



**ELITE
DIAGNOSTIC**



**2020
ANNUAL
REPORT**



CONTENTS

Our Mission & Vision	1
About The Company	2
Chairmans' Report	3
Notice of the AGM	4
Board of Directors	5
Corporate Governance	10
Corporate Data	12
Shareholder Listing	14
Management Discussion & Analysis	16
Audited Financial Statements	20

OUR MISSION & VISION

MISSION

Elite Diagnostic is dedicated and committed to providing the highest level of patient care and service in a courteous and efficient manner

VISION

To be the premier provider in the medical services industry





ABOUT THE COMPANY

Elite Diagnostic Limited (herein referred to as 'Elite' or 'the Company') was incorporated in 2012 and opened our doors at our Holborn Road location. The Company was established with the vision of providing high-quality professional medical diagnostic services at an affordable price. In February 2018, we listed on the Junior Market of the Jamaica Stock Exchange and since then, we have expanded our services with the opening of two additional locations in Liguanea, St. Andrew and Drax Hall, St. Ann. We are open seven days a week to facilitate client needs.

We continue to be committed to providing the highest level of patient care and service in a courteous and efficient manner. Our medical procedures include a series of non-invasive out-patient services, such as:

- Interventional Radiology Procedures
- Magnetic Resonance Imaging (MRI)
- Computed Tomography (CT Scan)
- Ultrasound
- X-Ray
- Fluoroscopy
- Endoscopic Ultrasound, the only one of its kind in the Caribbean

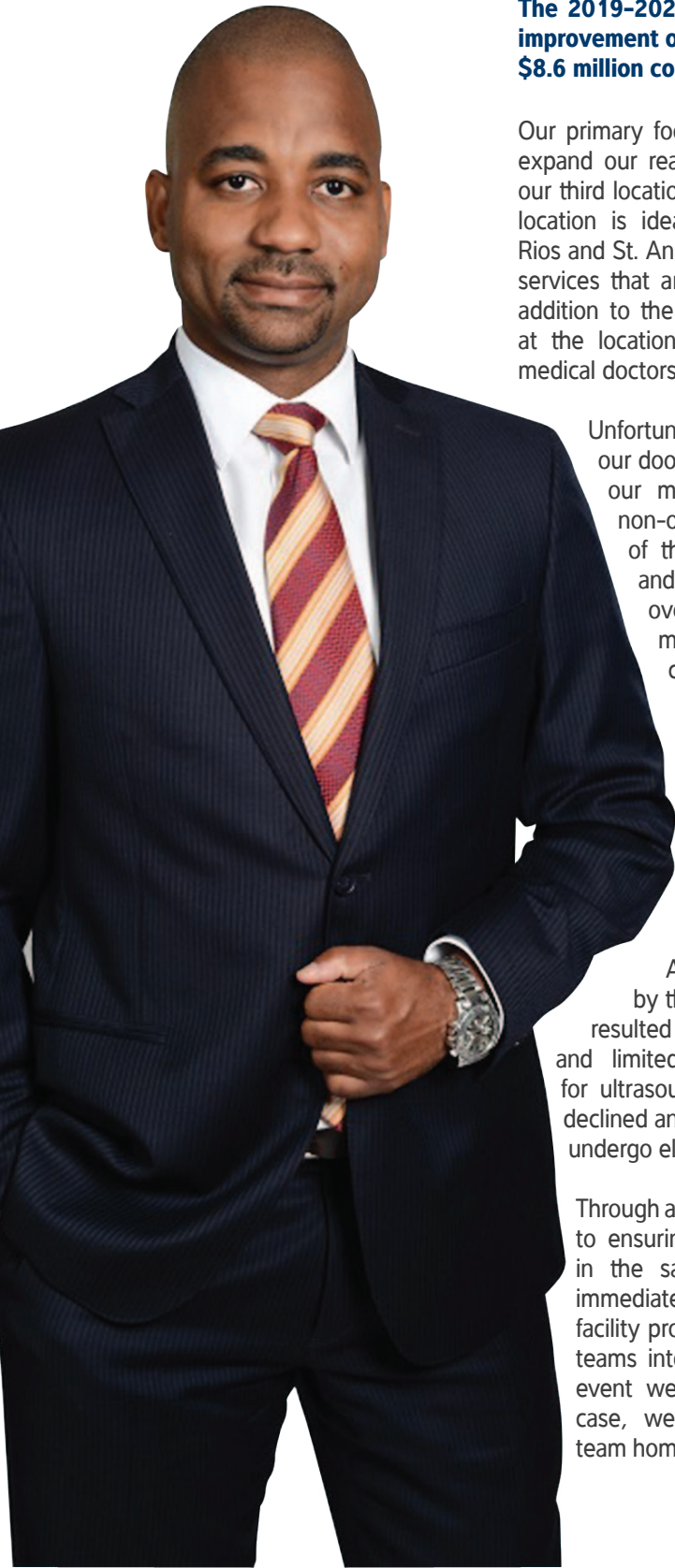
We invest in state-of-the-art equipment from leading global technology and life sciences company General Electric and carry out preventative maintenance to ensure optimal operational efficiencies and first-class patient care.

Our Staff at Elite comprises of two Executive Directors and a General Manager who oversee the major operations. They are supported by Branch Managers and a team of independent radiologists, radiographers, transcriptionists and patient assistant/practical nurses to ensure speedy and accurate care. The back-office team includes accounts, housekeeping, technical support and security to ensure that the specialists are able to work in an optimal environment and that client experience is second to none.

At Elite we believe heavily in customer care and comfort. The combination of our customer-centric focus and state-of-the-art equipment has resulted in consistent referrals from Jamaica's leading physicians and repeat customers.

As the population and the need for medical services grow, Elite is well positioned to thrive in this landscape. We remain committed to providing premier patient care and establishing ourselves as one of Jamaica's premier medical service providers.

CHAIRMAN'S REPORT



The 2019-2020 financial year recorded increased revenues of \$439.8 million, a 9% improvement over last year's performance. Unfortunately, we reported a net profit of \$8.6 million compared to \$51.8 million in the previous reporting period.

Our primary focus during the year was to expand our reach through the opening of our third location in Drax Hall, St. Ann. This location is ideally placed between Ocho Rios and St. Ann's Bay, enabling us to offer services that are deficient in the area. In addition to the diagnostic services offered at the location, we also recruited onsite medical doctors.

Unfortunately, shortly after opening our doors our CT and MRI scanners, our main revenue drivers, were non-operational. After much of the year with no resolution and a final decision to seek overseas expertise, we were met with the first confirmed case of COVID-19 in March 2020. This came with strict protocols, travel restrictions and social changes which further delayed the process. One month into our new year, all equipment at our Drax Hall location are fully operational.

All our locations were affected by the spread of the virus which resulted in truncated business hours and limited appointments, especially for ultrasounds, as disposable income declined and people felt less inclined to undergo elective procedures.

Through all of this, we were committed to ensuring our patients' confidence in the safety of our facilities. We immediately set our own standard of facility protocols and split the medical teams into two shifts so that, in the event we had a confirmed positive case, we could send the affected team home and still be able to cater to

patient needs effectively.

Our success, though not as great as previously projected, can be attributed to our stringent in-house controls and now all three locations are running to full capacity and are seeing steady growth with a consistent schedule of appointments for the coming months.

We continue to be committed to providing the highest quality of customer service and patient care and place great emphasis on the investment in our human resources. Training of our professionals is a key focus before integrating, so we went to great lengths to retain all members of our Elite team.

Elite team members exemplify the ethical values this Company was founded on to provide patients with service that is second to none.

To the members of our support committees, Audit and Governance, we extend our thanks for their guidance and assistance during this trying year.

