# 2017 PROSPECTUS





THIS PROSPECTUS IS DATED 30, NOVEMBER 2017 AND IS ISSUED BY GWEST CORPORATION LIMITED (THE COMPANY). THIS PROSPECTUS IS ISSUED BY THE COMPANY IN JAMAICA ONLY AND IS NOT TO BE CONSTRUED AS MAKING AN INVITATION OR OFFER TO PERSONS OUTSIDE OF JAMAICA TO SUBSCRIBE/APPLY FOR SHARES. THE DISTRIBUTION OR PUBLICATION OF THIS PROSPECTUS AND THE MAKING OF THE INVITATION OUTSIDE OF JAMAICA MAY BE PROHIBITED BY FOREIGN LAWS.

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on 29, November 2017. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus.

A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on 30, November 2017. The FSC has not approved the shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

COMBINED OFFER FOR SALE & PROSPECTUS



#### **GWEST CORPORATION LIMITED**

#### INVITATION FOR SUBSCRIPTION AND/OR SALE TO THE PUBLIC FOR 169,689,500 ORDINARY SHARES at J\$2.50 per ORDINARY SHARE

#### Registered office: Lot 6 Crane Boulevard, Fairview, Montego Bay St James Jamaica. Website: www.GWestcentre.com Email: info@GWestcentre.com Telephone Number: (876) 618-4937 Fax: (876) 952-1828

The Company invites Applications on behalf of itself, and certain persons who are shareholders of the Company (the "**Selling Shareholders**") for up to 169,689,500 ordinary shares (the "**Shares**") in the invitation, of which 160,000,000 Shares are new Shares for subscription and 9,589,500 Shares are existing shares to be sold by the Selling Shareholders.



A total of 36,000,000 Shares in the Invitation (the "Lead Broker Shares") are initially reserved for priority application from, and subscription by, the lead broker, JMMB Securities Limited ("JMMBSL") and/or its clients. A total of 64,000,000 Shares in the Invitation are JMMB Investment Management Shares that are initially reserved for priority application from Jamaica Money Market Brokers Limited's Pension and Client Funds Investment Management Unit. A total of 19,400,000 Shares in the Invitation are **Key Partner Reserved Shares** for priority application from all Persons who have purchased real property from the Company; the beneficial owners of shares of Persons who have bought property from the Company or who are lessees of the Company medical and other professionals who operate and provide services in the GWEST Centre; and suppliers, and other key partners of the Company. A further 600,000 Shares in the Invitation are **Company Reserved Shares** for priority application from independent directors, the Mentor and employees of the Company. All other Shares are reserved for application by the general public. All shares are priced at the Invitation Price of \$2.50 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them, they will be made available for subscription by the general public.

An Application for use by all Applicants is provided in Appendix 1 of this Prospectus together with notes on how to complete such Application. The Invitation will open at 9:00 a.m. on the Opening Date, 7, December 2017. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, 21, December 2017 subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once the issue is fully subscribed and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act.

In the case of an early closing of the subscription list, or an extension to the Closing Date, a notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).

It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market. The application to the JSE is dependent on the Company's ability to (i) raise at least J\$250M as a result of the Invitation and (ii) meet the criteria for admission. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to the Junior Market of the JSE. If the Shares in the Invitation are not subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

See Section 6 for full details of the terms and conditions relating to the Invitation and Section 12 for the Risk Factors associated with an investment in the Company and/or the Shares.

#### SHARE CAPITAL

SHARE CAPITAL	No. of Shares	
Authorised	1000,000,000	
Issued prior to the Invitation	324,848,485	
SHARES IN THE INVITATION		
Maximum to be issued in the Invitation, fully paid	160,000,000	
Maximum to be sold by the Selling Shareholders in the Invitation, fully paid	9,689,500	
TOTAL SHARES IN THE INVITATION	169,689,500	
	No. of shares	\$
Lead Broker Shares	36,000,000	90,000,000
JMMB Investment Management Shares	64,000,000	160,000,000
Key Partner Reserved Shares	19,400,000	48,500,000
Company Reserved Shares	600,000	1,500,000
Shares for the General Public	49,689,500	124,223,751
TOTAL CONSIDERATION ASSUMING SUCCESSFUL INVITATION	169,689,500	424,223,751
Due to the Company in respect of the 160,000,000 Shares for Subscription		400,000,000
Due to the Selling Shareholders in respect of the 9,689,500 Shares for sale		24,223,751

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#### SECTION 1: IMPORTANT INFORMATION ABOUT THE PROSPECTUS

#### **RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company have signed this Prospectus for the purpose of his or her responsibility as described herein. Such responsibility is joint and several as contemplated by the Companies Act. See the signatures in Section 16 of this Prospectus.

#### **CONTENTS OF THIS PROSPECTUS**

This Prospectus contains important information for prospective investors. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Board of Directors of the Company believes are accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 15. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

#### UNAUTHORISED REPRESENTATIONS

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

#### **INVITATION IS MADE IN JAMAICA ONLY**

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe/apply for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

## SEEK PROFESSIONAL ADVICE BEFORE MAKING APPLICATION TO SUBSCRIBE FOR SHARES

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe/apply for Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing/ applying for Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing/applying for Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that:

- (1) he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in Section 6), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (2) he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
- (3) no person connected with the Company or any of the Selling Shareholders has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application.

#### SECTION 2: SUMMARY OF KEY INFORMATION ON THE INVITATION

ISSUER	GWest CORPORATION LIMITED (the "Company").
SELLING SHAREHOLDERS	Cornwall Medical and Dental Limited
SECURITIES	169,689,500 Shares for sale and/or subscription, inclusive of 36,000,000 Lead Broker Shares, 64,000,000 JMMB Investment Management Shares, 19,400,000 Key Partner Reserved Shares, and 600,000 Company Reserved Shares
INVITATION PRICE	J\$2.50 per Share All Applications must be accompanied by payment for the number of Shares specified, plus the \$163.10 JCSD processing fee
APPLICATION	See Appendix 1 of this Prospectus
PAYMENT	J\$2.50 per Share PAYABLE IN FULL ON DELIVERY OF AN APPLICATION
PAYMENT METHOD	Payment for Shares must be made in full on delivery of an Application, together with the J\$163.10 processing fee due to the JSCD. See paragraph 6.5 of Section 6 for full details of payment methods.
TERMS AND CONDITIONS	See Section 6 of this Prospectus
TIMETABLE OF KEY DATES	Registration & Publication of Prospectus: 30 November, 2017 Opening Date: 7 December, 2017 Closing Date: 21 December, 2017
APPLICATION PROCEDURES	Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis
CONFIRMATION OF BASIS OF	A notice confirming the provisional basis of allocation will be
SHARE ALLOCATIONS:	posted on the website of the Jamaica Stock Exchange (www. jamstockex.com) within 3 days after the Closing Date.

<b>REFUND CHEQUES:</b>	Refund cheques will be credited to the account specified by
	applicants on the Application Form or sent to the Broker from
	which the application was received, within 10 business days
	after the Closing Date.
FINAL ALLOCATION OF	Provided that the Company raises at least \$250,000,000 million
SHARES AND ADMISSION TO	by the Closing Date the Company will apply to the JSE to list
THE JUNIOR MARKET OF JSE	the Shares on the Junior Market within 3 weeks of the Closing
	Date. The successful application to the JSE is dependent or
	the Company's ability to (i) raise at least J\$250,000,000 as a
	result of the Invitation and (ii) meet the criteria for admission
	Please note that this statement of the Company's intention
	is not a guarantee that the Shares will in fact be admitted to
	the Junior Market of the JSE. If the application to the JSE is
	successful, the final allocation of the Shares will be made on the
	morning of the date that the Shares are admitted to trading*
	Final allocation of shares will be reflected in the JCSD accounts
	of successful Applicants. If, however, the Company fails to
	raise at least \$250,000,000 by the Closing Date the Company
	will not make application for the Shares to be admitted to the
	Junior Market of the JSE and all payments will be returned (or
	refunded in full) to the Applicants making them.

#### SECTION 3: LETTER TO PROSPECTIVE INVESTORS



GWest Corporation Ltd. Lot 6, Crane Boulevard Fairview Montego Bay, St. James Jamaica, W.I

Tel: (876) 618-4937 Fax: (876) 952-1828

info@gwestcentre.com www.gwestcentre.com

29 November, 2017

Dear Prospective Investors,

The Board of Directors of the Company is pleased to invite you to apply for 169,689,500 Shares in the Invitation subject to the terms set out in this Prospectus. Of those Shares 160,000,000 Shares are newly issued Shares for subscription, the proceeds of which will accrue to the Company, and 9,689,500 Shares are existing Shares of the Selling Shareholders for sale the proceeds of which will accrue to the Selling Shareholders. All Shares are priced at \$2.50. We believe that this represents an exciting new investment opportunity in Jamaica's health sector and Jamaica's budding health tourism sector.

#### **About The Company**

The Company was established by a group of Jamaican medical and business professionals: Dr. Konrad Kirlew, Mr. Wayne Gentles, Dr. Ladi Doonquah, Mrs. Elva Williams-Richards, Mr. Dennis Samuels and Mrs. Denise Samuels. The primary purpose of the Company is to provide integrated medical/health care services and facilities. The Company has established five medical businesses under the common "GWest Medical" brand, for the purpose of providing specialised and general medical services/facilities. However, for accreditation purposes, one service, an Ambulatory Surgical Centre, will be incorporated and operated by our whollyowned subsidiary, GWest Surgery Centre Limited. Developing the GWest Centre has created a platform that allows synergy between GWest's medical services and independent medical practitioners/entities. GWest, the Company, owns the GWest Centre, a modern 4-storey multipurpose commercial complex catering primarily to medical professionals and medical

Directors:

's: Dr. Konrad Kirlew, Dr. Ladi Doonquah, Wayne Gentles, Denise Samuels, Dennis Samuels, Elva Williams-Richards, Peter Pearson, Mark Hart

Mentor: Wayne Wray

services and in which its owned services will be located. The GWest concept is to provide a wide range of complementary international quality best practice medical services in one location, to clients in Jamaica and the wider diaspora.

The GWest Centre is ideally located in the Fairview Corridor, Montego Bay's new commercial hub and is easily accessible within ten minutes from the Sangster International Airport and five minutes from the Montego Bay cruise ship terminal and the Montego Bay Free Zone. The GWest Centre comprises 62,000 sq. ft. of office space with ample surface and underground parking.

The first phase of our strategic plan - the construction of the GWest Centre, sale and lease of spaces within it - has been completed.

The second phase is the establishment of the GWest General Practioners and Specialist suite, the GWest Urgent Care Centre and the GWest Laboratory. The Gwest General Practioners and Specialist suite is fully operational. We expect the GWest Urgent Care and GWest Laboratory to be opened in November 2017.

The third phase will include the establishment of the GWest Outpatient Surgery Centre and the GWest Inpatient Unit. Assuming that the IPO is successful the funds will be used to establish the GWest Outpatient Surgery Centre and the Gwest Inpatient Unit by September 2018.

Currently, a number of medical professionals/services operate in leased or purchased spaces in the GWEST Centre. Facilities are available for visiting physicians from elsewhere in Jamaica, the Caribbean and North America. We will provide medical services to both the local and international markets, and we are positioning ourselves to enter the growing health tourism market.

The Company has retained the consulting services of Miami-based Baptist Health International to guide the Company in designing its physical facilities and organizational structure, in order to operate in line with international best practices and to pursue accreditation by the Joint Commission International ("JCI") and other international accreditation bodies. Achieving such accreditation will:

- i. promote a higher standard of corporate and clinical governance and medical care
- ii. allow us to partner with international health insurance providers to provide care to their international clients
- iii. enhance the Company's revenue earning potential.

See section 7 for more details about the Company and its Group.



#### Benefits of listing on the Junior Market of the Jamaica Stock Exchange

In addition to providing a mechanism for raising capital for the Company from prospective investors who are interested to support its strategic objectives, the Directors of the Company believe that listing on the stock exchange will positively enhance the corporate profile of the Company and improve the corporate governance framework that supports the operations of the company. This includes separation of the Chairman and the Chief Executive Officer and the requirements for transparency, regular reporting and good governance by way of improved operational and strategic planning, accountability, reporting and decision making procedures.

Junior Market listing will benefit both shareholders and key stakeholders of the Company. If the Company is admitted to listing on the Junior Market, it expects to take advantage of the concessionary ten-year tax regime currently in place. For the first five years, entities are exempt from paying corporate income tax, but are required to pay 50 per cent of their statutory obligations for the remaining five year period. The reduced taxes on profits will allow for reinvestment of earnings to expand and grow revenue and net earnings, and to improve service to clients. This will ultimately translate into increased value for shareholders by way of dividends and expected appreciation of the stock price.

See Sections 6 and Section 14 of this Prospectus for further details of the concessionary tax regime for Junior Market Companies.

#### **Use of Proceeds**

If the Offer (the subject of this Prospectus) is fully subscribed, the Company intends to use the anticipated proceeds of the Invitation of J\$400,000,000.00 for expansion and working capital purposes including, but not limited to, the following:

- 1. Complete the build-out and outfitting of the GWest Outpatient Surgery Centre (sometimes referred to herein as the "GWest Surgery Centre" or the "Surgery Centre") and the GWest Inpatient Unit;
- **2.** Working capital support and repayment of short term obligations to contractors and customers; and
- **3**. Payment of the expenses of the Invitation which are not expected to exceed J\$30,000,000.00, inclusive of advisory, lead brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listings fees, marketing expenses and exclusive of GCT after payment of related expenses.



	PROJECT	COST J\$M	EXPECTED COMPLETION DATE
1	GWest In-patient Unit	90M	September 2018
2	Gwest Outpatient Surgery Centre - 4-room ambulatory surgical facility	180M	September 2018
3	Repayment of Short Term Debt	70M	November 2017
4	Working Capital	30M	
5	Pay Costs of IPO	30M	
	Total	400M	

#### **Dividend Policy**

If the Invitation is successful and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 20% of its after-tax earnings to shareholders in the form of cash dividends. This dividend policy is subject to the availability of profits for that purpose, and also the need to reinvest in the Company from time to time.

#### How to make an Application for Shares

We hope that prospective investors will join the Company in this exciting new phase of its development.

Those investors who are interested in subscribing/applying for Shares should read this Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6, and then complete the Application set out in Appendix 1.

On behalf of the Board of the Company,

Komal Kal

Dr Konrad Kirlew Chairman and Chief Executive Officer

#### SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

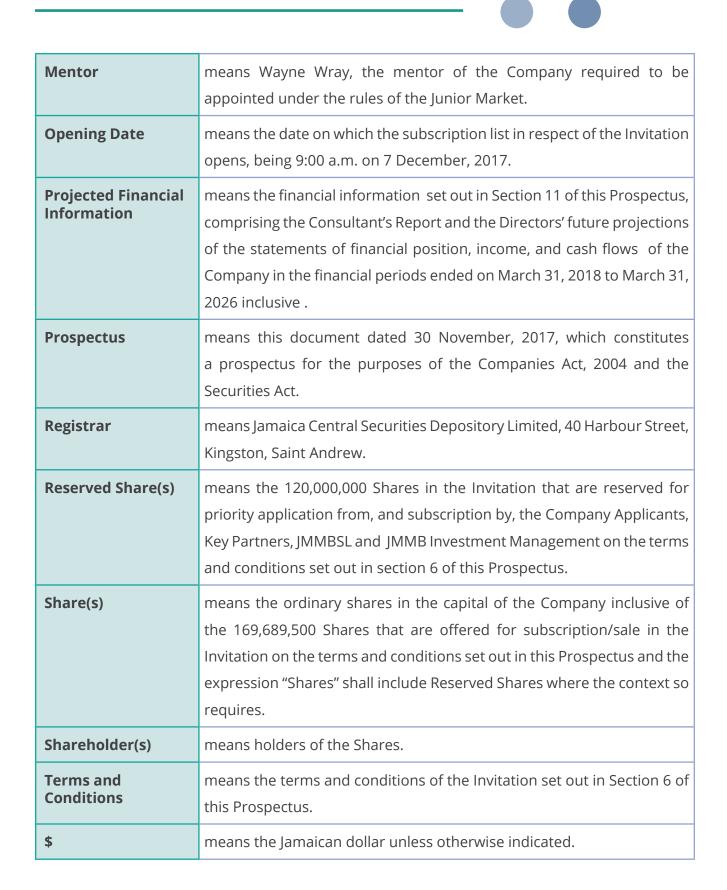
Act	means the Companies Act, 2004.
Affiliates	has the meaning given to such term by the Act.
allocation	means the allocation of the Shares to successful Applicants (as applicable).
Applicant	means a person (including a natural person a body corporate or unincorporated, whether or not having separate legal personality) resident in Jamaica, whether an applicant for Reserved Shares, or a member of the general public who submits an Application.
Application	means the form of application which is set out in Appendix 1 in this Prospectus, which is to be used by all Applicants who wish to make an offer to subscribe/apply for Shares in the Invitation.
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the shareholders of the Company immediately preceding the issue of this Prospectus, in a form suitable for a public company under the Companies Act, together with any amendments thereto.
Auditor	means CalvertGordon Associates, Chartered Accountants of Suite 110, City Centre Building, P.O. Box 60 Montego Bay, St. James, Jamaica the independent auditor of the Company.
Auditor's Report	means the report of the Auditor on the Historical Financial Information, set out at Section 10 of this Prospectus.
Board of Directors	means the Board of Directors of the Company, details of which are set out in Section 8 of this Prospectus.
Company	means GWest Corporation Limited, a company incorporated in Jamaica on December 3, 2007, (number 75221) with its registered office at Lot 6 Crane Boulevard, Fairview, Montego Bay, St. James, Jamaica.
Company Applicant(s)	means the Independent Directors, Mentor and employees of the Company.



Company Reserved Shares	means the 600,000 Shares in the Invitation that are initially reserved for priority application from, and allocation to, the Company Applicants on the terms and conditions set out in Section 6 of this Prospectus.
Consultant	means Ernst and Young Services Limited.
Consultant's Report	means the report of Ernst and Young Services Limited on the Projected Financial Information set out in Section 11 of this Prospectus.
Closing Date	means the date on which the subscription list in respect of the Invitation closes, being 4:00 p.m. on 21 December 2017, subject to the right of the Company to shorten or extend the period in the circumstances set out in this Prospectus.
Director(s)	means a member of the Board of Directors.
Financial Information	means the Historical Financial Information and the Projected Financial Information.
Forward-looking statement(s)	means the forward-looking statements referred to in Section 5 of this Prospectus.
FSC	means the Financial Services Commission of Jamaica.
Group	means the Company and its subsidiary GWest Surgery Centre Limited.
Historical Financial Information	means the financial information set out in Section 10 of this Prospectus comprising the Auditor's Report and the audited statement of financial position of the Company, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows of the Company, in each case for the period from March 31, 2013 to March 31, 2017.
Invitation	means the invitation to subscribe/apply for 169,689,500 Shares in the capital of the Company on the terms and conditions set out in this Prospectus.
Invitation Price	means J\$ 2.50 per Share.



ЈММВ	means Jamaica Money Market Brokers Limited, the receiving agent for the purposes of the Invitation, being a company incorporated under the laws of Jamaica with its registered office at 6 Haughton Terrace, Kingston 6, St. Andrew, Jamaica.
JMMB Investment Management	Means JMMB's Pension and Client Funds Investment Management Unit.
JMMB Investment Management Shares	means 64,000,000 Shares in the Invitation that are initially reserved for priority Application from JMMB Pension and Client Funds Investment Management Unit, subject to the Terms and Conditions.
JMMBSL	means JMMB Securities Limited ("JMMBSL"), a company incorporated in Jamaica with its registered office address at 6 Haughton Terrace, Kingston 10, Saint Andrew, the Lead Broker to the Company in the Invitation.
JSE	means the Jamaica Stock Exchange.
Junior Market	means the Junior Market of the JSE.
Key Partner(s)	means the key stakeholders of the Company inclusive of:
	i. all lessees of the Company;
	ii. all Persons who have purchased real property from the Company
	<ul> <li>iii. the beneficial owners of shares of Persons who have purchase real property from the Company or who are lessees of the Company; and</li> <li>iv. Medical and other professionals who operate and provide services</li> </ul>
	in the GWEST Centre.
Key Partner(s) Reserved Shares	means the 19,400,000 Shares in the Invitation that are initially reserved for priority application from, and allocation to, the Key Partners on the terms and conditions set out in Section 6 of this Prospectus.
Lead Broker Reserved Shares	means the 36,000,000 Shares in the Invitation that are initially reserved for priority application from, and allocation to, JMMB Securities Limited and/or its clients on the terms and conditions set out in section 6 of this Prospectus .



# SECTION 5: DISCLAIMER/FORWARD LOOKING

Certain matters discussed in this Prospectus inclusive of the Financial Information contain forwardlooking statements including but not limited to statements of expectations, future plans or future prospects, and financial projections. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

# When used in this Prospectus, the words "anticipates", "believes", "expects", "intends" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Company to the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican and regional economies, instability, high domestic interest rates or exchange rate volatility
- adverse climatic events and natural disasters

**STATEMENTS** 

- unfavourable market receptiveness to new products
- changes in any legislation or policy adversely affecting the revenues or expenses of the Company



- any other factor negatively impacting on the realisation of the assumptions on which the Company's Financial Information is based
- other factors identified in this Prospectus as yet unknown to the Company

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

#### SECTION 6: THE INVITATION

#### 6.1 General Information

The Company on behalf of itself and the Selling Shareholders is seeking to raise J\$424,223,751.00 from subscriptions for up to 169,689,500 Shares in the Invitation. A total of up to 49,689,500 Shares have been initially reserved for subscription by the general public, while up to 120,000,000 Shares have been initially reserved for subscription by the Company Applicants, the Key Partners, JMMBSL and and JMMB Investment Management. If any of the Reserved Shares in any category are not subscribed by the Reserved Share Applicants that are entitled to them, they will then be offered to Reserved Share Applicants in the other categories following which any remaining Reserved Shares will be made available for subscription by the general public.

The Reserved Shares and all other Shares are priced at the Invitation Price of J\$2.50 per Share. Assuming that the Company raises the minimum amount stated in Section 6.2 it intends to make an application to the JSE for the Shares to be admitted to the Junior Market. If the application is successful, it is anticipated that the Shares will be admitted to trading within 3 weeks of the Closing Date (or the shortened or extended Closing Date, as the case may be). In the event that the Company does not raise the minimum amount and/or the Shares are not admitted to trade on the Junior Market of the JSE, all payments for Shares made by Applicants will be returned or refunded.

<u>Prospective investors should read this entire Prospectus carefully.</u> Those prospective investors who wish to subscribe/apply for Shares should review the full terms and conditions of the Invitation set out in this Section 6 before completing the Application set out in Appendix 1.

#### 6.2 Minimum Fundraising

For the purposes of the requirement for disclosure set out in section 48 of the Companies Act, the minimum amount which, in the opinion of the Directors, must be received by the Company as a result of the subscription of its Shares in the Invitation in order to provide for the matters set out in paragraph 2 of the Third Schedule to the Act is J\$250,000,000.

#### 6.3. Use of Proceeds

The Company intends to use the proceeds of the Invitation for expansion, and working capital purposes including, but not limited to, the following:

1. Capital to complete the build-out and outfitting of the GWest Outpatient Surgery Centre and the GWest Inpatient Unit

- 2. Working capital support and repayment of short term obligations to contractors and customers
- Payment of the expenses of the Invitation which are not expected to exceed approximately J\$30M, inclusive of advisory, lead brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listings fees, marketing expenses and exclusive of GCT after payment of related expenses.

#### 6.4 Key Dates

An Application for use by all Applicants, including Company Applicants and the general public, is provided at the end of this Prospectus together with notes on how to complete it. The subscription list will open at 9:00 a.m. on the Opening Date, 7 December 2017 and will close at 4:00 p.m. on the Closing Date, 21 December 2017 subject to the right of the Company to:

- (a) close the subscription list at any earlier time after 9:00 a.m. on the Opening Date once the issue is fully subscribed, and
- (b) to shorten or extend the Closing Date for any reason provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Companies Act.

In either case the Company will arrange for a notice to be posted on the website of the JSE (www. jamstockex.com). It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market. The application is dependent on the Company's ability to:

- (i) raise at least J\$250,000,000 as a result of the Invitation, and
- (ii) meet the criteria for admission set out in the Junior Market Rules made by the JSE.

If such application is made and it is successful the Company expects the Shares to be admitted to trading on the Junior Market of the JSE within 3 weeks of the Closing Date (or the shortened or extended Closing Date, as the case may be) and for dealings to commence on that date. In the event that the Shares are not admitted to trading on the Junior Market of the JSE all payments for Shares received by the Company will be returned or refunded to the Applicants making them.

#### 6.5 Terms and Conditions for Applicants

#### 1. Application Form

All Applicants (whether Reserved Share Applicants, or members of the general public) must submit the Application provided at Appendix 1 to this Prospectus. Additionally, Reserved Share Applicants must specify their status on the Application and provide reasonably verifiable proof of their identity.

#### 2. Reserved Shares

Up to 120,000,000 Reserved Shares in the Invitation are for priority application from, and allocation to, the Company Applicants, Key Partners, JMMBSL and JMMB Investment Management as follows:

- 600,000 Company Reserved Shares
- 19,400,000 Key Partners Reserved Shares
- 36,000,000 JMMBSL Reserved Shares
- 64,000,000 JMMB Investment Management Shares

All Reserved Shares will be allocated on a first come first serve basis by the Directors of the Company, acting in their sole discretion. Any Reserved Shares not applied for in any category will become available for subscription by Reserved Share Applicants in the other categories and thereafter, any remaining Reserved Shares will become available for subscription by the general public.

#### 3. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation and any other terms and conditions set out in this Prospectus, including any terms and conditions set out in this Section 6 and the Application in Appendix 1.

#### 4. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

- (a) he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (b) he/she has not relied on any person other than the Company and the Directors, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with his/her investigation of the accuracy of such information or his/her investment decision;
- (c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application; and
- (d) he/she has made his/her own assessment of the Company, and the merits and risks of subscribing/applying for Shares, inclusive of taking advice (or waiving the need for such advice) in relation on the financial and legal implications of subscribing/ applying for Shares and the tax implications. thereof.

#### 5. Minimum Application

Applications from the general public must request a minimum of 10,000 Shares and be made in multiples of 500. Applications in other amounts will not be processed or accepted.

#### 6. Share Price Information

All Shares inclusive of Reserved Shares are priced at the Invitation Price of J\$2.50 per Share.

#### 7. JCSD Processing Fee Applies

A processing fee of J\$163.10 per Application payable to the Registrar applies. Applicants should remember to include the processing fee in their calculations of amounts payable to the Company.

#### 8. How to Make Payments

All Applications must be accompanied by the appropriate payment in the form of either:

- (a) a manager's cheque made payable to "GWEST IPO 2017", or
- (b) authorisation from the Applicant on the Application, instructing JMMB to make payment from cleared funds held in an investment account in the Applicant's name at JMMB to the account held at JMMB in the name of "**GWEST IPO 2017**".
- (c) transfer in the Real Time Gross Settlement ("RTGS") system to the account held at JMMB in the name of "GWEST IPO 2017", in the case of payments of \$1 million or more.
- (d) transfer via the Automated Clearing House (ACH) to the account held at JMMB in the name of "GWEST IPO 2017"; or
- (e) transfer via NCB E-Link to the account held by JMMB at NCB in the name of "GWEST IPO 2017"
- (f) All completed Applications (inclusive of Applications where payment is made by RTGS, ACH or NCB E-Link) must be delivered to JMMB on or before 4:00 p.m. (Jamaica Time) on the Closing Date (as the case may be), at any of the locations set out below:

#### **KINGSTON**

#### **Knutsford Boulevard Branch**

11 Knutsford Boulevard, Kingston 5, Saint Andrew. Telephone (876) 998-5662

#### Haughton Avenue Branch

5 Haughton Avenue, Kingston 10, Saint Andrew.

Telephone (876) 998-5662

#### **Personal Portfolio Management Centre**

23 Phoenix Avenue, Kingston 10, Saint Andrew.

#### SAINT CATHERINE

#### **Portmore Branch**

47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine. Telephone (876) 998-5662

#### **SAINT ANN**

#### **Ocho Rios Branch**

Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann. Telephone (876) 998-5662

#### **CLARENDON**

#### **May Pen Branch**

Shop 28B, Bargain Village Plaza, 35 Main Street, May Pen, Clarendon. Telephone (876) 998-5662

#### MANCHESTER

#### **Mandeville Branch**

23 Ward Avenue, Mandeville, Manchester. Telephone (876) 998-5662

#### SAINT ELIZABETH

#### Santa Cruz Branch

Shop # 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth. Telephone (876) 998-5662

#### **Junction Agency**

Shop 2, Roye's Plaza, Main Street, Junction, St. Elizabeth. Telephone (876) 965-8005

#### SAINT JAMES

#### **Montego Bay Branch**

Suite 1, Shop 28B, Fairview Office Park, Alice Eldemire Drive Montego Bay, St. James. Telephone (876) 998-5662

#### **JMMB Bank**

Montego Bay Branch 25 Church Street, Montego Bay, St. James. Telephone (876) 979 -1707



#### 8. Early Applications and Order of Processing of Applications

**Applications submitted to JMMB in advance of the Opening Date will be received and checked for completeness, but not processed.** All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, 7 December 2017. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

# 9. Company's Discretions as to Acceptance of Applications and Allocation of Shares

The Company may:

- (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;
- (b) allocate Shares to Applicants on a basis to be determined by it in its sole discretion, including on a pro rata basis in the event the Invitation is oversubscribed; and
- (C) treat multiple Applications by any person (whether in individual or joint names) as a single Application.

