current accounts held with commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS) up to a maximum of \$600,000. This was increased to \$1,200,000 effective August 31, 2021.

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

19. Risk management policies (cont'd)

b Credit risk (cont'd)

Receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for receivables. To measure expected credit losses on a collective basis, receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the company's historical credit losses experienced over the two year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The calculated expected credit losses are detailed below:

June 30, 2022

	Trade receivables days past due			
	Current \$	More than 30 days \$	More than 60 days \$	Total \$
Expected credit loss rate	1.03%	2.06%	3.23%	
Gross carrying amount	22,367,364	18,045,546	18,849,010	59,261,920
Lifetime expected credit loss	230,225	371,625	609,637	1,211,487

June 30, 2021

	Trade receivables days past due			
	Current \$	More than 30 days \$	More than 60 days \$	Total \$
Expected credit loss rate	1.02%	2.06%	7.21%	
Gross carrying amount	10,472,720	14,765,819	16,553,019	41,791,558
Lifetime expected credit loss	107,836	304,083	646,637	1,058,556

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

19. Risk management policies (cont'd)

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash and demand deposits to meet its liquidity requirements.

The table below presents the undiscounted cash flows payable (both interest and principal) of the company's financial liabilities based on contractual repayment over the next 12 months.

2022

	Current within 12 months \$	Non-current 2 - 5 years \$
Long-term loans	73,942,458	226,615,705
Lease liabilities	8,694,162	13,192,272
Trade and other payables	39,355,367	-
Short-term loan	5,825,615	-
Total	127,817,602	239,807,977

2021

	Current within 12 months \$	Non-current 2 - 5 years \$
Long-term loans	54,047,723	164,712,026
Lease liabilities	12,534,852	1,398,488
Trade and other payables	29,791,400	-
Total	96,373,975	166,110,514

Elite Diagnostic Limited

Notes to the Financial Statements

Year ended June 30, 2022

20. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities. (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices). (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). (Level 3).

The company's financial assets and liabilities are measured at amortised costs and the fair values for these are disclosed at Note 18.

21. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the end of the reporting periods under review and be categorised as follows:

	2022 \$	2021 \$
	Amortised costs	Amortised costs
Financial assets at amortised costs		
Receivables and prepayments	66,829,515	49,010,185
Cash and cash equivalents	75,890,161	63,993,795
Total	142,719,676	113,003,980
Financial liabilities at amortised costs		
Trade and other payables	39,355,367	29,791,400
Lease liabilities	21,886,434	13,933,340
Loans	379,775,154	195,000,000
Total	441,016,955	238,724,740

22. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors review the financial position of the company at regular meetings.

The company is not subject to any externally imposed capital requirements.

Elite Diagnostic Limited

List of Directors, Connected Parties and Senior Managers Shareholdings

As at June 30, 2022

Directors and connected parties

Directors

Names	Position	Shares Held	Percentages %
Steven Gooden	Chairman	35,242,230	9.9723
Warren Chung	Non-Executive Director	778,355	0.2203
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
Mark Kerr-Jarrett	Non-Executive Director	NIL	NIL
Quentin Hugh Sam	Non-Executive Director	824,573	0.2333
William Mahfood	Non-Executive Director	172,025	0.0487
Combined Directors Holdings		37,458,677	10.6000

Connected parties

Connected parties	Connected to	Shares Held	Percentages %
Excel Investments	Warren Chung and Neil Fong	86,674,897	24.5260
Barnett Limited	Mark Kerr-Jarrett	15,515,994	4.3905
NCB Capital Markets Limited	Steven Gooden	66,028,392	18.6837
Combined Connected Parties Holdings		168,219,283	47.6002

Combined Holdings

205,677,960 **58.2002**

Senior Managers Shareholdings

Names	Position	Shares Held	Percentages %
Neil Fong	Manager	140,000	0.0396
Marjorie Miller	Manager	-	-
Combined Senior Managers Holdings		140,000	0.0396

Connected parties

Connected parties	Connected to	Shares Held	Percentages %
Excel Investments	Warren Chung and Neil Fong	86,674,897	24.5260
Combined Connected Party Holdings		86,814,897	24.5656

Total issued capital

353,400,000

Elite Diagnostic Limited

List of Directors, Connected Parties and Senior Managers Shareholdings

As at June 30, 2022

Top 10 Shareholders

Names	Share Held	Percentages %
1. Excel Investments (Connected to Warren Chung and Neil Fong)	86,674,897	24.5260
2. NCB Capital Markets Limited (Connected to Steven Gooden)	66,028,392	18.6838
3. Steven Gooden	35,242,230	9.9723
4. JCSD Trustee Services Limited - Sigma Optima	31,438,024	8.8959
5. Barnett Limited (Connected to Mark Kerr-Jarrett)	15,515,994	4.3905
6. Damian Chin-You	14,513,589	4.1068
7. West Indies Radiology Outsourcing Ltd.	8,000,000	2.2637
8. Everton J. Smith	5,402,466	1.5287
9. QWI Investments Limited	4,894,392	1.3849
10. Lizette Mowatt	3,703,632	1.0480
Total units owned by top 10 Shareholders	271,413,616	76.8007
Total Issued Capital	353,400,000	