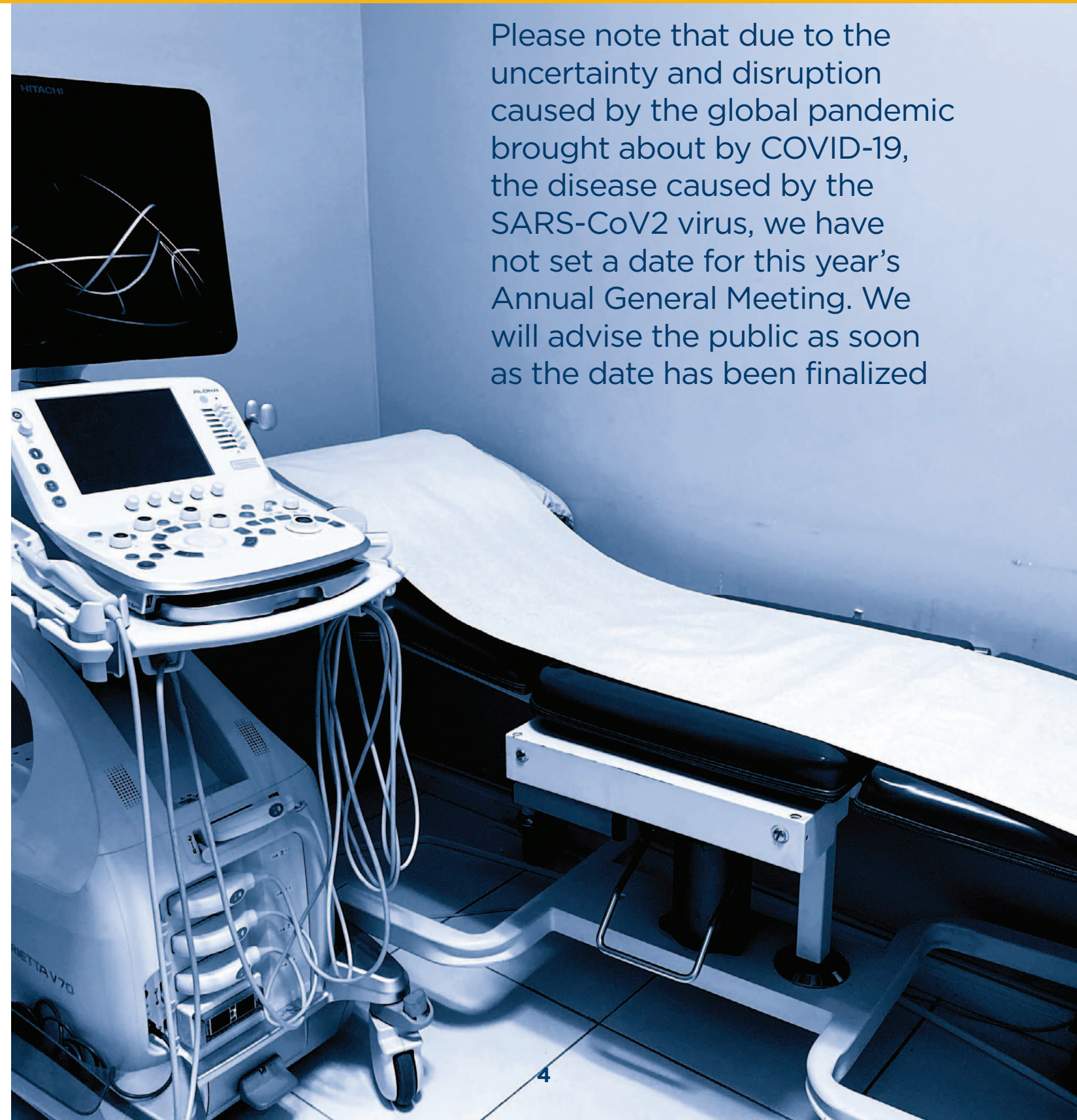
To the Board of Directors, our Mentor, our Auditors, Members of Staff, Referring Physicians, Customers and Shareholders our heartfelt thanks for your support during the year in review and look forward to your continued support.

We remain cautiously optimistic for the upcoming year as we continue to expand the Elite footprint on medical services in Jamaica and encourage you to - "Experience the Difference"

Steven Gooden
Chairman of the Board of Directors

NOTICE OF AGM

Please note that due to the uncertainty and disruption caused by the global pandemic brought about by COVID-19, the disease caused by the SARS-CoV2 virus, we have not set a date for this year's Annual General Meeting. We will advise the public as soon as the date has been finalized



EXECUTIVE DIRECTORS



Warren Chung
Chief Executive Officer

Warren Chung is currently the Chief Executive Officer of Elite Diagnostic Limited and has over five years' experience in the medical imaging business. He has overseen the growth of the Company since its inception. Prior to founding Elite Diagnostic in 2012, Warren was part owner of Majesty Foods, Inc., a USDA, HACCP and SQF food manufacturing company in South Florida where he was the Managing Director of the Company from 1997 – 2011. Warren brings years of business management experience to Elite and steers the day-to-day operations of all locations. His role entails inter alia overseeing market activity to keep abreast of potential opportunities, procuring needed equipment to ensure productivity, designing and implementing marketing strategies and preparing the annual budget.

Warren has a Bachelor's degree in Business Management from Florida International University.



Andre Ho Lung

Andre Ho Lung is the Senior Assistant General Manager – Finance at NCB Group of Companies. He has 17 years' experience in managing the finance units of various financial services companies, including Life Insurance, Securities Dealership and General Insurance in two of the largest banking groups in Jamaica. Prior to specializing in financial services, he spent seven years in Audit and Advisory services with PricewaterhouseCoopers.

Andre is a Fellow of the Association of Chartered Certified Accountants ("ACCA") and holds a Master's degree in Accounting. He is also a member of the Company's Audit Committee and Corporate Governance & Compensation Committee.



Dr. Neil Fong
Chief Operating Officer

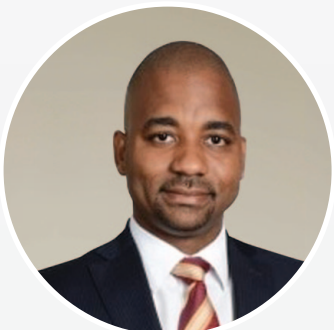
Dr. Neil Fong is currently the Chief Operating Officer of Elite Diagnostic Limited and has nearly a decade of experience in the medical imaging field. He has a B.Sc. in Chemistry from Florida International University and a medical degree, M.B.B.S. (1999) from the University of the West Indies. He is also a Director of PDT Foods Ltd. He has been with Elite Diagnostic since its inception.



Kevin Donaldson

Kevin Donaldson Kevin Donaldson is an experienced investment banking executive, he has over 20 years experience in finance, insurance, asset management and investment banking across Jamaica and the Caribbean. Kevin has a M.B.A. in Banking and Finance from Mona School of Business, a B.Sc. in Economics from the University of the West Indies and a Certification in Risk and Reinsurance from the Insurance College of Jamaica.

NON EXECUTIVE DIRECTORS



Steven Gooden
Chairman

Steven Gooden is the Chief Executive Officer of NCB Capital Markets Limited and was appointed Chairman of the Elite Diagnostic's Board of Directors on October 6, 2016. Steven is a holder of the Chartered Financial Analyst (CFA) designation, has a Master's degree in Finance and Economics and a Bachelor's degree in Economics & Accounting. He also participated in executive development courses at Chicago Booth and Wharton Business schools covering Strategy, Change Leadership, and Mergers & Acquisitions.

Steven sits on the board of directors of several companies within the NCB Group, the Jamaica Stock Exchange Limited and the Caribbean Mezzanine Fund Limited. Additionally, he is the Chairman of NCB Global Finance Ltd. and NCB Capital Markets (Barbados) Limited as well as President of the Jamaica Securities Dealers Association.



Paula Kerr Jarrett Wegman

Paula Kerr Jarrett Wegman has been a member of the Economic Growth Council since inception and has done exceptional work to encourage new investments on the island. She currently serves as Director of Barnett Limited and the Branson Centre for Entrepreneurship and has served as a Director on several other boards including the Tourism Enhancement Fund and JAMPRO.

Her long-standing commitment to building communities has led her to be appointed as Ambassador and Special Envoy for Investment and Philanthropy. Her appointment will assist Jamaica's expansion into new markets, drive economic growth and job creation.