#### 10. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allocation of Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe/apply for the number of allocated Shares, subject to the Articles of Incorporation of the Company and the terms and conditions set out in this Section 6 and the Prospectus generally.

#### 11. When Invitation is Successful

If the Invitation is successful in raising at least J\$250,000,000 and the Shares are admitted to trade on the Junior Market of the JSE, Applicants will be allocated Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to the notice that will be posted on the website of the JSE (www. jamstockex.com) after the Closing Date (or the shortened or extended Closing Date, as the case may be). Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that the Company does not raise at least J\$250,000,000 and/ or the Shares are not admitted to trade on the Junior Market of the JSE, all payments for Shares received from Applicants will be returned or refunded to the persons making them.



Please note that the Company does not guarantee admission of the Shares to the Junior Market of the JSE.

#### 12. Refunds

The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to JMMB within 10 days after the Closing Date (or the shortened or extended Closing Date, as the case may be) or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to JMMB for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so.

#### 13. Minimum Age of Applicants

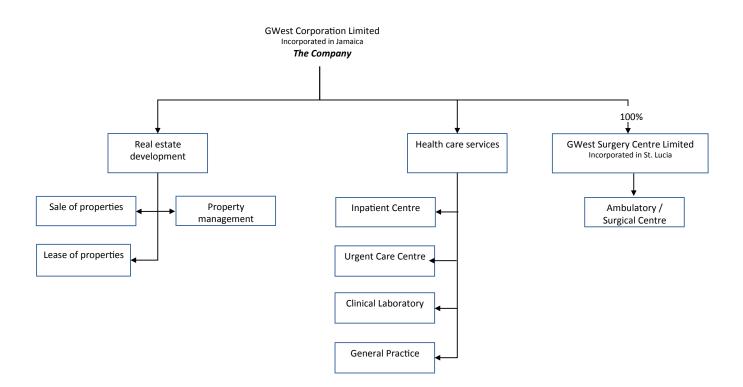
Applicants must be at least 18 years old.

#### SECTION 7: INFORMATION ABOUT THE COMPANY

#### **The Company**

The Company is a limited liability company, established in 2007 with registered office at Lot 6 Crane Boulevard, Montego Bay, St. James. The Company's headquarters and operations are located at Lot 6 Crane Boulevard, Bogue Estate, Montego Bay, Jamaica.

The primary purpose of the Company is to provide integrated medical/health care services and facilities. The Company has established 5 medical businesses under the common "GWest Medical" brand, for the purpose of providing specialised and general medical services/facilities. Developing the GWest Centre has created a platform that allows synergy between GWest's medical services and independent medical practitioners/entities. GWest, the Company, owns the GWest Centre, a modern 4-storey multipurpose commercial complex catering primarily to medical professionals and medical services and in which its owned services will be located. The GWest concept is to provide a wide range of complementary international quality best practice medical services in one location, to clients in Jamaica and the wider diaspora.





As of the date of this Prospectus the Company is owned by nine (9) shareholders, with diverse and wide professional experiences, such as:

- 1. Medical professionals who own and operate successful medical practices and businesses including pharmacies and medical supplies; and
- 2. Finance, investment management and accounting.

The affairs of the Company are managed by the board of directors, with support from a highly qualified team of employees and technical consultants and other professionals as required.

#### **Business**

As at the date of this Prospectus, the Company has completed the development and construction of the GWest Centre, a 62,000 square foot, four-storey commercial building at Lot 6 Crane Boulevard, Fairview, Montego Bay Jamaica. The building is designed and constructed as a stateof-the-art facility catering largely to medical related services. However, it includes offices for other professional services, such as legal, accounting, insurance, and restaurants and other professions. The building includes amenities such as:

- i. Energy efficient and environmental-friendly electrical and mechanical systems;
- ii. Underground parking (105 spaces), with three elevators and access by persons suffering from disabilities, to all the facilities;
- iii. Technologically advanced administrative, management and operational systems; and
- iv. Standby electricity generator

The Company's strategy is to be at the forefront of health care in Jamaica, by providing international standard medical services to local and international clients. It is designed as a "one-stop-shop" offering a wide range of primarily outpatient health care services. The scope and breadth of the GWest outpatient services offered in one facility is, at this time, unique in Jamaica. The GWest Centre also provides space for supporting professional services. The Directors believe that the concept is a game-changer by combining high-quality and a comprehensive range of services with convenience and accessibility that will better serve clients, medical professionals and the larger community.

The Company will be providing the following medical services to complement those offered by owners and lessees in the GWest Centre:

- 1. General Practitioner and Specialist Suite (operational since June 2017)
- 2. A 2,200 square feet Urgent Care Centre (operational since November 2017)
- **3**. Medical Laboratory (to be opened by January 2018)



**4.** A 5,000 square feet 8-Bed Inpatient Unit (to be opened by September 2018) In addition, its 100% subsidiary company GWest Surgery Centre Limited will own and operate an 8,500 square feet Outpatient Surgery Centre (to be opened September 2018), including two modern operating theatres and two procedure rooms.

The following is a list and profile of the complementary medical services available from independent medical practitioners operating in the GWest Centre:

Names of Businesses	Years in	GWEST	CENTRE	Service Provided
	Business	Own/Lease	Occupied	
NorthCoast Imaging MRI	12 yrs	Lease-10 yrs	2016	MRI
Radiology West Limited	18 yrs	Lease-10 yrs	2016	Imaging services including CT, MRI, Ultrasound, mammography
Facial & Oral Surgery Associates	20 yrs	Own	2016	Maxillofacial Surgery Centre
Heart Smart Centre (Cardiology) Dr. Claudine Lewis	6 yrs	Own	2016	Cardiology
Zierlich Renal Dialysis Centre	2 yrs	7 yr lease option to buy	2016	Renal Dialysis
CornMed Pharmacy with drive-through	25 yrs	Lease	2017	Pharmacy with drive thru facility medical supplies, equipment distribution
Proposed Paediatric Centre		Lease/Joint Venture	June 2018	General Paediatric and Paediatric Surgery
Urology Practice Dr. Roy McGregor	6 yrs	Own	February 2018	Urology
Gynaecology (Dr. Judith Neathley Roberts)	20 yrs	Own	December 2017	Gynaecology
Orthopaedic Centre- Drs. T. Lwin, D. Gilbert, F. Lindo	10 yrs	Own	June 2017	General Orthopaedic and Orthopaedic Surgery
Psychology (Dr.	15 yrs	Lease	June 2017	Psychology Services
Charmine Johnson-				through GWest General and
Garwood				Specialist Suite



Peak Dental Centre	15 yrs	Lease with	September	General, cosmetic dentistry,
		option to	2017	orthodontist
		purchase		
Neurosurgery		Visiting	2016	
		Specialist		

#### Location of the GWEST Centre.

The Company's operations are located in the Fairview region of Montego Bay, the capital of St James, one block from the intersection of Alice Eldermire Drive and Howard Cooke Boulevard, two of the major public access roads in the city of Montego Bay. The location on the immediate outskirts of the town, where there is less traffic congestion, allows easy and convenient access to both public and private transportation, making it attractive as a premier location.

Fairview has seen significant development over the last 10 years. The developments boast modern infrastructure, attractive buildings and landscaping, green areas and ample parking. The ambiance and aesthics are comparable to developments in Florida. Increasingly more of the city's businesses have migrated from the downtown area to the Fairview region.

Fairview/Bogue, is also less then five minutes from Montego Freezone (the city's dedicated area to business process outsourcing (BPO) activity, catering for approximately 12,000 employees and growing), the cruise ship and cargo ports, major residential developments in adjacent Freeport and Bogue and major hotel properties including Secrets and Sunset Beach.

Fairview is now populated with a wide range of retail & banking facilities, notably JMMB, Scotia Bank Financial Centre, National Commercial Bank, First Caribbean International Bank, FLOW'S first Flagship store in the Caribbean, Western Jamaica corporate offices for Digicel, PWC, KPMG, CGM Gallagher, FedEx, restaurants, department stores, and many other established businesses.

Montego Bay is the premier tourist destination of Jamaica, with 7,576 hotel rooms as at the end of 2016<sup>1</sup>, and hotels of various stars and sizes catering to a wide cross section of tourists and locals. The city features duty free shopping, a Cruise Ship and Cargo terminals, beaches and golf courses and is also served by the Sangster International Airport, the busiest airport in the English-speaking Caribbean. Montego Bay is also Jamaica's only other officially incorporated city, the fourth largest urban area in Jamaica and the business centre to approximately half a million people including the adjacent parishes of Hanover, Westmoreland, Trelawny and St Elizabeth.

<sup>&</sup>lt;sup>1</sup> Jamaica Tourist Board's Annual Travel Statistics 2016 - http://www.jtbonline.org/report-and-statistics/

The Company's primary objective is to provide a comprehensive array of affordable, international quality health care services. The wide range of services will allow the GWest Centre to contract with self-insured and other large employee groups, and provide the opportunity for a managed care product unique to Jamaica. By providing a wide range of services at a single location, more attractive pricing can be achieved while creating more clients for the individual practices and the GWEST Centre facilities.

The GWEST Centre will provide a full range of services to complement such medical specialties as internal medicine and subspecialties, general surgery, cardiology, oncology, neurosurgery, orthopaedics, gynaecology, mental health services.

#### **Business Strategy**

The Company believes that delivering high quality care and a positive patient experience are essential in sustaining financial strength and create value for its shareholders. Therefore, it is committed to providing the communities it serves with high quality, cost-effective health care while growing its business, increasing its profitability and creating long-term value for its shareholders and stakeholders. To achieve these objectives, GWest will continue to align its efforts around the following growth agenda:

- i. grow its presence in existing markets and maximise capacity/use of resources
- **ii**. concentrated efforts to achieve industry-leading performance in quality care, positive clinical outcome and satisfaction measures.
- iii. recruit and employ physicians to meet the need for high quality health services
- iv. continue to leverage scale and market positions to enhance profitability
- v. pursue a disciplined development strategy to expand in new markets,
- vi. create value through operating efficiency, investment in technology and in the Company's most valuable resource its people
- vii. Grow cash-flow to provide suitable return(s) to shareholders (dividend and share value) and allow investment through new opportunities that will enhance the Company's competitive position in the health care landscape in Jamaica and internationally.

#### Market differentiation is the best

The Company's service-providers are its best assets, and GWest intends to recruit the best and focus on continued training and development for employees, paying critical attention to employee performance and assessments. GWest will pay particular attention to:

- i. The use of technology solutions-electronic medical records and standardised documentation which will enable more time to allocate medical care to patients.
- ii. Pursuing a philosophy to diversify the range of care services and capabilities

iii. Hiring staff and partnering with physicians who have a genuine passion for helping others and most importantly to put the patient in the centre of everything they do.

#### **Sources of Revenue**

The Company will earn revenue from two main sources:

- medical services; and
- lease rental from owned spaces.

#### **Medical Services**

The Company will provide medical services as follows:

- 1. **GWest General Practitioner and Specialist Suite** which, commenced operations in June 2017. It has six medical offices housing two general physicians, a gynaecologist, a rheumatologist, and a psychologist. It will provide space for other consulting/specialist physicians visiting from elsewhere in Jamaica, or internationally.
- 2. GWest Laboratory is a Clinical Laboratory which will provide laboratory services for medical professionals in the GWest Centre as well as to other medical facilities within Montego Bay and adjacent areas. This facility is expected to commence operation by the end of January 2018. Initially, the lab will provide hemaetology and chemistry services, and will open 6 days per week. Services will be billed based on the type(s) of tests conducted. It is anticipated that this will generate revenue in an average of J\$5 million per month in the first year of operations and will increase at an initial rate of 25% per annum for the first few years. The opening of the surgery centre and in-patient units in 2018 will require 24 hour lab service and will also increase utilization. The GWest Lab has been registered as a brand, as the strategy is to expand through laboratory branches in St James initially and then into adjacent parishes within the next 2 years of operations.
- 3. **GWest Urgent Care Centre** Operations are expected to commence in November 2017, facilitating the treatment of injuries or illnesses that require immediate care, but are not necessarily critical for an Emergency Room visit. The facility comprises of:
  - Six (6) private examination rooms, three (3) with cardiac monitoring
  - o One (1) treatment room
  - Waiting room, triage and nursing station.
  - o Direct onsite access to diagnostic imaging (x-ray, ultrasound, CT, MRI)
  - o Dedicated Ambulance entrance.
  - o Ground level location near the main entrance
  - A team of consultant physicians to provide emergency medical and surgical consultations

There is an on-site licensed physician 24 hours/day. The Company will earn revenue based on consultation charges and treatments given to patients. Lab procedures will be referred to the GWest lab as a source of revenue.

GWest will employ the physicians, who will be salaried with productivity incentives, similar to the nursing and administrative staff.

- 4. **GWest In-patient Unit** This facility is expected to commence operations by latest September 2018 and will accommodate short (less than 5 days) general medical and post-surgical stays, and stabilization for transport to other facilities. The Unit will comprise:
  - Two (2) private single rooms (2 beds), one of which will be an isolation room;
  - Three (3) semi-private rooms (6 beds). for a total of 8 beds.

The Company will earn revenue based on a hospitalisation charge (use of bed) and any miscellaneous items that may be dispensed. The Company will employ full-time nurses and administrative staff to support the operations.

- 5. **GWest Outpatient Surgery Centre** The Gwest Surgery Outpatient Centre will be incorporated as a separate legal entity "GWest Surgery Centre Limited" for the purposes of seeking the JCI accreditation. Operations are expected to commence by September 2018, facilitating surgical procedures performed by local and international physicians. The facility will be available to all qualified and accredited physicians with proof of malpractice insurance. The procedures will include both "day surgery" and surgery requiring short overnight stays. The facility will comprise:
  - Two large (2) operating theatres;
  - o Twelve (12) pre-anesthesia and post-recovery beds;
  - Two (2) procedure rooms (endoscopy, bronchoscopy, etc.); and
  - Reception, staff, sterilization and administrative areas to support operations.

This facility will render general surgical services to adults and children resident in St. James and other parishes within Western Jamaica. Accreditation from internationally recognised bodies such as the (JCI) and the Accreditation Association for Ambulatory Health Care will be pursued within a year after commencing operation.

The Company will earn revenue based on a facility charge to patients and employ full time nurses, support and administrative staff.



#### **Lease Rental**

As at the date of this Prospectus the Company has approximately 18,110.65 square feet of space leased to tenants for periods of 3 to 10 years, renewable. The lease rates are denominated in United States currency, ranging from US\$20 to US\$22 per square feet.

The lease payments are subject to annual increases at a rate of up to 0.5% per annum. Annual maintenance of US\$4 per square feet is charged to each occupant of the GWest Centre and is payable to the registered Strata Corporation. GWest Corporation currently provides management services for the Centre and is paid an annual management fee of 10% of maintenance cost.

#### **Target Market**

- **1. The local general public:** Un-insured clients, clients insured by local insurance companies e.g. Sagicor and Medecus, self-insured companies, large employee groups (civil servants, teachers, policemen etc.)
- **2. Clients visiting Jamaica:** Visitors staying in hotels, villas or on cruise ships. Visitors from Canada, Europe are required by law to have travel insurance. This is a significant, well-compensated sector of the healthcare market. By having a modern facility that is accredited, GWest will penetrate the market through high quality service and competitive pricing, targeting all the hotels within 45 minute proximity to GWest Centre.
- **3.** The Jamaican diaspora: The Jamaican Diaspora is now estimated at 6 million individuals, almost all with relatives in Jamaica. Currently, significant numbers of Jamaicans living in North America and the Caribbean obtain their dental and other medical care at the same time they return home for visits. They represent a large potential pool of clients, some of whom are uninsured and seeking lower-cost alternatives. There is also a growing population of returning residents and retirees who have the means and desire to access high-quality and specialized medical care. With accreditation these clients will be able to utilize their international medical insurance in GWest medical facilities. We will also seek accreditation by the National Health Services in the UK so that our facility can collect insurance payments from the British government.
- **4. Health Tourism:** An accredited medical facility creates opportunities for the numerous self-insured companies in North America to use GWest's facility as an option. The Company will be seeking to establish a network of board certified and accredited practitioners willing to provide services in Jamaica for North American clients who are willing to travel to Jamaica for their health care, combined with vacation time. The procedures would be assisted by local physicians in the specialised areas, who will also participate in their follow-up care. The participating physicians will have the opportunity to build partnerships with

local physicians, engage in teaching, and donate their expertise to provide charity care to the public sector.

#### WHY HEALTH TOURISM

GWest believes there is a strong market for Health Tourism in Jamaica and room for growth. According to statistics from the Jamaica Tourist Board (See table below) the Caribbean recorded 29.341 million tourists in 2016, an increase of 4.2% over 2015. Jamaica is among top 3 countries visited in Caribbean with 2.124 million stop-over visitors in 2016, a 4.2% increase over the 2015. Over 1.65 million cruise passengers arrived in Jamaica in 2016, up 5.5% over 2015.

It is important to note that Montego Bay accounted for 33.6% of stop-over arrivals in 2016<sup>2</sup>. While Falmouth port accounts for the highest numbers of cruise passengers, the port of Montego Bay saw a 22.1% increase in 2016, particularly in homeporting passengers<sup>3</sup>. These developments augur well for the GWest Centre, situated just 5 minutes from the Montego bay cruise port and 30 minutes from Falmouth port, and these facilities hold strong potential for customer/passenger care. Strong dialogue has commenced with stakeholders and these will be pursued vigorously as the facility is built out. Tourism earnings contribute over US\$2 billion to the Jamaican economy annually, and with average stop-over of between 5-9 nights depending on the country of origination. Indications are that tourism will continue to grow and Jamaica as a near port market will see strong growth, even more so with the current geopolitical climate, and security threats from terrorism, there is a strong preference for the United States and Canadian visitors to stay close to home.

CARIBBEAN TOURISM PERFORMANCE BY MAIN MARKET REGIONS								
MAJOR MARKET	2012	2013	2014	2015	2016	%СН.		
USA	11,972.7	12,329.9	13,325.5	14,133.5	14,630.9	3.5%		
CANADA	3,057.4	3,075.9	3,277.0	3,424.1	3,306.6	-3.4%		
EUROPE	4,600.6	4,596.8	4,870.6	5,060.1	5,634.6	11.4%		
CARIBBEAN	1,552.6	1,568.3	1,549.4	1,653.2	1,712.1	3.6%		
SOUTH AMERICA	1,393.5	1,530.7	1,744.6	2,021.9	1,808.1	-10.6%		
OTHER	1,549.6	1,805.0	1,702.5	1,861.2	2,249.0	20.8%		
TOTAL TOURIST ARRIVALS ('000)	24,126.4	24,906.6	26,469.6	28,154.0	29,341.3	4.2%		
Source Caribbean Tourism Organization								

Source Caribbean Tourism Organization

USA and Canada represent the GWest Centre target market for the provision of medical care through the accreditation of our services, representing 61% of the total Caribbean market (50% USA and 11% Canadian). The statistics are similar to arrivals in Jamaica with these two markets accounting for total of 81.5% of visitors to Jamaica, 64% of the total attributed to US visitors and 17% of the total attributed to Canadian visitors.

<sup>&</sup>lt;sup>2,3</sup> Jamaica Tourist Board's Annual Travel Statistics 2016 - http://www.jtbonline.org/report-and-statistics/



		Stopovers in Thousands						%Change	
Countries	2013	%Share	2014	%Share	2015	%Share	2016	%Share	2016/15
U.S.A.	1,271.3	63.3	1,296.5	62.3	1,344.1	63.3	1,406.1	64.4	4.6
Canada	399.3	19.9	419.9	20.2	391.4	18.4	372.1	17.1	-4.9
Europe	235.8	11.7	261.1	12.6	279.3	13.2	294.7	13.5	5.5
Caribbean	58.2	2.9	59.1	2.8	62.6	2.9	65.6	3.0	4.8
Latin America	30.5	1.5	29.3	1.4	29.4	1.4	27.7	1.3	-5.7
Other Countries	13.2	0.7	14.4	0.7	16.2	0.8	15.5	0.7	-4.3
Total	2,008.4	100.0	2,080.2	100.0	2,123.0	100.0	2,181.7	100.0	2.8

#### AGE DISTRIBUTION OF STOPOVER ARRIVALS

	2015		2016		2016					
	No.	%Share	No.	%Share	U.S.A	%Share	Canada	%Share	UK	%Share
Under 18	234,911	10.8	241,377	11.1	150,193	10.7	49,394	13.3	26,681	12.9
Between 18 and 24	141,297	6.5	147,597	6.8	97,448	6.9	22,299	6.0	13,977	6.8
Between 25 and 34	418,838	19.2	411,457	18.9	272,623	19.4	61,188	16.4	32,318	15.7
Between 35 and 49	615,837	28.2	630,941	28.9	410,550	29.2	104,966	28.2	52,317	25.3
Between 50 and 64	536,508	24.6	561,506	25.7	353,169	25.1	100,587	27.0	60,795	29.4
Over 64	175,651	8.1	188,806	8.7	122,075	8.7	33,703	9.1	20,382	9.9
Total	2,123,042	100.0	2,181,684	100.0	1,406,058	100.0	372,137	100.0	206,470	100.0



# VISITOR ARRIVALS TO JAMAICA Total stopover arrivals of 2,181,684 increased by 2.8% Foreign Nationals of 2,020,381 increased by 2.4% Non-resident Jamaicans of 161,303 increased by 7.7% Cruise passenger arrivals of 1,655,559 increased by 5.5%

Worthy of note is the age distribution of the visitors - the "Millennials", "Generation X" and "Baby Boomers" are the cohorts that represent the highest of the visitors, representing up to 80%, the other groups are showing steady increases. These statistics supports the Company's strategy as these are the age groups with high interest in medical services.

#### **Marketing Strategy**

Over the last two years the Company has undertaken several initiatives geared towards "marketsounding" and highlighting the plans for the establishment of the GWest Centre. Representatives of the Company have attended and participated in several international seminars and medical and business symposiums held locally and internationally, including JAMPRO - organized presentations in Washington-D.C, Atlanta, and Kingston. JAMPRO has been very supportive of the Company's efforts and will continue to support GWest in order to further develop the health sector and promote our services. The Company has invested in marketing to the tourism sector - by open page advertisements in the "Our Tourism" magazine, available in print in local hotels and tourism attractions. A robust and targeted marketing campaign will be undertaken to include the following components:

- i. All social media: Facebook, WhatsApp, Instagram.
- ii. Company's website and websites of other strategic partners.
- iii. Radio and television, cable TV locally internationally to include travel channels.
- iv. Newspaper advertisements and features
- v. Marketing directly to Diaspora groups, Caribbean News outlets
- vi. Sponsorships including health fairs, partnering with other health service providers
- vii. outreach including participation in the Ministry of health Adopt-A Clinic-program.

In 2015 the Company engaged the services of Miami-based Baptist Health International (BHI) to assist the Company in designing its clinical units and streamlining its processes in preparation for eventual accreditation of the facilities. BHI ranks among the best hospitals in the U.S. according to government health studies and ranking systems like U.S. News & World Report, and are an internationally recognized leader in health care. Thousands of people travel each year to Miami from around the world to visit BHI's respected physicians and medical facilities.

The processes included review of the building during construction, conceptual designs of the urgent care, in-patient and ambulatory centres, equipment lists and estimated costs. Subsequently BHI retained internal and consultant medical architects to create final working drawings of the Ambulatory Surgery and In-patient Centres, such that the facilities will be eligible for international accreditation. They also established parameters for governance, and will provide access to training for medical staff.

The accreditation certification is typically applied for within a year of starting operation, and includes a review of the physical facility, processes, clinical outcomes and governance. The work already done in this regard will streamline the accreditation process.

## **The Strategy**

In order to attract more patients and referrals, the Company will offer discounts from established charges, to certain group purchasers of health care services, including private insurance companies and employers. Patients are generally not responsible for the total difference between established hospital gross charges and amounts reimbursed for such services under managed care plans, but are responsible to the extent of any exclusions, deductibles or co-insurance features of their coverage.



Medical Services revenues will depend upon inpatient occupancy levels, the medical and ancillary services ordered by physicians and provided to patients, the volume of outpatient procedures and the charges or payment rates for such services. Charges and reimbursement rates for inpatient services vary significantly depending on the type of payer, the type of service (e.g., medical/ surgical, or consulting).

The Company receives payments for patient services from health insurance providers locally and directly from patients. The Company is also pursuing accreditation with the Joint Commission International, and the UK National Health Service to be able to accept medical health insurance from residents of the US, UK and Canada.

#### **Inpatient Acute Care**

The 8-bed unit is designed with the assistance of Baptist Health International in accordance with Joint Commission guidelines. Three semi-private rooms and two private rooms (one of which will be an isolation room) will be outfitted with modern monitoring equipment. The beds will provide short-term (< 5 days) care for post-surgical, internal medicine, cardiology and paediatric cases, supporting the surgical and medical specialists and thus increasing the number of conditions capable of being treated. Maintaining a smaller number of rooms ensures higher occupancy rates. The industry standard is between 50 and 60% occupancy. The Company envisions a rate closer to 70-80% A two-bed post-surgical ICU is being contemplated to expand the range of treatable conditions, and increasing revenues. Patients requiring longer-term care will be transferred to partnering medical facilities such as Cornwall Regional Hospital, from whom GWest expects to receive referrals.

#### Psychology

Out-patient psychology services including testing are provided through the Company's General Practitioner and Specialist Suite.

#### **Ambulatory Surgery Centres**

There is strong demand for ambulatory surgery. A suite of two full-sized operating theatres and two smaller procedure rooms (to include endoscopy/colonoscopy) will be supported by 12 preanaesthesia and post-anaesthesia beds. This feature will facilitate greater efficiency in maximizing utilization of the surgical spaces. Neurosurgery (including spinal surgery), Ear Nose and Throat surgery, Orthopaedic, Urology, Gynaecology, Vascular, General Surgery (including laparoscopic procedures), Paediatric Surgery, Facial and Oral Surgery and Hand Surgery procedures are optimal for the outpatient setting.

#### **Physician Services**

A team of highly trained physicians will provide services to the GWest Centre. Physican services will

be billed and reimbursed according to established guidelines and existing market rates. Physicians will carry individual malpractice insurance. The GWest facility will also carry malpractice insurance to cover the units under its control.

#### Travel Insurance

There is a substantial travel insurance market in Jamaica. All visitors from Canada and many European countries are required to obtain travel insurance when leaving their home countries. By providing international standard health services, GWest will be in a position to obtain preferred provider status to these insurance carriers and their clients. The Company aims to be significant providers to this market.

## **Electronic Health Record**

An essential component of a modern medical care is an Electronic Health Record (EHR, also known as electronic medical record). The many advantages include:

- Providing accurate, up-to-date, and complete information about patients at the point of care
- Enabling quick access to patient records for more coordinated, efficient care
- Securely sharing electronic information with patients and other clinicians
- Helping providers more effectively diagnose patients, reduce medical errors, and provide safer care
- Improving patient and provider interaction and communication, as well as health care convenience
- Enabling safer, more reliable prescribing
- Helping promote legible, complete documentation and accurate, streamlined coding and billing
- Enhancing privacy and security of patient data
- Helping providers improve productivity and work-life balance
- Enabling providers to improve efficiency and meet their business goals
- Reducing costs through decreased paperwork, improved safety, reduced duplication of testing, and improved health.

All of the GWest facilities will utilize EHR.

## Competition

#### **Public Health Facilities**

There are four (4) public hospitals in the Western Region. According to the classification of Jamaica's hospitals, where a Type A facility is a multi-disciplinary institution providing both secondary and tertiary care and is the final referral points for such services, these regional public hospitals are as follow:

- Cornwall Regional Hospital (Type A)
- Lucea Hospital (Type B)
- Falmouth Hospital (Type B)
- Savanna-la-mar Public Hospital (Type B)

Key private competitors in the Western Jamaica region include:

<u>Hospiten Jamaica</u>, a member of Grupo Hospiten International, is part of an international health care network of 15 private hospital centres and more than 100 outpatient health centres. With the exception of Jamaica, this group primarily operates in Spain, Dominican Republic and Mexico. Hospiten Jamaica owns and operates a 22-bed Hospital in Rose Hall that opened in October 2015, eleven (11) nursing stations established in North Coast hotels and a clinic at the Falmouth Pier. The Hospiten Group is owned by a group of Spanish investors.

<u>Montego Bay Hospital & Urology Centre</u> is a privately-owned facility established by urologist Dr. Keith Wedderburn. The facility is located adjacent to Cornwall Regional Hospital. It provides inpatient hospitalization (10 beds), outpatient surgery, obstetrics and a range of specialists.

<u>BayWest Wellness</u> is owned and operated by Dr. Jermaine Spencer, a local obstetrician. It comprises six facilities in downtown Montego Bay, Fairview, the Montego Freezone, Lucea and Savanna-lamar.

It caters to the local market, the hotel and cruise ship industries. It recently leased the old Mobay Hope/Hospiten facility in Half-moon Shopping Village in Rose Hall, and has renovated it for use as an 24 hour emergency room and small hospital.

<u>Doctors Hospital</u> is a small facility in the Montego Freeport Shopping Center, owned by Drs. Geoffrey Williams (plastic surgery) and Maureen Williams (OB/GYN). It has two overnight rooms, an operating theater, and general offices. The principals are nearing retirement.

<u>The Barnett Clinic</u> was established by the late Dr. Barry Dixon, (OB/GYN). It is located on Barnett Street in downtown Montego Bay, and currently operated by Dr. Jennifer Dixon (dermatology)

and other family members. This facility provides outpatient surgery, In-patient care (4 beds) and outpatient visits for a range of physicians.

<u>Fairview Medical</u> is owned and operated by Dr. Kenneth Lee, a cardiologist, located across the street from the GWest Centre. Fairview Medical provides outpatient cardiology (along with an affiliation with the Heart Institute of the Caribbean), a 24-hour emergency facility and an open ward overnight facility.

<u>Royale Medical Hospital and Clinic</u> is a privately owned facility in Savanna-la-mar, established by Dr. Evan Nepaul (OB-GYN). The centre was established as a maternity facility, but now offers a wider range of medical services.

Generally, other facilities in the communities we serve provide some services similar to those provided and planned to be provided by GWest facilities. In recent years the number of freestanding specialty hospitals, surgery centres, emergency departments, urgent care centres and diagnostic and imaging centres in the geographic areas in which we operate has increased. As a result, GWest operates in a highly competitive environment. Some competing facilities are physician-owned or are owned by private individuals and companies.

The Company's strategies are designed to ensure the GWest Centre maintains competitiveness in relation to many factors, including the quality of care, ability to attract and retain quality physicians, skilled clinical personnel and other health care professionals, location, breadth of services, modern and technologically advanced diagnostic equipment, quality and condition of the facilities and prices charged. GWest intends to focus on operating its services with improved accessibility and convenient for patients and increased predictability and efficiency for physicians.

Two of the most significant factors relating to the competitive position of health care, are the number and quality of physicians affiliated with or employed by the medical facility. Although physicians may at any time terminate their relationship, GWest Centre will seek to retain physicians with varied specialties, and to attract other qualified physicians. In addition, physicians refer patients to health facilities on the basis of the quality and scope of services it renders to patients and physicians, the quality of physicians on the medical staff, the location of the facility and the quality of the facilities, equipment and employees. Accordingly, GWest will strives to maintain and provide quality facilities, equipment, employees and services for physicians and patients.

The Company's strategy is to attract to GWest Centre physicians who have existing businesses, to relocate their business to GWest Centre through own or long term lease of spaces. They will bring existing clients/patients as well as attract new ones. The Company has been successful in attracting a number of doctors most of whom have acquired space or have long term leases with the Company. Further, well known and very successful doctors have indicated an interest in acquiring shares in the Company, and utilizing the Company's facilities. It is worthy to note, that

when a doctor relocates office, they will remain at the facility for many years, due to the high-set up cost. It is for that reason that we are confident that these highly respected professionals will be operating at the GWest Centre for a long time.

Health services on a whole face the challenge of continuing to provide quality patient care while dealing with rising costs and strong competition for patients is inherent with the industry and improvement in operating efficiency and quality care services is critical.

## **Regulation and Other Factors**

#### Licensure, Certification and Accreditation

Health care facility construction and operation are subject to numerous local regulations, by the Ministry of Health and Parish Council relating to the adequacy of medical care, equipment, personnel, operating policies and procedures, maintenance of adequate records, fire prevention, and compliance with building codes and environmental protection laws. Facilities are subject to periodic inspection by governmental and other authorities to assure continued compliance with the various standards necessary for licensing and accreditation. The Company will ensure that all its facilities including health care are properly licensed under applicable laws, locally as well as relating to international accreditation. The Company has retained the services of Baptist Health International to advise GWest on the design, construction etc of its medical facilities to ensure that they meet or exceed international accreditation requirements.

# **General Economic and Demographic Factors**

The health care industry is impacted by the state of the economy in Jamaica, and the rate of employment will negatively impact the spending allocated and or available for health care, for individuals and companies. Other risks we face during periods of economic weakness and high unemployment include potential declines in the population covered under managed care agreements, increased patient decisions to postpone or cancel elective and nonemergency health care procedures, increases in the uninsured and underinsured populations, increased adoption of health plan structures that shift financial responsibility to patients and further difficulties in our collecting receivables for copayment and deductible amounts.

# **Compliance Program**

The Company has implemented and will expand on the comprehensive ethics and compliance programs that are designed to meet or exceed applicable guidelines and industry standards. The programs are intended to monitor and raise awareness of various regulatory issues among employees and to emphasize the importance of complying with governmental laws and regulations. As part of the ethics and compliance program, we will provide annual ethics and compliance training to GWest employees and encourage all employees to report any violations to their supervisor, and senior manager.

#### **Environmental Matters**

Health care facilities are subject to laws and regulations from the Ministry of Health and National Environment and Planning Agency (NEPA) and local authorities with ordinances regulating the discharge of materials into the environment. GWest will implement and execute polices and procedures that meet and exceed these standards.

#### Insurance

As is typical in the health care industry, we are subject to claims and legal actions by patients in the ordinary course of business. We intend to maintain professional malpractice liability insurance with unrelated commercial carriers as soon as the Gwest Urgent Care Unit and Gwest Surgery Centre becomes operational. Visiting doctors utilizing our facilities will also be required to provide evidence of malpractice insurance.

We maintain a Commercial All-Risks insurance policy for an aggregate amount of US\$15.5M which covers building loss, loss of rental income, looting, machinery breakdown, accidental damage and burglary subject to usual policy excess limits of rental income The policy comes up for renewal on December 21, 2017.

## **Employees and Medical Staff**

The Company currently has on staff 15 employees, with plans to employ an additional 15 when the Urgent Care and Lab facilities become operational. This will increase incrementally in-line with the demands for services. We consider our employee relations to be good and have not experienced issues that have or will affect our business or results of operations. Most medical facilities are faced with the challenge of employee retention. To address this challenge, we will implement initiatives to improve retention, recruiting, compensation and a productivity incentive program. We will also offer options to our staff to purchase shares in the Company.

The facility is staffed with licensed physicians, including both employed physicians and physicians who are not employees. Some physicians provide services in the GWest Centre under contracts, which generally describe a term of service, provide and establish the duties and obligations of such physicians, require the maintenance of certain performance criteria and fix compensation for such services.

We may be required to continue to enhance wages and benefits to recruit and retain nurses and other medical support personnel or to hire more expensive temporary or contract personnel. As a result, our labour costs could increase.

## **Executive Officers**

As of the date of this Prospectus, our executive officers are as follows:

Name	Position(s)
Dr. Konrad Kirlew	Chairman, Chief Executive Officer
Dr.Witold Radomski and Dr. John McRae	Medical Directors, Urgent Care
Dr. Ken Obenson	Medical Director, Clinical Lab
Dr. Albert Walker	Medical Director, General Practice
Natalie Vidal	Executive Director, HRM
Tracey-Ann Kerr	Clinical and Administrative Services Manager

The Company is in the process of recruiting a CEO and Chief Accountant. It is expected that these positions will be filled by December 2017 at which point Dr. Kirlew will relinquish the position of CEO.

## **Concessionary regime for taxation of Junior Market Companies**

It is assumed that the Company will be approved for listing on the Jamaica Stock Exchange. If so, 100% of profits will be exempted from taxation for five years commencing financial year 2018. For the remaining 5 year period, 50% of profits are exempted from taxation. This is inkeeping with the tax benefits associated with the JSE's Junior Market whereby a listed entity enjoys 10-year tax relief.

#### **Incorporation Details**

The Company was incorporated on December 3, 2007 initially to acquire lands and construct and develop the GWest Centre at Lot 6 Crane Boulevard, Fairview, Montego Bay. The GWest Centre is a multi-use commercial office building primarily designed to offer medical services by the Company and its tenants.

#### **Ordinary Shares**

Section 17(1)(d) of the Transfer Tax Act provides that transfers of ordinary shares made in the ordinary course of business on the JSE will not attract transfer tax. The schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty. On the other hand, off-market transfers of the ordinary shares not made on the JSE attract both transfer tax and stamp duty, the combined rate of which is currently approximately 6%.



Section 30(b)(iii) of The Income Tax Act provides that, as from 1 April 2013 the rate of income tax payable on dividend income received by holders of ordinary shares of companies listed on the Jamaica Stock Exchange is 15%. Such tax is to be withheld at source. On the other hand dividends paid by the Company to Shareholders who are not resident in Jamaica is subject to withholding tax at the rate of  $33^{1}/_{3}$ % if the payment is made to a person other than an individual, or 25% if the payment is made to an individual. Shareholders who are exempt from withholding tax or who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any dividends they may receive than that applicable to residents of Jamaica.

Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Shares of the Company from a professional adviser, and should not rely on the summary set out above.

Details of the Authorised and Issued Share Capital and the Shares in the Invitation.

## **Capital Structure of the Company**

As at the date of this Prospectus and prior to the launch of the Invitation, the authorised and issued Share capital of the Company was as follows:

Authorised Shares:	1,000,000,000
Issued Shares prior to Invitation:	324,848,485

Assuming that the Invitation is successful the number of Shares in issue following the Invitation will be as follows:

Issued Shares prior to Invitation (including Sale Shares)	324,848,485
Add: Maximum to be issued in the Invitation	160,000,000
Total issued Shares after successful Invitation	484,848,485

## **Recent Capital Restructuring**

At an extraordinary general meeting the shareholders of the Company approved the following actions in respect of the capital structure of the Company:

- The re-registration of the Company as a public company in accordance with the Companies Act, adopting new Articles of Incorporation for that purpose
- The increase of the authorized share capital
- The subdivision of each Share
- The disapplication of any pre-emption rights, howsoever arising, for the purposes of the issue of new Shares for subscription in the
- The conversion of all fully paid Shares to stock on issue.

## Shareholdings in the Company Before and After the Invitation

As at the date of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Name of Shareholder	Number of Shares before Opening Date of Invitation	% of Issued Shares before Opening Date of Invitation	
Konrad Kirlew	62,210,449	19.15%	
Karlene McDonnough	6,152,064	1.89%	
Bull Investments	35,374,366	10.89%	
Wayne Gentles	1,538,016	0.47%	
Elva Williams-Richards	30,760,319	9.47%	
Cornwall Medical & Dental	92,280,955	28.41%	
Leyford Doonquah	61,520,637	18.94%	
North coast Imaging	30,760,319	9.47%	
Witold Radomski	4,251,360	1.31%	
Total Issued Share Capital	324,848,485	100.00%	

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by the Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

Name of Shareholder	Number of shares after successful invitation	% of Issued Shares after successful Invitation (rounded)
Konrad Kirlew	62,210,449	12.83%
Karlene McDonnough	6,152,064	1.27%
Bull Investments	35,374,366	7.30%
Wayne Gentles	1,538,016	0.32%
Elva Williams-Richards	30,760,319	6.34%
Cornwall Medical & Dental	82,591,455	17.03%
Leyford Doonquah	61,520,637	12.69%



North coast Imaging	30,760,319	6.34%
Witold Radomski	4,251,360	0.88%
sub-total	315,158,984	65.00%
Public (including Reserved Share applicant)	169,689,500	35.00%
Total Issued Share Capital Following Invitation	484,848,485	100.00%

## **Intellectual Property**

As at the date of this Prospectus, the Company has the following interests in intellectual property:

Intellectual Property	Description
GWEST	Brand name for the company and its medical facilities

## **Real Property**

The Company owns the following units in the GWEST Centre which will be used to operate its businesses or be leased to third parties:

Unit	Occupant	Status	Size (Sq. ft.)	
No.				
1	Cornwall Medical	Leased	2,973.02	Shareholder
2	Cornwall Medical	Leased	2,869.04	Shareholder
4	Northcoast Imaging	Leased	2,025.03	Shareholder
5	Radiology West Limited	Leased	4,428.42	Shareholder
9	Vacant	Available	781.68	
11	Zierlich Dialysis Centre	Leased	2,832.65	
12	Vacant	Available	2,191.98	
13	Vacant	Available	2,324.81	
14	Peak Dental	Lease	1,195.56	
22	Vacant	Available	1,793.93	
23	Vacant	Available	1,644.20	
24	Rose Imperial	Lease	592.77	
25	Kore Contact	Lease	597.83	



28	Vacant	Available	648.32	
31	Vacant	Available	587.61	
32	Vacant	Available	608.81	
34	Bull Investments Limited	Lease	596.33	Shareholder
35	Vacant	Available	598.48	
37	Vacant	Available	1,163.05	
	Total Leased		18,110.65	
	Total Available		12,342.87	

## **Material Contracts**

The following material contracts, entered into in the ordinary course of business, have been entered into by the Company with the following persons ("counterparties") in the 2 years preceding as at the date of this Prospectus:

Date	Counterparty	Amount	Brief Details	
June 10, 2015	Cornwall Medical	US\$114,972 per year	Lease of Units 1 & 2 GWest Centre	
March 10, 2016	Northcoast Imaging	US\$52,913.02 per year	Lease of Unit 4 GWest Centre	
April 24, 2015	Radiology West Limited	US\$128,690.25 per year	Lease of Unit 5 GWest Centre	
March 10, 2016	Zierlich Dialysis Centre	US\$59,485.65 per year	Lease of Unit 11 GWest Centre	
January 2017	Bull Investments Limited	US\$11,927.16 per year	Lease of Unit 34 GWest Centre	
September 30, 2016	JCSD Trusty Services Limited on behalf of investors	US\$122,000 per quarter	Sale and Leaseback of units	
April 16, 2016	Baptist Health International	US\$198,250	Consultancy services in regards to accreditation of GWest Surgery Centre, GWest Laboratory	



August 1, 2017	White Rose Imperial	US\$11,914 per year	Lease of unit 24 GWest Centre
August 27, 2017	Kore Contact	US\$12,016.38 per year	Lease of unit 25 GWest Centre
September, 7 2017	JMMB Securities Limited	3% plus GCT of the amount of the offer or J\$12.73M assuming a successful offer	Financial Advisory Services and Brokerage Services
December 21, 2016	British Caribbean Insurance Brokers	US\$15.5M	Commercial All Risks

The material contracts referred to in this section that are documented arrangements (together with certain other documents) will be available for inspection as described in Section 15.

## Litigation

As at the date of this Prospectus, the Directors of the Company (after due enquiry) are not aware of any litigation or arbitration, nor are the Directors aware of any similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances that may give rise to such proceedings.

## **Dividend Policy**

The Company has not yet declared dividends. However, if the Invitation is fully subscribed by Applicants and the Shares are admitted to listing on the Junior Market, the Board expects to declare and pay not less than 20% of its profits after tax to shareholders in the form of cash dividends, after setting aside amounts for debt servicing and repairs and maintenance reserves. The Board currently expects for dividends to commence in 2018/19 after the construction phases and commencement of operations of the Surgery Centre and the Inpatient Units. The Board may change this dividend policy from time-to-time as a result of changes in the return-on-equity of the Company and liquidity needs (and for this purpose it may wish to retain earnings to take advantage of market opportunities for growth and profitably, or in order to meet the requirements of regulatory policies over time.)

## **Charges Registered Against the Company**

Mortgage in favour of National Commercial Bank to secure \$860 million.

# SECTION 8: DIRECTORS AND SENIOR MANAGERS AND THEIR INTERESTS

## Biographical details of the Board of Directors and the Advisory Board

Brief biographical details of the members of the Board of Directors of the Company appear below. The Directors' addresses are set out in section 14.

## **BOARD OF DIRECTORS**



#### KONRAD KIRLEW CHAIRMAN

Dr. Kirlew has practiced diagnostic radiology for over 20 years in Jamaica and the USA. He is a founder and the majority shareholder of Radiology West Limited and Northcoast Imaging Limited. He is also a director of Image Plus Consultants. He was born in Jamaica and attended high school in Montego Bay. He studied radiography before attending college at the University of Florida. He graduated from Stanford University School of Medicine and completed his diagnostic radiology residency

and neuroradiology fellowship training at the University of California in Los Angeles. He is boardcertified to practice radiology in Jamaica and the United States of America.



#### LEYFORD "LADI" DOONQUAH DIRECTOR

Dr. Doonquah received his dental degree from Howard University in Washington DC. He obtained his medical degree from the University of Alabama Birmingham. He completed his internship in general surgery at the Mayo Clinic in Rochester, Minnesota and residency in Maxillofacial Surgery in Los Angeles, California. He is Board Certified by the American Board of Oral and Maxillofacial Surgery. He is currently a Consultant

Maxillofacial surgeon at UHWI and an associate lecturer in the faculty of Medicine UWI. He is the founder of FOSA Surgical Associates Limited which operates facilities at GWest Centre and Hope Road, St. Andrew.



## DENNIS SAMUELS DIRECTOR

Dennis Samuels is an experienced business owner and Managing Director of Cornwall Medical and Dental Supplies Limited. He possesses over thirty (30) years of comprehensive management skills, and is versatile business professional with a history of successful entrepreneurship. He is happily married to Denise Crichton-Samuels for the past twenty-four (24) years, shares biological son Dennis Samuels Jr, and foster four daughters. His

dedication to organizational citizenship is evident in his involvement in various groups. He is a board member of the Northern Caribbean University and member of the University's Endowment Fund. He is a major contributor to the Mount Carey Educational Evening Institute for the past twelve (12) years, a sponsor of the Jamaica Dental Auxiliary Convention for the past twenty (20) years, and a major contributor in the Mt. Carey Educational Outreach Center. Additionally, he conceptualized the Hart Street "Rise Up" Educational Programme which consists of youth and adult school drop-outs. He also serves as a local elder in his church and is a Justice of the Peace.



#### DENISE CRICHTON-SAMUELS DIRECTOR

Denise Crichton-Samuels is Managing Director of Cornwall Medical and Dental Supplies Ltd and Corn-Med Pharmacy, and a Registered Nurse since 1993. Her experience in Entrepreneurship, Strategic Planning and Leadership span twenty-two (22) years, of effective cost management, establishing strategic mutually beneficial partnerships and relationships with users', vendors and service providers. She is adept at creating strategic alliances with organization leaders to effectively align with and support key

business initiatives. Denise believes in development of our young women, the community and country at large and actively participate in mentorship of four (4) teenage girls. She serves the Local Seventh Day Adventist church in capacities of Health Ministry Assistant Director, Family Life Director, Children's choir Director and Youth Department Sponsor. She also sponsors and coordinate frequent medical & dental community based clinics.



# WAYNE GENTLES DIRECTOR

Mr. Gentles has worked as a chartered accountant for the past 15 years and is currently the Chairman of Bull Investments Limited. Before starting Bull Investments Limited he worked at the Port Authority of Jamaica as Assistant Vice President of Finance for the subsidiaries. He also acquired several years of experience working as an auditor with the Jamaican firms of Deloitte and Touché and Price Waterhouse Coopers.

Mr. Gentles is a graduate of Cornwall College and the University of the West Indies from which he holds a BSc and MSc degrees in Accounting. He is also a director of Pines Imaging Centre Limited and Radiology West Limited.



#### ELVA WILLIAMS-RICHARD DIRECTOR

Mrs. Elva Williams-Richards is a professional who has a wealth of senior management experience, which spans both the public and private sectors. Her areas of expertise include among others, management and financial accounting, audit, operations management, strategic and risk management. She is presently the Senior Vice President, Finance, Corporate Planning, Information Services & Materials Management, at The Port Authority of Jamaica (PAJ).

She is a team oriented individual, possessing excellent analytical, organizational and leadership skills. She has a Master of Business Administration from the University of Liverpool. She is a member of the American Institute of Certified Public Accountants (AICPA), the Association of Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants of Jamaica (ICAJ). Additionally she holds the designation of Certified Public Accountant (CPA).

She serves on several staff-related and social committees and is an active member of the PAJ's sports and social club.



# WAYNE WRAY MENTOR

Mr. Wayne Wray is the company's Mentor for the purposes of the Junior Market Rules, with responsibility for advising it on corporate governance, timely disclosure of information to the market, the implementation of adequate procedures, systems and controls for financial reporting, and compliance generally. He will also act as a Non-Executive Director, Chairman of the Compensation Committee and as a member of the Audit Committee.

He is the founder and director of Wiltshire Consulting & Advisory Limited, which provides investment advisory services to Caribbean and international clients and is licensed by the Financial Services Commission as an investment advisor. Mr. Wray has over 20 years working experience in executive leadership and management positions within the Jamaican and Caribbean banking and financial services industry.

Mr. Wray holds an MBA, International Business, from George Washington University and a BA, in Economics, from George Washington University. He is the Managing Director of 365 Retail Limited, an authorized petroleum dealer and lubricant distributor for Total Jamaica Limited. He serves on the boards of several other private sector companies, two of which are listed on the Junior Market of the Jamaica Stock Exchange. A Justice of the Peace, he is committed to nation building and serves on the Board of several community development organizations.

# **Independent Directors**



#### PETER PEARSON

Mr. Peter Pearson a Chartered Accountant is a retired Partner of PricewaterhouseCoopers Jamaica having served the organization for 39 years with 26 of those as a partner. As an assurance partner his portfolio of clients included companies in hospitality, banking, real estate, government and others. He is presently a director and member of the audit committee of a number of other companies. Peter has been a Justice of Peace since 1988. Peter is a graduate of Cornwall College and the University of the West Indies

from which he holds a BSc. (Management Studies). Peter is a Fellow of the Institute of Chartered Accountants and a Fellow of the Chartered Association of Certified Accountants.





#### **MARK HART**

Mr Hart is the a graduate of the University of Miami where he gained a Bachelor of Science degree in History and Motion Picture Film, and an Executive studies in accounting and planning at the Columbia University of New York

He brings to the position years of experience in the private and public sector. He is a major shareholder a number of success and well recognised family owned private entities, serving in various capacities. He is currently Executive Chairman of Caribbean Producers Jamaica Limited and Chairman of Cargo

Handlers Limited (a company listed on the Jamaica Stock Exchange) and Montego Bay Ice Limited.

He serves as Chairman and Board Member of many leading private and public entities to include Airports, Financial Institutions, Insurance companies as well as many charitable organisations.

## **Directors' and Senior Managers' interest in Ordinary Shares**

The Directors' and Senior Managers' interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus are set out below.

DIRECTOR	No. of shares Before invitation	% Shareholding Before Invitation	No. of Shares After Invitation	% Shareholding After Invitation
Konrad Kirlew	62,210,449	19.15%	62,210,449	12.83%
<b>Connected Party</b> Northcoast Imaging Limited	30,760,319	9.47%	30,760,319	6.34%
Wayne Gentles	1,538,016	0.47%	1,538,016	0.32%
<b>Connected Party</b> Bull Investments Limited	35,374,366	10.89%	35,374,366	7.30%
Elva Williams-Richards	30,760,319	9.47%	30,760,319	6.34%
Leyford Doonquah	61,520,637	18.94%	61,520,637	12.69%



Dennis Samuels	Nil	Nil	Nil	Nil
<b>Connected Party</b> Cornwall Medical & Dental	92,280,955	28.41%	82,591,455	17.03%
Denise Crichton- Samuels	Nil	Nil	Nil	Nil
<b>Connected Party</b> Cornwall Medical & Dental	92,280,955	28.41%	82,591,455	17.03%
Peter Pearson	Nil	Nil	100,000	0.02%
Mark Hart	Nil	Nil	Nil	Nil
Wayne Wray	Nil	Nil	500,000	0.10%

## **Corporate Governance and Accountability**

The Board of Directors of the Company gives policy directives and strategic guidance and management oversight which ensures the Company's sustained growth and profitability. All so that the highest standards of governance are maintained in the discharge of its responsibilities, whilst creating value for its stakeholders.

## **BOARD COMMITTEES**

The Board assigns responsibilities to Board Committees to provide direction on specific strategic initiatives and to effectively execute and strengthen its governance function. Each Committee is guided by a Terms of Reference which outlines its roles and duties. The foremost is to review and monitor policies requiring guidance and ratification of the Board of directors. The Board acts on the recommendations of the Committees following their review and advice on proposals submitted Management.

The Committees enhance the decision-making process of the Board and facilitate the efficient flow of information and implementation of policies between the Board and Management.

The Board has established an Audit and Compliance Committee and a Finance and Compensation Committee. An Audit committee and a Compensation committee are both required under the



Junior Market Rules. The members of each Committee include at least 2 independent non executive Directors, and are as follows:

BOARD COMMITTEES	TERMS OF REFERENCE
Audit and Compliance Committee Peter Pearson – Chairman/Elva Williams	Advises the Board on:
Richards/ /Wayne Wray/Wayne Gentles/ Mark Hart	<ul> <li>Practices and procedures which will promote productivity as well as the quality and volume of service. The extent to which the objectives of the Company are being achieved.</li> <li>The adequacy, efficiency and effectiveness of the accounting and internal controls of the Authority.</li> <li>Reviews the Audited financial statements and recommends to the Board for approval.</li> </ul>
Finance & Compensation Committee	• Makes recommendations to the Board on matters of finance and accounting in general.
Peter Pearson, Mark Hart, Ladi Doonquah, Dennis Samuels	<ul> <li>Highlights any perceived weaknesses in the accounting and financial system, with suitable recommendations to strengthen the system.</li> <li>Reviews management proposals and makes recommendations to the Board on financial management policies and strategies</li> <li>Oversight of the remuneration of directors, officers and employees of the Company</li> </ul>



The Projects Committee monitors: **Project & Maintenance Committee** Konrad Kirlew, Leyford Doonguah, The implementation of build out of the facilities - Surgery Centre and Inpatient Care Dennis Samuels, Wayne Gentles and Mark Hart Unit. Monitors the in-house procedural framework relating to contractual engagements and makes recommendations on adjustment mechanisms to facilitate speedier and cost efficient implementation of the project. Maintenance of the Facilities and Equipment - ensure preventative maintenance (PM) standards are maintained and in compliance with best practice/manufactures specification.

## **EXECUTIVE COMPENSATION**

The compensation arrangements are expected to reflect market rates having regard to the relevant individuals experience and skills. The arrangements will be subject to the review and approvals of the Finance & Compensation Committee.

## **DIRECTORS FEES**

Each Director shall receive fees in amounts that are to be approved by the Finance & Compensation Committee referred to above, inclusive of reimbursement of reasonable fees and expenses for attendance at each meeting of the Board of the Company, or any Committee thereof.

# SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

## **GENERAL ASSUMPTIONS FINANCIAL PROJECTIONS**

The following information and tables below shows the Unaudited Financial Projections of the Company for the financial years ending March 31 2018-2026. The Unaudited Financial Projections are based on certain assumptions as detailed below which the Directors and Selling Shareholders of the Company considers to be reasonable.

Investors are also strongly encouraged to make their own assessment of the Unaudited Financial Projections and the assumptions underpinning them, seeking professional advice as required, before deciding whether to make an Application for Shares in the invitation.

#### Unaudited Financial Projections March 31, 2018 – 2026

#### Financial projections are based on the following assumptions:

The principal activities of the Company are the management and leasing of real estate and the provision of medical services. The Medical services collectively referred to as GWEST Medical (health services), will comprise the following services:

- an Urgent Care Centre;
- an In-patient Unit;
- a Clinical Laboratory; and
- a General Practice unit.
- an Outpatient Surgery Centre (which will be operated as a separate legal entity for accreditation purposes)

The financial projections presently incorporate:

- the operations of the medical services business units
- the leasing of owned real estate at the GWEST Centre,
- interest income from surplus cash
- share of net results from GWEST Surgery Center Limited.

The management of the GWEST Centre is carried out by a separately incorporated strata corporation, the results of which are not included in these projections.



In addition to the above, the financial projections are prepared on the basis that GWEST will be publicly-listed on the Jamaica Stock Exchange's Junior Market during the financial year 2018 and thus benefit from the tax concessions applicable to Junior Market companies.

## Significant developments to date

Since incorporation in 2007, the Company has accomplished a number of major milestones during the financial years 2015/16 to 2016/17 including:

- Completion of construction of the GWEST Centre, a professional and medical services complex of approximately 62,000 square feet. ("ft<sup>2</sup>"), located in Fairview, Montego Bay,
- The Company has entered into contracts for sale or lease for approximately 78% of available space including the space sold to JCSDTS on behalf of a group of investors under a sale and leaseback arrangement;
- Approximately 17,000 ft<sup>2</sup> of space was sold to NCBCM realising gross proceeds of US\$4.3 million. \$510 million of the proceeds from sale of the units was used to pay down our construction loan with the National Commercial Bank of Jamaica Limited ("NCB"). The remaining loan balance of J\$350 million has been converted to a 8 year term loan repayable in quarterly installments which commenced in April 2017.
- Completed build out of the GWEST General Practice, which commenced operations in June 2017.
- Substantially completed the build out of the GWEST Urgent Care and GWEST Laboratory. These are expected to be operational by the end of December 2017.

The proceeds of this IPO will facilitate the build-out of the remaining medical facilties, the GWEST Inpatient Unit and the GWEST Surgery Centre.