Paula attended the University of London (SOAS & UCL) where she gained both her B.A. and LL.M degrees and attended the Norman Manley Law School where she qualified as an Attorney-at-Law.

NON EXECUTIVE DIRECTORS



Quentin Hugh Sam

Quentin Hugh Sam is an experienced entrepreneur with over 30 years in the business community in Canada and Jamaica. He is a graduate of the University of Miami in Accounting. Quentin is currently a Director of Clean Chem Limited. Over the years he has invested in several successful business ventures.

Quentin has been on the Board of Directors of Elite Diagnostic since 2012 and is a member of the Company's Corporate Governance & Compensation Committee.



Peter Chin

Peter Chin has over twenty years' experience in the fields of investment and financial management, commercial lending and project finance, providing services to major institutions such as Grace Kennedy & Co. Limited, IBM and Issa Trust and Merchant Bank Limited.

He is President of Alliance Investment Management Limited, Alliance Financial Services Limited and Alliance Finance Limited. He is also Chairman of the Board of Directors at AMG Packaging and Paper Company Limited.

He has a B.Sc., in Management Studies from the University of the West Indies and a M.B.A. from George Washington University. Peter is also President of the Jamaica Golf Association, Past President of the Munro Old Boys' Association and the Jamaica Securities Dealers Association.

Peter chairs the Company's Audit Committee and is a member of the Company's Corporate Governance & Compensation Committee.



William Mahfood

William Mahfood is Chairman of Wisynco Group Limited. He began his career with Wisynco Trading Limited as Warehouse Supervisor in 1988. He then moved to Wisynco Group Limited where he served as Co-Director, Managing Director and Director for Wisynco Group and Walisa Marketing Limited for eleven years concurrently. Under his leadership, Wisynco has become one of the largest beverage companies in Jamaica.

William holds a B.Sc. in Industrial Engineering and Management Information Systems from North Eastern University in Boston, Massachusetts. He has served on over ten Boards during his career. This includes serving as President of the Private Sector Organization of Jamaica (PSOJ) and Trade Wind Citrus Limited.

William also chairs the Company's Corporate Governance & Compensation Committee and is a member of the Company's Audit Committee.

SUPPORT MEMBERS



Anna Young
Company Secretary

Anna Young is a Fellow of The Chartered Governance Institute, United Kingdom, and a member of the Executive Branch in Jamaica, the certifying body for Chartered Secretaries/ Governance Professionals worldwide. She is a graduate of the University of London with a Bachelor of Law Degree and has over 25 years' practical experience as a Company Secretary in both the public and private sectors, including local and overseas companies listed on the Jamaica Stock Exchange. Anna is currently Company Secretary for several private companies, a public sector organization and Assistant Company Secretary of a listed company.



Christopher Bovell
Company Mentor

Christopher Bovell has over 56 years in the legal field. He was admitted to the Bar in England, Jamaica, Barbados and Trinidad & Tobago. He was a Partner with DunnCox, Jamaica, serves as Chairman of Barnett Limited and a Director of Hardware & Lumber Limited. He served as a Director of GraceKennedy Limited; First Caribbean International Bank (Jamaica) Limited; Kingston Wharves Limited and other Jamaica Stock Exchange listed companies, and Allied Insurance Brokers Limited. He also served as a Government Senator, 1983-89.

Mr. Bovell is currently an Attorney-at-Law and Notary Public and Consultant at DunnCox. Acting as the Mentor of the Board of Elite Diagnostic, he brings decades of business experience.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

The Board of Directors of Elite Diagnostic Limited is committed to ensuring that the Company operates within an effective corporate governance framework not only to meet the objectives of the Company but also those of its shareholders and other stakeholders including the wider environment.

BOARD ROLE AND FUNCTION

The Board is primarily responsible to promote the long-term sustainable success of the Company for the benefit of all its stakeholders and to ensure that shareholder value is enhanced through the efficient operation of the business. Members of the Board are drawn from various business sectors including investment and finance, risk management, medicine, legal and compliance, strategic management and information technology. This diverse skill set brings the knowledge and expertise needed to oversee the operations of the Company and contributes tremendously to the decision-making process.

BOARD MEETINGS AND ATTENDANCE

Quarterly meetings of the Board are convened in each financial year. In fulfilling its overall responsibility for the governance of the Company, the Board continuously reviews the management of its operations; financial performance and policies, associated risks and mitigation; and the mechanisms in place to monitor the progress against the targets set for the financial year.

The attendance record of each Director is outlined below:

Steven Gooden (Chairman)	3 of 4
Warren Chung	4 of 4
Neil Fong	2 of 4
Kevin Donaldson	3 of 4
Andre Ho Lung	3 of 4
Peter Chin	4 of 4
William Mahfood	3 of 4
Quentin Hugh Sam	4 of 4
Paula Kerr-Jarrett	1 of 4

BOARD EVALUATION

A system for the performance evaluation of the Board, its subcommittees and individual members has been developed and is to be applied at the end of the financial year.

CORPORATE GOVERNANCE CONT.

BOARD SUBCOMMITTEES

The Board has delegated certain aspects of its functions to its Audit Committee and Corporate Governance & Compensation Committee to oversee specific areas of the Company's operations.

1. AUDIT COMMITTEE

The Audit Committee is entrusted with the responsibility to oversee the integrity of the Company's financial reporting processes and internal systems of control; review the performance of the internal auditor and external audit processes; monitor all financial matters and to make recommendations to the Board; review and approve the contents of the annual report; and to ensure compliance with financial regulatory and statutory reporting requirements and the code of conduct.

The Committee convened six meetings in the reporting year as required by the Committee Charter and the attendance of its members at these meetings is highlighted hereunder:

Peter Chin (Chairman)	5 of 6
William Mahfood	6 of 6
Andre Ho Lung	5 of 6

2. CORPORATE GOVERNANCE & COMPENSATION COMMITTEE

The responsibilities of this Committee are, inter alia, to evaluate the effectiveness of the Board and determine the areas in need of improvement; prepare a compensation report for the annual report and review the Company's corporate governance framework on an annual basis. One meeting of the Committee was held in the reporting year which was attended by all its members:

William Mahfood (Chairman)
 Peter D. Chin
 Andre Ho Lung
 Quentin Hugh Sam
 Christopher Bovell (Mentor)

The primary focus of the Committee during the year was the development of an evaluation questionnaire to review the performance of the Board, individual Directors and the subcommittees as well as to review the remuneration of the Executive Directors.

Excerpts of the Corporate Governance Policy and Terms of Reference for the Board subcommittees are available for viewing on the Company's website, www.elite-diagnostic.com.



CORPORATE DATA

REGISTERED OFFICE
 1B Holborn Road
 Kingston 5, Jamaica
 (876) 754-4169/4963
info@elite-diagnostic.com

BRANCHES
 1B Holborn Road
 New Kingston
 Kingston 5, Jamaica

164 ½ Old Hope Road
 Liguanea, Kingston 6,
 Jamaica

Lot 17, Drax Hall Estates
 Drax Hall, Saint Ann
 Jamaica

BOARD OF DIRECTORS
 Steven Gooden, Chairman
 Warren Chung
 Neil Fong
 William Mahfood
 Peter Chin
 Paula Kerr-Jarrett
 Kevin Donaldson
 Andre Ho Lung
 Quentin Hugh Sam
MENTOR
 Christopher Bovell

ATTORNEYS-AT-LAW
 Patterson Mair Hamilton
 Temple Court
 85 Hope Road
 Kingston 6, Jamaica

BANKERS
 National Commercial Bank
 1 Knutsford Boulevard
 Kingston 5, Jamaica

Sagicor Bank
 85 Hope Road
 Kingston 6, Jamaica

AUDITORS
 Mair Russell Grant Thornton
 Chartered Accountants
 3 Haughton Avenue
 Kingston 10, Jamaica

REGISTRAR & TRANSFER AGENTS
 Jamaica Central Securities
 Depository Ltd
 40 Harbour Street, Kingston,
 Jamaica

COMPANY SECRETARY
 Anna Young

MANAGEMENT TEAM
 Warren Chung,
 Chief Executive Officer

Neil Fong,
 Chief Operating Officer

Marjorie Miller,
 General Manager

Revenue each quarter outperformed the previous year to date, excluding the final quarter—due mainly to COVID-19.