## **UNAUDITED FINANCIAL PROJECTIONS YEAR 2018-2025**

## **GWEST CORPORATION PROJECTED INCOME STATEMENT**

#### **Revenues:**

INCOME STATEMENT	FOR THE YEARS	ENDINGMARCH 2018 - 2026

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
J\$000	Notes	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net gain on sale of units	2	5.020	0	0	0	0	0	0	0	0
Lease income	3	48,418	74.022	86,048	88.598	91,234	93,958	98,708	99,543	102,489
Other income	4	18,292	18.657	19.031	19,411	19,799	20,195	20,599	21.011	21,432
Medical services	5	86,392	710.646	1.083.062	1,159,948	1,241,597	1.322.061	1,408,811	1.500.717	1,601,555
Total income		158,122	803,325	1,188,141	1,267,958	1,352,631	1,438,214	1,528,118	1,621,271	1,725,458
Expenses										
Advertising and Promotion		294	2,483	3,761	4,080	4,423	4,658	4,911	5,160	5,433
Accounting and audit fees		1,517	1,593	1,673	1,756	1,844	1,938	2,033	2,135	2,242
Directors' fees	6	5,952	6,250	6,562	6,890	7,235	7,596	7,976	8,375	8,794
Utilities		3,546	26,373	40,182	43,391	47,326	50,637	54,253	58,092	62,330
Insurance expense		847	10,834	17,959	19,069	20,218	21,263	22,342	23,463	24,664
Lease expense	7	58,815	57,988	59,993	62,693	65,522	68,484	71,540	74,737	78,083
Maintenance	8	18,220	20,340	22,370	23,434	24,463	25,431	26,432	27,452	28,538
Medical supplies	9	2,419	27,828	45,591	48,291	51,090	53,993	57,014	60,229	63,698
Professional fees		2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955
Salaries and wages	10	81,374	262,860	333,231	353,321	371,001	389,532	409,336	429,443	450,870
Other expenses	11	15,175	103,296	161,164	172,411	184,724	197,553	211,378	228,281	242,646
		187,959	521,942	694,691	737,650	780,276	823,636	869,894	918,163	970,250
Operating (Loss)/Earnings before Income,										
Taxes, Depr. & Amort.		(29,836)	281,384	493,450	530,308	572,355	612,578	656,222	703,107	755,206
Depreciation and amortisation		(26,931)	(38,571)	(36,571)	(36,571)	(37,059)	(38,218)	(37,997)	(37,997)	(37,997)
Earnings before Interest and Taxes		(56,767)	244,813	456,879	493,737	535,295	574,360	618,225	665,110	717,209
Net finance income/(costs)		(53,875)	(78,509)	(66,406)	(59,110)	(21,110)	11,784	49,881	75,891	112,905
(Losses)/Profit before Taxation	1508	(110,642)	166,303	390,473	434,627	514,185	588,145	668,106	741,001	830,113
Taxation	12	(80)	(485)	(1,961)	(2,571)	(2,947)	(35,821)	(42,014)	(47,755)	(54,470)
Net (Loss)/Profit after Taxation		(110,702)	165,818	388,512	432,055	511,238	550,324	626,092	693,247	775,843

## **Income from Medical Services**

The medical services businesses will commence operation in phases.

Revenues for 2018 are projected at J\$86 million. However, within the first full year of operations for all the facilities, revenues are projected to be J\$711 million and increasing to J\$1.2 billion by the fifth year.

## **GWest General Practitioner and Specialist Suite**

GWest General Practitioner and Specialist Suite commenced operations in June 2017 and so far the revenues are in line with projections

#### **GWest Urgent Care Centre**

The Gwest Urgent Care Centre is practically completed and will be opened by mid-November 2017. The Company will earn revenue based on consultation charges to patients. It will employ salaried physicians with productivity incentives, as well as nursing and administrative staff.

In the first year of operation, this facility will operate under two shifts: normal hours – 8am to 5pm and after-hours - 5:00 p.m. to 11 p.m. The GWest Urgent Care Centre will be a 24 hour facility by the second year of operations. While it is expected that the main source of patients will be locals residing in Western Jamaica, it is assumed that the facility will also benefit from overseas patients including tourists/hotels.

It is estimated that in the first year of operations there will be an average of 55 visits on a daily basis. This is projected to increase by 51% in the second year, 30% in the third year and then 14% by the fourth year. By the fifth year the growth rate is assumed to be stablised at 5% per annum. The growth rate for this line of business is based on the expectation that major developments are being planned for the region, with resulting impact on the population, including the migration of persons from other parishes to St. James for work.

Such developments include Karisma Hotels & Resorts announcement in October 2015 to build-out 4,000 rooms in Jamaica over the next eight to ten years, the opening of new BPO facilities in the Montego Bay and other major infrastructure works including expansion of the road-ways. Gore Development Limited's five phase Bogue Village Housing Project will result in 1,600 residential units and the recent agreement between the University of the West Indies ("UWI") and Barnett Limited will result in the build out of UWI's western campus along with 1,300 housing units.

The consultation fees for all types of visits are assumed to increase by 5% annually commencing 2020. It is also assumed that 10% of patients will purchase ancillary items during their stay.

#### **Gwest Laboratory**

Gwest Laboratory will be operational by December 2017 providing laboratory information and services needed for the diagnosis and treatment of disease. Initially, this will include haematology and chemistry services. The facility will be opened for business six days per week with oncall support after hours. Services will be charged based on the type of tests conducted. It is estimated that the clinical laboratory will carry out approximately 35,000 tests within the first full year of operations, increasing by 10% annually for the next three years and then growing at a stable rate of 5% per annum thereafter. It is further estimated that tests for Complete Blood Count ("CBC") and Electrolytes will make up the majority of tests conducted, approximately 53% of total annual tests. In addition to the provision of lab and testing services to physicians, the Clinical Laboratory will support the GWest Surgical and GWest Urgent Care Centres through the storing and supplying of thawed fresh frozen plasma, cryoprecipitate and platelet units as needed. The facility will be operated by a Medical Manager and supported by two Medical Technologists and three Phlebotomists. The charge for the various tests are assumed to increase by 5% annually commencing 2019.

#### **GWest In-patient Unit**

The facilities for GWest Inpatient Unit will be built-out from the proceeds of the IPO with operations targeted to commence by September 2018. It is projected that the bed occupancy will be 50% in the first year of operation, increasing to 75% in the 3rd year. According to data compiled by the Statistical Institute of Jamaica, the utilisation of state care facilities revealed that bed occupancy was 73% in 2013. As such, this is an indication that a demand for beds exists unless there is a significant expansion of public sector facilities within the short term.

Room rates will increase by inflation annually by 5% starting in year 2 of full operations.

## **GWest Surgery Centre**

The facilities for GWest Surgery Centre will be built-out from the proceeds of the IPO with operations targeted to commence by September 2018. To pursue the accreditation by JCI, GWest Surgery Centre Limited will be incorporated in St. Lucia as a separate legal entity. This will facilitate GWest Surgery Centre being able to sign contracts with international health insurers to accept health insurance from residents of USA and Canada who will use the services of GWest Surgery Centre. This includes leisure and medical tourists and returning residents from the diaspora. The Surgery Centre will undertake both surgical and non-surgical cases. It is estimated that in the first year of operations, the surgery centre will perform an average of 63 cases per week, increasing to 93 cases per week in the second year, 118 cases per week in the third year and remaining constant at 123 cases per week thereafter.

#### **Lease Income**

Lease income which will be earned from the 30,453.92 square feet of space the Company owns in the GWEST Centre. The Company also leases 8,772.98 square feet of space from NCBCM which will be sub-leased to the GWest Surgery Centre. The lease and sub-lease are at the same rate and thus represents a net effect of \$0 on its profits. Of this amount 18,111.05 square feet is currently rented, and 12,342.87 square feet is available for lease and projected to be leased within the next 12 months. The current lease contracts are in USD, with rates ranging from US\$20 to US\$22 per square feet, with annual increase of 0.5% payable in U\$ or J\$ at exchange rates on the date of payment. Lease terms range from 3 to 7 year periods. It is anticipated that the leases will be renewed on their expiration, this is on the basis that the cost to start up and build out of medical facilities is expensive and the capital recovery period is usually up to 15 years.

## **Operating Expenses**

Operating expenses have been based on international benchmark ratios. The main operating expenses are expected to include the staff-related expenses such as technical staff, nurses and administration as well as building and equipment maintenance and recoverables.

#### Lease expense

Lease expense relates to amounts payable to JCSDTS on behalf of a group of investors for certain units sold under a Sale and Leaseback agreement. The Company is required to pay to JCSDTS on behalf of a group of investors, US\$122,000 per quarter during the term of the arrangement.

#### **Maintenance fees**

Amounts projected for 2018 and 2019 relate to maintenance charge that will be undertaken during the build-out of phase of its medical facilities. We expect that these amounts will be repaid within the first year of operations.

#### **General expenses**

Other expenses comprise of accounting and auditing fees, utilities, directors' fees, professional fees, salaries and wages and others. All these expenses relate to the general administration activities of the Company.

## **Change in Fair Value of Investment Property**

The Company believes that the GWest Centre will appreciate in value. With occupancy levels expected to increase coupled with an increased interest for real estate in the Fair View area, it is anticipated that the building will appreciate in value by 2% per annum.

#### Years 2014 to 2016 Review

Construction of the GWest Centre commenced in June 2014 and practical completion was achieved end of January 2016. The project was financed by a construction loan from National Commercial Bank Jamaica Limited ("NCB") of J\$860 million and shareholders' loans amounting to J\$467 million at the end of financial year 2016.

## Year 2017 Review

During financial year 2017, the Company commenced operation of the Centre. This included acceptance of the practical completion of the building, working with contractors to achieve completion in July 2016, and facilitating tenants and owners of spaces in the Centre to complete build-out and commencement of their operations. The directors also commenced the building-out of the medical facilities and the employment of key operating staff, to include a building maintenance manager, and 3 maintenance staff, an administrative assistant and an accounting clerk.

Further actions taken by the Directors of the Company in preparation of operations include:

• The formation of a Strata Corporation to manage the maintenance and upkeep of the building; and



• The reorganization of the GWest Group for the operations of medical-related services earmarked to commence operations in financial year 2017/18 to 2018/2019.

The following are key financial data extracted from the audited financial statements for the year ended March 2013 to 2017.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Gwest Corporation Limited

Audited Statement of Profit or Loss and Other Comprehensive Income

Five Years Ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Revenue	1,008,834	-	-	-	-
Cost of Sales	(838,095)	-	-	-	-
	170,739	-	-	-	-
Change in fair value of investment property	-	-	1,659	3,367	30,734
Interest Income	429	820	503	-	-
Other gains or losses	192,244	329	-	-	-
Administrative Expenses	(15,502)	-	(534)	(672)	(161)
Other operating expenses	(36,878)	(1,117)	-	-	-
Finance Costs	(134,699)	-	-	-	-
Profit before taxation	176,333	32	1,628	2,695	30,573
Taxation	4,251	(62)	(267)	(422)	(3,841)
NET PROFIT (LOSS)	180,584	(30)	1,361	2,273	26,732
Other Comprehensive Income			·	·	
Gain on revaluation of property	55,204	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	235,788	(30)	1,361	2,273	26,732

## **Total Income**

At year end March 2017, total income earned was J\$1.0 billion comprising sale of owned space for J\$950 million (realizing a gain of J\$132.4 million) and lease rental income of J\$58.7 million. Other gains or losses comprise fair value gains of J\$204.8 million (less foreign exchange losses of J\$12.6 million) due to the revaluation of the available for sale/lease spaces in the GWest Centre, classified as Investment Property. As required by International Financing Reporting Standards (IFRS), the available for sale/lease spaces in GWest Centre, classified as Investment Property were valued in January 2017 by chartered professional valuator Allison Pitter.

## Expenses

Cost of sales J\$838.1 million is the construction cost for the units sold. Total operating expenses for the year comprise:

- administration expenses of \$15.5 million including salaries and wages, directors fees, utilities, security and general overhead.
- Other operating expenses of \$36.9 million which include property expenses and accounting and professional fees.



#### **Finance Cost**

Finance cost of \$134.7 million includes interest charges of \$84.2 million on NCB \$860 million construction loan and shareholders loan interest of \$50.4 million.

# **STATEMENT OF FINANCIAL POSITION**

Balance Sheet	EXTRACT AUDITED FINANCIAL STATEMENT MARCH 31							
J\$'000	2013	2014	2015	2016	2017			
Non-current assets	148,583	221,304	1,138,755	1,653,952	1,259,797			
Current assets	3,298	1,802	74,565	119,113	179,812			
Total assets	151,881	223,106	1,213,320	1,773,065	1,439,609			
Shareholders' equity	26,219	28,492	29,853	29,823	315,611			
Non-current liabilities	124,724	189,741	879,685	471,383	867,371			
Current liabilities	938	4,873	303,782	1,271,859	256,627			
Total shareholders' equity and liabilities	151,881	223,106	1,213,320	1,773,065	1,439,609			

## **Total Assets**

Total assets as at March 31, 2017 of \$1.44 billion comprises non-current assets of \$1.26 billion and current assets of \$180 million. A net reduction of \$301.34 million when compared to \$1.77 billion at March 31, 2016. The following is a summary of the components of total assets.

#### i. Total Non-Current Assets \$1.26 billion

Total non-current assets of \$1.26 billion includes \$928 million for available for sale/lease space classified as investment property; and \$324 million of space for own-use and equipment now classified as property and equipment. When compared to \$1.65 billion at March 31, 2016, there was a reduction of \$390 million due primarily to the sale of units during the year.

## Total current assets \$180 million

Total current assets of \$180 million, increased by net \$61 million compared to March 31, 2016 and comprised:

- receivables of J\$95 million of which J\$60 million is security deposit refundable, J\$15 million due from GWest Strata Corporation and prepayments and other receivables J\$20 million
- cash and short term deposit of \$84 million, which includes \$42 million (US\$328,125) as debt service reserves which represents 6 months interest payment on NCB Loan and is not available for operational use.

## Total Equity and Liability \$1.44 billion

Total equity and liabilities of J\$1.44 billion comprises of non-current liabilities of J\$867 million and current liabilities of J\$257 million and shareholders' equity of J\$316 million.

## Liabilities

Total liabilities includes:

- NCB loan of \$350 million, payable in 8 years with a fixed interest rate of 11.5%, quarterly repayment commencing April 2017.
- Security bond payment due to the main project contractor ZDA \$95 million
- taxation payable of \$4.4 million
- Shareholders loan of \$516 million. Shareholders loans are subordinated to the NCB loan and other 3<sup>rd</sup> party payments.

## UNAUDITED FINANCIAL INFORMATION INTERIM FINANCIAL STATEMENTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2017

#### Revenue

The breakdown of revenues for the six months ended 30 September 2017 are as follows.

	Sept 2017	Sept 2016
Lease	35,915	25,929
Sale of real estate	-	320,407
Misc Revenue	1,093	507
Income from Medical Operations	3,960	-
Total	40,968	346,282

The GWest General Practice and Specialist Suite unit opened during the first week in June 2017 and revenues of \$3.96M were generated in the first 4 month of operations. Lease income grew year over year by 38.50%.

#### **Expenses**

Finance cost reduced by 70% for the 6 months period compared to similar period in 2016 due to the significant reduction in the NCB loan. There was also a moratorium of one year given on the finance cost for the shareholders loan.

## **Net Profit/(Loss)**

For the six months ending September 2017 the company recorded a loss of \$29.08M compared to a loss of \$20.69M for the corresponding period in 2016. The loss was due primarily to the slowdown in sales of units as the Company focused its attention on building out its medical services businesses and leasing the remaining units that it owns.

Revenues and profits are expected to increase going forward as more of the medical services units come on stream and occupancy rates for owned space

#### **Balance sheet**

There was significant improvement in shareholders equity compared to similar period in 2016. Shareholder's equity increased from \$12M to \$286M, main contributing factor being revaluation of investments property and gain from the sale of investment properties during the period. There was a significant reduction in non-current liabilities which moved from \$1.194 billion as at September 2016 to \$893 million as at September 2017. This was due to the paydown of \$330M of the NCB construction loan.

Overall there is expected to be significant improvements in the Company's financial performance going forward more operating units are completed. The GWest Urgent Care unit commenced operations during the first week of November 2017 and the GWest Laboratory is expected to commence operations during the first week of January 2018. There is also projected increase in the occupancy of units in the GWest centre which will generate an increase in lease income.

ressed in Jamaican dollars unless otherwise indicated)			
	Unaudited	Unaudited	Audited
	September	September	March
	2017 <b>\$'000</b>	2016 <b>\$'000</b>	2017 <b>\$'000</b>
Revenue	40.968	346,282	1,008,83
Cost of Sales	(25,315)	(272,346)	(838,09
	15,653	73,936	170,73
Change in fair value of investment property	-	-	
Interest Income	5	258	42
Other gains or losses	1,042	(10,122)	192,24
Administrative Expenses	(10,260)	(7,643)	(15,50
Other operating expenses	(12,945)	(2,916)	(36,87
Finance Costs	(22,574)	(74,207)	(134,69
Profit before taxation	(29,079)	(20,694)	176,33
Taxation	-	-	4,25
NET PROFIT (LOSS)	(29,079)	(20,694)	180,58
Other Comprehensive Income			
Gain on revaluation of property	-	-	55,20
TOTAL COMPREHENSIVE INCOME	(29,079)	(20,694)	235,78



Gwest Corporation Limited			
Unaudited Statement of Financial Position			
As at 30 September 2017			
(expressed in Jamaican dollars unless otherwise indicated)			
	Unaudited	Unaudited	Audited
	September	September	March
	2017	2016	2017
	\$'000	\$'000	\$'000
ASSETS			
Non-Current Assets			
Land and Development Costs	3,395	3,395	3,395
Property and Equipment	360,085	9,729	323,699
Investment Property	927,981	1,389,348	927,957
Deferred Tax Asset	4,746	-	4,746
Total non-current assets	1,296,207	1,402,472	1,259,797
Current Assets			
Receivables	96,301	59,880	95,440
Tax recoverable	-	-	-
Prepaid Expenses	-	-	-
Short term deposits	42,000	29,553	42,004
Cash and bank balances	1,178	30,970	42,368
Total current assets	139,479	120,403	179,812
Total Assets	1,435,686	1,522,875	1,439,609
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	50,000	_	50,000
Property revaluation reserve	55,204	_	55,204
Retained Earnings	181,318	12,058	210,407
Total Shareholders' Equity	286,522	12,058	315,611
	,	,	
Non-current Liabilities			
Borrowings - shareholders' loans	565,144	530,857	516,197
Borrowings - others	328,162	658,300	351,174
Deferred Tax Liability	-	4,470	-
Total Non-currrent Liabilities	893,306	1,193,627	867,371
Current Liabilities			
Borrowings	59,906	47,600	43,750
Owed to related parties	25,248	42,355	9,263
Trade and other payables	166,217	227,235	199,127
Taxation payable	4,487	-	4,487
Total Current Liabilities	255,858	317,190	256,627
Total Equity and Liabilities	1,435,686	1,522,875	1,439,609
•			

## Gwest Corporation Limited

Unaudited Statement of Changes in Equity **Six Months Period ended 30 September 2017** 

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Property Revaluation	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 31 March 2016	-	-	29,823	29,823
Property Valuation gain adjusted			2,929	2,923
Total comprehensive Income for the period		-	(20,694)	(20,694
Balance as at 30 September 2016	-	-	12,058	12,052
Balance as at 31 March 2017	50,000	55,204	210,407	- 315,611
Property Valuation gain adjusted			(10)	(10
Total comprehensive Income for the period		-	(29,079)	(29,079
Balance as at 30 September 2017	50,000	55,204	181,318	286,522

#### Gwest Corporation Limited

Unaudited Statement of Cash Flows Six months period ended 30 Sepember 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited September 2017	Unaudited September 2016	Audited <b>March</b> 2017
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES	φ 000	ψ 000	Ψ 000
Net Profit (Loss)	-29,079	-20,694	180,584
Adjustments for:	20,010	20,004	100,001
Depreciation of Property and Equipment	463	0	982
Fair value gain on revalution of investment property	0	0	(204,796
Land and development costs of completed units	247,115	272,346	736,755
Interest payable converted to ordinary shares	0	0	(50,000
Foreign exchange rate movement	-1,042	10,122	12,552
Interest income	-5	-258	(429
Interst expense	22,574	72,206	134,698
Taxation	0	0	(4,251
	240,026	333,722	806,095
Increase in receivables/prepayments	-36,421	-69,038	(71,237
Decrease (Increase) prepaid expenses			-
(Decrease) Increase in payables	-36,706	-69,303	(151,562
Cash generated by operations	166,899	195,381	583,296
Interest paid	-20,291	-45,978	(64,439
Income tax paid	0	0	(158
Cash provided by operating activities	146,608	149,403	518,699
INVESTING ACIVITIES			
Interest received	0	0	432
Land and development costs	111,011	-190,682	(78,835
Cash provided by (used in) investing activities	111,011	(190,682)	(78,403
FINANCING ACTIVITIES			
Interest converted to ordinary share capital	50,000	0	50,000
Bank borrowings (repaid) received	-330,138	-112,700	(510,000
Loans from third parties (net)	12,306	47,600	24,375
Loans from shareholders	34,287	165,387	41,793
Advances (from) to related parties	-17,107	-42,118	(44,648
ZDA Construction Retention	0	-47,749	-
ZDA performance bond repaid	-24,312	7,014	(12,803
Cash flows from financing activities	(274,964)	17,434	(451,283
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-17,345	-23,845	(10,987
Effects of foreign exchange rates	0	0	775
OPENNG CASH AND CASH EQUIVALENTS	60,523	84,368	94,580
CLOSING CASH AND CASH EQUIVALENTS	43,178	60,523	84,368

# SECTION 10: AUDITED FINANCIAL INFORMATION



**Chartered Accountants** 

Suite 110 City Centre Building P.O. Box 60, Montego Bay Jamaica, W.I. Tel: 876 952 4713- 4 Fax 876 979 0246

> 7 West Avenue P.O. Box 13, Kingston 4 Jamaica, W.I. Tel: 876 922 6825 Fax 876 922 7673

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

GWEST CORPORATION LIMITED

#### Report on the summary financial statements

The accompanying summary financial statements, on Page 72 to 74 of the prospectus, which comprise the statement of financial position as at March 31, 2013, 2014, 2015, 2016 and 2017 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended were derived from the audited financial statements of GWest Corporation Limited for the years ended March 31, 2013, 2014, 2015, 2016 and 2017. We expressed unmodified audit opinions on the financial statements in our reports dated as below:

- Year ended March 31, 2013 January 27, 2014
- Year ended March 31, 2014 May 12, 2015
- Year ended March 31, 2015 January 14, 2016
- Year ended March 31, 2016 March 2, 2017
- Year ended March 31, 2017 October 26, 2017

These financial statements, and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the primary statements and disclosures required by International Financial Reporting Standards applied in the preparation of the full set of financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of GWest Corporation Limited.

#### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of summary of the audited financial statements in accordance with the requirements of Section 42 of the Jamaican Companies Act, as modified by the inclusion of the statement of changes in equity and the statement of cash flows.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements'.

Partners: Fagan E. Calvert, Audley L. Gordon

CalvertGordon Associates

#### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of GWest Corporation Limited for the years ended March 31, 2013, 2014, 2015, 2016 and 2017 are consistent, in all material respects, with those financial statements, in accordance with the requirements of Section 42 of the Jamaican Companies Act, as modified by the inclusion of the statement of changes in equity and statement of cash flows.

Calvertborden Associates

Chartered Accountants Montego Bay, Jamaica November 29, 2017

#### **Gwest Corporation Limited**

Audited Statement of changes in Financial Position

Five Years Ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-Current Assets					
Land and Development Costs	3,395	1,653,952	1,138,755	221,304	148,583
Property and Equipment	323,699	-	-	-	-
Investment Property	927,957	-	-	-	-
Deferred Tax Asset	4,746	-	-	-	-
Total non-current assets	1,259,797	1,653,952	1,138,755	221,304	148,583
Current Assets					
Receivables	95,440	24,203	-	-	-
Tax recoverable	-	323	113	-	-
Prepaid Expenses	-	-	-	94	-
Short term deposits	42,004	28,203	43,674	-	-
cash and bank balances	42,368	66,384	30,778	1,708	3,298
Total current assets	179,812	119,113	74,565	1,802	3,298
Total Assets	1,439,609	1,773,065	1,213,320	223,106	151,881
EQUITY AND LIABILITIES Shareholders' Equity					
Share Capital	50,000	-	-	-	-
Property revaluation reserve	55,204	-	-	-	-
Retained Earnings	210,407	29,823	29,853	28,492	26,219
Total Shareholders' Equity	315,611	29,823	29,853	28,492	26,219
Non-current Liabilities					
Borrowings - shareholders' loans	516,197	466,911	299,026	185,478	120,883
Borrowings - others	351,174	-	576,189	-	-
Deferred Tax Liability	-	4,472	4,470	4,263	3,841
Total Non-currrent Liabilities	867,371	471,383	879,685	189,741	124,724
Current Liabilities					
Borrowings	43,750	860,283	-	-	-
Owed to related parties	9,263	53,911	52,643	259	-
Trade and other payables	199,127	357,665	251,139	4,614	938
Taxation payable	4,487		-	-	-
Total Current Liabilities	256,627	1,271,859	303,782	4,873	938
Total Equity and Liabilities	1,439,609	1,773,065	1,213,320	223,106	151,881

## Gwest Corporation Limited

Audited Statement of Profit or Loss and Other Comprehensive Income

## Five Years Ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2017	2016	2015	2014	2013
\$'000	\$'000	\$'000	\$'000	\$'000
1,008,834	-	-	-	-
(838,095)	-	-	-	-
170,739	-	-	-	-
-	-	1,659	3,367	30,734
429	820	503	-	-
192,244	329	-	-	-
(15,502)	-	(534)	(672)	(161)
(36,878)	(1,117)	-	-	-
(134,699)	-	-	-	-
176,333	32	1,628	2,695	30,573
4,251	(62)	(267)	(422)	(3,841)
180,584	(30)	1,361	2,273	26,732
55,204	-	-	-	-
235,788	(30)	1,361	2,273	26,732
	\$'000 1,008,834 (838,095) 170,739 - 429 192,244 (15,502) (36,878) (134,699) 176,333 4,251 180,584 55,204	\$'000       \$'000         1,008,834       -         (838,095)       -         170,739       -         -       -         429       820         192,244       329         (15,502)       -         (36,878)       (1,117)         (134,699)       -         4,251       (62)         180,584       (30)	\$'000       \$'000       \$'000         1,008,834       -       -         (838,095)       -       -         170,739       -       -         -       -       1,659         429       820       503         192,244       329       -         (15,502)       -       (534)         (36,878)       (1,117)       -         (134,699)       -       -         4,251       (62)       (267)         180,584       (30)       1,361	\$'000\$'000\$'000\$'000 $1,008,834$ $(838,095)$ $170,739$ $1,659$ $3,367$ $429$ $820$ $503$ - $192,244$ $329$ $(15,502)$ - $(534)$ $(672)$ $(36,878)$ $(1,117)$ $(134,699)$ $176,333$ <b>32</b> $1,628$ $2,695$ $4,251$ $(62)$ $(267)$ $(422)$ $180,584$ $(30)$ $1,361$ $2,273$ $55,204$

#### **Gwest Corporation Limited**

Audited Statement of Changes in Equity Five Years Ended 31 March 2017 (expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Property Revaluation	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at april 1, 2012	-	-	(513)	(513)
Net Profit and Total comprehensive income for the				
year	-	-	26,732	26,732
Balance at March 31, 2013	-	-	26,219	26,219
Net Profit and Total comprehensive income for the				
year	-	-	2,273	2,273
Balance at March 31, 2014	-	-	28,492	28,492
Net Loss and Total comprehensive income for the				
year		-	1,361	1,361
Balance at March 31, 2015	-	-	29,853	29,853
Net Loss and Total comprehensive income for the				
year		-	(30)	(30)
Balance at March 31, 2016	-	-	29,823	29,823
Property revaluation gain	-	55,204	-	55,204
Net Profit for the year	-	-	180,584	180,584
Total Comprehensive income for the year	-	55,204	180,584	235,788
Share Capital Contributions	50,000	-	-	50,000
Balance at March 31, 2017	50,000	55,204	210,407	315,611

**Gwest Corporation Limited** 

Audited Statement of Cash Flows

Five Years Ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES	<b>\$ 000</b>	<b>\$</b> 000	<b>\$ 000</b>	φ 000	φ 000
Net Profit (Loss)	180,584	(30)	1,361	2,273	26,732
Adjustments for:	100,001	(50)	1,001	2,275	20,752
Depreciation of Property and Equipment	982	-	-	-	-
Fair value gain on revalution of investment property	(204,796)	(17)	(1,659)	(3,367)	(30,734)
Land and development costs of completed units	736,755	-	-	-	-
Interest payable converted to ordinary shares	(50,000)	-	-	-	-
Foreign exchange rate movement	12,552	(312)	(1)	(1)	(1)
Interest income	(429)	(820)	(503)	-	-
Interst expense	134,698	-	-	-	-
Taxation	(4,251)	62	267	422	3,841
	806,095	(1,117)	(535)	(673)	(162)
Increase in receivables/prepayments	(71,237)	(24,203)	-	-	-
Decrease (Increase) prepaid expenses	(* )* - *)	-	94	(94)	-
(Decrease) Increase in payables	(151,562)	106,526	246,525	3,676	209
Cash generated by operations	583,296	81,206	246,084	2,909	47
Interest paid	(64,439)	-	-	-	_
Income tax paid	(158)	(270)	(173)	-	-
Cash provided by operating activities	518,699	80,936	245,911	2,909	47
INVESTING ACIVITIES		,	,	,	
Interest received	432	813	503	-	-
Land and development costs	(78,835)	(500,625)	(859,013)	(51,774)	(43,538)
Cash provided by (used in) investing activities	(78,403)	(499,812)	(858,510)	(51,774)	(43,538)
FINANCING ACTIVITIES		<u> </u>			
Interest converted to ordinary share capital	50,000	-	-	-	-
Bank borrowings (repaid) received	(510,000)	284,000	576,000	-	-
Loans from third parties (net)	24,375	-	-	-	-
Loans from shareholders	41,793	161,503	109,458	47,015	54,922
Advances (from) to related parties	(44,648)	(6,811)	(116)	259	-
Exchange Adjustment	-	-	-	-	(8,337)
ZDA performance bond repaid	(12,803)	-	-	-	-
Cash flows from financing activities	(451,283)	438,692	685,342	47,274	46,585
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,987)	19,816	72,743	(1,591)	3,094
Effects of foreign exchange rates	775	312	1	1	1
OPENNG CASH AND CASH EQUIVALENTS	94,580	74,452	1,708	3,298	203
CLOSING CASH AND CASH EQUIVALENTS	84,368	94,580	74,452	1,708	3,298

GWEST CORPORATION LIMITED AUDITED FINANCIAL STATEMENTS 31 MARCH 2017





Chartered Accountants Suite 110 City Centre Building P.O. Box 60, Montego Bay Jamaica, W.I. Tel: 876 952 4713-4 Fax 876 979 0246

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> > Page 1.1

#### INDEPENDENT AUDITORS' REPORT

To the members of

GWEST CORPORATION LIMITED

#### Report on the Audit of the financial statements

#### Opinion

We have audited the financial statements of Gwest Corporation Limited (the Company), set out on pages 2 to 32 which comprise the statement of financial position as at March 31, 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of 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.

#### Responsibilities of Management and the Board of Directors 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 Board or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Partners: Fagan E. Calvert, Audley L. Gordon

#### 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.

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.

#### 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.

CalvertGordon Associates

Chartered Accountants Montego Bay, Jamaica October 26, 2017

## STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
<u>ASSETS</u>			
Non-current assets			
Land and development costs	5	3,395	1,653,952
Property and equipment Investment property	6 7	323,699	-
Deferred tax asset	8	927,957 4,746	-
Total non-current assets	-	1,259,797	1,653,952
Current assets			
Receivables	9	95,440	24,203
Tax recoverable		-	323
Short term deposits	10, 11	42,004	28,203
Cash and bank balances	11	42,368	66,384
Total current assets		179,812	<u>_119,113</u>
Total assets		<u>1,439,609</u>	<u>1,773,065</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	50,000	-
Property revaluation reserve	13	55,204	
Retained earnings		210,407	29,823
Total shareholders' equity		<u>315,611</u>	29,823
Non-current liabilities			
Borrowings – shareholder's loans	14.2	516,197	466,911
Borrowings - others Deferred tax liability	15 8	351,174	4 470
	Ŭ		<u>     4,472</u>
Total non-current liabilities		<u>    867,371</u>	<u>    471,383</u>
Current liabilities			
Borrowings	15	43,750	860,283
Owed to related parties	14.1	9,263	53,911
Trade and other payables Taxation payable	16	199,127	357,665
Taxation payable		4,487	
Total current liabilities		256,627	<u>1,271,859</u>
Total equity and liabilities		<u>1,439,609</u>	<u>1,773,065</u>

The Notes on Pages 6 to 32 form an integral part of the Financial Statements.

The financial statements on Pages 2 to 32 were approved and authorised for issue by the Board of Directors on October 26, 2017 and are signed on its behalf by:

for . . . .

Konrad Kirlew Director

. . . . . . . . . **. . .** . . . . . Dénnis Samuels

Dennis Samuels Director

## Page 3

## **GWEST CORPORATION LIMITED**

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## YEAR ENDED MARCH 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Revenue	17	1,008,834	-
Cost of sales		( <u>838,095</u> )	
		170,739	-
Interest income		429	820
Other gains or losses	18	192,244	329
Administrative expenses		( 15,502)	-
Other operating expenses		( 36,878)	(1,117)
Finance costs	19	( <u>134,699</u> )	
Profit before taxation	19	176,333	32
Taxation	20	4,251	( <u>62</u> )
NET PROFIT (LOSS)		180,584	( <u>30</u> )
Other comprehensive income			
Gain on revaluation of property	12	55,204	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		_235,788	( <u>30</u> )

The Notes on Pages 6 to 32 form an integral part of the Financial Statements.

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# GWEST CORPORATION LIMITED STATEMENT OF CHANGES IN EQUITY

# YEAR ENDED MARCH 31, 2017

	<u>Note</u>	Share <u>Capital</u> \$'000	Property Revaluation <u>Reserve</u> \$'000	Retained <u>Earnings</u> \$'000	<u>Total</u> \$'000
Balance at April 1, 2015		-	-	29,853	29,853
Net loss and Total comprehensive income for the year				( <u>30</u> )	( <u>30</u> )
Balance at March 31, 2016				<u>29,823</u>	<u>29,823</u>
Property revaluation gain	13	-	55,204	-	55,204
Net profit for the year				<u>180,584</u>	<u>180,584</u>
Total comprehensive income for the year			<u>55,204</u>	<u>180,584</u>	<u>235,788</u>
Share capital contributions	12	<u>50,000</u>			50,000
Balance at March 31, 2017		<u>50,000</u>	55,204	<u>210,407</u>	<u>315,611</u>

The Notes on Pages 6 to 32 form an integral part of the Financial Statements.

## STATEMENT OF CASH FLOWS

## YEAR ENDED MARCH 31, 2017

	<u>Note</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
OPERATING ACTIVITIES			
Net profit (loss)		180,584	( 30)
Adjustments for:			
Depreciation of property and equipment Fair value gain on revaluation of investment property		982 (204,796)	- ( 17)
Land and development cost of completed units		736,755	-
Interest payable converted to ordinary shares		( 50,000)	
Foreign exchange rate movement		12,552	( 312)
Interest income		( 429)	( 820)
Interest expense Taxation		134,698 ( <u>4,251</u> )	62
Increase in receivables / prepayments		806,095 (71,237)	( 1,117) ( 24,203)
(Decrease) Increase in payables		( <u>151,562</u> )	<u>106,526</u>
		583,296	81,206
Cash generated by operations Interest paid		( 64,439)	-
Income tax paid		( <u>158</u> )	( <u>270</u> )
Cash provided by operating activities		<u>518,699</u>	80,936
INVESTING ACTIVITIES			
Interest received		432	813
Land and development costs		( <u>78,835</u> )	( <u>500,625</u> )
Cash provided by (used in) investing activities		( <u>78,403</u> )	( <u>499,812</u> )
FINANCING ACTIVITIES			
Interest converted to ordinary share capital	12	50,000	004.000
Bank borrowings (repaid) received Loans from third parties (net)		(510,000) 24,375	284,000
Loans from shareholders		41,793	161,503
Advances to related parties		( 44,648)	( 6,811)
ZDA performance bond repaid		( <u>12,803</u> )	
Cash flows from financing activities		( <u>451,283</u> )	<u>438,692</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(10,987)	19,816
Effects of foreign exchange rates		775	312
OPENING CASH AND CASH EQUIVALENTS		94,580	74,452
CLOSING CASH AND CASH EQUIVALENTS	11	84,368	94,580
The Netze on Degree 6 to 22 form on integral part of the Financial Statements			

The Notes on Pages 6 to 32 form an integral part of the Financial Statements.

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Effective for annual periods

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 1. **IDENTIFICATION**

GWest Corporation Limited (the company) is a limited liability company which is incorporated in Jamaica. Its main activity is to undertake the development of commercial and residential properties 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 and began trading in the current year.

The registered office of the company is 34 Market Street, Montego Bay.

These financial statements are expressed in Jamaican dollars.

#### 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards and Disclosures affecting presentation and disclosures in the current period (and/or prior periods)

There were no Standards and Interpretations that were applied in the year that affected the presentation and disclosures in these financial statements.

Standards and Interpretations affecting the reported financial performance and/or financial position

There were no Standards and Interpretations that were applied in the year that affected reported financial performance and/or financial position.

#### 2.1 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		beginning on or after
Amendments to Standards	3	
IAS 1 (Revised)	Presentation of Financial Statements	
	- Amendments resulting from the disclosure initiative	January 1, 2016
IAS 9 and 34 and IFRS 5	Amendments arising from Annual Improvements	
and 7	to IFRS 2012 – 2014 Cycle	January 1, 2016
IAS 16 and 38	Amendments to clarify acceptable methods of depreciation	
	and amortisation	January 1, 2016
IAS 16 and 41	Amendments to introduce the definition of an include 'bearer	
	plants' within the scope of IAS 16	January 1, 2016
IAS 19 and 34	Amendments resulting from September 2014 Annual	
IFRS 5, and 7	Improvements to IFRSs	January 1, 2016
IAS 27 (Revised)	<ul> <li>Amendments reinstating the equity method as an</li> </ul>	
	accounting option for investments in subsidiaries,	
	joint ventures and associates in an entity's separate	
	financial statements	January 1, 2016
IAS 28 (Revised)	Investments in Associates	
	- Amendments regarding the sale or contribution of assets	
	between an investor and its associate or joint venture	January 1, 2016
IFRS 10, 12 and IAS 28	Amendments regarding the application of the consolidation	4 0040
	exception	January 1, 2016

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Effective for annual periods

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

## 2.1 Standards and Interpretations adopted with no effect on financial statements

		beginning on or after
Amendments to St	andards (Cont'd)	
IFRS 10	<ul> <li>Consolidated Financial Statements</li> <li>Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture</li> </ul>	January 1 , 2016
IFRS 11	Joint Arrangements <ul> <li>Amendments for accounting for acquisitions of interests in joint</li> </ul>	January 1, 2010
IFRS 14	operations Regulatory Deferral Accounts	January 1 , 2016 January 1, 2016

## 2.2 Standards and interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		Effective for annual periods <u>beginning on or after</u>
New and Revised St		
IAS 7 (Revised)	Statement of Cash Flows	
	<ul> <li>Amendments resulting from the disclosure initiative</li> </ul>	January 1, 2017
IAS 12	Income Taxes	
	<ul> <li>Amendments to clarify aspects relating to the recognition</li> </ul>	
	of deferred tax assets for unrealised losses	January 1, 2017
IAS 39	Financial Instruments: Recognition and Measurement	
	<ul> <li>Amendments to permit an entity to elect to continue to apply</li> </ul>	
	the hedge accounting requirements in IAS 39 for a fair value	
	hedge of the interest rate exposure of a portion of a portfolio	
	of financial assets or financial liabilities when IFRS 9 is applied,	
	and to extend the fair value option to certain contracts that	Applies when
	meet the 'own use' scope exception	IFRS 9 is applied
AS 40	Investment Property	
	<ul> <li>Amendments relating to the transferring of investment</li> </ul>	
	property to, or from, investment property only when there is a	
	change in use	January 1, 2018
IFRS 1 and IAS 28	Amendments arising from Annual Improvements	
	to IFRS 2014 – 2016 Cycle	January 1, 2018
IFRS 2	Share-based Payment	
	<ul> <li>Amendments to clarify classification and measurement of</li> </ul>	
	share-based payment transactions	January 1, 2018
IFRS 4	Insurance Contracts	
	- Amendments to provide two options for entities that issue	
	Insurance contracts within the scope of IFRS 4	January 1, 2018
	Overlay approach	Applies when
		IFRS 9 is applied
	Deferral approach	January 1, 2018
IFRS 7 and 9	Amendments requiring disclosures about the initial application	Applies when
	of IFRS 9	IFRS 9 is applied

Effective for encyclustriade

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

2.2 Standards and interpretations in issue not yet effective (Cont'd)

		Effective for annual periods
		beginning on or after
New and Revised Stand	ards (Cont'd)	
IFRS 9 (2014)	Finalised version, incorporating requirements for classification	
	and measurement, impairment, general hedge accounting	
	and derecognition	January 1, 2018
IFRS 12	Amendments arising from Annual Improvements	
	to IFRS 2014 – 2016 Cycle	January 1, 2017
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
	- Amendments to clarify three aspects of the standard -	
	identifying performance obligations, principal versus	
	agent considerations, and licensing	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021
New and Revised Interp	retations	
IFRIC 18	Transfer of Assets from Customers	January 1, 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the company:

• IAS 7 Statement of Cash Flows

Disclosure Initiative amends IAS 7 *Statement of Cash Flows* to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The adoption of the amendments at the effective date is not expected to have a significant impact on the company's financial statements.

• Amendments to IAS 12 Income Taxes

The amendments to IAS 12 clarify the following aspects of the recognition of deferred tax assets for unrealised losses:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law
  restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with
  other deferred tax assets of the same type.

The adoption of this revised standard at its effective date is not expected to have a significant impact on the company's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

#### 2.2 Standards and interpretations in issue not yet effective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

• IFRS 9 Financial Instruments

A finalised version of IFRS 9 was issued in July 2014 (IFRS 9 2014) which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) is effective for annual periods beginning on or after January 1, 2018. The standard contains requirements in the following areas:

- Classification and measurement Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- Hedge accounting Introduces a new hedge accounting model that is designed to be more closely
  aligned with how entities undertake risk management activities when hedging financial and non-financial
  risk exposures.
- *Derecognition* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The directors and management anticipate that IFRS 9 will be adopted in the company's financial statements and that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact. The company has not adopted any of the earlier versions of IFRS 9.

• IFRS 15 Revenue from Contracts with Customers

IFRS 15 issued in May 2014 provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 is applicable to an entity's first annual IFRS financial statements for a period beginning on or after January 1, 2018.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The directors and management anticipate that IFRS 15 will be adopted in the company's financial statements for the annual period beginning June 1, 2018 and that the application of IFRS 15 may impact the amounts reported in respect of the company's revenue. However, the directors have not yet completed their analysis of the impact of the application of the Standard and hence have not yet quantified the extent of the likely impact.



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

#### 2.2 Standards and interpretations in issue not yet effective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

- IFRS 15 Revenue from Contracts with Customers (Cont'd)
- In April 2016, IFRS 15 Revenue from Contracts with Customers was amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. These amendments are effective for annual periods beginning on or after January 1, 2018. The directors and management anticipate that these amendments to IFRS 15 will be adopted in the company's financial statements for the annual period beginning June 1, 2018 and that the application of the amendments may impact the amounts reported in respect of the company's revenue. However, the directors have not yet completed their analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.
- IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors and management anticipate that IFRS 16 will be adopted in the company's financial statements for the annual period beginning June 1, 2019 and the application may impact the amounts reported in respect of the company's assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

• IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS *12 Income Taxes*. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates The effect of changes in facts and circumstances

The directors and management anticipate that IFRIC 23 will be adopted in the company's financial statements for the annual period beginning June 1, 2019 and that the application of IFRS 16 will impact the amounts reported in respect of the company's income and deferred taxes. However, the directors have not yet completed their analysis of the impact of the application of the Interpretation and hence have not yet quantified the extent of the likely impact.

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## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the relevant requirements of the Companies Act, 2004 of Jamaica.

#### 3.2 Basis of preparation

The financial statements have been prepared under the historical cost basis except for land and building in property and equipment and investment property which are measured at the revalued amount as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

#### 3.3 Land and development costs

Land held for development purposes is considered to be investment property held to earn rentals and / or capital appreciation (including property under construction for such purposes). Land is included in these costs initially at cost, including transaction costs. Subsequent to initial recognition, land is measured at fair value. Gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Development costs include professional fees and, for qualifying assets, borrowing costs are capitalised in accordance with the company's accounting policy. Depreciation will commence when the assets are ready for their intended use.

Upon completion of the qualifying assets, such costs are transferred either to investment property, property and equipment or to cost of sales for units sold.

#### 3.4 **Property and equipment**

All property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at historical or deemed cost or at their revalued amount being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations on land and building are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost including professional fees, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over the estimated useful lives, using the straightline method. Depreciation on revalued buildings is recognised in profit or loss. No depreciation is charged on land.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.5 Investment property

Investment properties representing completed strata units are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Transactions costs include development and other costs that enhance the value of the properties to enable sale or rental at maximum value. Subsequent to initial recognition investment properties are measured at fair value being their revalued amount representing open market values determined by external valuators or the directors. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on the de-recognition of the investment property (determined as the difference between the net disposal proceeds and the carrying amount of the asset) and is recognised in profit or loss in the period in which the property is de-recognised.

#### 3.6 Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### 3.7 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability to or equity to, another entity.

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The fair values of financial instruments are discussed at Note 21.

Listed below are the company's financial assets and liabilities and specific accounting policies relating to each:

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## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 Financial instruments (Cont'd)

#### 3.7.1 Financial assets

The company's financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## 3.7.1.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans receivables (including short term deposits, receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### Effective interest method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

#### 3.7.1.2 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow has been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly.



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 Financial instruments (Cont'd)

#### 3.7.1 *Financial assets (Cont'd)*

#### 3.7.1.2 Impairment of financial assets (Cont'd)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 3.7.1.3 De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires; or it transfers the financial asset and substantially all the risks and rewards to the ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and the associated liability for the amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises the collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it is recognised in profit or loss.

## 3.7.2 Financial liabilities and equity instruments

#### 3.7.2.1 Classification as debt or equity

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### 3.7.2.2 Financial liabilities

Financial liabilities are classified as other liabilities and are measured at fair value, net of transaction cost and subsequently re-measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.7 Financial instruments (Cont'd)

#### 3.7.2 Financial liabilities and equity instruments (Cont'd)

#### 3.7.2.2 Financial liabilities (Cont'd)

The financial liabilities of the company include borrowings and current liabilities except accruals.

#### 3.7.2.3 De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

#### 3.7.2.4 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deduction of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 3.7.3 *Related party*

A party is related to the company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the company;
  - has an interest in the entity that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v);or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Related party transactions are recorded at their values at transaction dates in accordance with the company's normal policy. Except for loans from the shareholders, interest is not charged on these balances as they are settled in a short period.

#### 3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represent amounts receivable for sale and lease of commercial units provided in the normal course of business, net of discounts and sales related taxes.

#### 3.8.1 Sale of commercial development units

Revenue for the sale of completed units is recognised when the title is transferred to the purchaser and the amount of revenue can be measured reliably.



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.8 **Revenue recognition (Cont'd)**

#### 3.8.2 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount.

#### 3.8.3 Lease rentals

The company policy for recognition of revenue from operating leases are disclosed in Note 3.10 below.

#### 3.9 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

#### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 3.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised directly in profit or loss. The company however does not incur any significant initial direct costs in negotiating and arranging leases in the normal course of business.

#### The company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.12 Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements of the company, transactions in currencies other than the company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on foreign currency relating to qualifying assets are included in the cost of the assets in the period in which they arise.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 3, directors and management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 4.1 Critical judgements in applying accounting policies

The directors and management believe that apart from the key sources of estimation uncertainty noted below, there were no judgements that had a significant effect on the amounts recognised in the financial statements or could cause material adjustments to the carrying amounts of assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

#### 4.2 Key sources of estimation uncertainty

The following is a key assumption concerning the future and/or other key sources of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### 4.2.1 Income and deferred taxes

Estimates are required in determining the provisions for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A change of +/- 10% on the final outcome would have the effect of approximately \$2.606 million (2016: \$0.006 million) increase / decrease in net profit or loss for the period (see Notes 15 and 20).

## 5. LAND AND DEVELOPMENT COSTS

	<u>Land</u> \$'000	Development Costs ( <u>Work- In-Progress</u> ) \$'000	<u>Total</u> \$'000
At cost / valuation			
Balance at April 1, 2015	118,672	1,020,083	1,138,755
Additions	-	380,038	380,038
Effect of foreign currency exchange differences	7,166	-	7,166
Interest and other financing cost capitalised		127,993	127,993
Balance at March 31, 2016	125,838	1,528,114	1,653,952
Additions	-	78,835	78,835
Transfers to investment property, property and equipment			
and cost of sales	( <u>125,838</u> )	( <u>1,603,554</u> )	( <u>1,729,392</u> )
Balance at March 31, 2017		3,395	3,395

5.1 The fair value of the company's land was arrived at on the basis of a valuation carried out in September 2012 by George Gregg & Company, Chartered Valuation Surveyors. George Gregg & Company is a member of the Realtors Association of Jamaica and have appropriate qualification and recent experience in the valuation of properties in the relevant location. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The land is held under freehold interest.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 6. PROPERTY AND EQUIPMENT

	<u>2017</u> \$'000	<u>2016</u> \$'000
Carrying amounts of:		
Land and building	285,734	
Furniture and fixture	1,336	-
Computers	1,631	-
Equipment	34,998	
	<u>323,699</u>	

	<u>Land</u> \$'000	<u>Building</u> \$'000	Furniture and <u>Fixtures</u> \$'000	<u>Computers</u> \$'000	<u>Equipment</u> \$'000	<u>Total</u> \$'000
Cost or valuation Transferred from development costs						
(work in progress)	14,252	216,278	1,599	1,913	35,435	269,477
Gain on revaluation of property	4,219	50,985				55,204
Balance, March 31, 2017	<u>18,471</u>	<u>267,263</u>	<u>1,599</u>	<u>1,913</u>	<u>35,435</u>	<u>324,681</u>
Accumulated depreciation Charge for the year and						
Balance, March 31, 2017			263	282	437	982
	<u>18,471</u>	267,263	<u>1,336</u>	<u>1,631</u>	<u>34,998</u>	<u>323,699</u>

6.1 The company's freehold land and buildings are stated at their revalued amounts being the fair value at the date of revaluation. The fair value measurements were performed by Allison Pitter & Co., on a similar basis as the valuation for investment property. See Note 7.1. The gain on revaluation is recognised in property revaluation reserve.

## 7. INVESTMENT PROPERTY

	<u>2017</u> \$'000	<u>2016</u> \$'000
Completed investment properties	<u>927,957</u>	
Transferred from development cost (construction in progress) Fair value gain on property revaluation	723,161 <u>204,796</u>	-
Balance at year end	<u>927,957</u>	



#### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED MARCH 31, 2017

#### 7. INVESTMENT PROPERTY (Cont'd)

#### 7.1 Fair value measurement of the investment properties

The fair value of the company's investment property as at March 31, 2017 has been arrived at on the basis of a valuation carried out in January 2017 by Allison Pitter & Co., independent valuators, not related to the company. The valuator, a principal of Allison Pitter & Co., is a Chartered Surveyors, an Associate member of the Appraisal Institute (USA) and has the appropriate qualifications and recent experience in the valuation of properties in the relevant location. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties.

#### 8. DEFERRED TAXATION

8.1 Certain deferred tax assets and liabilities have been offset in accordance with the company's accounting policy. Deferred tax liabilities are calculated on all temporary differences under the liability method using a tax rate of 25% (See Note 20). The following is the analysis of the deferred tax balances (after offset) for the statement of financial position purposes:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Deferred tax liabilities Deferred tax assets	10,412 ( <u>15,158</u> )	4,472
	( <u>4,746</u> )	<u>4,472</u>

The movement during the year and prior year reporting periods in the company's deferred tax position is as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Balance opening (Credited) charged to income for the year (Note 20)	4,472 ( <u>9,218</u> )	4,470 2
Balance, closing	( <u>4,746</u> )	<u>4,472</u>

8.2 The following is the movement on the deferred tax liability recognised by the company during the current and prior periods.

	Deferred tax assets	Deferred tax liabilities		
	Interest <u>Payable</u> \$'000	Claim for Capital Allowances in Excess <u>of depreciation</u> \$'000	Revaluation of Investment <u>Property</u> \$'000	<u>Total</u> \$'000
At April 1, 2015 Charged to income for the year	- 	- -	4,470 2	4,470 2
At March 31, 2016 (Credited) Charged to income for the year	- ( <u>15,158</u> )	- <u>10,412</u>	4,472 ( <u>4,472</u> )	4,472 <u>5,940</u>
At March 31, 2017	( <u>15,158</u> )	<u>10,412</u>		<u>10,412</u>

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 9. RECEIVABLES

10.

	<u>2017</u> \$'000	<u>2016</u> \$'000
Security deposits refundable	59,920	12,621
Strata recoverable	15,040	5,270
Prepayments	14,710	6,312
Other receivables	5,770	
	<u>95,440</u>	<u>24,203</u>
SHORT TERM DEPOSITS		
	<u>2017</u> \$'000	<u>2016</u> \$'000
National Commercial Bank Jamaica Limited		
Debt Service Reserve Account (i)	42,000	28,196
Interest receivable	4	7
	<u>42,004</u>	<u>28,203</u>

- (i) These amounts represents restricted deposits being held to service interest payments on borrowings as required by the lenders. (see Note 15.3(iv)).
- (ii) The reserve deposit include foreign currency amounts totaling \$42 million [(US\$328,125) (2016: \$28.196 million [(US\$231,683)]. The interest rate at the end of the reporting period averaged 0.50% per annum (2016: 1.1% per annum).

#### 11. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank which is held to meet cash requirements rather than for investment purposes.

Cash and cash equivalents at the end of the reporting period as shown on the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Trust accounts (i) Operating accounts (ii)	39,977 <u>2,391</u>	38,131 <u>28,253</u>
Cash and bank balances	<u>42,368</u>	<u>66,384</u>
Short term deposits (Note 10)	<u>42,000</u>	<u>28,196</u>
Total cash and cash equivalents	<u>84,368</u>	<u>94,580</u>

- (i) The Trust accounts are bank savings accounts used to maintain the reservation deposits paid on sale of the units under construction. These include foreign currency balance of \$39.266 million [(US\$307,325) (2016: \$33.742 million [(US\$277,281)]. Interest rates at the end of the reporting period on the US\$ and Jamaican currency balances were at 0.15% and 0.55% (2016: 0.25% and 0.75%) per annum, respectively.
- (ii) The operating accounts include foreign currency interest bearing balances totaling \$0.362 million (2016: \$0.471 million). The average interest rate at the end of the reporting period was 0.10% per annum (2016: 0.15% per annum).



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## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 12. SHARE CAPITAL

	2017 No. of shares	<u>2016</u> No. of shares	<u>2017</u> \$'000	<u>2016</u> \$'000
Authorised: No par value ordinary shares at the beginning and end of the reporting period	<u>10,000</u>	<u>10,000</u>		
Issued and fully paid at the beginning and end of the reporting period	<u>1,000</u>	<u>200</u>		
Stated capital At beginning of the reporting period			_ *	- *
Movement in year			<u>50,000</u>	
At end of the reporting period			<u>50,000</u>	

\* Represents issued share capital at \$200

- 12.1 The company has one class of ordinary shares which carry no right to fixed income.
- 12.2 Movement during the year represents contributions from shareholders for additional share capital through the conversion of interest payable at year end, on shareholders' loans, to ordinary share capital. The allotment of additional shares are still in the process of being registered with the Companies Office of Jamaica.

## 13. PROPERTY REVALUATION RESERVE

	<u>2017</u> \$'000	<u>2016</u> \$'000
Increase arising on revaluation of property; and Balance at end of year	<u>55,204</u>	
BALANCES AND TRANSACTIONS WITH RELATED PARTIES		
Details of transactions with related parties are disclosed below:		
14.1 Amounts owed by (to) related parties		
	<u>2017</u> \$'000	<u>2016</u> \$'000
GWest Medical Advanced Imaging Limited Cornwall Medical & Dental Radiology West Limited Owed to directors Other related parties	48,197 ( 882) 12,290 375 ( 67,500) ( 1,743)	9,323 ( 3,338) - ( 19) (60,000) 

The amount owed to directors represents directors' fees unpaid from 2007. The balances are unsecured and payable on demand. No interest is charged on the amounts.

9,263)

(

(53,911)

14.

## YEAR ENDED MARCH 31, 2017

#### BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont'd) 14.

14.2 Borrowings – Shareholders' loans

		Amounts owed to related parties	
	2017	<u>2016</u>	
	\$'000	\$'000	
Cornwall Medical & Dental	119,324	101,858	
Radiology West Limited	91,925	88,039	
Bull Investments Limited	36,103	28,788	
Northcoast Imaging Limited	43,269	41,028	
Other shareholders	<u>138,225</u>	<u>121,119</u>	
	428,846	380,832	
Accrued interest	87,351	86,079	
	<u>516,197</u>	<u>466,911</u>	

The principal balances represent loans from shareholders including US\$742,515 (2016: US\$784,560) of which US\$716,560 was used for the purchasing of the land used for development (see Note 5). There are no set terms of repayment, however management does not anticipate repayment within the next twelve months as the loans are subordinated to the bank loans. Interest is charged at 4% (2016: 4%) per annum on US dollar loans and 15% (2016: 15%) per annum on Jamaican dollar loans.

#### BORROWINGS 15.

		<u>2017</u> \$'000	<u>2016</u> \$'000
15.1	Secured – at amortised cost		
	National Commercial Bank Jamaica Limited (NCB) Accrued interest	350,000 <u>10,200</u>	860,000 283
		<u>360,200</u>	860,283
15.2	Unsecured		
	Third party loans (v) Accrued interest	24,377 <u>10,347</u>	-
		34,724	
		<u>394,924</u>	<u>860,283</u>
	Current Non-current	43,750 <u>351,174</u>	860,283
		<u>394,924</u>	<u>860,283</u>



## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 15. BORROWINGS

#### 15.3 Summary of borrowing arrangements - Secured

- (i) Loans facility totaling \$1,210 million has been agreed with the NCB as follows:
  - Tranche A Construction Ioan \$860 million
    - Tranche B Term Ioan \$350 million
- (ii) Interest rate on Tranche A loan is fixed at 11.5% (2016: 12% per annum and that on Tranche B is to be determined and advised by NCB at the time of disbursement. Interest is payable in arrears each calendar quarter.
- (iii) The loans are repayable as follows:
  - Tranche A repayable over 2 years from proceeds of the units sold and from the Tranche B facility;
  - Tranche B repayable over eight (8) years in 32 equal consecutive quarterly payment of \$10,937,500.
- (iv) The loans are secured as follows:
  - First legal mortgage over the land owned by the company at Lot 6 Bogue Estates stamped to cover \$860 million;
  - Assignment of All Risk and Fire and Allied insurance issued to secure the facility;
  - Assignment of proceeds of lease income from land;
  - Maintenance of a Debt Service Reserve Account (DSRA) with a minimum balance of \$25.8 million; or, one quarter's payment of interest during the first 24 months increased to two quarters' payment of principal plus interest thereafter until debt serving coverage is at a minimum of 1.25:1;
  - Joint and several composite guarantees of the directors / shareholders totaling \$860 million;
  - Deed of subordination in favour of the bank in respect of repayment of directors' and shareholders' loans.
- (v) The unsecured loans are repayable on demand with average interest rate at 15.9% per annum

#### 16. TRADE AND OTHER PAYABLES

	<u>2017</u>	2016
	\$'000	\$'000
Trade payables	42,477	-
Reservation deposits (i)	26,844	203,101
Security deposits	10,807	-
Performance bond payable	95,874	102,850
Accrued expenses	17,970	1,640
Other payables	<u>5,155</u>	50,074
	<u>199,127</u>	<u>357,665</u>

(i) The company maintains Bank Trust accounts with amounts totaling \$39.977 million (2016: \$38.131 million) in support of these deposits. (see Note 10(i)).