SHAREHOLDER LISTING

TOP TEN SHAREHOLDERS

NAME	SHAREHOLDINGS
Excel Investments Inc.	130,726,675
NCB Capital Markets Limited	66,028,392
JCSD Trustee Services Limited – Sigma Global Venture	31,438,024
West Indies Radiology Outsourcing Ltd.	17,670,000
Barnett Limited	15,515,994
Damien Chin-You	14,413,589
Lizette L. Mowatt	3,703,632
Kevin Keaton Palmer	3,534,000
SJIML A/C 3119	3,188,169
VM Wealth Equity Fund	3,061,708
	289,280,132

SHAREHOLDINGS OF SENIOR MANAGEMENT AND CONNECTED PARTIES

NAME	SHAREHOLDINGS	CONNECTED PARTIES
Warren A. Chung	778,355	130,726,675
Neil A. Fong	140,000	130,726,675
Marjorie Miller	-	-
	918,355	130,726,675

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES

NAME	SHAREHOLDINGS	CONNECTED PARTIES
Warren Chung & Neil Fong	-	130,726,675
Steven O. Gooden	242,230	-
Warren A. Chung	778,335	-
Neil A. Fong	140,000	-
Andre George Ho Lung	161,494	-
Kevin A. Donaldson	140,000	-
Paula Wegman	-	15,515,994
Quentin Hugh Sam	824,573	-
Peter Donovan Chin	140,000	-
William Mahfood	172,025	-
	2,598,677	148,841,346

2019 - 2020 revenue growth was buoyant driven by strong performance of the Liguanea and New Kingston locations which were recently renovated.



MANAGEMENT DISCUSSION AND ANALYSIS

BACKGROUND

2019 - 2020 revenue growth was buoyant driven by strong performance of the Liguanea and New Kingston locations which were recently renovated. We opened our third branch located in Drax Hall, St Ann, in late September 2019.

The MOU partnership agreements between the public sector and private sector, with the Jamaican government, through the Ministry of Health and Wellness, has contributed significantly in receivables.

Revenue each quarter outperformed the previous year to date, excluding the final quarter— due mainly to COVID-19— which substantially impacted profits, client inflows, equipment maintenance, and delayed the rollout of our St. Ann's Bay location. Despite the challenges, Elite Diagnostics ended the year with a profit, and as such is optimistic.

The Management wishes to acknowledge the singular efforts of the Elite Diagnostic staff who were resolute in their commitment to providing the Elite level of service and patient care throughout a challenging year.

COVID-19

COVID-19 was declared a global pandemic on March 11, 2020, which quickly led to shelter in place orders, curfews and travel bans across Jamaica and the world. In addition to creating and implementing new protocols for staff and clients— including temperature checks, sanitization stations and deep cleaning— Elite incurred additional administrative expenses due to retaining staff, additional staff, and implementing a shift system in order to provide maximum patient care.

We experienced reduced client inflows due to curfews and the resulting reduced opening hours to see patients. The company experienced some unusually lengthy equipment breakdowns during the third and fourth quarter which also added to the decline in revenue. While the effects of COVID-19 were keenly felt in the first two months of fourth quarter, the latter part of the quarter saw business returning to near normal activity at both Kingston locations.

OPENING OF THIRD BRANCH IN DRAX HALL, ST ANN

We are very optimistic with the potential of this facility with its premium location, close proximity to the St. Ann Bay Hospital, and the need for a medical center in the area. The St. Ann location, which includes doctor offices, began leasing in February 2020 and became fully operational in July 2020. There were massive delays in making the MRI and the CT machines available. This was due to the travel bans in place which resulted in the unavailability of overseas technical assistance. This significantly impacted revenue as well as several client services that could be provided at the new location. With the MRI and CT machines now both operational, the company's operating capacity has reached desired levels.

ECONOMIC CONDITIONS

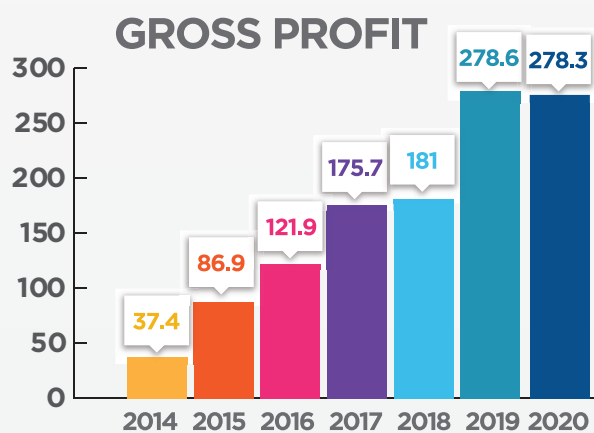
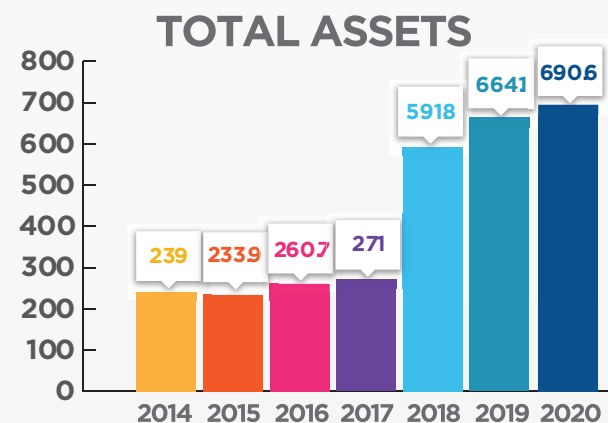
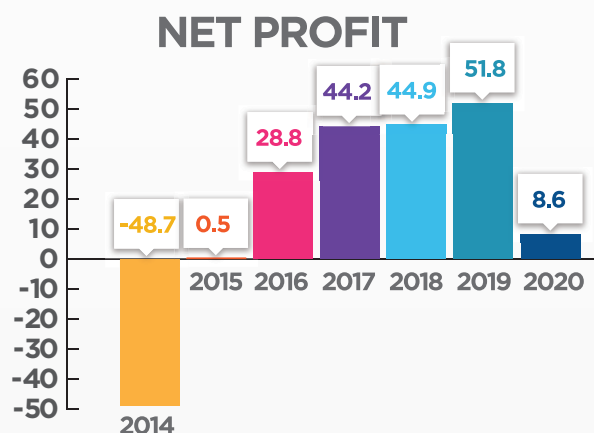
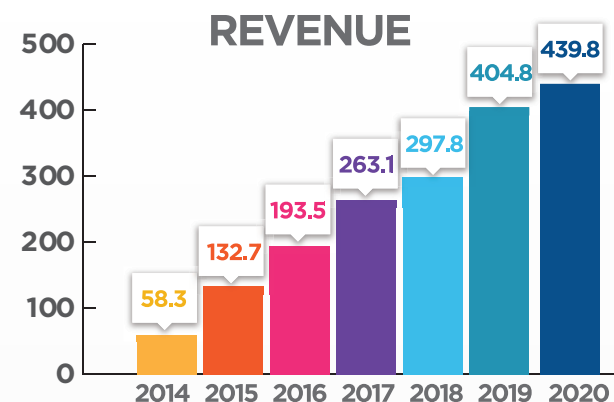
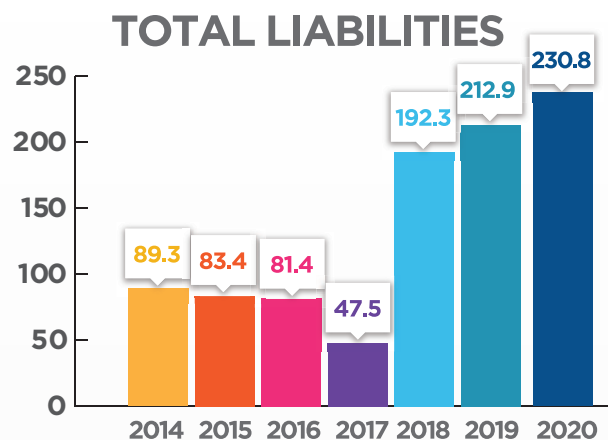
The FX risk continues to be a carefully monitored indicator as the volatility of the dollar impacts costs. Fortunately, the availability of the foreign exchange has been made largely available by efforts of the Bank of Jamaica. Inflation was at 1.4% as at end of June 2020.