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 17. **REVENUE**

The following is an analysis of the revenue for the year

<u>2017</u> \$'000	<u>2016</u> \$'000
950,101	-
58,733	
<u>1,008,834</u>	
	\$'000 950,101 <u>58,733</u>

#### 18. OTHER GAINS AND LOSSES

	<u>2017</u> \$'000	<u>2016</u> \$'000
Foreign exchange (losses) gains	( 12,552)	312
Fair value gains on investment properties	<u>204,796</u>	17
	<u>192,244</u>	<u>329</u>

#### 19. PROFIT BEFORE TAXATION

The profit before taxation is stated after taking account of the following:

	<u>2017</u>	<u>2016</u>
	\$'000	\$'000
Expenses		
Directors fees	7,500	-
Audit fees	833	572
Depreciation of property and equipment	982	-
Finance costs		
Interest on loans from related parties	50,439	-
Interest on bank loans	74,066	-
Other interest expense	<u>10,194</u>	
	<u>134,699</u>	

## 20. **TAXATION**

20.1 Tax (credit) charge for the year comprises:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Current tax	4,967	4
Minimum Business Tax - non recoverable	-	56
Deferred tax adjustment (Note 8)	( <u>9,218</u> )	2
	<u>(4,251)</u>	62

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## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 20. TAXATION (Cont'd)

20.2 The tax (credit) charge for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Profit before taxation	<u>176,333</u>	32
Tax at domestic rate of 25% Tax effective of items not deductible for tax purposes Tax effect on non- taxable income Employment tax credit Other adjustments	44,083 7,513 ( 51,199) ( 195) ( 4,453)	8 ( 2) <u>56</u>
	( <u>4,251</u> )	<u>62</u>

#### 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

#### 21.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Financial assets		·
Loan and receivables Receivables (excluding prepayments)	80.730	17.891
Short term deposits	42,004	28,203
Cash and bank balances	42,368	66,384
	<u>165,102</u>	<u>112,478</u>
Financial liabilities		
Borrowings – bank	394,924	860,283
Borrowings – shareholders loans	516,197	466,911
Owed to related parties	9,263	53,911
Payables (excluding accrued expenses)	<u>    181,157</u>	356,025
	<u>1,101,541</u>	<u>1,737,130</u>

#### 21.2 Financial risk management policies and objectives

By its nature, the company's activities involve the use of financial instruments.

The company has exposure to the following risks from its use of its financial instruments: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Financial risk management objectives

The company's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

#### 21.2 Financial risk management policies and objectives (Cont'd)

#### Financial risk management objectives (Cont'd)

The financial risk management policies employed by the company are approved by the Board of Directors. The methods which are governed by these policies and used to minimise these risks and the related risk exposure, are noted below.

There has been no change during the year to the company's exposure to these financial risks or the manner in which it manages and measures the risk.

The company does not hold or issue derivative financial instruments.

21.2.1 Market risk

Market 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 security or its issuer or factors affecting all securities traded in the market. Except as disclosed under 21.2.2 and 21.2.3 below, the company has no exposure to market risk as there are no traded securities.

#### 21.2.2 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risks on transactions that are denominated in currencies other than the Jamaican dollar. Management seeks to minimise the company's exposure to unfavourable variances by consistently monitoring the company's exposure in this regard.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at reporting date are as follows:

	Liab	Liabilities		Assets		iabilities
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
US\$	245,364	423,427	82,511	62,424	162,853	361,003

#### Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 1% revaluation and 6% devaluation (2016: 1% revaluation and 8% devaluation) in the Jamaican dollar against the US dollar currency. This represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the above change in foreign currency rates.

If the Jamaican dollar strengthens by 1% or weakens by 6% (2016: strengthens by 1% or weakens by 8%) against the US dollar, profit and development costs will decrease or increase by:

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## **GWEST CORPORATION LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

#### 21.2 Financial risk management policies and objectives (Cont'd)

Financial risk management objectives (Cont'd)

#### Foreign currency sensitivity analysis (Cont'd)

		US Dollar impact			
	201	2017		16	
	Change in	Change in			
	Currency	Effect on	Currency	Effect on	
	Rate	Net profit	<u>Rate</u>	Net profit	
	%	\$'000	%	\$'000	
Currency: US\$					
Devaluation	6	(9,771)	8	(28,880)	
Revaluation	1	1,628	1	3,610	

This is mainly attributable to the exposure outstanding on its loans and payable balances net of cash resources at year end in the company.

The company's sensitivity to foreign currency has increased during the current period mainly due to an increase in its payable balances at year end.

#### 21.2.3 Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity analysis

The company's borrowings are subject to fixed interest rates and its cash resources that are subject to variable interest rate is considered to be minimal.

The company's sensitivity to interest rate is therefore minimal at the reporting date.

21.2.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company's principal financial assets are cash and bank balances. The maximum exposure to credit risk is the amount of approximately \$165.102M (2016: \$112.478M) disclosed under "categories of financial instruments" above. The directors believe that the credit risks associated with these financial instruments are minimal.

The credit risk relating to cash and bank balances is mitigated by the maintenance of cash deposits only with reputable financial institutions with high credit ratings.

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

#### 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

#### 21.2 Financial risk management policies and objectives (Cont'd)

#### 21.2.5 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages by continuously monitoring future cash flows and liquidity provided mainly by the shareholders, but plans to obtain bank loans in the future.

#### Liquidity risk and interest rate tables

The following tables detail the company's expected maturities for its non-derivative financial assets and financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial assets and financial liabilities based on the earliest date on which the company can be required to pay.

			2017		
	Weighted Average effective		Term to ma	aturity	
	interest	0 – 12	1 – 5	Over	Total
	<u>rates</u> %	<u>Months</u> \$'000	<u>Years</u> \$'000	<u>5 Years</u> \$'000	\$'000
Receivables	Nil	80,730	-	-	80,730
Short-term deposits	0.5	42,210	-	-	42,210
Cash and bank balances	0.15	41,394	-	-	41,394
Cash and bank balances	Nil	1,042			1,042
		<u>165,376</u>			165,376
Bank borrowings	12	84,056	285,958	154,241	524,255
Unsecured borrowings	15.9	38,609	-	-	38,609
Related parties' fixed rate loans	4	-	141,721	-	141,721
Related parties' fixed rate loans	15	-	626,981	-	626,981
Related parties' advances	Nil	-	9,263	-	9,263
Payables	Nil	<u>181,157</u>			181,157
		<u>303,822</u>	<u>1,063,923</u>	<u>154,241</u>	<u>1,521,986</u>
		( <u>138,446</u> )	( <u>1,063,923</u> )	<u>(154,241</u> )	( <u>1,356,610</u> )

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## **GWEST CORPORATION LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

## 21.2 Financial risk management policies and objectives (Cont'd)

21.2.6 Fair value of financial instruments (Cont'd)

			2016 Term to maturity	
	Weighted		Term to matanty	
	average			
	effective	0 – 12	1 – 5	
	interest rates	Months	Years	Total
	%	\$'000	\$'000	\$'000
Receivables	Nil	17,891	-	17,891
Short-term deposits	1.1	28,519	-	28,519
Cash and bank balances	0.47	61,841	-	61,841
Cash and bank balances	Nil	4,840		4,840
		113,091		113,091
Bank borrowings	12	963,483	-	963,483
Related parties' fixed rate loans	4	-	136,571	136,571
Related parties' fixed rate loans	15	-	200,723	200,723
Related parties' advances	Nil	-	53,911	53,911
Payables	Nil	356,025		356,025
		<u>1,319,508</u>	<u>391,205</u>	<u>1,710,713</u>
		( <u>1,206,417</u> )	( <u>391,205</u> )	( <u>1,597,622</u> )

#### 21.2.6 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table provides an analysis of financial instruments which subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into Levels I to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e., derived from prices). The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2 and;

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

#### 21.2 Financial risk management policies and objectives (Cont'd)

#### 21.2.6 Fair value of financial instruments (Cont'd)

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instruments that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no financial instruments classified as Level 1 or Level 3 and there were no transfers between levels during the year.

The following methods and assumptions have been used:

- The amount included in the financial statements for cash and bank deposits and payables reflect the approximate fair values because of the short-term maturity of these instruments.
- The fair value of balances due to related parties cannot be determined as there are no set terms of repayment.

#### 21.2.7 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the company consists of debts which includes the borrowings at Note 14, cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

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

The company's Board of Directors reviews the capital structure on a regular basis. As a part of the review the Board of Directors considers the cost of capital and the risks associated with each class of capital.

The company has no targeted gearing ratio however, the gearing ratio at the end of the reporting period was as follows:

#### (a) Gearing with subordinated shareholders' loans as equity

	<u>2017</u> \$'000	<u>2016</u> \$'000
Debt (i) Cash and bank balances (including short-term deposits)	490,798 ( <u>84,372</u> )	963,133 ( <u>94,587</u> )
Net debt	<u>406,426</u>	<u>868,546</u>
Equity (ii)	<u>831,808</u>	<u>496,734</u>
Net debt to equity ratio	0.49:1	1.75:1

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED MARCH 31, 2017

## 21. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

## 21.2 Financial risk management policies and objectives (Cont'd)

#### 21.2.7 Capital management (Cont'd)

#### (b) Gearing with shareholders' loans as debt

	<u>2017</u> \$'000	<u>2016</u> \$'000
Debt (iii) Cash and bank balances (including short-term deposits)	1,006,995 ( <u>84,372</u> )	1,430,044 ( <u>94,587</u> )
	922,623	<u>1,335,457</u>
Equity (iv)	315,611	29,819
Net debt to equity ratio	2.92:1	44.78:1

#### (c) Summary notes

- (i) Debt is defined as long- and short-term borrowings as disclosed in Note 15 and performance bonds at Note 16.
- (ii) Equity includes all capital and reserves and subordinated shareholders loans that are managed as capital.
- (iii) Debt is defined as all secured borrowings as disclosed in Note 15, performance bonds at Note 16 and shareholders' loans at Note 14.
- (iv) Equity included all capital and reserves.

The company's overall strategy as directed by its Board of directors remains unchanged from 2016.



#### **REPORT TO THE DIRECTORS OF**

#### **GWEST CORPORATION LIMITED**

ON

#### ADDITIONAL INFORMATION

Our examination of the financial statements of the company for the year ended March 31, 2017 was intended primarily for the purpose of formulating an opinion on those financial statements taken as a whole. The additional information presented in pages 2 to 4 has been taken primarily from accounting and other records of the company and it is not necessary to give a true and fair view of the financial position of the company at March 31, 2017 or the results of its operations, changes in equity or cash flows for the year then ended. Such information has not been subjected to sufficient tests and other auditing procedures to enable us to express an opinion as to the fairness of all the details included therein and accordingly we do not express an opinion on the additional information.

1

Calverbordon Associated

Chartered Accountants

Montego Bay, Jamaica, October 26, 2017

#### **GWEST CORPORATION LIMITED**

#### **EXPENSES**

#### YEAR ENDED MARCH 31, 2017

	<u>2017</u> \$'000	<u>2016</u> \$'000
Direct costs Cost of sales Rent	817,694 20,401	-
	838,095	
Administrative Salaries and wages Statutory contributions Professional fees Telephone Directors fees Meeting expenses Printing, production and stationery	1,396 96 4,037 234 7,500 15 70	
Legal and regulatory fees Miscellaneous Dues and subscription Staff training and welfare Office expenses Bank charges	1,078 136 22 248 231 <u>439</u>	- - - - -
Other operating Property maintenance Advertising and promotion Repairs and maintenance Accounting and other professional fees Audit fees Sanitation and waste disposal Depreciation	<u>    15,502</u> 13,912 1,641 177 19,319 833 14 <u>    982</u> <u>    36,878</u>	94 - 450 573 - <u>-</u> <u>1,117</u>
<b>Finance</b> Interest costs – third parties Loan interest – shareholders	84,260 50,439 134,699	- 
TOTAL	<u>1,025,174</u>	<u>1,117</u>

**GWEST CORPORATION LIMITED | 2017 PROSPECTUS** 

#### **GWEST CORPORATION LIMITED**

#### **INCOME TAX COMPUTATION**

YEAR OF ASSESSMENT 2017

		\$	\$
Profit per	r financial statements		176,333,004
Add:	Depreciation Interest payable at 31/3/2017 Unrealised foreign exchange loss on loans – capital Legal and professional fees	982,445 60,632,360 12,551,947 <u>17,500,000</u>	
			91,666,752
			267,999,756
Deduct:	Fair value gain on investment property Interest receivable at 31/3/2017	204,795,556 <u>4,481</u>	
			(204,800,037)
			63,199,719
Deduct:	Capital Allowances		
	Initial allowance Annual allowance	478,216 <u>42,073,114</u>	
			( <u>42,551,330</u> )
			_20,648,389
Tax there	eon @ 25%		5,162,097
Provided	in financials		5,162,097
Employn	nent tax credit		194,807
Tax with	neld from interest income		97,591

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#### **GWEST CORPORATION LIMITED**

#### **CLAIM FOR CAPITAL ALLOWANCES**

#### YEAR OF ASSESSMENT 2017

		A	Initial	<u>Annual Al</u>		W.D.V C/F
	<u>Cost</u> \$	<u>Acquisitions</u> \$	<u>Allowance</u> \$	Basis %	Amount \$	<u>31/3/2017</u> \$
Buildings – investment property	667,808,077	667,808,077		4 SL	26,712,323	641,095,754
Buildings – other Building improvements	172,216,332 44,061,134	172,216,332 44,061,134		4 SL 4 SL	6,888,653 1,762,445	165,327,679 42,298,689
Furniture and fixtures						
Telephone	999,073	999,073		20 SL	199,815	799,258
Other	599,970	599,970		12½ SL	74,996	524,974
Equipment						
Gould pumps	2,818,261	2,818,261		12½ SL	352,283	2,465,978
Medical equipment	21,639,003	21,639,003		20 SL	4,327,801	17,311,202
Air conditioners	10,977,800	10,977,800		12½ SL	1,372,225	9,605,575
Computers						
Hardware	608,435	608,435	152,109	20 SL	121,687	334,639
Software	1,304,430	1,304,430	326,107	20 SL	260,886	717,437
	<u>923,032,515</u>	<u>923,032,515</u>	<u>478,216</u>		<u>42,073,114</u>	<u>880,481,185</u>

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# SECTION 11: PROJECTED FINANCIAL INFORMATION



Ernst & Young Services 3 Olivier Road Kingston 8 Jamaica W J Tel: 876 925 2501 Fax: 876 755 0413 ev.com

#### CONSULTANTS' REPORT (Draft) TO:

The Directors of

#### **GWEST CORPORATION LIMITED**

On the basis of projections prepared and provided by management, we have reviewed to assess the reasonableness of Management's projected financial statements for the years ended 31 March 2018 to 31 March 2026. Our review has been conducted in accordance with the International Standard on Assurance Engagements 3400, "The Examination of Prospective Financial Information". The directors and management are responsible for the projections, including the assumptions which are presented on the following pages. Review of historical financial information was outside the scope of this engagement.

The projections have been prepared for the purpose of inclusion in the Company's Prospectus.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that these assumptions do not provide a reasonable basis for the projections. Further, in our opinion, the projections are properly prepared on the basis of the assumptions, and in accordance with the relevant accounting standards and the accounting policies as selected by management. However, we caution that the company's projected future profitability is predicated on commencing planned new services within the timelines indicated and generate projected revenues based on hypothetical assumptions.

Revenue projections are based on key management assumptions for each business unit (In-patient Services, Urgent Care, Laboratory and General Medical services), the Surgical Centre and Property Leases. The Surgical Centre accounts for approximately 45% of total medical services revenue, and therefore the projections are sensitive to key assumptions including (but are not limited to):

- The number of surgical and non-surgical procedures per annum and cost for each procedure.
- The number of local and foreign patients to access urgent care during and after normal business hours.
- The utilisation rate for in-patient care (number of bed nights) and daily rates for local and foreign patients.
- The vacancy rate for the property (assumed to be zero).
- The number of full time employees required

A member firm of Ernst & Young Global Limited Directors: Colin Soo Ping Chow, Allison Peart, Linval Freeman, Winston Robinson, Anura Javahillake, Kavann Sudlow





As indicated above, the projections are prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions. However, even if the events anticipated under the hypothetical assumptions described above occur, the actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no assurance that the projections will be achieved.

Ernst and Young Services Limited will have no responsibility to update this report for events and circumstances occurring after the date of this report.

This engagement is not an audit and as such no assurance regarding the assertions will be expressed. Further, the engagement cannot be relied upon to disclose errors in management assumptions or judgment, irregularities or illegal acts, including fraud or defalcations that may exist.

The intended purpose of these financial projections is for inclusion in the Prospectus, and its distribution and use is limited only to the directors of GWest Corporation Limited, its Broker and the potential finance providers. Consequently readers are cautioned that these projections may not be appropriate for purposes other than that described above.

Ernst and Young Services Limited Jamaica

28 November 2017

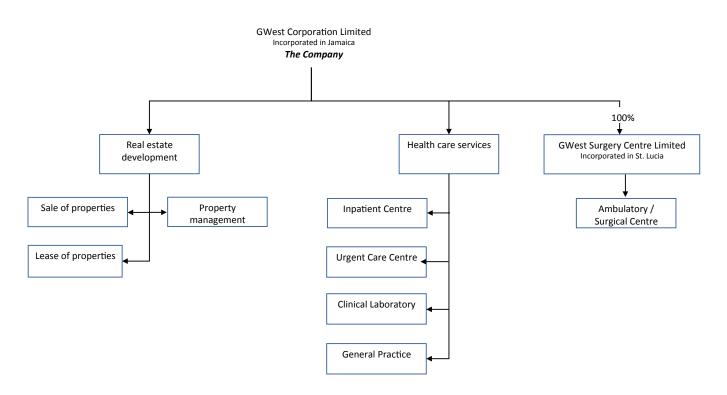
A member firm of Ernst & Young Global Limited

### **Projected Financial Statements**

For the Years Ending March 31, 2018 – 2026

1. Overview

The principal trading activities of GWest Corporation Limited ("The Company") are the development of commercial properties as well as the provision of health services. The Group includes GWest Surgery Centre Limited, incorporated as a St. Lucian IBC to facilitate accreditation by Joint commission International. The diagram below summarises the operations of GWest Corporation and GWest Surgery Centre.



The financial projections present the forecast results of the Group. The management of the GWEST Centre is carried out by a separately incorporated strata entity, the results of which are not included in these projections.

**The financial projections are stated in J\$'000 unless stated otherwise**. Where amounts are stated in US dollars, these are converted at projected exchange rates based on inflation parity utilising projected inflation rates for Jamaica and the United States.

## **Projected Financial Statements**

For the Years Ending March 31, 2018 – 2026

The projected financial statements for GWest Corporation Limited for the periods April 1, 2018 to March 31, 2026 are presented below:

#### INCOME STATEMENT FOR THE YEARS ENDING MARCH 2018 - 2026

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
J\$'000	Notes	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net gain on sale of units	2	5,020	0	0	0	0	0	0	0	0
Lease income	3	48,418	74,022	86,048	88,598	91,234	93,958	96,706	99,543	102,469
Other income	4	18,292	18,657	19,031	19,411	19,799	20,195	20,599	21,011	21,432
Medical services	5	86,392	710,646	1,083,062	1,159,948	1,241,597	1,322,061	1,408,811	1,500,717	1,601,555
Total income		158,122	803,325	1,188,141	1,267,958	1,352,631	1,436,214	1,526,116	1,621,271	1,725,456
Expenses										
Advertising and Promotion		294	2,483	3,761	4,080	4,423	4,658	4,911	5,160	5,433
Accounting and audit fees		1,517	1,593	1,673	1,756	1,844	1,936	2,033	2,135	2,242
Directors' fees	6	5,952	6,250	6,562	6,890	7,235	7,596	7,976	8,375	8,794
Utilities		3,546	26,373	40,182	43,391	47,326	50,637	54,253	58,092	62,330
Insurance expense		847	10,834	17,959	19,069	20,218	21,263	22,342	23,463	24,664
Lease expense	7	56,615	57,986	59,993	62,693	65,522	68,484	71,540	74,737	78,083
Maintenance	8	18,220	20,340	22,370	23,434	24,463	25,431	26,432	27,452	28,536
Medical supplies	9	2,419	27,828	45,591	48,291	51,090	53,993	57,014	60,229	63,698
Professional fees		2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955
Salaries and wages	10	81,374	262,860	333,231	353,321	371,001	389,532	409,336	429,443	450,870
Other expenses	11	15,175	103,296	161,164	172,411	184,724	197,553	211,378	226,261	242,646
		187,959	521,942	694,691	737,650	780,276	823,636	869,894	918,163	970,250
Operating (Loss)/Earnings before Income,										
Taxes, Depr. & Amort.		(29,836)	281,384	493,450	530,308	572,355	612,578	656,222	703,107	755,206
Depreciation and amortisation		(26,931)	(36,571)	(36,571)	(36,571)	(37,059)	(38,218)	(37,997)	(37,997)	(37,997)
Earnings before Interest and Taxes		(56,767)	244,813	456,879	493,737	535,295	574,360	618,225	665,110	717,209
Net finance income/(costs)		(53,875)	(78,509)	(66,406)	(59,110)	(21,110)	11,784	49,881	75,891	112,905
(Losses)/Profit before Taxation		(110,642)	166,303	390,473	434,627	514,185	586,145	668,106	741,001	830,113
Taxation	12	(60)	(485)	(1,961)	(2,571)	(2,947)	(35,821)	(42,014)	(47,755)	(54,470)
Net (Loss)/Profit after Taxation		(110,702)	165,818	388,512	432,055	511,238	550,324	626,092	693,247	775,643

#### STATEMENT OF FINANCIAL POSITION AS AT MARCH 2018 - 2026

		Forecast								
J\$'000	Notes	2018	2019	2020	2021	2022	2023	2024	2025	2026
ASSETS										
Fixed Assets	13	690,543	772,124	735,553	698,982	664,364	654,315	616,318	578,321	540,324
Investment Property	4	932,872	951,529	970,560	989,971	1,009,770	1,029,966	1,050,565	1,071,576	1,093,008
Other Non-Current Assets	14	64,666	64,666	64,666	64,666	64,666	64,666	64,666	64,666	64,666
Other Current Assets	15	73,618	63,567	64,693	65,045	65,410	65,786	66,166	13,255	13,659
Cash and Cash Equivalent		151,408	142,465	187,829	301,844	459,348	639,298	1,060,583	1,581,348	2,150,913
Total Assets		1,913,106	1,994,351	2,023,300	2,120,509	2,263,558	2,454,031	2,858,298	3,309,167	3,862,571
LIABILITIES										
Net Working Capital	16	281,116	205,244	67,288	70,427	73,173	76,151	79,247	82,375	85,620
Owed to Directors	17	71,220	75,126	55,126	0	0	0	0	0	0
Current Portion of Borrowings	18	51,632	82,132	83,036	84,006	193,574	43,750	43,750	0	0
Other Current Liabilities		60	485	1,961	2,571	2,947	35,821	42,014	47,755	54,470
Borrowings	18	667,413	603,356	520,319	436,313	242,739	198,989	155,239	155,239	155,239
Shareholders' Loan	19	272,286	290,075	264,721	171,869	37,491	0	0	0	0
Other Long-term Liabilities		10,807	13,543	15,074	15,505	15,950	16,410	16,874	17,352	17,844
Total Liabilities		1,354,534	1,269,960	1,007,526	780,692	565,875	371,121	337,124	302,720	313,173
Net Assets		558,572	724,391	1,015,775	1,339,816	1,697,683	2,082,910	2,521,174	3,006,447	3,549,397
SHAREHOLDERS' EQUITY										
Share Capital	20	435,961	435,961	435,961	435.961	435.961	435,961	435,961	435.961	435,961
Property Revaluation Reserve		55,204	55,204	55.204	55.204	55,204	55,204	55,204	55,204	55,204
Retained Earnings		67,408	233,226	524,610	848,652	1,206,519	1,591,745	2,030,010	2,515,283	3,058,233
Total Shareholders' Equity		558,572	724,391	1,015,775	1,339,816	1,697,683	2,082,910	2,521,174	3,006,447	3,549,397



STATEMENT OF CASH FLOWS FOR THE YEARS ENDING MARCH 2018 - 2026

		Forecast	Forecas							
J\$'000	Notes	2018	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING ACTIVITIES										
Net Surplus/(Deficit) for the Period		(110,702)	165,818	388,512	432,055	511,238	550,324	626,092	693,247	775,643
Non-Cash Items and Changes in Net Working Capital		221,080	(43,531)	(117,256)	22,131	21,183	54,109	26,770	25,940	26,615
Net Cash Generated/(Used in) Operations		110,378	122,287	271,256	454,186	532,421	604,433	652,862	719,187	802,258
INVESTING ACTIVITIES										
Purchase of Fixed Assets	13	(377,775)	(118,152)	0	0	(2,442)	(28,169)	0	0	0
Encashment of Deposits/Sale of Units	21	50,470	0	0	0	0	0	0	53,303	C
Net Cash Flows (Used In)/Generated By Investing Activities		(327,305)	(118,152)	0	0	(2,442)	(28,169)	0	53,303	C
FINANCING ACTIVITIES										
New Loans		154,695	20,000	0	0	0	0	0	0	0
Repayment of Loans		(44,382)	(53,557)	(82,132)	(83,036)	(84,006)	(193,574)	(43,750)	(43,750)	0
Sale of Shares to the Public		385,961	0	0	0	0	0	0	0	0
Repayment of Shareholders' Loans and Amounts Owed to										
Directors		17,274	20,479	(46,632)	(149,120)	(135,099)	(37,642)	0	0	0
Repayment of Other Borrowings	22	(147,095)	0	0	0	0	0	0	0	0
Dividends Paid	23	0	0	(97,128)	(108,014)	(153,371)	(165,097)	(187,828)	(207,974)	(232,693
Net Cash Flows (Used In)/Generated By Financing										
Activities		366,453	(13,078)	(225,893)	(340,170)	(372,476)	(396,313)	(231,578)	(251,724)	(232,693
Net Cash Flows Generated for the Period		149,526	(8,943)	45,364	114,016	157,503	179,951	421,285	520,765	569,565
Cash and Cash Equivalents b/fwd		1,882	151,408	142,465	187,829	301,844	459,348	639,298	1,060,583	1,581,348
Cash and Cash Equivalents c/fwd		151,408	142.465	187.829	301,844	459,348	639,298	1.060.583	1,581,348	2,150,913

### Notes to the Projected Financial Statements For the Years Ending March 31, 2018 – 2026

#### 2. Net Gain on Sale of Units

The net gain of \$5.0 million relates to the sale of a unit for which a contract was entered into in 2017. This transaction is expected to be closed in 2018.

#### 3. Lease Income

The Company will generate lease income from a total area of 35,619 ft<sup>2</sup> or approximately 57% of total building space. The lease rates range from US\$18.00 to US\$22.00 per square foot and are projected to increase annually by 0.5% in accordance with the terms of the lease agreements.

It is assumed that of the total unoccupied space of 13,511.57 ft<sup>2</sup>, tenants will be identified for approximately 50% of this space by December 2017 and the remaining 50% by September 2018. The Company has been receiving significant interest from potential tenants.

#### 4. Other Income

This income relates mainly to the change in fair value of the GWest Centre. Being an investment property, it is assumed that the building will appreciate in value at a rate of 2% per annum, being an approximate estimate of USCPI, commencing financial year 2019. The Directors are of the view that demand for space will continue to be high within the foreseeable future when taking into consideration factors such as the location of the building (other commercial developments taking place within close proximity, congestion associated with the town centre) and the potential customer traffic that the profile of tenants will attract.

#### 5. Medical Services

This relates to income associated with the Group.

#### 5.1 In-patient Centre

The In-patient Centre, which is expected to commence operations by September 2018, will be an eight-bed facility comprised as follow:

Type of Rooms	No. of Beds
1 Private room – local	2
2 Shared rooms	4
1 Shared room with telemetry system	2
Total	8

Annual bed occupancy is projected to commence at 65% in the first year of operations and stabilising at 85% by the fifth year of operations. The annual bed occupancy was based on an assumption that the average stay per patient on a weekly basis would be 1 ½ days for each type of room.

	2018	2019	2020	2021	2022 and beyond
Operating weeks, (7 days per week)	-	28	52	52	52
Annual bed capacity	-	1,696	2,928	2,920	2,920
Number of beds nights occupied	-	1,103	2,049	2,191	2,482
Average annual occupancy	-	65%	70%	75%	85%

It is further assumed that the room rates will be adjusted annually for inflation. The daily rates per bed were based on comparable rates prevailing within the market. The ratio of foreign to local patients for shared rooms and rooms with telemetry system is projected at 1:3 and 1:1 respectively.