FINANCIAL PERFORMANCE HIGHLIGHTS

Income for the year 2020 was \$439.8 Million, a \$35 Million or 9% improvement over \$404.9 million in 2019. Operating Profit for the year 2020 was \$29.7 million, a \$45.1 million or 60% decline over \$74.8 million in 2019. This was impacted by \$20.8 million in Finance Costs, which increased significantly in comparison to \$20.1 Million in 2019, leading to Profit for the year 2020 being \$8.6 Million, a \$43.2 Million decline over \$51.8 million in 2019.

FX loss for the year 2020 shrunk to \$0.5 Million, a \$2.6 Million or 84% reduction from \$3.1 Million in 2019.

Administrative and other expenses for the year 2020 grew to \$160 Million, a \$12 Million or 8% increase over the \$148 Million in 2019. This can be attributed to increased staff costs, repairs and utilities.



Total Assets for the year 2020 grew to \$690.6 million, a \$26.5 Million or 3% improvement over \$664.1 Million in 2019. This was driven mainly by property, plant and equipment of \$603.2 Million, a \$41.5 Million increase or 7% increase over \$561.7 Million in 2019, \$41.5 Million in receivables, a \$16.3 million increase over \$25.2 Million in 2019 and \$39.2 Million in Cash and Cash Equivalents, a \$37.2 Million 48% decrease from \$76.4 Million in 2019.

Total Liabilities for the year 2020 was \$230.8 million, a \$17.9 million or 8% increase over \$212.9 million in 2019. This was due to \$194 Million in Long term loans, a \$1.7 Million decrease over \$195.7 Million in 2019.

STOCK PRICE

Our stock price was \$4.49 per share, as at end of June 2020, a 12% gain against its value of \$4.00 12 months prior. Earnings per share declined 13% to 0.02 in 2020, from 0.15 in 2019. The Company listed on the Jamaica Junior Stock Exchange in February 2018 at \$2.00.

OUTLOOK

Although Jamaica's economy has been impacted by COVID-19, inflation is relatively low and FX is available. Despite curfews still in place, our clients and staff are now able to move about more easily. We are also able to access our overseas technical assistance with the resumption of travel and protocols in place.

While economic conditions were at their best in the 2019-2020 financial year, substantial investment was made to improve the company's infrastructure, state of the art technology, training, staff, and services. This included the improved aesthetics of our Kingston locations, the completed roll out of the St. Ann's Bay location, and the slow return to normalcy in our Holborn Road and Liguanea branches. Thus, we anticipate an increase in business with our three locations continuing to provide the Elite standard of patient care and services—delivering value to our clients and our shareholders while serving our community.

Elite Diagnostic continues to be cautiously optimistic in our outlook for 2020 – 2021 financial year and beyond.



FINANCIAL PERFORMANCE HIGHLIGHTS

	2020 (M)	2019 (M)	PERCENTAGE
Revenue/Income	\$439.8	\$404.9	9% (35M) improvement
Net Profit	\$8.6	\$51.8	83% (43.2M) decline
FX Loss	\$0.5	\$3.1 M	84% (2.6M) decline
Total Assets	\$690.6	\$664.1	3% (26.5M) increase
Total Liabilities	\$230.8	\$212.9	8% (17.9) increase
Stock Price	\$4.49 per share	\$4.00 per share	12% gain





Elite Diagnostic Limited

Report to Shareholders Year Ended June 30, 2020



The Board of Directors of Elite Diagnostic Limited presents the company's Audited Financial Statements for the year ending June 30th 2020.

Revenue for the year was \$439.8 Million compared to \$404.9 Million the previous year. The company showed a profit of \$8.6 Million compared to a profit of \$51.8 Million the previous year. There was an increase in profit from \$6.6 Million reported in the Unaudited Financial Statements versus \$8.6 Million per the Audited Financial Statements, this resulted from an over accrual of interest expense of \$2 Million in the Unaudited Financial Statements. Total Assets were \$690.6 Million compared to \$664.1 Million the previous year. Total Liabilities were \$230.8 Million compared to \$212.9 Million the previous year.

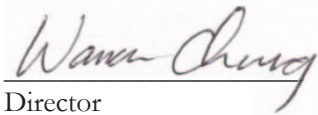
The company faced many challenges during the year with equipment breakdown, the St Ann location, and the effects of Covid-19.

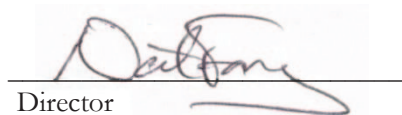
The St Ann location continued to underperform due to CT and MRI breakdowns. The company experienced challenges with procurement of parts and repairs. Both machines were operational only for a very short period during the year. With the delay of a fully operational St Ann location and its associated expenses, net profit was significantly impacted. The MRI and CT are now functioning and the St Ann location is at a desired operating capacity. Revenues at the St Ann location are now improving.

During the year, the company experienced unusually lengthy equipment breakdown. The effects of Covid-19 contributed to delays in assessment and procurement of parts and repairs. The 4th Quarter also experienced decreased demand for imaging services and reduced opening hours due to Covid-19. The company expects the continuation of the negative effects of Covid-19. The company is actively and continually working to ensure the safety of their staff and patients.

The company remains cautiously optimistic for the near future.

The company wishes to thank all of our dedicated staff, valued customers and referring doctors for their continued support.


Director


Director



Elite Diagnostic Limited

Financial Statements
June 30, 2020

Elite Diagnostic Limited

June 30, 2020

Contents

	Page
Independent auditor's report	1 - 5
Financial Statements	
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 30

Independent auditor's report

To the Members of
Elite Diagnostic Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Elite Diagnostic Limited ("the Company") which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at June 30, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

hlbjm.com

Partners: Sixto P. Coy, Karen A. Lewis

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

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

HLB Mair Russell is an independent member of HLB the global advisory and accounting network

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

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

Key Audit Matters (cont'd)

Key Audit Matter – Measurement of expected credit loss	How the matter was addressed in our audit
<p>The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information.</p> <ul style="list-style-type: none"> The identification of significant increases in credit risk is a key area of judgement as the criteria determine whether a 12 month or lifetime allowance is recorded. IFRS 9 requires the company to incorporate forward-information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios and management overlay. <p>We therefore determined that the estimates of impairment in respect of trade receivables have a high degree of estimation uncertainty.</p>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivables. Testing the completeness and accuracy of the data used in the models to the underlying accounting records. Assessing the appropriateness of the Company's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments. Evaluating the appropriateness of economic parameters including the use of forward looking information. Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

Based on the procedures described above, no adjustment was considered necessary.

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

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

Other information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

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

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

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

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

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

Independent auditor's report (cont'd)

To the Members of
Elite Diagnostic Limited

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

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

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

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

Report on additional matters as required by the Jamaican Companies Act

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

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

Kingston, Jamaica

September 28, 2020



HLB Mair Russell
Chartered Accountants

Elite Diagnostic Limited

Statement of financial position

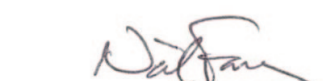
June 30, 2020

	Note	2020 \$	2019 \$
Assets			
Non-current assets			
Property, plant and equipment	(3)	603,231,302	561,751,984
		603,231,302	561,751,984
Current assets			
Receivables	(4)	41,512,118	25,238,546
Prepayments		6,600,329	652,798
Cash and cash equivalents	(5)	39,217,930	76,422,723
		87,330,377	102,314,067
Total assets		690,561,679	664,066,051
Equity			
Share capital	(6)	348,898,459	348,898,459
Retained earnings		110,862,254	102,309,387
Total equity		459,760,713	451,207,846
Liabilities			
Non-current liabilities			
Lease liabilities	(7)	13,933,340	-
Long-term loans	(8)	193,933,266	195,666,638
		207,866,606	195,666,638
Current liabilities			
Payables and accruals	(9)	7,842,280	15,591,567
Current portion of lease liabilities	(7)	13,492,080	-
Current portion of long-term loans	(8)	1,600,000	1,600,000
		22,934,360	17,191,567
Total liabilities		230,800,966	212,858,205
Total equity and liabilities		690,561,679	664,066,051

Approved for issue by the Directors on September 28, 2020 and signed on its behalf by:



Warren Chung



Neil Fong

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

Elite Diagnostic Limited
Statement of profit or loss and
other comprehensive income

Year ended June 30, 2020

	Note	2020 \$	2019 \$
Income		439,800,664	404,866,849
Direct costs		(161,503,788)	(126,256,676)
		278,296,876	278,610,173
Administrative and other expenses	(10)	(160,369,677)	(147,982,961)
Depreciation and amortisation		(88,178,562)	(55,825,533)
Operating profit		29,748,637	74,801,679
Finance income	(11)	43,929	222,401
Finance costs	(11)	(20,774,400)	(20,077,997)
Loss on foreign exchange		(465,299)	(3,123,482)
Profit for the year being total comprehensive income for the year		8,552,867	51,822,601
Earnings per share	(12)	0.02	0.15

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

Elite Diagnostic Limited
Statement of changes in equity

Year ended June 30, 2020

	Share capital \$	Retained earnings \$	Total \$
Balance at June 30, 2018	348,898,459	50,593,347	399,491,806
Adjustment from the adoption of IFRS 9	-	(106,561)	(106,561)
Adjusted balance at July 1, 2019	348,898,459	50,486,786	399,385,245
Profit for the year being total comprehensive income for the year	-	51,822,601	51,822,601
Balance at June 30, 2019	348,898,459	102,309,387	451,207,846
Profit for the year being total comprehensive income for the year	-	8,552,867	8,552,867
Balance at June 30, 2020	348,898,459	110,862,254	459,760,713

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

Elite Diagnostic Limited
Statement of cash flows

Year ended June 30, 2020

	2020 \$	2019 \$
Cash flows from operating activities:		
Profit for the year	8,552,867	51,822,601
Adjustments for:		
Depreciation and amortisation	88,178,562	55,825,533
Interest expense accrued	20,774,400	20,077,997
Adoption of IFRS 9	-	(106,561)
	117,505,829	127,619,570
Increase in receivables	(16,273,572)	(14,581,831)
(Increase)/decrease in prepayments	(5,947,531)	3,916,611
(Decrease)/increase in payables and accruals	(7,749,287)	10,954,239
Cash provided by operations	87,535,439	127,908,589
Interest paid	(20,774,400)	(20,077,997)
Net cash provided by operations	66,761,039	107,830,592
Cash flow from investing activities		
Purchase of property, plant and equipment	(89,282,557)	(163,031,864)
Net cash used in investing activities	(89,282,557)	(163,131,864)
Cash flow from financing activities		
Proceeds from long-term loans	-	195,000,000
Repayment of long-term loans	(1,733,372)	(185,395,688)
Repayment of lease liabilities	(12,949,903)	-
Net cash (used/in)/provided by financing activities	(14,683,275)	9,604,312
Net decrease in cash and cash equivalents	(37,204,793)	(45,596,960)
Cash and cash equivalents at beginning of year	76,422,723	122,019,683
Cash and cash equivalents at end of year (Note 5)	39,217,930	76,422,723

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

Elite Diagnostic Limited
Notes to the financial statements

Year ended June 30, 2020

1. General information and nature of operations

Elite Diagnostic Limited was incorporated under the laws of Jamaica on February 28, 2012 and is domiciled in Jamaica. The company commenced operations in August 2013. The company's principal place of business is located at 1b Holborn Road, Kingston 5, with branches at 164½ Old Hope Road and Drax Hall, St. Ann.

The company provides diagnostic imaging services.

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

2. Summary of significant accounting policies

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

a Basis of preparation

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

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

Certain new standards, interpretations and amendments to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and determined that the following will have an impact on the company.

IFRS 16 'Leases' (effective for annual periods beginning on or after January 1, 2019)

IFRS 16, Leases replaces IAS 17, Leases, and the related interpretations, (IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – incentives', and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease').

It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

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

a Basis of preparation

Standards, interpretations and amendments to published standards effective in the current year (cont'd)

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being July 1, 2019. At this date, the company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at July 1, 2019:

	Note	Carrying amount at June 30, 2019 \$	Remeasurement on adoption of IFRS 16 \$	IFRS 16 carrying amount at July 1, 2019 \$
Property, plant and equipment	(3)	561,751,984	40,375,323	602,127,307
Lease liabilities	(7)	-	(40,375,323)	(40,375,323)
Total		561,751,984	-	561,751,984

The nature of expenses related to these leases changed as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on lease liabilities.

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

a Basis of preparation

Standards, interpretations and amendments to published standards effective in the current year (cont'd)

- **IFRIC 23 'Uncertainty over Income Tax Treatment' (effective for annual periods beginning on or after January 1, 2019)**

The interpretation addresses the accounting for income taxes, when tax treatments involve uncertainty in the application of IAS 12. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The adoption of the interpretation had no impact on the company's financial statements.

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued, but were not effective at the statement of financial position date. The company have assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

- Amendment to IAS 1 and IAS 8, (effective for annual periods beginning on or after January 1, 2020).

These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use of a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The adoption of the interpretation is not expected to have an impact on the company's financial statements.

b Segment reporting

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

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

c Property, plant and equipment

(i) Carrying amount

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

(ii) Depreciation

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

Leasehold building and improvements are being amortised over twenty years.

(iii) Repairs and renewals

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

d Functional and presentation currency

Functional and presentation currency

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

Foreign currency translations and balances

(i) Foreign currency monetary balances at the end of the reporting period have been translated at the rates of exchange ruling at that date.

(ii) Foreign currency transactions are translated into the functional currency at the exchange rate ruling at the dates of those transactions.

(iii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items are included in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical rates except for those measured fair value which are translated using the exchange rates at the date when the fair value was determined.

e Revenue recognition

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

f Operating expenses

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

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

g Cash and cash equivalents

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

h Trade and other receivables

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

i Financial instruments

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

Financial assets

The company's financial assets comprise investments, cash and bank balances and receivables.

Financial liabilities

The company's financial liabilities comprise trade payables, loans and lease liabilities.

(i) Recognition and derecognition

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

Financial assets and derecognised when the contractual rights to receive cash flows from the financial assets expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

(ii) Classification and measurement of financial assets

At initial recognition, the company measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets.

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are the three measurement categories for debt instruments under IFRS 9:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets using the effective interest rate method is included in other operating income together with foreign exchange gains and losses. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.

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

i Financial instruments (cont'd)

(ii) Classification and measurement of financial assets (cont'd)

- Fair value through other comprehensive income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The company subsequently measures all equity investments at fair value. The company's management has elected to present fair value gains or losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

- Fair value through profit or loss (FVPL) - Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(iii) Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

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

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

i Financial instruments (cont'd)

(iii) Impairment (cont'd)

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

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

For loan, trade and other receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the date of the statement of financial position, the following items were classified as financial liabilities: trade payables, loans and lease liabilities.

j Payables and accruals

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

k Income taxes

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

l Borrowings

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

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

The company's assets are subject to impairment testing.

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

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

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

n Share capital

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

o Critical accounting judgements and key sources of estimation uncertainty

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

Depreciation and amortisation of property, plant and equipment.

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

Expected credit loss

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

Elite Diagnostic Limited
Notes to the Financial Statements
Year ended June 30, 2020

3. Property, plant and equipment

The carrying amounts for equipment for the years included in these financial statements as at June 30, 2020 are reconciled as follows:

	Right-of-use assets- Land and Buildings	Furniture and Fixtures	Medical Equipment	Computers	Computer Software	Solar System	Other Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount									
Balance at July 1, 2019	-	26,077,957	545,843,970	9,930,683	8,601,003	9,683,461	29,941,060	122,106,004	752,184,138
Transition of IFRS 16	40,375,323	-	-	-	-	-	-	-	40,375,323
Additions	-	9,641,494	51,676,876	2,648,193	1,211,533	-	3,860,119	20,244,342	89,282,557
Balance at June 30, 2020	40,375,323	35,719,451	597,520,846	12,578,876	9,812,536	9,683,461	33,801,179	142,350,346	881,842,018
Depreciation									
Balance at July 1, 2019	-	(8,577,576)	(142,459,095)	(3,218,787)	(5,126,273)	(2,985,734)	(9,699,066)	(18,365,623)	(190,432,154)
Current charge	(13,473,434)	(3,693,442)	(53,304,154)	(3,048,415)	(1,395,512)	(726,261)	(2,209,267)	(10,328,077)	(88,178,562)
Balance at June 30, 2020	(13,473,434)	(12,271,018)	(195,763,249)	(6,267,202)	(6,521,785)	(3,711,995)	(11,908,333)	(28,693,700)	(278,610,716)
Carrying amount at June 30, 2020	26,901,889	23,448,433	401,757,597	6,311,674	3,290,751	5,971,466	21,892,846	113,656,646	603,231,302

Included in net carrying amount of the property, plant and equipment are right-of-use assets (land and buildings) amounting to \$26,901,889.

Elite Diagnostic Limited
Notes to the Financial Statements
Year ended June 30, 2020

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

	Furniture and Fixtures	Medical Equipment	Computers	Computer Software	Solar System	Other Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount								
Balance at July 1, 2018	17,479,914	477,377,633	5,709,771	6,381,962	9,683,461	17,373,534	55,145,999	589,152,274
Additions	8,598,043	68,466,337	4,220,912	2,219,041	-	12,567,526	66,960,005	163,031,864
Balance at June 30, 2019	26,077,957	545,843,970	9,930,683	8,601,003	9,683,461	29,941,060	122,106,004	752,184,138
Depreciation								
Balance at July 1, 2018	(6,668,364)	(99,193,236)	(1,362,378)	(4,349,114)	(2,017,388)	(7,685,756)	(13,310,385)	(134,606,621)
Current charge	(1,909,212)	(43,265,859)	(1,856,409)	(777,159)	(968,346)	(2,013,310)	(5,035,238)	(55,825,533)
Balance at June 30, 2019	(8,577,576)	(142,459,095)	(3,218,787)	(5,126,273)	(2,985,734)	(9,699,066)	(18,365,623)	(190,432,154)
Carrying amount at June 30, 2019	17,500,381	403,384,875	6,711,896	3,474,730	6,697,727	20,241,994	103,740,381	561,751,984

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

4. Receivables

	2020 \$	2019 \$
Due from patients and insurance companies	40,715,922	23,061,602
Security deposits	-	1,340,059
Other receivables	1,203,355	1,067,501
	41,919,277	25,469,162
Less: expected credit loss	(407,159)	(230,616)
Total	41,512,118	25,238,546

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

	2020 \$	2019 \$
0 – 30 days	36,548,673	16,674,882
31-60 days	2,701,547	3,295,390
Over 60 days	1,465,702	3,091,330
Total	40,715,922	23,061,602

Reconciliation of expected credit loss:

	2020 \$	2019 \$
Balance at beginning of year	230,616	106,561
Additional provision during the year	176,543	124,055
Balance at end of year	407,159	230,616

5. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	37,370,646	75,554,669
Cash in hand	1,847,284	868,054
Total	39,217,930	76,422,723

6. Share capital

	2020	2019
Authorised ordinary stock units of no par value	Unlimited	Unlimited
Issued shares at no par value		
	2020 \$	2019 \$
Share capital		
353,400,000 ordinary stock units	348,898,459	348,898,459

Elite Diagnostic Limited
Notes to the Financial Statements
Year ended June 30, 2020

7. Lease liabilities

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

(a) **Lease liabilities**

	Building \$	Total \$
Adoption of IFRS 16	40,375,323	40,375,323
Payments	(12,949,903)	(12,949,903)
Balance at June 30, 2020	27,425,420	27,425,420
Current	13,492,080	13,492,080
Non-current	13,933,340	13,933,339
	27,425,420	27,425,420

Future minimum lease payments are as follows:

	Within 1 year \$	1 to 2 Years \$	Total \$
Lease payments	(13,703,904)	(14,011,955)	(27,715,859)
Finance charges	211,824	78,615	290,439
Net present values	(13,492,080)	(13,933,340)	(27,425,420)

The company leases equipment and the remaining lease term is six (6) years. The company has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term.

(b) **Amounts recognised in the profit or loss**

	\$
Depreciation charged on right-of-use assets	13,473,434
Interest expense on lease liabilities	344,897
	13,818,331

(c) **Amounts recognised in the statement of cash flow**

	\$
Principal payments	12,949,903
Interest payments	344,897
Total	13,294,800

Elite Diagnostic Limited
Notes to the Financial Statements
Year ended June 30, 2020

8. Long-term loans

	2020 \$	2019 \$
(i) MF & G Management Limited	195,000,000	195,000,000
(ii) Sagicor Bank loan	533,266	2,266,638
	195,533,266	197,266,638
Less: Current portion of long term loans	(1,600,000)	(1,600,000)
Total	193,933,266	195,666,638

- i The term of the loan is 7 years with a moratorium of principal payments of 24 months. Thereafter the loan is repayable over 20 quarterly instalments of \$9,750,000. Interest on the loan is 7.25% per annum. The loan is secured by Bill of Sale over equipment valued at \$424,918,000.
- ii The Sagicor loan bears interest of 9.50% per annum and is to be repaid by October 31, 2020. The loan is repayable in monthly instalments of \$133,333.

The credit facility is secured by a promissory note executed by the borrower along with borrowing resolution supported by:

- Guarantee from Development Bank of Jamaica credit enhancement fund for \$6,400,000.
- Corporate bill of sale over 42kw Solar Grid.
- Subordination of all Directors loans.

9. Payables and accruals

	2020 \$	2019 \$
Trade payables	361,691	4,705,063
Due to equipment suppliers and other	5,481,293	8,490,926
Accruals	1,999,296	2,395,578
Total	7,842,280	15,591,567

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

10. Expenses by nature

Total administrative and other operating expenses:

	2020	2019
	\$	\$
Rent (see note below)	5,428,355	18,731,596
Audit fees	2,098,428	1,050,000
Legal, professional and other fees	2,667,710	3,368,548
Staff costs (Note 15)	67,063,743	53,406,115
Advertising and promotion	2,264,267	5,227,301
Repairs and maintenance	16,031,890	15,352,125
Utilities	37,553,816	28,614,974
Insurance	4,402,197	7,112,847
Software licenses	7,678,140	2,459,778
Office expenses	7,497,634	3,736,757
AGM expenses	3,657,384	912,118
Directors fees	1,258,750	1,307,500
Loan processing fees	-	1,695,358
Expected credit loss	407,159	124,055
Other expenses	2,360,204	4,883,889
Total	160,369,677	147,982,961

As disclosed in Note 2(a) as a result of the adoption of IFRS 16 Leases, the nature of expenses related to leased property previously treated as rent have changed. IFRS 16 replaces the straight-line operating lease (rent) with a depreciation charge for the right-of-use assets and interest expense on related lease liabilities.

11. Finance income and finance costs

Finance income for the year comprise:

	2020	2019
	\$	\$
Interest income from cash and cash equivalents	43,929	222,401

Finance costs

	2020	2019
	\$	\$
Interest expense for borrowings at amortised cost:		
Interest on long-term loans	20,429,503	20,077,997
Interest expense on lease liabilities	344,897	-
Total finance costs	20,774,400	20,077,997

12. Earnings per shares

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

	2020	2019
	\$	\$
Profit attributable to shareholders	8,552,867	51,822,601
Weighted average number of shares	353,400,000	353,400,000
Basic and diluted earnings per share	0.02	0.15

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

13. Income tax

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

Reconciliation of theoretical tax charge to effective tax charge:

	2020	2019
	J\$	J\$
Profit for the year	8,552,876	51,822,601
Tax at applicable tax rate of 25%	2,138,219	12,955,650
Adjustment for non-deductible expenses	18,757,281	13,956,382
Tax effect of allowances	(20,895,500)	(19,411,465)
Remission of tax	-	(7,500,567)
Income tax charge for the year	-	-

14. Segment information

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

15. Staff costs

	2020	2019
	\$	\$
Salaries and wages	48,142,540	39,409,036
Statutory contributions	11,648,261	8,157,339
Pension costs	275,411	275,411
Staff welfare and training	6,997,531	5,564,329
Total	67,063,743	53,406,115

Salaries and wages included amounts paid to key management which is disclosed at Note 16.

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

16. Balances and transaction with related parties

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

(ii) Transactions with key management.

The compensation of key management for services is shown below:

	2020	2019
	\$	\$
Fees paid to directors	1,258,750	1,307,500
Salaries and other short-term employee benefits	9,956,353	7,521,785
Total	11,215,703	8,829,375
Compensation paid to directors		
	2020	2019
	\$	\$
Fees paid to directors	1,258,750	1,307,500
Salaries	5,928,560	3,942,713
Total	7,187,310	5,250,213

17. Risk management policies

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

a Market risk

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

i Currency risk

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

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

At the end of the reporting period there were net (liabilities)/assets of approximately US\$217,494 (2019 - \$343,750) which were subject to foreign exchange rate changes as follows:

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

17. Risk management policies (cont'd)

a Market risk (cont'd)

i Currency risk (cont'd)

Concentrations of currency risk

	2020	2019
	US\$	US\$
Financial assets		
- Cash and cash equivalents	12,053	333,538
- Receivables	50,346	10,479
Financial liabilities		
- Trade payables	(85,401)	(267)
- Lease liabilities	(194,493)	-
Total	(217,494)	343,750

The above assets/(liabilities) are receivable/(payable) in United States Dollars (US\$). The exchange rate applicable at the end of the reporting period is J\$141.01 to US\$1(2019 - J\$131.52 to US\$1).

Foreign currency sensitivity

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

Effect on profit before tax:

If the Jamaican dollar weakens by 6% (2019 - 6%) against the United States dollar then this would have the effect shown below on the basis that all other variables remain constant.

	Percentage change	Effect on earnings
	%	\$
2020	6	(1,226,758)
2019	6	(1,766,014)

If the Jamaican dollar strengthens against the United States dollar by 2% (2019 - 4%) this would have the following effect:

	Percentage change	Effect on earnings
	%	\$
2020	2	(241,819)
2019	4	441,504

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

17. Risk management policies (cont'd)

a Market risk (cont'd)

ii Interest rate risk

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

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

iii Other price risk

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

b Credit risk

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

Cash and cash equivalents

Credit risk for cash and cash equivalents is managed by maintaining these balances with licensed financial institutions considered to be stable and creditworthy. Savings and current accounts held with commercial banks are insured under the Jamaica Deposit Insurance Scheme (JDIS) up to a maximum of \$600,000. This was increased to \$1,200,000 effective August 31, 2020.

Receivables

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

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

17. Risk management policies (cont'd)

b Credit risk

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

The calculated expected credit losses are detailed below:

June 30, 2020

	Trade receivables days past due			
	Current	More than 30 days	More than 60 days	Total
	\$	\$	\$	\$
Expected credit loss rate	1%	1%	1%	
Gross carrying amount	36,548,673	2,701,547	1,465,702	40,715,922
Lifetime expected credit loss	365,487	27,015	14,657	407,159

June 30, 2019

	Trade receivables days past due			
	Current	More than 30 days	More than 60 days	Total
	\$	\$	\$	\$
Expected credit loss rate	1%	1%	1%	
Gross carrying amount	16,674,882	3,295,390	3,091,330	23,061,602
Lifetime expected credit loss	166,749	32,954	30,913	230,616

c Liquidity risk

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

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

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

17. Risk management policies (cont'd)

c Liquidity risk (cont'd)

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

	1 - 3 Months	3 - 12 Months	1- 5 Years	Over 5 Years
	\$	\$	\$	\$
Loans	3,972,982	11,061,099	212,963,167	30,228,005
Payables and accruals	7,842,280	-	-	7,842,280
Total	11,815,262	11,061,099	212,963,167	38,070,285

18. Fair value of financial instruments

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

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

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

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

Elite Diagnostic Limited
Notes to the Financial Statements

Year ended June 30, 2020

19. Summary of financial assets and liabilities by category

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

	2020 \$	2019 \$
	Amortised costs	Amortised costs
Financial assets		
Receivables	41,512,118	25,238,546
Cash and cash equivalents	39,217,930	76,422,724
Total	80,730,048	101,661,270
Financial liabilities		
Trade and other payables	7,842,280	15,591,567
Loans	195,533,266	197,266,638
Total	203,375,546	212,858,205

20. Capital management, policies and procedures

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

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

21. COVID 19 effect

The spread of the Coronavirus disease (COVID-19) which was declared a global pandemic by the World Health Organization (WHO) on March 11, 2020, has negatively impacted the operations of the company. Revenues in the 4th Quarter were impacted as the company experienced a decrease in demand for imaging services and also had to reduce its operating hours. However, the latter part of the Quarter saw business returning to near normal activity at the two Kingston locations.



**Directors and Connected Parties Shareholdings
As at June 30, 2020**

Directors

Names	Position	Shares Held	Percentages %
Steven Gooden	Chairman	242,230	0.0685
Warren Chung	Executive Director	778,355	0.2203
Neil Fong	Executive Director	140,000	0.0396
Andre Ho Lung	Non-Executive Director	161,494	0.0457
Kevin Donaldson	Non-Executive Director	140,000	0.0396
Paula Wegman	Non-Executive Director	NIL	NIL
Quentin Hugh Sam	Non-Executive Director	824,573	0.2333
Peter D. Chin	Non-Executive Director	140,000	0.0396
William Mahfood	Non-Executive Director	172,025	0.0487
		2,598,677	0.7333

Connected parties

Connected to

Excel Investments	Warren Chung and Neil Fong	130,726,675	36.9911
Barnett Limited	Paula Wegman	15,515,994	4.3905
Combined Key Member Shareholdings		148,841,346	42.1169

Senior Managers shareholdings

Names	Position	Shares Held	Percentages %
Warren Chung	Chief Executive Officer	778,355	0.2174
Neil Fong	Manager	140,000	0.0396
Marjorie Miller	Manager	-	-
		918,355	0.2570

Top 10 Shareholdings

Names	Share Held	Percentages %
1. Excel Investments (See connected party note above)	130,726,675	36.9911
2. NCB Capital Markets Limited	66,028,392	18.6838
3. JCSD Trustee Services Limited - Sigma Optima	31,438,024	8.8959
4. West Indies Radiology Outsourcing Ltd.	17,670,000	5.0000
5. Barnett Limited (See connected party note above)	15,515,994	4.3905
6. Damian Chin-You	14,413,589	4.0785
7. Lizette Mowatt	3,703,632	1.0480
8. Kevin Keaton Palmer	3,534,000	1.0000
9. SJIML A/C 3119	3,188,169	0.9021
10. VM Wealth Equity Fund	3,061,708	0.8664
Total units owned by top 10 Shareholders	289,280,183	81.8563

Total Issued Capital

353,400,000



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