#### 5.2 GWest Urgent Care Centre

Operations for the GWest Urgent Care centre commenced November 6, 2017 with the facility operating between 8 a.m. to 10 p.m.; Visits after 8 p.m. will attract an after hours charge. Commencing February 1, 2018, the facility will be operated on a 24 hour basis. The Directors have been deliberately conservative in projecting revenues by not including any income or associated expenses for the initial after hours period shift.

While it is expected that the main source of patients will be locals residing in Western Jamaica, it is assumed that the facility will also benefit from occasional overseas patients. The table below, summarizes the projected average daily visits for local and foreign patients, during and after normal working hours.

Average number of daily visits	2018	2019	2020	2021	2022 and beyond
During normal hours per day					
Local	27	49	71	75	75
Foreigners	3	6	7	7	7
During after-hours per day					
Local	8	16	18	19	19
Foreigners	2	4	4	4	4
Total daily visits	40	75	100	105	105
Total annual number of visits	4,840	27,375	36,600	38,325	38,325

It is believed that there is demand for urgent care services when taking the following into consideration:

- The potential to serve the population in St. James;
- Fulfilling an undeserved market in Trelawny; and
- Positioning to take advantage of an expected growth in the population of Western Jamaica due the development of residential housing communities within the short term as well as the migration of the workforce associated with employment opportunities attributable to key industries such as tourism and business process outsourcing.

The consultation fees for all types of visits are assumed to increase annually by an inflation factor commencing 2019, the second year of operations.

It is further assumed that twenty-five percent of patients will purchase ancillary items during their stay. Such items include personal care items, nursing supplies and pharmaceutical items.

#### 5.3 Clinical Laboratory

In addition to the provision of lab and testing services to physicians, the Clinical Laboratory will support the Surgical and Urgent Care Centres through the storing and supplying of thawed, fresh and frozen plasma, cryoprecipitate and platelet units as needed. In addition, it is expected that this facility will carry out testing services for satellite blood draw stations. The facility is expected to commence operations in January 2018.

The below list sets out the types of tests to be offered annually.

Types of tests
CBC
Electrolytes
Chem 20
PT/PTT
Cardiac Enzymes
HIV
Liver Panel
Cancer markers
Fertility workup
HgA1c (diabetics)
Thyroid function
Drug testing

The charge for the various tests is assumed to be adjusted for inflation annually commencing in 2019, the second year of operations.

#### 5.4 General Practice

The General Practice unit has been in operation since June 2017. This facility operates Mondaysto-Fridays full day and half day on Saturdays. This is expected to continue for the foreseeable future. The table below summarizes the projected number of visits and capacity utilisation.



	2018	2019	2020	2021	2022 and beyond
Number of rooms	6	6	6	6	6
No. of doctors	2	4	5	5	5
No. of operating days per year	229	275	275	275	275
Total hours available (capacity)	9,925	11,550	11,550	11,550	11,550
Capacity utilisation	20.2%	59.5%	74.4%	74.4%	74.4%

It is assumed that the fees will have a one-time adjustment of 16.7% in 2019, the second year of operation, as the business scales operations and becomes more competitive. However, from 2020 onwards, the fees are assumed to be adjusted annually for inflation.

#### 5.5 Surgery Centre

The facility will cater to two types of cases: surgical cases and non-surgical cases. The working hours and number of operating theatres restrict the number of procedures that can be performed daily. Operations are expected to commence in September 2018. The average procedure time assumed for surgical cases and non-surgical cases are 60 minutes and 40 minutes, respectively.

The table below summarizes the key underlying assumptions for the Surgery Centre.

	2018	2019	2020	2021	2022 and beyond
Number of operating theatres Number of procedure rooms	0 0	2 2	2 2	2 2	2 2
Average number of surgical cases per operating theatre per week	0	20	20	20	20
Average number of weekly cases					



General anaesthesia/ spinal/regional	0	40	40	40	40
Endoscopic	0	40	40	40	40
Colonoscopy	0	30	30	30	30
Local anaesthesia	0	40	40	40	40
Total annual cases	0	4,200	7,800	7.800	7800

It is the view of the Directors that the projected number of cases is conservative considering factors such as a shift of patients from existing competitors, growth in the population, as well as leveraging opportunities from health tourism.

The charges are determined based on standard rates for usage of the facility and the average procedure time. It is assumed that rates for services provided will be adjusted for inflation commencing 2021. Rate increases are assumed to take place at the beginning of the year.

#### 6. Directors' Fees

Directors' fees are based on an annual amount of \$744k per director adjusted annually for inflation commencing 2019. Commencing financial year 2018, it assumed that the number of directors will increase from five to eight due to additional directors required to enhance the corporate governance function as a publicly-listed entity. These additional directors include a Chairman and two (2) independent directors, one of which will be a mentor to the Group.

#### 7. Lease Expense

This expense relates to a quarterly charge which commences at US\$91.9k, exclusive of General Consumption Tax and increasing by 2% per annum from the fourth anniversary under the terms of the Sale and Leaseback arrangement with NCBCM. It is assumed that this facility, which expires in eight (8) years, will be renewed upon expiry under similar terms.

#### 8. Maintenance Expense

This expense relates to maintenance charges that the Group will incur for spaces it occupies. The current maintenance charge, of US\$4 per ft<sup>2</sup>, is based on the existing rate contractually levied on tenants with an annual rate increase of 0.5% as set out in the agreements.

#### 9. Medical Supplies

This expense relates to the operation of health services, and represents medical supplies utilized in the delivery of these services. These expenses are projected as a percentage of revenue and are based on insights and knowledge of similar locally operated businesses as follows:

Expense as a % of Revenue	In-patient	Urgent Care	Clinical Laboratory	General Practice	Surgery Centre
Medical supplies	1.5%	1.5%	1.7%	6.0%	6.0%

#### 10. Salaries and Wages

Salaries and wages relate to administrative staff, medical staff and share of doctors' fees associated with the Group's health services.

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administration									
Staff costs (J\$'000)	10,500	11,025	11,576	12,155	12,763	13,401	14,071	14,775	15,513
Number of employees	5	5	5	5	5	5	5	5	5
Medical services									
In-patient									
Staff costs (J\$'000)	5,000	15,908	24,696	25,931	27,227	28,589	30,018	31,519	33,095
Number of employees	11	11	11	11	11	11	11	11	11
Urgent Care									
Staff costs (J\$'000)	35,636	113,843	138,115	148,532	156,035	163,869	172,441	180,766	189,841
Number of employees	9	12	12	12	12	12	12	12	12
Clinical Laboratory									
Staff costs (J\$'000)	14,010	27,956	29,354	30,822	32,363	33,981	35,680	37,464	39,337
Number of employees	12	12	12	12	12	12	12	12	12
General Practice									
Staff costs (J\$'000)	23,275	68,355	87,035	91,305	95,808	100,547	105,522	110,737	116,191
Number of employees	6	6	6	6	6	6	6	6	6
Surgery Centre									
Staff costs (J\$'000)	5,000	25,773	42,454	44,576	46,805	49,146	51,603	54,183	56,892
Number of employees	27	27	27	27	27	27	27	27	27
Total staff costs	93,421	262,860	333,231	353,321	371,001	389,532	409,336	429,443	450,870



#### Administrative staff

It is assumed that this expense will increase to \$10 million in 2018, up from \$1 million in 2017. This significant increase assumes additional administrative personnel that will be recruited as the Group becomes fully operational as well as the increased resources required to comply with the regulatory and reporting requirements of a publicly-listed company.

#### Medical staff

Medical staff comprises 65 employees, including clerical, medical assistants/technicians physicians, and Medical Directors. In addition, the cost of a General Manager and a Chief Financial Officer will be allocated equally to all business units of health services.

In addition to compensation, it is assumed that the Group would incur statutory contributions and other benefits being approximately 25% of gross salaries relating to administrative and medical staff. Included in the 2018's staff complement for Clinical Laboratory is an estimate for two additional technicians required for overtime and after hours. This is to handle the volume of tests required and expected to be attributable to the commencement of the Urgent Care Centre's operations.

In 2019, the staff complement is projected to increase by three employees to accommodate the additional team required to man the second shift for the Urgent Care Centre which is expected to commence January 2018.

Administrative and medical staff costs are assumed to increase annually by the inflation rate.

#### Doctors' fees

It is assumed that 40% of revenue will be shared with doctors operating in the Urgent Care Centre and 60% in the case of the General Practice unit.

#### 11. Other Expenses

Other expenses are mainly comprised of utilities, insurance, and general office expenses. These expenses are assumed to approximate 11% of the Group's revenue in 2018 and will increase to 14% by 2026.

#### **Net Finance Costs**

Net Finance costs relate to interest expenses on NCB Loan and Shareholders loan and dividends

on preference shares. See notes related to NCB Term Loan, Preference shares and Shareholders Loan below for details.

#### 12. Taxation

Taxation relates to tax on profits relating to the Company and Surgery Centre. It is assumed that 100% of profits relating to the Company will be exempted from taxation for five years commencing financial year 2018. For the remaining projection period, 50% of profits will be exempted from taxation. This is in keeping with the tax benefits associated with being listed on the JSE's Junior Market, that is, 100% tax exemption during the first five years of being listed and 50% tax exemption for a further five years.

Profits with respect to Surgery Centre are assumed to be subjected to an income tax rate of 1% as the subsidiary will be incorporated in St. Lucia.

#### 13. Property, Plant and Equipment

Property and equipment mainly relate to computers, equipment, furniture and fittings. It is assumed that a full year's depreciation will be charged in the year of purchase for assets acquired. The depreciation rates assumed are based on estimated useful lives of assets and are as follow:

•	Leasehold improvements	-	40 years
•	Computers	-	5 years
•	Equipment, furniture and fittings	-	10 years

Projected capital expenditure is as follows:

Description	2018 J\$′000	2019 J\$'000
Build out of facility	192.5	29.0
Medical equipment	136.7	52.1
Computers	22.1	-
Used standby generator	16.6	16.9
Sprinkler system	9.9	10.2
Elevator	-	10.0
Total	377.8	118.2



It is assumed that computers and health services medical equipment will require replacement every five years based on original prices adjusted for inflation. See Table 6 for a breakdown of the projected carrying value of property and equipment.

#### 14. Other Non-Current Assets

Other non-current assets relate to refundable security deposits, and deposits paid to Jamaica Public Service Company Limited. It is assumed that such amounts will remain on deposit throughout the projection period.

#### 15. Other Current Assets

Other current assets relate to prepayments and short term deposits. Short term deposits comprise amounts held in the debt service reserve account and the retention account, both of which are associated with the terms of the NCB Term Loan.

#### Debt service reserve account

In accordance with the terms of the NCB Term Loan, the Company is required to maintain, over the life of the loan, a debt service reserve account of \$51.6 million, being the equivalent of two quarterly installments. It is further assumed that this reserve fund will be maintained in US\$ for hedging purposes, earning interest at 1.2% per annum, the prevailing rate of interest being paid by NCB. It is assumed that this account will be closed during the financial year 2025 following the maturity of the NCB Term Loan.

#### **Retention account**

Following the delivery of units to purchasers, it is assumed that the retention account will no longer be required. It is also assumed that this account will be maintained in US\$, earning interest at 3.3% per annum while being maintained during the financial year 2018.

#### 16. Net Working Capital

Net working capital comprises trade receivables and trade payables. Trade receivables relate to all business units with an average debtor day period of 26 days assumed. A creditor day period of 71 days has been assumed for all business units. However, with the exception of financial years 2018 and 2019, it is assumed that forecasted payables will include an additional amount of \$150 million and \$75 million, respectively. These amounts are based on the assumption that a portion of capital expenditure will be funded through suppliers' credit in both years.

#### 17. Owed to Directors

It is assumed that amounts owing to directors will be repaid during the financial years 2020 and 2021.

#### 18. Borrowings

This relates to the NCB Term Loan and shareholders' loans converted to preference shares.

#### NCB Term Loan

The terms of this loan for \$350 million, include a repayment period of eight years payable in equal quarterly installments and an interest rate of 11.5% per annum.

#### **Preference Shares**

50% of shareholders' loan will be converted to non-redeemable preference shares with interest at 10% per annum. The remaining 50% will remain as shareholder loan with no fixed repayment with interest at 10% per annum for the J\$ amounts and 4% per annum for the US\$ amounts.

#### 19. Shareholders' Loan

This amount relates to funds advanced by the shareholders. It is assumed that outstanding balances will continue to attract interest at the prevailing rates of 15% and 4%, respectively for J\$ and US\$ funds. However, once the IPO is completed and the Company becomes publicly-listed, it is assumed that the interest rates will be reduced to 6% and 2% for J\$ and US\$ denominated loans, respectively on the remaining balance not converted to preference shares. With respect to the J\$ denominated balance, the interest rate is assumed to increased annually by 1%, with a cap at 10% by 2022. The Directors are of the view that these rates are more in line with arm's length rates prevailing within the market.

#### 20. Share Capital

The increase in share capital is assumed to be attributable to the issuance of new shares amounting to \$400 million to investors following the IPO, net of transaction costs.

#### 21. Encashment

It is assumed that the remaining balance of \$22 million will be collected in 2018 with respect to a unit sold during the last quarter of 2017. It is further assumed that following the handover



of titles to purchasers of units in 2018, approximately US\$300k or \$29 million Jamaican dollar equivalent, held as reservation deposits will be released to the Company. The amount of \$53 million represents funds held in the debt service reserve account and is assumed to be released in 2025 when the NCB Term Loan is matured.

#### 22. Repayment of Other Borrowings

Approximately \$70 million of the funds raised from the IPO will be used to settle the performance bond due to the main contractor for the GWest Centre.

#### 23. Dividends Paid

It is assumed that the Company will commence the payment of dividends once a minimum cash balance is maintained as a buffer to meet operational expenses.

# Table 1 - Group Income Statement for the Years Ending March 2018 - 2026

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
J\$'000	2018	2019	2020	2021	2022	2023	2024	2025	2026
Income									
Net gain on sale of units	5,020	0	0	0	0	0	0	0	0
Lease income	48,418	74,022	86,048	88,598	91,234	93,958	96,706	99,543	102,469
Other income	0	0	0	0	0	0	0	0	0
Medical services	86,392	710,646	1,083,062	1,159,948	1,241,597	1,322,061	1,408,811	1,500,717	1,601,555
Change in fair value of investment property	18,292	18,657	19,031	19,411	19,799	20,195	20,599	21,011	21,432
Total income	158,122	803,325	1,188,141	1,267,958	1,352,631	1,436,214	1,526,116	1,621,271	1,725,456
Operating Expenses									
Advertising and Promotion	294	2,483	3,761	4,080	4,423	4,658	4,911	5,160	5,433
Accounting and other professional fees	1,517	1,593	1,673	1,756	1,844	1,936	2,033	2,135	2,242
Directors' fees	5,952	6,250	6,562	6,890	7,235	7,596	7,976	8,375	8,794
Utilities	3,546	26,373	40,182	43,391	47,326	50,637	54,253	58,092	62,330
Insurance expense	847	10,834	17,959	19,069	20,218	21,263	22,342	23,463	24,664
Lease expense	56,615	57,986	59,993	62,693	65,522	68,484	71,540	74,737	78,083
Maintenance	18,220	20,340	22,370	23,434	24,463	25,431	26,432	27,452	28,536
Meals and Entertainment	0	1,609	3,171	3,596	4,317	4,577	4,865	5,145	5,456
Medical supplies	2,419	27,828	45,591	48,291	51,090	53,993	57,014	60,229	63,698
Other expenses	15,175	101,686	157,993	168,815	180,407	192,976	206,513	221,116	237,190
Professional fees	2,000	2,100	2,205	2,315	2,431	2,553	2,680	2,814	2,955
Salaries and wages	81,374	262,860	333,231	353,321	371,001	389,532	409,336	429,443	450,870
Total operating expenses	187,959	521,942	694,691	737,650	780,276	823,636	869,894	918,163	970,250
Earnings before Income, Taxes, Depr. &									
Amort. (EBITDA)	(29,836)	281,384	493,450	530,308	572,355	612,578	656,222	703,107	755,206
Depreciation and amortisation	(26,931)	(36,571)	(36,571)	(36,571)	(37,059)	(38,218)	(37,997)	(37,997)	(37,997)
Earnings before Interest and Taxes	(56,767)	244,813	456,879	493,737	535,295	574,360	618,225	665,110	717,209
Net finance income/(costs)	(53,875)	(78,509)	(66,406)	(59,110)	(21,110)	11,784	49,881	75,891	112,905
Profit before Taxation	(110,642)	166,303	390,473	434,627	514,185	586,145	668,106	741,001	830,113
Taxation	(60)	(485)	(1,961)	(2,571)	(2,947)	(35,821)	(42,014)	(47,755)	(54,470)
Profit after Taxation	(110,702)	165,818	388,512	432,055	511,238	550,324	626,092	693,247	775,643
Retained earnings b/f	178,109	67,408	233,226	524,610	848,652	1,206,519	1,591,745	2,030,010	2,515,283
Dividends	0	0	(97,128)	(108,014)	(153,371)	(165,097)	(187,828)	(207,974)	(232,693)
Retained earnings c/f	67,408	233,226	524,610	848,652	1,206,519	1,591,745	2,030,010	2,515,283	3,058,233

# Table 2 - Group Statement of Financial Position as at March 2018 – 2026

	Forecast								
J\$'000	2018	2019	2020	2021	2022	2023	2024	2025	2026
ASSETS									
Non-current assets									
Land and development costs	0	0	0	0	0	0	0	0	0
Property and equipment	690,543	772,124	735,553	698,982	664,364	654,315	616,318	578,321	540,324
Investment property	932,872	951,529	970,560	989,971	1,009,770	1,029,966	1,050,565	1,071,576	1,093,008
Deferred tax asset	4,746	4,746	4,746	4,746	4,746	4,746	4,746	4,746	4,746
Security deposits	59,920	59,920	59,920	59,920	59,920	59,920	59,920	59,920	59,920
Due from related companies	(0)	0	0	0	0	0	0	0	0
Current assets									
Tax recoverable	0	0	0	0	0	0	0	0	0
Prepaid exp. and other receivables	20,316	10,264	11,390	11,743	12,107	12,483	12,863	13,255	13,659
Short term deposits	53,303	53,303	53,303	53,303	53,303	53,303	53,303	0	0
Receivables	6,060	49,852	75,977	81,372	87,099	92,743	98,829	105,276	112,350
Cash and bank balances	151,408	142,465	187,829	301,844	459,348	639,298	1,060,583	1,581,348	2,150,913
Total current assets	231,086	255,884	328,499	448,262	611,856	797,827	1,225,577	1,699,879	2,276,922
Total assets	1,919,167	2,044,203	2,099,278	2,201,880	2,350,656	2,546,774	2,957,127	3,414,443	3,974,921
EQUITY AND LIABILITIES Shareholders' equity									
Share capital	435,961	435,961	435,961	435,961	435,961	435,961	435,961	435,961	435,961
Property revaluation reserve	55,204	55,204	55,204	55,204	55,204	55,204	55,204	55,204	55,204
Retained earnings	67,408	233,226	524,610	848,652	1,206,519	1,591,745	2,030,010	2,515,283	3,058,233
Total shareholders' equity	558,572	724,391	1,015,775	1,339,816	1,697,683	2,082,910	2,521,174	3,006,447	3,549,397
Non-current liabilities									
Borrowing	667,413	603,356	520,319	436,313	242,739	198,989	155,239	155,239	155,239
Borrowings - shareholders' loans	272,286	290,075	264,721	171,869	37,491	0	0	0	0
Security deposit	10,807	13,543	15,074	15,505	15,950	16,410	16,874	17,352	17,844
Deferred tax liability	0	0	0	0	0	0	0	0	0
Total non-current liabilities	950,506	906,973	800,114	623,688	296,180	215,399	172,113	172,591	173,083
Current liabilities									
Owed to directors	71,220	75,126	55,126	0	0	0	0	0	0
Reservation deposits	0	0	0	0	0	0	0	0	0
Performance bond - construction	0	0	0	0	0	0	0	0	0
Third party loans	0	0	0	0	0	0	0	0	0
Current portion of long-term liabilities	51,632	82,132	83,036	84,006	193,574	43,750	43,750	0	0
Taxation	60	485	1,961	2,571	2,947	35,821	42,014	47,755	54,470
Payables	287,177	255,096	143,265	151,799	160,272	168,894	178,076	187,651	197,970
Total current liabilities	410,089	412,839	283,389	238,376	356,793	248,465	263,840	235,405	252,440
Total equity and liabilities	1,919,167	2,044,203	2,099,278	2,201,880	2,350,656	2,546,774	2,957,127	3,414,443	3,974,921

# Table 3 - Group Statement of Cash Flows for the Years Ending March 2018 - 2026

	Forecast								
J\$'000	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net surplus/(deficit) for the period	(110,702)	165,818	388,512	432,055	511,238	550,324	626,092	693,247	775,643
Adjusted for:									
Depreciation and amortisation	26,931	36,571	36,571	36,571	37,059	38,218	37,997	37,997	37,997
Gain on sale of units	(5,020)	0	0	0	0	0	0	0	0
Gain on revaluation of investment property	(18,292)	(18,657)	(19,031)	(19,411)	(19,799)	(20,195)	(20,599)	(21,011)	(21,432)
Foreign exchange movement	(24,661)	3,951	2,810	1,574	1,165	611	463	478	493
Taxation	(4,427)	425	1,476	610	375	32,874	6,193	5,741	6,715
Decr/(Incr) in receivables, prepaid expenses and other receivables	46,964	(33,740)	(27,252)	(5,747)	(6,091)	(6,021)	(6,465)	(6,839)	(7,478)
Incr in payables	199,585	(32,081)	(111,831)	8,534	8,473	8,622	9,181	9,575	10,319
Incr/(Decr) in deferred taxation liability	0	0	0	0	0	0	0	0	0
Net cashflows (used in)/generated from operations	110,378	122,287	271,256	454,186	532,421	604,433	652,862	719,187	802,258
Investing Activities									
Purchase of fixed assets	(377,775)	(118,152)	0	0	(2,442)	(28,169)	0	0	0
Land and development costs	0	0	0	0	0	0	0	0	0
Proceeds from sale of units	21,792	0	0	0	0	0	0	0	0
Decr/(incr) in short term deposits	28,678	0	0	0	0	0	0	53,303	0
Net cash flows (used in)/generated by investing activities	(327,305)	(118,152)	0	0	(2,442)	(28,169)	0	53,303	0
Financing Activities									
New loans	154,695	20,000	0	0	0	0	0	0	0
Loans from shareholders	13,554	16,573	(26,632)	(93,994)	(135,099)	(37,642)	0	0	0
Dividends paid	0	0	(97,128)	(108,014)	(153,371)	(165,097)	(187,828)	(207,974)	(232,693)
Third party loans	(24,377)	0	0	0	0	0	0	0	0
Owed to directors	3,720	3,906	(20,000)	(55,126)	0	0	0	0	0
New issue of shares	385,961	0	0	0	0	0	0	0	0
Incr/(Decr) in reservation deposits	(26,844)	0	0	0	0	0	0	0	0
Incr/(Decr) in perfomance bond - construction	(95,874)	0	0	0	0	0	0	0	0
Incr/(Decr) in retention - construction	0	0	0	0	0	0	0	0	0
Repayment of loans	(44,382)	(53,557)	(82,132)	(83,036)	(84,006)	(193,574)	(43,750)	(43,750)	0
Net cash flows (used in)/generated by financing activites	366,453	(13,078)	(225,893)	(340,170)	(372,476)	(396,313)	(231,578)	(251,724)	(232,693)
Net cash flows (utilised)/generated for the period	149,526	(8,943)	45,364	114,016	157,503	179,951	421,285	520,765	569,565
Cash and cash equivalent balances b/f	1,882	151,408	142,465	187,829	301,844	459,348	639,298	1,060,583	1,581,348
Cash and cash equivalent balances c/f	151,408	142,465	187,829	301,844	459,348	639,298	1,060,583	1,581,348	2,150,913

# Table 4 - Surgery Centre Income Statement for the Years Ending March 2018 – 2026

J\$'000	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
Revenue	0	279,720	519,480	547,040	574,600	604,240	633,880	665,600	699,400
Operating expenses									
Salaries	0	16,418	29,553	31,031	32,582	34,211	35,922	37,718	39,604
Payroll taxes and other benefits	1,000	5,155	8,491	8,915	9,361	9,829	10,321	10,837	11,378
Share of General Manager and CFO salary	4,000	4,200	4,410	4,631	4,862	5,105	5,360	5,628	5,910
Doctors' fees	0	0	0	0	0	0	0	0	0
Rent	23,502	24,191	24,905	25,643	26,406	27,194	27,989	28,810	29,657
Building maintenance	4,677	4,814	4,956	5,103	5,255	5,412	5,570	5,733	5,902
Equipment maintenance	0	2,797	5,195	5,470	5,746	6,042	6,339	6,656	6,994
Meals	0	0	0	0	0	0	0	0	0
Medical supplies	0	16,783	31,169	32,822	34,476	36,254	38,033	39,936	41,964
Medical waste disposal	0	0	0	0	0	0	0	0	0
Cleaning supplies	0	0	0	0	0	0	0	0	0
Office and general supplies	0	1,240	2,303	2,425	2,547	2,678	2,810	2,950	3,100
Insurance	0	6,199	11,513	12,124	12,735	13,392	14,049	14,752	15,501
Electricity	0	7,439	13,816	14,549	15,282	16,070	16,859	17,702	18,601
Water	0	149	276	291	306	321	337	354	372
Telephone/Internet	0	744	1,382	1,455	1,528	1,607	1,686	1,770	1,860
Advertising expense	0	446	829	873	917	964	1,012	1,062	1,116
General expenses	0	51,984	96,542	101,664	106,785	112,294	117,802	123,697	129,979
Total operating expenses	33,179	142,560	235,339	246,995	258,788	271,375	284,087	297,606	311,938
Earnings before Interest, Tax, Depr. and Amort.	(33,179)	137,160	284,141	300,045	315,812	332,865	349,793	367,994	387,462
Depreciation	14,814	20,746	20,746	20,746	20,746	21,966	21,966	21,966	21,966
Earnings before Interest and Tax (EBT)	(47,993)	116,413	263,395	279,299	295,066	310,899	327,827	346,028	365,496
Interest income	0	0	339	2,553	15,060	23,878	33,036	44,151	63,149
Interest expense	(4,820)	(31,435)	(31,000)	(30,707)	(21,433)	(9,151)	0	0	0
Profit before Tax (PBT)	(52,813)	84,978	232,735	251,145	288,693	325,627	360,863	390,179	428,645
Taxation	0	(425)	(1,901)	(2,511)	(2,887)	(3,256)	(3,609)	(3,902)	(4,286)
Profit after Tax	(52,813)	84,553	230,833	248,634	285,806	322,371	357,255	386,277	424,359
Retained earnings b/f	(32,298)	(85,110)	(557)	230,276	478,910	764,715	1,087,086	1,444,341	1,830,618
Retained earnings c/f	(85,110)	(557)	230,276	478,910	764,715	1,087,086	1,444,341	1,830,618	2,254,977

# Table 5 - Staff Complement

		Health Servi	ervices		
Staff Count	Administrative	GWest Sur	gery Centre		
Clerical	4	9	8		
Managers	1	2	1		
Medical assistants		3	8		
Medical Director		3	1		
Nurses		12	7		
Phlebotomists		3	0		
Physicians		3	0		
Porters		3	2		
Total	5	38	27		

# Table 6 - Breakdown of Property and Equipment Projected Carrying Values

			Equipment,		
J\$'000	Land	Building	Furniture & Fixtures	Computers	Total
2018					
Cost or valuation	18,471	283,263	37,034	1,913	340,681
Additions	0	192,476	163,228	22,071	377,775
Balance, March 31, 2018	18,471	475,739	200,262	23,984	718,456
Accumulated depreciation	0	0	700	282	982
Charge for the year	0	5.212	17.023	4.696	26,931
Balance, March 31, 2018	0	5,212	17,723	4,978	27,913
Net book value, March 31, 2018	18,471	470,527	182,539	19,006	690,543
2019					
Cost or valuation	18,471	475,739	200,262	23,984	718,456
Additions	0	29,001	89,151	0	118,152
Balance, March 31, 2019	18,471	504,740	289,413	23,984	836,608
Accumulated depreciation	0	5.212	17,723	4.978	27,913
Charge for the year	ŏ	5,937	25,938	4,696	36,571
Balance, March 31, 2019	0	11,149	43,661	9,674	64,484
Net book value, March 31, 2019	18,471	493,591	245,752	14,310	772,124
2020					
Cost or valuation	18,471	504,740	289,413	23,984	836,608
Additions	0	0	0	0	0
Balance, March 31, 2020	18,471	504,740	289,413	23,984	836,608
Accumulated depreciation	0	11,149	43,661	9,674	64,484
Charge for the year	0	5,937	25,938	4,696	36,571
Balance, March 31, 2020	0	17,086	69,599	14,371	101,055
Net book value, March 31, 2020	18,471	487,654	219,815	9,613	735,553
2021					
Cost or valuation	18,471	504,740	289,413	23,984	836,608
Additions	0	0	200,110	0	0
Balance, March 31, 2021	18,471	504,740	289,413	23,984	836,608
Accumulated depreciation	0	17.086	69,599	14,371	101.055
Charge for the year	0	5,937	25,938	4,696	36,571
Balance, March 31, 2021	0	23.023	95,537	19,067	137,626
Net book value, March 31, 2021	18,471	481,717	193,877	4,917	698,982
				.,	
2022					
Cost or valuation	18,471	504,740	289,413	23,984	836,608
Additions	0	0	0	2,442	2,442
Balance, March 31, 2022	18,471	504,740	289,413	26,426	839,049
Accumulated depreciation	0	23,023	95,537	19,067	137,626
Charge for the year	0	5,937	25,938	5,185	37,059
Balance, March 31, 2022	0	28,960	121,475	24,251	174,685
Net book value, March 31, 2022	18,471	475,780	167,939	2,174	664,364

			Equipment,		
			Furniture &		
J\$'000	Land	Building	Fixtures	Computers	Total
2023					
Cost or valuation	18,471	504,740	289,413	26,426	839,049
Additions	0	0	0	28,169	28,169
Balance, March 31, 2023	18,471	504,740	289,413	54,595	867,218
Accumulated depreciation	0	28,960	121,475	24,251	174,685
Charge for the year	0	5,937	25,938	6,343	38,218
Balance, March 31, 2023	0	34,896	147,412	30,595	212,903
Net book value, March 31, 2023	18,471	469,843	142,001	24,000	654,315
0001					
2024 Cost or valuation	18,471	504,740	289,413	54,595	867,218
Additions	0	004,740	205,415	04,050	007,210
Balance, March 31, 2024	18,471	504,740	289,413	54,595	867,218
Balance, March 91, 2024	10,471	504,740	200,410	04,000	007,210
Accumulated depreciation	0	34,896	147,412	30,595	212,903
Charge for the year	0	5,937	25,938	6,122	37,997
Balance, March 31, 2024	0	40,833	173,350	36,717	250,900
Net book value, March 31, 2024	18,471	463,906	116,063	17,878	616,318
2025					
Cost or valuation	18,471	504,740	289,413	54,595	867,218
Additions	0	0	0	0	0
Balance, March 31, 2025	18,471	504,740	289,413	54,595	867,218
Accumulated depreciation	0	40,833	173,350	36,717	250,900
Charge for the year	0	5,937	25,938	6,122	37,997
Balance, March 31, 2025	0	46,770	199,288	42,839	288,897
Net book value, March 31, 2025	18,471	457,969	90,125	11,756	578,321
2026					
Cost or valuation	18,471	504,740	289,413	54,595	867,218
Additions	0	004,740	200,410	04,000	007,210
Balance, March 31, 2026	18,471	504,740	289,413	54,595	867,218
5000100, M0101101, 2020	10,111	504,140	200,410	04,000	501,210
Accumulated depreciation	0	46,770	199,288	42,839	288,897
Charge for the year	0	5,937	25,938	6,122	37,997
Balance, March 31, 2026	0	52,707	225,226	48,961	326,894
Net book value, March 31, 2026	18,471	452,032	64,187	5,634	540,324

# SECTION 12: RISK FACTORS

The projected performance and operations involve a degree of risk. Each prospective investor should carefully consider the following risk factors before making an investment decision. The Prospectus contains forward looking statements and information that is based on the Directors' belief as well as assumptions made by and information currently available to them. When used in this document, words such as "anticipate", "believe", "estimate", "expect" and depending on the context, "will", "intends" and similar expressions, are intended to identify forward-looking statements. Such statements reflect the Company's current assumptions with respect to future events and are subject to certain risks, uncertainties and further assumptions, including the specific risk factors described herein. If one or more of these risks or uncertainties materialise, or if underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected.

## **General Economic and Demographic Factors**

We anticipate that factors such as the current state of public health facilities, the Government's limited ability to fund public sector health expenditure and compete with private health facilities as well as the increasing trend in major diseases such as Ischaemic Heart Disease, Diabetes Mellitus, Prostate Cancer and Kidney Disease will continue to provide opportunities for growth. However, the health care industry is impacted by the overall performance of the Jamaican economy. During periods of economic recession and high unemployment we may face the risk of a declining population covered under insurance plans and health schemes, increasing patient decisions to postpone or cancel elective and nonemergency health care procedures and increases in the uninsured and underinsured populations. While negative medical-related factors are unique to the nature of the Company's business, all trading businesses in Jamaica face the same risks associated with the general macroeconomic factors. Notwithstanding, the Company's location provide a strategic advantage to tap into medical tourism.

### **Business Development Risk**

The Company is subject to the risks/requirements normally associated with the medical services industry including, without limitation:

- Timely receipt of necessary regulatory approvals;
- Establish its brand name recognition and competitive advantages for its products and services;
- Attract and retain strategic partners;
- Respond to competitive developments from both direct and indirect sources;



- Successfully develop and introduce new services and products; and
- Attract, retain and motivate qualified personnel.

These and other risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities which could have an adverse effect on the results of operations of the Company.

# The Company will be dependent on key personnel, consultants and technical specialists.

The success of the Company depends on its ability to identify, hire, train and retain highly qualified physicians, sales and marketing, managerial and technical personnel. In addition, as the Company introduces new services, it will need to hire additional personnel. Currently, competition for personnel with the required knowledge, skill and experiences is intense, and the Company may not be able to attract, assimilate or retain such personnel. The inability to attract and retain the necessary managerial, technical and sales and marketing personnel could have a material adverse effect on the business, results of operations and financial condition of the Company.

Additionally, the Company depends and will continue to depend upon the services and products of certain consultants, contractors and other service-providers in order to successfully pursue the business plan of the Company.

### Control

The Shares the subject of this Prospectus will not (on allocation) confer legal or effective control of the Company on investors. The Company is controlled by certain Shareholders namely Konrad Kirlew, Leyford Doonquah, Dennis Samuels, Wayne Gentles and Elva Williams-Richards, who collectively through direct and/or indirect interest will own 62.86% of the issued Shares following the successful close of the Offer (the subject of this Prospectus).

### Medical professional liability risk

Medical professionals employed to the Company will diagnose, conduct surgical procedures and/ or administer treatment to patients. The Company may be sued by patients or other persons who suffer harm. Individual doctors will carry malpractice insurance and the Company will carry insurance cover relating to malpractice, non-medical liability and managerial liability. However such coverages may not be adequate in any given circumstance, or it may not be available at all in accordance with the terms and conditions of any particular insurance policy and these events may have a severe adverse effect on the financial position of the Company. We may not be able to generate sufficient cash to service all of our indebtedness and may not be able to refinance our indebtedness on favorable terms. If we are unable to do so, we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure investors that the Company will maintain a level of cash flows from operating activities sufficient to permit the Company to pay the principal, premiums, if any, and interest on our indebtedness.

In addition, we conduct some our operations through our wholly owned subsidiary GWest Surgery Centre Limited. Accordingly, we will depend on the generation of cash flows by our subsidiary and its ability to make such cash available to us by way of dividends, debt repayment or otherwise. Our subsidiary may not be able to, or may not be permitted to, make distributions to the Company.

We may find it necessary or prudent to refinance our outstanding indebtedness, the terms of which may not be favorable to us. Our ability to refinance our indebtedness on favorable terms, or at all, is directly affected by the then current global economic and financial conditions. In addition, our ability to incur secured indebtedness (which would generally enable us to achieve better pricing than the incurrence of unsecured indebtedness) depends in part on the value of our assets, which depends, in turn, on the strength of our cash flows and results of operations, and on economic and market conditions and other factors.

If our cash flows and capital resources are insufficient to fund our debt service obligations or we are unable to refinance our indebtedness, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If our operating results and available cash are insufficient to meet our debt service obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions, or the proceeds from the dispositions may not be adequate to meet any debt service obligations then due.

#### Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our senior secured credit facility contains various covenants that could limit our ability to engage



in specified types of transactions. These covenants could limit our and our subsidiary's ability to, among other things:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell or transfer assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

Under our senior secured credit facilities, we are required to satisfy and maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and there can be no assurance we will continue to meet those ratios. A breach of any of these covenants could result in a default. Upon the occurrence of an event of default under these senior secured credit facilities, the lenders thereunder could elect to declare all amounts outstanding under the senior secured credit facilities to be immediately due and payable. If we were unable to repay those amounts, the lenders under the senior secured credit facilities could proceed against the collateral granted to them to secure such indebtedness. We have pledged a significant portion of our assets under our senior secured credit facilities. If any of the lenders under the senior secured credit facilities accelerate the repayment of borrowings, there can be no assurance there will be sufficient assets to repay the senior secured credit facilities, the first lien notes and our other indebtedness.

#### We face competition for patients from other hospitals and health care providers.

The health care business is highly competitive, and competition among hospitals and other health care providers for patients has intensified in recent years. Generally, other hospitals in the communities we serve provide services similar to those offered by our hospitals. Additional quality measures and future trends toward clinical transparency may have an unanticipated impact on our competitive position and patient volumes. If any of our services achieve poor results (or results that are lower than our competitors) on various quality measures or on patient satisfaction surveys or if our standard charges are higher than our competitors, our patient volumes could decline.

Some of the facilities that compete with us are physician-owned or are owned by the government and can finance capital expenditures and operations on a tax-exempt basis.

Further, if our competitors are better able to attract patients, make capital expenditures and maintain modern and technologically upgraded facilities and equipment, recruit physicians, expand services or obtain favourable managed care contracts at their facilities than our facilities, we may experience an overall decline in patient volume.

# If we fail to comply with extensive laws and government regulations, we could suffer penalties or be required to make significant changes to our operations.

#### Our operations could be impaired by a failure of our information systems.

The performance of our information systems is critical to our business operations. In addition to our shared services initiatives, our information systems are essential to a number of critical areas of our operations, including:

- accounting and financial reporting;
- billing and collecting accounts;
- coding and compliance;
- clinical systems;
- medical records and document storage;
- inventory management;
- negotiating, pricing and administering managed care contracts and supply con tracts; and
- monitoring quality of care and collecting data on quality measures necessary for full Medicare payment updates.

Information systems may be vulnerable to damage from a variety of sources, including telecommunications or network failures, human acts and natural disasters. We have taken precautionary measures to prevent unanticipated problems that could affect our information systems. Nevertheless, we may experience system failures. The occurrence of any system failure could result in interruptions, delays, the loss or corruption of data and cessations or interruptions in the availability of systems, all of which could have a material, adverse effect on our financial position and results of operations and harm our business reputation.

A cybersecurity incident could result in the compromise of a facility, confidential data or critical data systems and give rise to potential harm to patients, remediation and other expenses, expose us to liability under, consumer protection laws, or other common law theories, subject us to litigation and government governmental inquiries, damage our reputation, and otherwise be disruptive to our business.

We collect and store on our networks sensitive information, including intellectual property, proprietary business information and personally identifiable information of our patients and

## employees. In addition, we intend to make significant investments in technology to adopt and utilize EHR and to become meaningful users of health information technology. The secure maintenance of this information and technology is critical to our business operations. We intend to have implement security measures to protect the confidentiality, integrity and availability of this data and the systems and devices that store and transmit such data. We intend to utilize current security technologies, and routinely monitoring and testing by external parties. Despite these efforts, threats from malicious persons and groups, new vulnerabilities and advanced new attacks against information systems create the risk of cybersecurity incidents. There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, impact the integrity, availability or privacy of personal health information or other data subject to privacy laws or disrupt our information systems, devices or business, including our ability to provide various health care services. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our facilities, information systems and data from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities. The occurrence of any of these events could result in (i) harm to patients; (ii) business interruptions and delays; (iii) the loss, misappropriation, corruption or unauthorized access of data; (iv) litigation and potential liability under privacy, security and consumer protection laws or other applicable laws; (v) reputational damage and (vi) federal and state governmental inquiries, any of which could have a material, adverse effect on our financial position and results of operations and harm our business reputation.

# The emergence and effects related to a pandemic, epidemic or outbreak of an infectious disease could adversely affect our operations.

If a pandemic, epidemic, outbreak of an infectious disease or other public health crisis were to occur in our area, our operations could be adversely affected. Such a crisis could diminish the public trust in health care facilities, especially health care facilities that fail to accurately or timely diagnose, or are treating (or have treated) patients affected by infectious diseases. If our facilities were involved, or perceived as being involved, in treating patients from such an infectious disease, patients might cancel procedures or fail to seek needed care at our facilities. Further, a pandemic, epidemic or outbreak might adversely affect our operations by causing a temporary shutdown or diversion of patients, by disrupting or delaying production and delivery of materials and products in the supply chain or by causing staffing shortages in our facilities. We have disaster plans in place and operate pursuant to infectious disease protocols, but the potential emergence of a pandemic, epidemic or outbreak is difficult to predict and could adversely affect our operations.



#### We may be subject to liabilities from claims brought against our facilities.

We are subject to litigation relating to our business practices, including claims and legal actions by patients and others in the ordinary course of business alleging malpractice, product liability or other legal theories. Claims may involve large sums of money as damages and significant defense costs. We will insure a portion of our professional liability risks through licensed insurance carriers. The Directors believe that our insurance coverage when implemented will be sufficient to cover insured claims arising out of the operation of our facilities. In addition visiting medical professionals are required to provide evidence of malpractice insurance. If payments for claims are not covered by insurance, our results of operations and financial position could be adversely affected.

#### Vacancy of lettable space and its impact on lease revenues

If the available lettable space is not leased at the rate anticipated, or if existing tenants renege on their lease obligations or prematurely terminate their lease arrangements our results of operations and financial position could be adversely affected.

#### Actual results could differ from forward-looking statements in this Prospectus

This Prospectus contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from these anticipated in these forward-looking statements as a result of many factors, including the risk factors set forth above and elsewhere in the prospectus. The cautionary statements made in this Prospectus should be read as being applicable to all forward-looking statements wherever they appear in this Prospectus.

If any of the events discussed in the following risk factors were to occur, our business, financial position, results of operations, cash flows or prospects could be materially, adversely affected. Additional risks and uncertainties not presently known, or currently deemed immaterial, may also constrain our business and operations.

#### New accounting rules or standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is not faced by the Company alone but also, by any trading business.

#### Admission of the shares to the Junior Market of the JSE

After the Closing Date, and assuming that the Company is able to raise \$250M as a result of the Invitation by the Closing Date, the Company will make application to the JSE to admit the Shares to the Junior Market. However, the Company is not able to guarantee the full subscription of the Shares in the Invitation or the admission of the Shares to the Junior Market.

#### Volatility in price of Shares

Following their proposed admission to trading on the Junior Market the Shares may experience volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

#### **Revocation of tax concessions risk**

If the Invitation is successful in raising at least \$250M as per Rule 501(2)(b) of the Junior Market Rules by the Closing Date, and the Company is admitted to the Junior Market, it must remain listed on the JSE trading platforms for a period of fifteen (15) years in order to be eligible for the concessionary tax regime described in Section 14.

The instrument governing the concessionary tax regime is the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remittance) Notice dated 13 August 2009, which was issued by the Minister of Finance under section 86 of the Income Tax Act. The instrument provides that if the Company is de-listed at any time during the fifteen (15) year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have been applicable to it during the concessionary period.

#### **Uninsured Risks**

The Company has procured insurance in respect of certain risks facing its business, as described in Section 12 of this Prospectus. If the Company suffers loss or damage to its property or facilities or as a result of a claim by a third party and is not able to claim successfully under its policies of insurance for that purpose its finances could suffer and its operations could be disrupted temporarily or permanently. The Company does however have consequential loss insurance which would allow it to mitigate against losses occasioned by an interruption of business.

## SECTION 13: PROFESSIONAL ADVISERS TO THE COMPANY

### **Principal Stockbrokers and Financial Advisers**

JMMB Securities Limited 6 Haughton Terrace Kingston 6

### **Financial and Management Consultants**

Ernst and Young Services Limited 8 Olivier Road Kingston 8

### Auditors

CalvertGordon Associates Suite 110 city Centre building P.O. Box 60 Montego Bay St. James

### Attorneys

Patterson Mair Hamilton Temple Court 85 Hope Road Kingston 6

### Harrison & Harrison

Suite 1, 16 Hope Road Kingston 10

### **Registrars and Transfer Agents**

Jamaica Central Securities Depository Limited 40 Harbour Street Kingston

### SECTION 14: STATUTORY AND GENERAL INFORMATION

# 14.1 Statutory Information required to be set out in this Prospectus by section 41 and the Third Schedule to the Companies Act

- 1. The Company has no founders or management or deferred shares.
- 2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
- 3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

The remuneration of the Directors shall be such sum or sums as may from time to time be determined by them and approved by the Company in general meeting (Article 87).

The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to this (Article 89).

A Director may hold any other office or place of profit under the Company in conjunction with the office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine, and a Director or any firm in which he is interested may act in a professional capacity for the Company and he or such firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing contained in these presents shall authorise a Director or any such firm to act as auditor to the Company (Article 99).

The Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependants of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them. Any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a Director in respect of the exercise of any of

the powers of this article conferred upon the Directors notwithstanding that he is or may be or become interested therein (Article 101).

The Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors of the Company, and may fix his or their remuneration either by way of salary or commission or by conferring a right to participation in the profits of the Company, or by a combination of two or more of those modes, and may provide as a term of his appointment that there be paid to him, his widow or other dependents a pension or gratuity on retirement or death and the terms of such employment need not be confirmed by the Company in general meeting (Article 121).

4. The names and descriptions of the Directors of the Company appear in Section 8 of this Prospectus. The addresses of the Directors are as follows:

DIRECTORS	ADDRESS
Dr. Konrad Kirlew - Chairman	34 Market Street, Montego Bay, St James
Mr. Dennis Samuels	23 Sheila Drive, Paradise, Montego Bay, St James
Mrs. Denise Crichton-Samuels	23 Sheila Drive, Paradise, Montego Bay, St James
Mr. Wayne Gentles	115 Pine Boulevard, Mona, Kingston 6
Mrs. Elva Williams-Richards	116 Matthew Way, Spanish Town, St Catherine
Dr. Leyford Doonquah	16 Hope Road, Kingston 10
Mr. Wayne Wray – Mentor	5 Wiltshire Avenue, Kingston 6
Mr. Mark Hart	22 Freeport, Southern Cross Boulevard, Apt B401, Block B, Montego Freeport
Mr. Peter Pearson	Lot 4, Spring Garden, Montego Bay

- 5. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is \$250 million.
- The Invitation will open for subscription at 9:00 a.m. on 7, December 2017 and will close at 4:00 p.m. on the Closing Date, 21, December 2017 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have



been received for an amount equal to or greater than the Shares in the Invitation, or to extend the Closing Date for any reason whatsoever.

- 7. All Applicants including Company Applicants will be required to pay in full the applicable price per Share as specified in this Prospectus. No further sum will be payable on allocation.
- 8. No previous offer of shares in the Company has been made to the public.
- 9. Save as set out in paragraph 17 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
- 10. As at close of business on 31, March 2017, the date to which the statement of actual audited financial position set out in Section 10 is made up, the Company held investments in cash and cash bank balances of \$42,000,000.00.
- 11. The amount for goodwill, patent, or trade marks shown in the Financial Information of the Company is nil. The Company also enters into contracts for sale and purchase of intellectual property righs in the ordinary course of its business but such contracts do not involve any goodwill, patent or trade marks.
- 12. As at close of business on31, March 2017, the date to which the statement of actual audited financial position set out in Section 10 is made up, the aggregate amount of indebtedness of the Company was \$1,123,998,000.00 consisting of bank and third party loan(s) of \$394,924,000.00, advances from related parties (of \$525,460,000.00), trade and other payables (of \$199,127,000.00) and taxation payables (of \$4,487,000.00).
- 13. No amount is currently recommended for distribution by way of dividend. The Company's dividend policy following admission to the Junior Market of the Jamaica Stock Exchange, is described in Section 7.10 of this Prospectus.
- 14. No real property is currently proposed to be purchased or acquired by the Company and paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act. Notwithstanding the foregoing the Company proposes to purchase rights to license and commercialise intellectual property wholly or partly out of the proceeds of the Invitation for the purposes of those paragraphs, in the ordinary course of its business.
- 15. Save as set out in paragraph 17 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe



or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

- 16. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed \$30,000,000.00 (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, marketing expenses, Companies Office's fees, initial fees and GCT).
- 17. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any arranger/advisor save for JMMB Securities Limited, who by virtue of a mandate letter dated September 7, 2017 are entitled to a financial advisory service fee of 3%

The fees described above are calculated exclusive of General Consumption Tax and disbursements.

- 18. The issue is not underwritten.
- 19. The material contracts of the Company are set out in Section 7.
- 20. The name and address of the auditors to the Company is CalvertGordon Associates of Suite 110, City Centre Building, P.O. Box 60, Montego Bay, St. James.
- 21. CalvertGordon Associates have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Financial Information, and their name in the form and context in which it is included.
- 22. The Company was incorporated on December 3, 2007 and it has carried on business since then. The Company's sole subsidiary is GWest Surgery Centre Limited (incorporated under the laws of St Lucia).

### 14.2 Taxation of Junior Market Companies: Concessionary Regime

Companies that successfully apply for admission to the Junior Market of the JSE will benefit from a concessionary tax regime, details of which are set out below.

If the Shares are admitted to the Junior Market, under the Income Tax (Amendment) Act 2016, the Company will benefit from a special 10 year concessionary income tax regime, provided that the Company remains listed for a combined continuous period of not less than 15 years and complies with all other conditions of listing imposed for that purpose.



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. See also the Risk Factors in Section 12.

- Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.
- The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.
- Dividends received by Jamaican resident Shareholders will be subject to a 15% rate of income tax, which is to be withheld at source by Company as a final tax on the Shareholder. Foreign resident Shareholders may be subject to lower or higher rates of income tax on any dividends they may receive. Foreign resident Shareholders will also have income tax on dividends withheld at source. The rate of such withholding will vary and may be lower or higher than that applicable to residents of Jamaica

Potential investors should seek advice on the taxation of Junior Market companies and their projected investment in the Company from a professional adviser, and should not rely on the summary set out above.

### SECTION 15: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date

- 1. The Certificate of Incorporation of the Company dated December 6, 2007.
- 2. The Articles of Incorporation of the Company adopted by the Shareholders of the Company on 29, November 2017.
- **3.** The consent of CalvertGordon Associates, to the inclusion of their name in the form and context in which it appears in this Prospectus.
- 4. The material contracts described in section 7 of this Prospectus.
- 5. Audited Financial Statements for the Company financial years 2013 to 2017.

### SECTION 16: DIRECTORS SIGNATURES

Signed on behalf of GWEST Corporation Limited by the below-mentioned Directors, for and on behalf of the Directors of the Company, this 29 day of November, 2017.

Name of Director/Secretary

**Original Signed By:** 

Dr. Konrad Kirlew - Chairman

Mr. Dennis Samuels

Mrs. Denise Crichton-Samuels

Mr. Wayne Gentles

Mrs. Elva Williams-Richards

Juniter

Dr. Leyford Doonquah

Mr. Wayne Wray – Mentor

Mr. Mark Hart

Mr. Peter Pearson

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## APPENDIX 1: APPLICATION FORM

#### **GWEST CORPORATION LIMITED**

**APPLICATION FORM** 

#### **GWEST CORPORATION LTD. INITIAL PUBLIC OFFER**

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

## Please select Application Type: JMMBSL CLIENT COMPANY RESERVED KEY PARTNER RESERVED GENERAL PUBLIC

#### TO: **GWEST CORPORATION LTD.**

Re: Invitation for Sale and Subscription in respect of up to 169,689,500 Ordinary Shares being offered pursuant to the Prospectus dated 30 November 2017. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated into this Application Form by reference.

I/We hereby apply for \_\_\_\_\_, \_\_\_\_, Ordinary Shares in **GWest IPO 2017** on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of Jamaican Two Dollars and Fifty Cents (J\$2.50) each.

I/We agree to make payment for the sum of JA\$\_\_\_\_\_, \_\_\_\_, (Subscription amount) plus JCSD Application fee of \$163.10 (inclusive of GCT) via the method(s) selected below:

#### PLEASE TICK THE RELEVANT PAYMENT METHOD(S):-

SUBSCRIPTION	N PAYMENT (JA\$)
JA\$ Bank Draft drawn on a Jamaican commercial bank payable to "GWest IPO 2017"	Debit my/our JMMB Account
$\Box \begin{array}{c} \text{Transfer via RTGS/ACH/NCB Elink as detailed below at Note} \\ 4 \end{array}$	

I/We request GWest to allot and issue to me/us the number of Shares applied for by me/us herein, and I/we agree to accept an allotment of that number of Shares or any smaller number of Ordinary Shares in respect of which this Application may be accepted by GWest, upon and subject to the abovementioned Terms & Conditions. I/We authorize GWest's Company Secretary or Registrar and Transfer Agent to place my/our name(s) upon the Register of Members of GWest in respect of the Shares allocated to me/us. I/We also agree to be bound by GWest's Articles of Incorporation.

COMPANIES ARE TO COMPLETE LINES A, C, D, E AND F AND AFFIX COMPANY SEAL. INDIVIDUALS MUST COMPLETE LINES B TO F.

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# GWEST CORPORATION LIMITED

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TA	PAYER REGISTRATION NUMBER EMAIL ADDRESS SIGNATURE
	<b>REFUND OPTION (PLEASE TICK PREFERRED OPTION):</b>
	CREDIT MY/OUR JMMB A/C # PICK-UP CHEQUE AT BROKER OFFICE WHERE APPLICATION WAS SUBMITTED
	NOTES ON HOW TO COMPLETE THE APPLICATION FORM
1. 2. 3. 4.	Application must be for a minimum of <b>10,000</b> shares with increments in multiples of <b>500</b> shares. Applications in any other increment will not be accepted or processed. All applications must be accompanied by the JCSD application fee of \$163.10 (inclusive of GCT). All completed applications must be delivered to any JMMB Ltd location as detailed in the Prospectus. Details for wire transfer payments:
	RTGS - FOR ALL JAS TRANSACTIONS*FOR JAS ELECTRONIC TRANSFERS*:-RTGS - Retail ClientsRTGS - Corporate ClientsACH/NCB ElinkBeneficiary Bank: CitibankAccount Name: Jamaica Money Market BrokersBeneficiary Bank: National Commercial Bank, Duke StreetBeneficiary Bank: S BIC: CITIJMK1BIC: JMMBJMK1Account Type: ChequingBank Routing Number: 00001026RTGS Account Number: 151637Account Name: Jamaica Money Market Brokers LimitedRTGS Account Number: 1031Account Number: 062015659Account Number: 062015659Account Number: 0019363678Street Street
5. 6. 7. 8. 9.	SEND EMAIL TO JMMB AT: CENTRALIZED_PROCESSING@JMMB.COM WITH DETAILS OF THE TRANSFER i.e. DATE OF TRANSFER, APPLICANT'S NAME, AMOUNT TRANSFERRED, JMMB ACCOUNT & TRANSACTION REFERENCE NO. Primary applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder must sign the Application Form at the place indicated. All applicants must attach copies of their Government Issued ID as well as their TRN card (if ID provided is not a Jamaican Driver's Licence displaying their TRN). Successful applicants will be issued with Allotment letters confirming their allotments. This, along with dividend warrants and other communications, will be sent via email to all primary applicants or by mail where an email address is not available. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to successful applicants will be credited to their accounts at the Jamaica Central Securities Depository (JCSD). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account. All applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.
Γ	THIS SECTION FOR BROKER USE ONLY
	DATE APPLICATION RECEIVED: DD MM YYYY TIME RECEIVED BRANCH BRANCH
	NAME     SIGNATURE       PAYMENT REF. NO.1     PAYMENT REF. NO.2     PAYMENT REF. NO.3
	PAYMENT METHOD: CHEQUE INTERNAL TRANSFER RTGS/ACH/ELINK TRANSFER

### APPENDIX 2: JMMB LOCATIONS

### **KINGSTON**

### **Knutsford Boulevard Branch**

11 Knutsford Boulevard, Kingston 5, Saint Andrew Telephone (876) 998-5662

### Haughton Avenue Branch

5 Haughton Avenue, Kingston 10, Saint Andrew. Telephone (876) 998-5662

### Personal Portfolio Management Centre

23 Phoenix Avenue, Kingston 10, Saint Andrew

### SAINT CATHERINE

**Portmore Branch** 47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine Telephone (876) 998-5662

### SAINT ANN

**Ocho Rios Branch** Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann. Telephone (876) 998-5662

### **CLARENDON**

May Pen Branch, Shop 28B, Bargain Village Plaza, 35 Main Street, May Pen, Clarendon Telephone (876) 998-5662

### MANCHESTER

### Mandeville Branch

23 Ward Avenue, Mandeville, Manchester.

Telephone (876) 998-5662

### SAINT ELIZABETH

### Santa Cruz Branch

Shop # 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth

Telephone (876) 998-5662

### Junction Agency

Shop 2, Roye's Plaza, Main Street, Junction, St. Elizabeth Telephone (876) 965-8005

### SAINT JAMES

### Montego Bay Branch

Suite 1, Shop 28B, Fairview Office Park, Alice Eldemire Drive Montego Bay, St. James. Telephone (876) 998-5662

#### JMMB Bank

# Montego Bay Branch

25 Church Street, Montego Bay, St. James. Telephone (876) 979 -1707

### APPENDIX 3: AUDITORS CONSENT



**Chartered Accountants** 

Suite 110 City Centre Building P.O. Box 60, Montego Bay Jamaica, W.I. Tel: 876 952 4713- 4 Fax 876 979 0246

> 7 West Avenue P.O. Box 13, Kingston 4 Jamaica, W.I. Tel: 876 922 6825 Fax 876 922 7673

G.060-C/RMS

November 28, 2017

The Directors GWest Corporation Limited Lot 6 Crane Boulevard Fairview Montego Bay ST. JAMES

Dear Sirs:

#### **Re:** Prospectus for GWest Corporation Limited

We have given and have not withdrawn our consent to the inclusion of our name, reports and all reference thereto in the Prospectus of GWest Corporation Limited.

Yours truly,

Calvetbordan Associates

FEC: