

16 May 2018

## **OMT to Acquire High-Tech Radiology Software Business - ImExHS**

Omni Market Tide Ltd (ASX:OMT) (**OMT** or the **Company**) is pleased to announce that it has entered into a binding term sheet (**Acquisition Agreement**) to acquire Imaging Experts and Health Care Services Pty Ltd (**ImExHS**) (**Acquisition**).

The key terms of the Proposed Transaction are set out in Schedule 1 to this Announcement.

### **Highlights**

- ImExHS is a fast growing SaaS/PaaS managed services contracts business providing leading medical imaging software to healthcare facilities
- ImExHS had contracted revenue of approximately AUD\$12m over the remaining life of contracts as at 31 March 2018
- ImExHS achieved AUD\$4.5m in revenue for the 2017 calendar year, with 62% of that revenue derived from multi-year SaaS & PaaS contracts
- ImExHS has achieved an average 42% CAGR in revenue since 2014
- ImExHS has significant operations across Latin America, and is in the process of establishing a presence in the Australian market
- OMT is pleased to announce it has received firm commitments for a capital raising of \$4,500,000 at \$0.025 per share

### **Overview of ImExHS**

ImExHS was formed in 2012 in Bogotá Colombia by two Professors of Neuroradiology, Dr German Arango and Dr Jorge Marin, and Andres Vanegas - a radiology software industry veteran. The company was created for the purpose of addressing a market need for cost effective and flexible software solutions for running and managing Radiology facilities and enabling Tele-Radiology services in Latin America.

ImExHS has developed the Hiruko software, which is a modular Radiology Information System (RIS) and Picture Archiving and Communications System (PACS). The RIS combines a workflow management system with a patient data and image distribution system, and the PACS allows a healthcare organisation to capture, store, view and share radiology images.

Within the first 12 months of launch, ImExHS achieved its first client deployments and in its first full year of operation (2013) achieved revenues of over A\$1m and traded profitably. 2013 was also the year Carlos Palacio, an Australian tech entrepreneur who founded and runs a global cloud based managed services business became a strategic advisor.

In 2015, ImExHS expanded outside of Colombia and continued this geographic expansion through 2016. ImExHS Hiruko platform currently manages approximately 4.5m new radiological studies per annum. ImExHS has implemented solutions in 200 healthcare sites in Colombia, Mexico, Peru, Ecuador and Costa Rica. ImExHS has approximately 60 staff, mostly based in Colombia, and has appointed distributors in Chile and Bolivia. Furthermore, ImExHS is in the process of identifying and appointing distributors in Brazil and Argentina.

ImExHS's preferred business model is to provide its solution on a 5 year Software as a Service (SaaS) basis, though the typical term of contracts can range between 3 and 7 years. ImExHS also provides its solutions on a PaaS basis (solution includes software and hardware) and on a one off sales basis. At 31 March 2018 ImExHS had secured future contracted revenues based on its existing SaaS and PaaS contracts of \$12 million over the remaining life of the initial terms of the contracts. This contracted revenue is derived from the approximate 55 current ImExHS contracts which have various expiry dates ranging between June 2018 and February 2023. As of 31 March 2018, ImExHS had also locked in contracted revenues for the 2018 calendar year of \$3.17m based on existing recurring contracted revenue.

ImExHS is in the process of establishing a presence in Australia through a facilities sharing and non-exclusive channel agreement with CrossPoint Telecommunications which will facilitate a launch to a limited number of test sites in Australia. This launch in the Australian market will commence with a localisation pilot to tailor Hiruko™ for the Australian market. The localisation of Hiruko™ will accommodate work flow preferences and options for the Australian market as well as integrated Medicare support. The Australian launch is intended to provide reference customers which ImExHS can leverage in its marketing activities for the APAC region, as well as act as a testing/proving ground for developed markets.

### **Material Terms of the Acquisition**

Under the Acquisition Agreement:

- Subject to satisfaction of the conditions precedent (see Schedule 1 for details), OMT will acquire 100% of ImExHS for the following consideration:
  - 520,000,000 shares (**Consideration Shares**);
  - 150,000,000 options (comprising, 50,000,000 Class A Options, 50,000,000 Class B Options and 50,000,000 Class C Options) (**Consideration Options**).

Details of the terms and conditions of the Consideration Options (including exercise prices, expiry dates and applicable vesting conditions) are summarised in Schedule 1.

- Contemporaneous with the execution of the Acquisition Agreement, ImExHS has entered into convertible note agreements with a face value of \$500,000 with certain sophisticated or professional investors. On completion of the Acquisition, the debt under the convertible notes will be assigned to, and assumed by, OMT and satisfied in full through the issue of:
  - 25,000,000 shares; and
  - 12,500,000 new options (each exercisable at a \$0.0375 on or before 30 June 2021).

- Exclusivity arrangements have been put in place between OMT and ImExHS. At the time these arrangements were put in place, OMT provided a \$100,000 loan to ImExHS. If completion of the Acquisition does not occur, the loan will be repayable in cash to OMT (with interest) on the earlier to occur of 12 months of loan drawdown and completion of ImExHS' next capital raising. Following execution of the Acquisition Agreement, the only circumstance where the loan will not be repayable is if the Acquisition does not complete due to OMT failing to complete the Capital Raising (see below for details of Capital Raising) and in this circumstance OMT will cease to have any right to be repaid the loan. However, if the failure to complete the Capital Raising is due to material adverse events with respect to ImExHS or its business or the actual position of the business is materially different to that presented to OMT then the loan will remain repayable in cash notwithstanding the failure to complete the Capital Raising.
- The board of OMT will be reconstituted so that Dr German Arango and Carlos Palacio will join the board and Peter Webse will resign with effect from completion of the Acquisition. Two independent Australian resident directors agreed by ImExHS and OMT will also join the board of OMT at completion of the Acquisition or shortly afterwards, at which time current directors Andrew Lilley and Howard Digby will resign.
- At completion of the Acquisition, the Company will issue, subject to shareholder approval, 5,000,000 shares each to directors Howard Digby and Andrew Lilley in recognition of the significant time and work spent by those directors on the Acquisition to date and the further required to complete the Acquisition.

The Acquisition constitutes a significant change in the nature and scale of OMT's activities which will require the approval of OMT shareholders and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

### **Capital Raising**

Contemporaneously with the Acquisition, OMT will conduct a capital raising under a prospectus to raise \$4.5 million by the issue of 180 million shares each at an issue price of \$0.025 (**Capital Raising**).

Firm commitments for the Capital Raising in the amount of \$4,500,000 at \$0.025 per share have been received. The Capital Raising is not underwritten.

The funds raised under the Capital Raising will be used towards sales and marketing, FDA approvals, research and development, corporate and administration costs, costs of the capital raising and to provide general working capital. See the indicative use of funds table below for further details.

Following completion of the Acquisition and the Capital Raising, OMT will have approximately \$6.15 million (before costs) on completion of the re-compliance (based on the subscription amount under the Capital Raising).

Forrest Capital has been mandated to act as lead manager and corporate advisor to the Capital Raising. Forrest Capital will receive the following fees in relation to these roles:

- 30,000,000 new Options at an issue price of \$0.00001 per Option (each exercisable at \$0.05 and expiring on 30 June 2021); and
- a capital raising fee equal to 6% of the gross cash proceeds raised pursuant to the Capital Raising.

Forrest Capital will also receive \$100,000 in cash on completion of the Acquisition as the fee for introducing the transaction to OMT.

### Indicative Capital Structure

The indicative share capital structure of OMT post-completion of the Acquisition and the Capital Raising is set out in Schedule 2.

The Company's market capitalisation on re-listing (at the Capital Raising price of \$0.025) will be approximately \$22.14 million.

### Use of Funds

The below table sets out the indicative use of funds to be raised under the Capital Raising during the 12 month period from re-listing based on the subscription amount under the Capital Raising:

<b>SOURCE OF FUNDS</b>	<b>A\$</b>
Current cash	\$1,650,000
Capital Raising	\$4,500,000
<b>TOTAL FUNDS</b>	<b>\$6,150,000</b>
Sales & Marketing	\$3,150,000
FDA approvals / US soft launch	\$150,000
Research & Development	\$750,000
Corporate and administration costs	\$500,000
Costs of capital raising and acquisition	\$511,000
Working Capital	\$1,089,000
<b>TOTAL USE OF FUNDS</b>	<b>\$6,150,000</b>

Please note the above is subject to change as part of the finalising the prospectus for the Capital Raising.

### Pro-forma balance sheet

The Company's pro forma balance sheet as at 31 December 2017, based on audited 31 December 2017 accounts for the Company and audited 31 December 2017 accounts for ImExHS, is set out in Schedule 3 to this Announcement.

### Effect of the Acquisition on the Company's consolidated total assets and total equity interests

The principal effects on the Company's consolidated statement of financial position will be:

- current assets will increase by approximately \$6.98 million;
- non-current assets will increase by approximately \$0.75 million, comprised of the value of ImExHS's non-cash assets; and

- total equity interests will increase by \$5.96 million.

### **Effect of the Acquisition on the Company's revenue, expenditure and profit before tax**

For the financial year ending 31 December 2017 ImExHS achieved sales of \$4.5m and NPAT of \$8,527.

For the financial year ending 31 December 2017 the Company had negligible revenue and a loss of \$690,000.

Completion of the Acquisition will result in a significant increase in the revenue and expenditure of OMT. The effect on the profit before tax of the entity will ultimately depend on the success of the growth of the business of ImExHS and the level of expenditure on sales and marketing which OMT will spend in accelerating the growth of business.

### **ImExHS's accounts**

Audited financial accounts for ImExHS for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 are contained in Schedule 5.

ImExHS's 2015 accounts were prepared and audited under the Colombian accounting standards and regulation in force at the time. These accounts were subsequently reviewed and adjusted as part of the audit of ImExHS's 2016 accounts to ensure the 2015 numbers used in the comparatives of the ImExHS's 2016 accounts were compliant with the International Financial Reporting Standards (IFRS) as adopted by the European Union. ImExHS's 2016 and 2017 accounts were prepared and audited in accordance with IFRS.

### **Board and Management Team**

The Board of OMT will be re-constituted from re-listing.

Dr German Arango, co-founder of ImExHS, and Carlos Palacio will join the board and management of OMT with effect from completion of the Acquisition as Chief Executive Officer and Non-Executive Director respectively. Peter Webse will resign from the board with effect from completion of the Acquisition.

As part of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules, the Company must satisfy ASX that each director and proposed director is of good fame and character (ASX Listing Rule 1.1 (Condition 20)). The Company has made preliminary enquiries into the fame and character of each proposed member of the Board from re-listing and has not identified any issues to date. The Company is in the process of obtaining criminal history and bankruptcy checks from all proposed members of the Board from re-listing to confirm good fame and character requirements.

#### ***Dr German Arango – Proposed Chief Executive Officer***

Dr Arango is the CEO and co-founder of ImExHS and has over 12 years' experience as a practicing Radiologist in Colombia. Dr Arango is currently the Ex-Chair Staff Radiologist, Neuroradiology at Mederi – Hospital Universitario Mayor, Bogota Colombia and Chair Radiologist and shareholder of UT Imagenes Diagnosticas La Misericordia, Barranquilla Colombia and has practiced as a Radiologist in various hospitals and clinics in Colombia.

Dr Arango was the Associate Professor of Diagnostic Neuroradiology for the neurology and neurosurgery residency programs for Universidad El Rosario at Mederi – Hospital Universitario Mayor from 2010 to 2017 and has been held various Associate Professor of Diagnostic Neuroradiology roles for Universidad Militar de

Colombia, Fundacion Universitaria de Ciencias de la Salud, Universidad Nacional de Colombia and El Bosque University during the period from 2006 to 2012.

Dr Arango holds a Degree in Medicine and Surgery from Universidad El Bosque, Colombia, Specialization in Radiology and Diagnostic Imaging from Universidad de La Sabana, Colombia and has completed a fellowship in Diagnostic Neuroradiology at McGill University (Montreal, Canada), and a visiting fellowship in Neuroradiology at Medical College of Georgia Hospital (Augusta, United States).

***Dr Jorge Martin – Proposed Chief Medical Officer***

Dr Marin is the Chief Medical Officer and co-founder of ImExHS. Dr Marin has over 16 years' experience as a practicing radiologist in Colombia and Spain. He is currently neuro-radiologist at Hospital Universitario San Jose in Bogota and previously the chief radiologist for CETIR Teleradiology group in Barcelona, Hospital Dos De Mayo in Barcelona and Hospital San Rafael in Bogota.

Dr Marin is a member of the IMAGINE Research and Development group for advanced diagnostic imaging at the Los Andes University in Bogota. He is also an assistant professor of diagnostic neuroradiology for the neurology, radiology and neuro surgery residency programmes at FUCS University in Bogota.

Dr Marin holds degree in medicine and surgery from Universidad Pontificia Bolivariana in Medellin and a Specialization in Radiology and Diagnostic Imaging from Universidad Nacional de Colombia. Dr Marin has also obtained the European Diploma in Neuroradiology, from ESNR.

***Andres Vanegas – Proposed Chief Sales Officer***

Mr Andres Vanegas is the Chief Sales Officer and co-founder of ImExHS. He is a mechatronic engineer (mechanical and electronic engineering) with over 12 years' experience in medical imaging in PACS, RIS and digitalization (computed radiography, direct radiography). Mr Vanegas has undertaken training related to medical imaging IT solutions in Japan, USA, Brazil and Spain.

Mr Vanegas has a strong technical and commercial background from his time managing the Technical department in Colombia for Fuji Film, one of the major players in the global RIS PACS market. During his time at Fuji Film Mr Vanegas was involved in the planning and implementation of RIS PACS solutions across LATAM.

Mr Vanegas holds a bachelor of Mechatronic engineering, a post-graduate diploma in project management, a post-graduate diploma in customer service management and multiple technical courses in imaging quality in RIS and PACS systems, post-processing quality imaging and IT solutions for PACS.

***Carlos Palacio – Proposed Non-Executive Director***

Mr Palacio is an entrepreneur with over 27 years' experience in international IT, Telecommunications and strategic management. He is currently CEO of CrossPoint Telecommunications, a Managed IT services provider (MSP), specializing on creating and managing cost-effective IT solutions for multinational organisations. CrossPoint currently provides services in 42 countries and employing 54 staff in Australia, Singapore and Philippines.

Mr Palacio had a long career with Nokia where he served in a number of roles including Regional Network Manager, Chief Specialist and Architect, Technology Advisor in Mergers and Acquisitions, Global Platforms Design and Planning and Global Program Manager. Mr Palacio worked for Nokia Networks Australia, Singapore and Finland at various stages of his Nokia career, but was largely based in Australia.

Mr Palacio holds a Bachelor of Electrical Engineering with a major in Telecommunications from the University of Technology Sydney, a post graduate Diploma in Management from Macquarie University, a Master of Business Administration from Macquarie University and he has completed multiple technology and management development courses.

***Mr Howard Digby – Current Non-Executive Chairman and proposed Non-Executive Chairman until such time as OMT and ImExHS agree on the appointment of two independent Australian resident directors to join the board***

Howard Digby began his career at IBM and has spent over 25 years managing technology-related businesses in the Asia Pacific region, of which 12 years were spent in Hong Kong. More recently, he was with The Economist Group as Regional Managing Director. Prior to this he held senior regional management roles at Adobe and Gartner.

Upon returning to Perth, Mr Digby served as Executive Editor of WA Business News and now spends his time as an advisor and investor having played key roles in a number of M&A and reverse takeover transactions. He is currently a non-executive director at ASX listed companies 4DS Memory Limited and Elight Limited, Mr Digby has previously held a number of executive and non-executive director positions with ASX listed companies.

He is currently an advisor to a number of private and start-up technology businesses. Mr Digby holds a Bachelor of Engineering (Mechanical), Honours, from The University of Western Australia.

***Mr Andrew Lilley – Current Non-Executive Director and proposed Non-Executive Director until such time as OMT and ImExHS agree on the appointment of two independent Australian resident directors to join the board***

Mr Lilley has been Non-Executive Director at Omni Market Tide Limited since July 1, 2017. Mr Lilley has capital market experience and financial analysis expertise across a wide range of industries. Mr. Lilley holds a double degree in Economics and Commerce.

### **Change of Name**

With effect from completion of the Acquisition, the Company proposes to change its name to “ImExHS Limited”. Shareholder approval will be sought for the change.

### **Timetable**

An indicative timetable for the Acquisition and associated events is set out below. This timetable is indicative only and may be subject to change.

<b>Event</b>	<b>Date</b>
Dispatch Notice of Meeting to OMT shareholders	1 June 2018
Lodge prospectus for Capital Raising and opening date of offer	20 June 2018
OMT Shareholder Meeting and suspension of trading of OMT Shares	3 July 2018
Closing date of prospectus offer	10 July 2018
Completion of Acquisition and re-compliance with Chapters 1 and 2	24 July 2018
Re-instatement to trading on ASX	7 August 2018

The Company will provide updates on the indicative timetable for the Acquisition as the timetable progresses.



## Industry Overview

### Radiology and the digital age

Healthcare systems in the developing world have not benefitted from digitalisation to the same extent experienced by the developed world, with a significant percentage of healthcare facilities missing out on the efficiency and patient care benefits that flow from the implementation of medical information systems and full digital patient workflows.

In the radiology department of a healthcare facility the benefits of digitalisation can be delivered through the deployment of a Radiology Information System (RIS), and a Picture Archiving and Communications System (PACS). The RIS combines a workflow management system with a patient data and image distribution system, and the PACS allows the healthcare organisation to capture, store, view and share the radiology images.

In developing markets the RIS, and PACS systems that are needed to run an efficient digital radiology workflow have been relatively expensive and not well tailored to developing market needs. These proprietary systems developed by the major global RIS and PACS providers have largely been built on inflexible and expensive Client Server architectures.

The solutions from local providers in these developing markets are more affordable, but often lack the sophistication, scalability and functionality required to deliver the necessary benefits and efficiencies.

As a result, a significant percentage of radiology facilities in the developing world are still working on analog or partial digital work flows, dictated by the constraints of handling x ray film, or the need for the radiologist to examine the images on a workstation attached to the radiology modality being used to take the image (MRI, CT, PET scanner etc). In many facilities where digitalisation has been introduced, the scope has not encompassed the end to end digital workflow, meaning that many of the benefits of digitalisation have yet to be realised.

The demand for radiological imaging is growing strongly, and is being driven in developing countries by an increasing middle class, and globally by the use of new radiological techniques in clinical applications such as cancer, dementia and congenital disease detection, as well as a need for physicians to have greater protection from litigation.

A chronic current worldwide shortage of radiologists, particularly in developing countries, is driving demand for “teleradiology”, whereby the scanned images are managed digitally, and the interpretation of the scanned images can be performed by radiologists in other locations. This allows for a significant increase in the utilisation and efficiency of scarce specialist resources.

In the medium term this shortage of radiologists is likely to be alleviated through the implementation of Artificial Intelligence (AI) algorithms to aid in the interpretation of radiological images. The development of AI algorithms requires access to large databases of these radiological images and digital workflows are a prerequisite to being able to apply AI to radiological interpretation.

Further the worldwide trend of escalating healthcare costs are driving demand for more efficient and cost-effective solutions for delivering Radiological imaging and other healthcare services. One of the outcomes of this drive for more cost-effective delivery of services is a global move to Vendor Neutral Archiving (VNA). Within hospitals and clinics, the radiology department tends to have the most advanced systems and infrastructure for managing medical images. These radiology department PACS systems however have been restricted to handling radiology images that conform to the Digital Imaging and Communications in Medicine (DICOM) standard. DICOM is the international defacto standard, used to transmit, store, retrieve, print,

process and display medical imaging information, and allows interoperability between different manufacturers. These systems have historically been incapable of handling patient images from other hospital departments such as Cardiology and Gastroenterology. In addition these PACS systems could not store non-DICOM clinically significant patient records such as jpeg, pdf, video etc,. The implementation of VNA will see the radiology PACS systems evolve into enterprise storage solutions capable of storing all patient records (DICOM and non-DICOM) that have clinical significance.

In developed markets the implementation of RIS and PACS has delivered major benefits to healthcare systems. These systems, however, are expensive, rarely an integrated end to end solution, frequently lack both reasonable billing functionality and web-based image distribution capabilities.

### **Overview of the radiography software market**

The global market in 2018 for the products sold by ImExHS is over US\$ 6 billion. Driven by a worldwide shortage of radiologists, demand for teleradiology, which requires digital workflows such as those provided by ImExHS, has a predicted CAGR of greater than 19% from a base of over US\$1.6 billion.

The global trend towards VNA means that existing proprietary medical imaging solutions will need to be upgraded or replaced in developed markets. VNA market expansion has a predicted CAGR of over 11%.

### ***Colombia and LATAM***

Latin America including Brazil, with a population of over 625 million, GDP of approximately US\$ 5.3 trillion and a rapidly expanding middle class, represents an attractive market for ImExHS. There are over 20,000 medical facilities in the region, and a significant percentage of imaging facilities still run on analog or partially digital work flows, meaning there is no incumbent provider of an end to end RIS PACS solution to displace when tendering for new business.

The ImExHS architecture allows these imaging facilities to move straight to a next generation zero footprint fully WEB based cloud solution, bypassing the expensive and inflexible client server based architecture, which predominates in the developed world.

Imaging facilities that already have client server based digital solutions are looking to move to less expensive and more flexible WEB based cloud solutions.

The ImExHS solution is also able to store both DICOM and non-DICOM patient files, meaning VNA compatibility is built into its solution. ImExHS has also developed a Cardiology Information System and an Anatomical Pathology Laboratory Information System which runs on its core RIS PACS platform, delivering immediate benefits of VNA.

Hospitals, clinics and imaging centres in the region are often capital constrained, making the standard Opex-based, 5-year SaaS contract offered by ImExHS attractive in eliminating this hurdle.

ImExHS has also architected its RIS PACS solution (see page 12 below for further description of the ImExHS Hiruko™ solution) to be flexible in meeting the workflow needs of facilities in the developing world, which is not typical of competing platforms from the major global players.

The ImExHS RIS PACS solution is very difficult to displace once it is being used in a medical facility, given the medical facility uses the solution to run its core business processes. A key opportunity that presents itself in Latin America, is that a significant percentage of healthcare facilities do not have a complete end to end digital

solution in place. This provides ImExHS with the opportunity to lock in long term contracts with high probability of renewal, without the need to displace incumbent suppliers.

### **APAC**

The Asia Pacific and China (APAC) region, with a population of over 4.4 billion, GDP of approximately US\$ 25 trillion and a rapidly expanding middle class, represents a very attractive market for ImExHS.

The APAC market contains a mix of developed and developing markets. Most developing markets in APAC share many of the characteristics of the Latin American market. As demand increases for quality healthcare, Radiological imaging begins to play a more significant role in diagnostics and therapy. The APAC RIS PACS market in 2018 is estimated to be \$880m.

Similar to Latin America, the APAC market opportunities for ImExHS will also be driven by the need to reduce the cost of providing healthcare services.

In the developed markets of Japan and Australia within the APAC region there is expected to be growth opportunities associated with VNA and the move to WEB based cloud services. In Australia the lack of fully integrated WEB based RIS PACS solutions inclusive of a Medicare billing module provides a market entry opportunity for ImExHS.

### **Developed markets**

The developed markets of the US, Europe, Australia and Japan have long ago made the transition to Radiology Information Systems and Picture Archiving and Communication Systems in order to digitally manage patient work flows. The US and European markets compared to Latin America and APAC are bigger, have significantly higher price points, yet have lower growth rates.

The combined US and European market for RIS PACS are very significant and is estimated to be over US\$ 3b in 2018. ImExHS is proposing to apply for FDA approval in 2018 paving the way for entry into these markets, with an initial soft launch in the US currently scheduled for Q1 2019.

The opportunity for ImExHS to penetrate these developed markets will be presented by:

- The move to implement VNA, whereby existing platforms need to be replaced by platforms that can handle both DICOM images and the full range of clinically significant non-DICOM files.
- The move away from client server architectures to fully WEB based cloud solutions.
- The requirement to reduce the cost of providing and managing healthcare services.
- The natural cycle of healthcare facilities re-tendering for RIS, PACS and VNA solutions.
- The ability of ImExHS to offer additional VNA vertical solutions, commencing with Cardiology and Anatomical Pathology.

### **Cardiology, Pathology and other**

The transition to VNA, whereby RIS PACS solutions will transition to be able to store images and files from non-DICOM sources such as Cardiology, Gastroenterology, Anatomical Pathology etc, represents an opportunity for ImExHS. ImExHS has not only architected its RIS PACS solution to be able to store non-DICOM images, but

it has developed and is commercially piloting its own Cardiovascular Information System (CIS) and Anatomical Pathology Laboratory Information System (APLIS).

The market for CIS is less mature than RIS, and has fewer technology providers servicing it. ImExHS expects to have early mover advantage in supplying CIS in an integrated VNA environment. The estimated global market for CIS in 2018 is approximately US\$780m.

The market for APLIS is in its infancy, and ImExHS will have early mover advantage globally in supplying APLIS in a VNA environment.

## **Company and ImExHS Overview**

### **Company background**

The Company is a technology company which has developed and owns the Omni Market Tide Application, a software application for iPhone, iPad and Android phones that makes investor relations content more readily accessible.

Recently, the Company has been focusing on business development opportunities of the Omni-Loop suite of products, including but not limited to co-development, OEM and licensing arrangements for Company's suite of shareholder and voting products.

Despite the development successes of Company's mobile technologies, the Company has experienced a number of challenges and has been undertaking a review of its product(s) line, and has continued to actively evaluate new opportunities and ventures.

The Company now proposes to acquire the ImExHS Group.

Following the completion of the acquisition of the ImExHS Group the primary focus of the Company will be the growth in sales of the ImExHS software products. In respect of the existing Omni Market Tide Application the Company will assess all options available to it to maximise the value the Company can create from this technology.

### **ImExHS background**

ImExHS was formed in 2012 in Bogotá Colombia by two Professors of Neuroradiology, Dr German Arango and Dr Jorge Marin, and Andres Vanegas a radiology software industry veteran. The company was created for the purpose of addressing a market need for cost effective and flexible software solutions for running and managing Radiology facilities and enabling Tele-Radiology services.

Within twelve months of launch ImExHS achieved its first external client deployments, including a multi-site networked deployment. In 2013, ImExHS's first full year of operations, it achieved revenue of over \$1m and traded profitably. 2013 also saw ImExHS winning a CEEI European Union award for its LATAM business model, as well as the opening its second office in Medellin in Columbia.

In 2013, Carlos Palacio, an Australian tech entrepreneur, who has built and runs a global cloud based managed services business (CrossPoint Telecommunications), became a strategic advisor to ImExHS. Simultaneously, ImExHS raised US\$1m in external funding from a syndicate of Australian investors, including an entity related to Carlos Palacio. The funds raised were used to provide working capital for the initial regional expansion of sales by ImExHS in LATAM.

In 2014 ImExHS achieved almost \$2m in revenue, trademarked its Hiruko™ brand, and became the Latin American exclusive distributor for Nuance’s medical voice recognition engines with Clinical Language Understanding (CLU). Nuance are the leading provider of voice recognition for use in RIS PACS platforms globally.

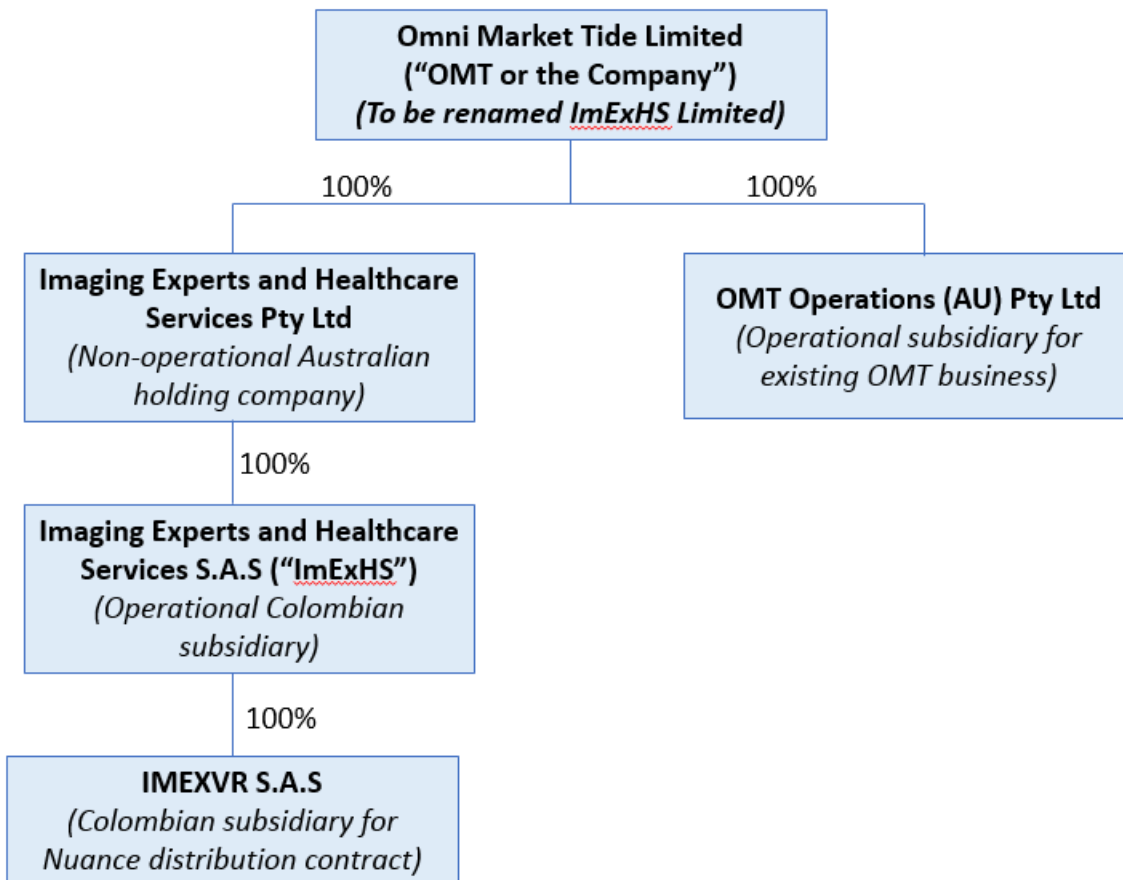
In 2015 ImExHS established a sales presence in Mexico City via the engagement of its first distributor and also deployed its first installation outside of Colombia in Ecuador. 2015 saw the first full client migration from Agfa to Hiruko™.

In 2016 ImExHS released its zero footprint WEB viewer, which meant radiologists could diagnose images from any device (Mac, PC, tablet or smart phone), anywhere, on any web browser. ImExHS began to expand its distribution network outside of Colombia, and continued to actively transition its business model to a recurring revenue model (SaaS and PaaS contracts – see pages 15 and 16 below for a discussion of these types of solutions, as opposed to making one-off product sales).

In 2017 ImExHS achieved sales of \$4.5m, and has secured contracted revenue of \$12m based on contracts held at 31 March 2018. This assumes no contracts are renewed, even though ImExHS has never lost a SaaS customer to another competitor on renewal. ImExHS has implemented solutions in 200 healthcare sites in Colombia, Mexico, Peru, Ecuador and Costa Rica, and the Hiruko™ platform is used to manage over 4.5m radiological studies per annum.

### Company corporate structure

The corporate structure of the Company post the acquisition of ImExHS Group is detailed below.



The business of the ImExHS Group, including all intellectual property, material contracts and employees, is currently conducted solely by ImExHS. Imaging Experts and Healthcare Services Pty Ltd is the ultimate holding company of the ImExHS Group and its sole purpose and activity is the ownership of 100% of the shares in ImExHS.

### **The Hiruko™ platform**

Hiruko™ is a modularised software suite for managing the workflows in a radiology facility or network of radiology facilities. Hiruko™ software has been architected as a zero footprint WEB based solution using HTML5, the latest version of Hypertext Markup Language. HTML5 web page code now allows complicated applications to run in browsers such as Firefox, Chrome and Safari. This means that any Hiruko™ user from the referring physician to hospital administrator, radiographer, radiologist and patient can access their required information from any device, anywhere, without the need for specialised hardware or software.

The core of Hiruko™ is a Picture Archiving and Communication System (PACS) which allows a healthcare organisation to capture and store Radiology images, and allows for the viewing of these images by Radiologists, physicians and medical professionals.

The Hiruko™ teleradiology module allows healthcare organisations to distribute radiology images to Radiologists and medical professionals in any location, on any device for interpretation and viewing.

Hiruko™ provides a fully scalable modular solution from a basic tool supporting radiologist work lists and the associated radiological image distribution and storage, through to a complex RIS PACS VNA platform that allows networks of hospitals or imaging centres to efficiently run and manage their end to end radiology business.

The scope of the Hiruko™ RIS PACS SaaS or PaaS (see pages 15 and 16 below) solution includes:

- Creating and managing patient records (stand alone or integrated with a Hospital Information System).
- Scheduling appointments in a manner that maximises asset utilisation (x-ray machines, CT, MRI, PET scanners etc) and resource utilisation (radiographers, radiologists etc) across all facilities in the network.
- Workflow management for facility administration, radiographers and radiologists in planning, acquiring and analysing the requested scan.
- Digitisation of images on machines that were designed to produce images on film.
- Storage of the scanned images in the cloud.
- Workflow management for the radiologist assigned to interpret the image and make a diagnosis. This includes the ability for the radiologist to:
  - work from anywhere on any device (teleradiology);
  - use advanced post processing of images to aid in diagnosis; and
  - use voice recognition with clinical language understanding to append the diagnosis to the image.

- Dynamic response to radiographer, radiologist or imaging modality unavailability due to illness, breakdown etc.
- Full Business Intelligence dashboard for the healthcare facility administration to oversee the operation of the facility and manage bottlenecks.
- Patient billing information, including integration with national medical insurance schemes equivalent to Medicare.
- Provision for the integration with the facility's financial management or accounting system via APIs.

The Hiruko™ software suite also includes a patient portal, whereby a patient can view their images, and request second opinions from the physician of their choice. This means patients can have all their images available in a 'wallet' on their smartphone, which will always be available, even when they travel or move interstate or overseas.

Hiruko™ also has a Referring Physician Portal, whereby the referring physician can access the requested images and associated diagnosis and interpretation notes on a standard web browser without installing any client software.

The Hiruko™ platform is Vendor Neutral Archiving (VNA) compatible meaning it can store DICOM compliant radiology images, as well as other non-DICOM compliant file types that have clinical significance. This is important given the current worldwide move towards VNA.

## **ImExHS new products and solutions**

### ***Anatomical Pathology Laboratory Information System (APLIS)***

ImExHS has developed an Anatomical Pathology Laboratory Information System (**APLIS**) which allows healthcare organisations to manage the workflow and images in its Anatomical Pathology Laboratory facility on ImExHS's Hiruko™ platform.

ImExHS's APLIS solution has completed successfully the development stage and will be released as beta version for a trial at Las Americas hospital during 2018, which is expected to be converted to a commercial 5 year SaaS contract. Las Americas is one of the top private hospitals in Latin America. ImExHS expects to have early mover advantage with its APLIS solution and plans a hard launch of APLIS in Q2 2018.

ImExHS has an immediate opportunity to sell this practical implementation of integrated multi-vertical VNA into its existing customer base, as well as providing ImExHS with an additional source of competitive advantage as it seeks to win new business in the region.

### ***Cardiology Information System (CIS)***

ImExHS has developed a Cardiology Information System (**CIS**) which allows healthcare organisations to manage Cardiology workflow and images on its Hiruko™ platform.

ImExHS's Hiruko™ RIS/PACS solution is currently installed at Las Americas hospital in Medellin, Colombia, under a 5 year PaaS contract. In addition, Las Americas have already commenced a pilot of the CIS platform. ImExHS expects to convert this CIS platform into a 5 year SaaS contract post pilot trial, with plans for commercial launch for Q4 2018.

The CIS market is less mature than the RIS market and ImExHS expects to leverage early mover advantage in this practical application of integrated multi-vertical VNA, and has intentions to cross sell this additional vertical into its existing customer base.

### ***Additional Verticals***

ImExHS intends to add additional verticals to its Radiology, Anatomical Pathology and Cardiology verticals, with Oncology likely to be the next vertical to be added.

### **Business model and growth strategy**

#### ***Value Proposition***

ImExHS has developed its Hiruko™ RIS PACS as an innovative leading edge next generation VNA platform. The broad objectives of the platform are:

- To allow healthcare facilities to deploy services more cost effectively.
- To eliminate the reliance on client server architectures, by allowing healthcare imaging services to be deployed and managed on a WEB based platform. This brings immense benefits for the cost effective deployment of teleradiology. Other practical implications of this are that:
  - Radiologists can work from anywhere; and
  - Highly expensive radiology workstations can be replaced by Apple Macs (80% of radiologists globally use a Mac, which has the same image resolution as a radiology workstation) and other high resolution PCs.
- To allow ImExHS to develop a large database of radiological data for the purposes of potential AI tool development.
- To practically deliver the benefits of VNA to healthcare facilities by adding additional healthcare verticals to its radiology platform, starting with cardiology and anatomical pathology.
- To be totally scalable by being cloud based.
- To endeavour to be always first to market with the latest integrated medical voice recognition engines, ImExHS was one of the first providers globally to release Nuance's "Speech Anywhere" CLU engine integrated into an end to end RIS PACS solution. This allows Radiologists to dictate image diagnosis or interpretation, using any platform and any browser with only a WEB connection.
- To allow healthcare facilities and businesses to optimise asset and resource utilisation through integrated business Intelligence functionality and dashboard.

#### ***Business model – SaaS and PaaS***

ImExHS's preferred business model is to provide its solution on a 5 year Software as a Service (SaaS) basis. The advantage of this model is that it is not capital intensive and long term recurring revenues are secured. Contracts of this nature are also very likely to be renewed on an on-going basis, as ImExHS's platform is running the core operations of the healthcare facility. Although the majority of contract terms are on a 5 year basis, this does vary, with typical contract terms occurring within a range of 3 to 7 years.



ImExHS SaaS pricing is tailored to the opportunity, but typically includes a minimum fixed price per month for the service, based on volume bands. This entitles the healthcare facility to a defined maximum number of image studies (scans) per month. As the number of studies being provided by the facility increases, so does the monthly pricing when the number of studies moves into the next pricing band. SaaS pricing can also be provided on a minimum monthly pricing basis, supplemented by a price per study.



Figure 1 – ImExHS Business Model Overview.

In Colombia, where ImExHS is a distributor for Konica Minolta, ImExHS also provides its solution on a Platform as a Service (PaaS) basis. The PaaS solution includes hardware required to implement the solution, such as local servers at the healthcare facility and Konica Minolta CR & DR machines which produce digital images from imaging modalities designed to produce film. Being more capital intensive, PaaS is not the Company's preferred business model, and is not currently offered directly by ImExHS outside of Colombia.

In international markets where a PaaS solution is required by the end customer, specialist distributors will directly supply the equipment, leaving ImExHS only needing to supply a low Capex SaaS solution.

ImExHS also sells its solution on a one-off sale basis to customers that only have a Capex budget for the purchase, which sometimes occurs in public hospital tenders. This is the Company's least preferred business model, but is still available to customers where a recurring revenue contract is not available.

In the case of SaaS and PaaS contracts ImExHS incurs the full cost of acquiring the sale and deploying the solution up front, whereas only a fraction of the revenue is received in the same financial year. SaaS is still ImExHS's preferred model however, as it secures long term recurring revenues that have a very high margin contribution impact, given the low cost of sustaining a SaaS solution in the cloud. This contracted revenue is derived from the approximate 55 current ImExHS contracts which have various expiry dates ranging between June 2018 and February 2023. As of 31 March 2018, ImExHS has secured contracted revenue based on its existing SaaS and PaaS contracts of \$12m over the remaining life of the initial terms of the contracts.

The typical sales cycle of the Hiruko product depends on the complexity of the solution being implemented. Simple solutions, often at a single site, can be implemented quickly and are often implemented such that the customer is operational in a number of weeks. For more complex systems often where the

Hiruko solution will be integrated into a larger system, then such an implementation may take multiple months.

### ***Distribution Model & Growth strategy***

ImExHS's technology and commercial strategy offers a wide variety of growth and channel opportunities.

#### *Specialist Distributors*

Specialist distributors are an important channel for ImExHS, and a key part of ImExHS's low risk go to market strategy in new markets. ImExHS's go to market strategy in new markets has been to appoint specialist distributors in new markets, with deep relationships and an understanding of the target market. ImExHS chooses distributors that already have customer relationships and pipelines of new business in the target market, and in a number of cases, ImExHS has displaced existing major players such as Agfa and Carestream in the process.

In the developing markets of LATAM and APAC, ImExHS will continue with this existing market penetration strategy of appointing a leading specialist distributor with experience in RIS PACS to build a pipeline of advanced opportunities, prior to building a local in-country presence.

The benefit of this strategy is that ImExHS only needs to commit in-country resources for sales, marketing and pre and post sales engineering support, once it has won, or is about to win, business in the new market. This strategy has seen ImExHS successfully win business in four countries outside of Colombia (Mexico, Peru, Costa Rica and Ecuador). The majority of funds from the Public Offer will be used to build out the sales and marketing support and channel development, and pre and post sales engineering support in new territories in support of this proven go to market strategy.

ImExHS now has 11 distributors in LATAM throughout Mexico, Ecuador, Peru, Bolivia, Chile and Costa Rica and is in the process of negotiating distribution agreements in Argentina and Venezuela. ImExHS is currently in the process of identifying distributors in Brazil ahead of a launch in the second half of 2018.

#### *Telecommunications carrier distribution*

Telecommunications carriers are a potential white label distribution opportunity for ImExHS. Carriers are in competitive markets and seek differentiators and value-adds to their existing offerings. ImExHS has been approached by two carriers regarding potential white label agreements and will continue to explore this channel as a potential complement to its distribution based strategy.

#### *New Healthcare Verticals*

The addition of new healthcare verticals (as described in 1.2 (d) above) to ImExHS's portfolio is a key part of its growth strategy, as well as its continuous pursuit of competitive advantage and differentiation in the market.

Whereas many of ImExHS's competitors talk of being VNA compatible, ImExHS is aggressively pursuing the tangible delivery of VNA benefits to healthcare facilities by releasing new integrated verticals onto its existing Hiruko™ RIS PACS VNA platform.

ImExHS has commenced a paid trial of its CIS and will commence a paid trial of APLIS in Q3 2018, and expects to launch these products commercially in Q4. Upon successful addition of these verticals, ImExHS's competitive

advantage will be enhanced by delivering major cost reduction and efficiency benefits of VNA to its customers, thereby enhancing ImExHS's penetration of new customers and markets.

ImExHS has an immediate opportunity to sell these additional verticals into its existing installed base.

ImExHS plans to continue adding additional verticals, with Oncology being the next targeted vertical.

### ***Target Customers***

Target customers for ImExHS include public and private hospitals and clinics, as well as public and private diagnostic imaging facilities. ImExHS's solution is equally suited to individual facilities and large networks of interconnected facilities.

### ***Target Geographies***

#### ***LATAM***

ImExHS will continue to expand and support its distribution network in Latin America, utilising some of the funds from the Capital Raising.

#### ***APAC***

ImExHS's next target market beyond LATAM is APAC. The Philippines is an attractive market for ImExHS with an estimated population of over 100 million. The similarities to the LATAM market will see the Philippines as ImExHS's launch market in APAC. ImExHS plans to use its current go to market strategy via distributors in the Philippines and ImExHS has commenced discussions with potential distributors.

Some of the funds from the Public Offer will be used to fund ImExHS's specialised distributor led expansion into the Philippines in 2018 and three other APAC markets in 2019 and 2020.

#### ***Australian launch***

ImExHS has appointed CrossPoint Telecommunications as a non-exclusive distributor in the Australian market in order to facilitate a launch to a limited number of test sites in Australia. This launch in the Australian market will commence with a localisation pilot which will tailor Hiruko™ for the Australian market. The localisation of Hiruko™ will accommodate work flow preferences and options for the Australian market as well as integrated Medicare support. The Australian launch is intended to provide reference customers which ImExHS can leverage in its marketing activities for the APAC region, as well as act as a testing/proving ground for developed markets.

In addition ImExHS is planning to secure TGA approval for the Hiruko™ viewer in parallel with its application for FDA approvals.

#### ***FDA approvals***

ImExHS anticipates achieving FDA Medical Imaging Management Devices 510k (class II) approval in 2018. Some of the funds from the Public Offer will be used to complete such approval and fund a limited launch of ImExHS's Hiruko™ RIS PACS VNA platform in the US market.

### *USA launch*

ImExHS intends to implement a limited launch of a small number of test sites in the USA market. The purpose of the launch is provide reference customers which ImExHS can leverage in its marketing activities for the LATAM and APAC markets, as well as act as a testing/proving ground for developed markets such as the USA and Europe.

### ***Revenue generation***

Revenue is generated from sale of software via one of three models – one off sales, Software as a Service sales and Platform as a Service sales as described in the sections above.

Historically, revenues have been derived primarily from one off sales and primarily from customers in Colombia. As ImExHS has transitioned to providing SaaS/PaaS sales and top operating outside of Colombia, the revenue from SaaS/PaaS sales and from outside Colombia has increased.

During 2017, 62% of the total revenues of AUD\$4.5m was derived from SaaS/PaaS sales (AUD \$2.78m) and 36% from one off sales (AUD \$1.63m). More than 80% of the revenue during the 2017 year was derived from operations in Colombia.

### ***Customer retention***

ImExHS has demonstrated exceptional customer retention and has not lost a SaaS customer due to a failure of the client to renew the initial term.

## **Key Risks and Dependencies**

The key risks relating to the Acquisition and the operation of the ImExHS business post completion of the Acquisition are detailed in Schedule 4.

### **Recent issues of OMT securities**

The Company has not issued any securities in the six months prior to the date of this announcement.

### **Recent issues of ImExHS securities**

ImExHS was recently incorporated as an Australian private company for the purpose of being the parent company of the ImExHS group. As part of this restructure, 914,841 fully paid ordinary shares and 13,722,615 options were issued in March 2018 to the shareholders of ImExHS's operating entity in Colombia, Imaging Experts and Healthcare Services S.A.S, pro rata to each shareholder's existing shareholding in consideration for the transfer of these shares in the Colombian operating entity. On incorporation, ImExHS had 85,159 shares and 1,277,385 options on issue held by various advisers of ImExHS. On completion of the restructure ImExHS had 1,000,000 shares and 15,000,000 options on issue. On Completion of the Acquisition, OMT will acquire the entire share capital of ImExHS (being all fully paid ordinary shares and options) in consideration for the issue of a total of 520,000,000 shares and 150,000,000 options (comprises of three classes of options with various exercise prices, expiry dates and vesting conditions) in OMT.

ImExHS has also issued the Convertible Notes referred to above to fund ImExHS' ongoing working capital requirements. As noted above, on completion of the Acquisition, the debt under the ImExHS Convertible Notes will be assigned to, and assumed by, OMT and satisfied in full through the issue of a further 25,000,000 shares, being the face value of the convertible note at a deemed issue price of \$0.02, and 12,500,000 new Options (each exercisable at \$0.0375 on or before 30 June 2021).

### **Re-compliance with ASX Listing Rules Chapters 1 and 2**

As the Acquisition will result in a significant change to the scale of the Company's activities, the Acquisition will require approval of OMT shareholders under Listing Rule 11.1.2 and will also require OMT to re-comply with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. The ASX has confirmed this to the Company.

### **Shareholder Approvals**

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Acquisition will be sent to OMT shareholders in due course. It is anticipated that OMT will convene a general meeting in July 2018 to facilitate shareholder approval for matters in respect of the Acquisition. Those approvals will include:

- the change in the nature and scale of the Company's activities;
- the Acquisition and the issue of the Consideration Shares and Consideration Options to the ImExHS shareholders;
- the issue of shares and new Options on conversion of the Convertible Notes;
- the issue of Shares in connection with the Capital Raising;

- participation of directors in the Capital Raising for a total of up to \$100,000;
- the issue of Options to Forrest Capital (or its nominee) as Lead Manager and corporate adviser to the Acquisition;
- the appointment of Dr German Arango and Carlos Palacio to the board;
- the issue of 5,000,000 shares each to directors Howard Digby and Andrew Lilley; and
- the change of the Company's name to "ImExHS Limited".

Details of the numbers of securities proposed to be issued under the transaction are detailed above.

### **ASX Listing Rule Waivers**

The Company intends to seek from ASX a waiver of Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to enable it to issue securities at a price below the 20 cents stipulated in those rules.

### **Regulatory Notices**

Investors should take account of the following uncertainties in deciding whether or not to buy or sell the Company's securities:

- the Acquisition requires shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming;
- the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met; and
- ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion.

The Company has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of the ImExHS group for the board of the Company to be satisfied that the Acquisition is in the interests of the Company and its shareholders.

The Company confirms that it is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

ASX takes no responsibility for the contents of this announcement.

## Schedule 1 – Key Terms and Conditions of Acquisition Agreement

### Acquisition Agreement

The key terms and conditions of the Acquisition agreement are as follows:

- OMT will acquire 100% of the issued share capital of ImExHS.
- The consideration for the acquisition will be the issue to the ImExHS shareholders of an aggregate 520,000,000 shares and 150,000,000 Options (comprising 50,000,000 Class A Options, 50,000,000 Class B Options and 50,000,000 Class C Options).

The Options are each exercisable into an ordinary share once vested on a one for one basis on the following terms.

Class	Vesting Conditions	Exercise Price	Expiry Date
Class A	N/A	\$0.05	30 June 2021
Class B	ImExHS achieving an EBIT exceeding \$5,000,000 in any rolling period of four quarters	\$0.0375	5 years from grant
Class C	ImExHS achieving an EBIT exceeding \$7,500,000 in any rolling period of four quarters	\$0.0375	5 years from grant

The Options vest on a change of control of OMT prior to that date.

The Options will otherwise be on customary terms.

- The Acquisition is conditional upon satisfaction of a number of conditions by 14 September 2018, including:
  - OMT and the Company completing their financial, technical and legal due diligence and being satisfied with the results (in its sole and absolute discretion);
  - OMT having obtained all necessary shareholder approvals required for the Potential Acquisition;
  - OMT achieving the level of subscriptions under the Capital Raising;
  - the parties obtaining any necessary consents or waivers from third parties that may be required as a result of the change in ownership to OMT; and
  - the parties obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition.
- On completion of the Acquisition, the debt under convertible notes issued by ImExHS with a face value of \$500,000 will be assigned to, and assumed by, OMT and satisfied in full through the issue of 25,000,000 shares, being the face value of the convertible note at a deemed issue price of \$0.02, and 12,500,000 new Options each exercisable at a \$0.0375 on or before 30 June 2021.

- The board of OMT will be reconstituted with effect from completion of the Acquisition so that Dr German Arango and Mr Carlos Palacio will join the board and Mr Peter Webse will resign. Messrs Howard Digby and Andrew Lilley will remain on the board until such time as OMT and ImExHS agree on two Australian resident directors to join the board as Non-Executive Director and Non-Executive Chairperson.
- On completion of the Acquisition Forrest Capital will receive the following fees for acting as Lead Manager and corporate adviser to the transaction generally:
  - 30,000,000 new Options at an issue price of \$0.00001 per Option (each exercisable at \$0.05 and expiring on 30 June 2021); and
  - a capital raising fee equal to 6% of the gross cash proceeds raised pursuant to the Capital Raising.

On Completion of the Acquisition Forrest Capital will also will receive \$100,000 in cash for introducing the Acquisition.

- On completion of the Acquisition, the Company will issue, subject to shareholder approval, 5,000,000 shares each to directors Howard Digby and Andrew Lilley in recognition of the significant time and work spent by those directors on the Acquisition to date and the further required to complete the Acquisition.
- ImExHS and the ImExHS shareholders have given warranties and representations in favour of OMT which are customary for a transaction of this nature.

The Acquisition Agreement is otherwise on customary terms for a transaction of this nature.



### Schedule 2 – Indicative Capital Structure

	Purchaser Shares	Options	Performance Shares	Fully Diluted Ownership
Existing Capital Structure	150,657,180	37,500,006 <sup>(1)</sup>	3,000,000 <sup>(5)</sup>	17.09%
Consideration Securities	520,000,000	150,000,000 <sup>(2)</sup>		59.90%
Adviser Options		30,000,000 <sup>(3)</sup>		2.68%
Convertible Loan	25,000,000	12,500,000 <sup>(4)</sup>		3.35%
Purchaser Capital Raising	180,000,000	-		16.09%
Director Shares	10,000,000			0.89%
<b>Capital Structure at Re-listing - A\$0.025 per Purchaser Share</b>	<b>885,657,180</b>	<b>230,000,006</b>	<b>3,000,000</b>	<b>100%</b>

Notes:

- (1) Comprising:
- a. 2,500,006 options each exercisable at \$1.00 on or before 31 December 2018; and
  - b. 35,000,000 options each exercisable at \$0.025 expiring 31 March 2021.
- (2) Comprising 50,000,000 Class A Options, 50,000,000 Class B Options and 50,000,000 Class C Options.
- (3) Options issued at an issue price of \$0.00001 per Option, each exercisable at \$0.05 and expiring on 30 June 2021.
- (4) Options exercisable at a \$0.0375 on or before 30 June 2021.
- (5) Class A Performance Shares subject to various performance hurdles by various expiry dates.



Deferred tax liabilities	-	12,346	-	-	-	-	-	-	-	-	12,346
<b>TOTAL NON CURRENT LIABILITIES</b>	-	12,346	-	-	-	-	-	-	-	-	12,346
<b>TOTAL LIABILITIES</b>	89,093	1,833,591	-	-	-	-	-	-	-	-	1,922,684
<b>NET ASSETS</b>	<b>1,458,719</b>	<b>1,816,704</b>	-	<b>500,000</b>	-	<b>4,230,000</b>	<b>(241,225)</b>	<b>(100,000)</b>	-	-	<b>7,664,198</b>
<b>EQUITY</b>											
Share capital	9,006,994	3,511	(5,240,565)	500,000	-	4,230,000	-	-	-	250,000	8,749,940
Issue premium	-	1,482,932	-	-	-	-	-	-	-	-	1,482,932
Provision	-	1,073	-	-	-	-	-	-	-	-	1,073
Share based payments reserve	233,480	-	(233,480)	175,000	-	-	-	-	300,000	-	475,000
NCIF adoption effect	-	(49,390)	-	-	-	-	-	-	-	-	(49,390)
Accumulated losses	(7,781,755)	370,283	5,474,045	(175,000)	-	-	(241,225)	(100,000)	(300,000)	(250,000)	(3,003,652)
Period results	-	8,295	-	-	-	-	-	-	-	-	8,295
<b>TOTAL EQUITY</b>	<b>1,458,719</b>	<b>1,816,704</b>	-	<b>500,000</b>	-	<b>4,230,000</b>	<b>(241,225)</b>	<b>(100,000)</b>	-	-	<b>7,664,198</b>

## Notes:

- (1) ImExHS's accounts have been converted from Colombian Pesos to Australian Dollars using the COP:AUD exchange rate of 0.000429 as at 31 December 2017 sourced from Bloomberg.
- (2) The cash and cash equivalents balance above does not account for working capital movements over the period from 1 January 2018 until Completion.
- (3) *Adjustment 1:* The acquisition of Imaging Experts and Healthcare Services S.A.S has been accounted for as a reverse acquisition through the issue of 520 million Consideration Shares. The Company will also issue 50,000,000 Class A Options (ex. at \$0.05 and exp. on 30 June 2021), 50,000,000 Class B Options (ex. at a 50% premium to the price of the Capital Raising once vested, subject to ImExHS achieving an EBIT exceeding \$5,000,000 in any rolling period of four quarters, and expiring 5 years from grant) and 50,000,000 Class C Options (ex. at a 50% premium to the price of the Capital Raising, subject to ImExHS achieving an EBIT exceeding \$7,500,000 in any rolling period of four quarters, and expiring 5 years from grant). Using the Black Scholes model, the Class A Options, Class B Options and Class C Options have been valued at \$500,000, \$700,000 and \$700,000 respectively.
- (4) *Adjustment 2:* ImExHS has raised \$500,000 through the issue of the Convertible Notes. The debt under the Convertible Notes will be assigned to, and assumed by, the Company on Completion and be satisfied through the issue of 25,000,000 Shares (at a deemed issue price off \$0.02 per Share) and 12,500,000 new Options (ex. at a \$0.0375 and exp. on 30 June 2021). Using the Black Scholes model the new Options have been valued at \$175,000 and have expensed these as a borrowing cost to accumulated losses.
- (5) *Adjustment 3:* Subsequent to 31 December 2017, the Company received a Research and Development rebate from the ATO for the amount of \$557,000.
- (6) *Adjustment 4:* In connection with the above Acquisition, the Company will complete the Capital Raising to raise a total of \$4,500,000 (before costs). Capital raising costs are 6% of the funds raised, being \$270,000, which have been offset against contributed equity.

- (7) *Adjustment 5:* Comprises estimated transaction costs of \$241,225 to complete the Acquisition.
- (8) *Adjustment 6:* The Company has agreed to pay Forrest Capital a fee of \$100,000 for introducing the transaction to the Company.
- (9) *Adjustment 7:* Comprises 30,000,000 Adviser Options (ex. at \$0.05 and exp. on 30 June 2021) to be issued to Forrest Capital as part of its fees for acting as lead manager and corporate advisor to the Capital Raising. Using the Black Scholes model the Adviser Options have been valued at \$300,000 and have expensed this through accumulated losses.
- (10) *Adjustment 8:* Comprises 5,000,000 shares to be issued to each of directors Howard Digby and Andrew Lilley in recognition of the significant time and work spent by those directors on the Acquisition to date and the further work required to complete the Acquisition.

## Schedule 4 – Risks

### Introduction

There are various risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Some of these risks are specific to ImExHS's business activities. In addition, Shareholders are already exposed to various risks through their existing shareholding in the Company. Many of these risks are inherent in investing in securities generally and inherent in any technology company such as the Company.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

### Company Specific Risks

#### (a) *Conditional Acquisition*

The Acquisition Agreement is conditional on the Company re-complying with Chapters 1 and 2 of the Listing Rules (see paragraph (b) below). Pursuant to the Acquisition Agreement (the key terms of which are summarised in Schedule 1) the Company has agreed to acquire 100% of ImExHS. Completion of the Acquisition is subject to the satisfaction of certain conditions. There is a risk that these conditions cannot be satisfied and completion under the Acquisition Agreement will not occur. If the Acquisition does not proceed, the Company will incur costs relating to advisers and other costs, with no material benefit being achieved.

#### (b) *Re-compliance with Chapters 1 and 2 of the Listing Rules*

As part of the Company's change to its nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. The Prospectus will be issued to assist the Company to re-comply with these requirements. It is anticipated that the Company's Shares will be suspended from trading from the date of the Meeting, and it is anticipated that the Shares will remain suspended until completion of the Acquisition, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation.

#### (c) *Competition and new technologies*

ImExHS is confident that its products and services provide a unique offering in the healthcare technology marketplace, particularly in LATAM, APAC and ImExHS's other target markets. However, ImExHS is subject to competition from other operators in LATAM and APAC as well as Europe and the United States of America. Further, the healthcare technology industry is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than are currently available or likely to become available to ImExHS. Other entities may resist ImExHS's efforts to market its current products or commercialise new products or technologies that may compete with their own offerings. New or existing competitors may also increase their market share relative to ImExHS's market share by:

- acquiring or developing technologies which give them a competitive advantage;

- lowering prices of products or services similar to ImExHS's products or services;
- increasing the scale or range of their products or services; or
- undertaking strategic moves to combine or consolidate their business.

Any decrease to ImExHS's market share relative to its competitors may materially affect the Company's financial performance and position. Further, there are no fundamental barriers preventing new competitors from building similar products or offering similar services provided they do not infringe ImExHS's intellectual property. As emerging technologies continue to develop in the healthcare technology industry, there may be certain product developments that supersede, and render obsolete, ImExHS's current and future products and services. This will adversely affect the Company's revenue, margins and profitability and the likely value of Shares.

*(d) Acceptance of ImExHS's products and services*

ImExHS's business model depends on the ability to sell and deploy ImExHS's products and services. Acceptance of ImExHS's products and services requires hospitals, clinics, radiologists and physicians to adjust their behaviour and adopt new methods of conducting business and exchanging information. Despite ImExHS's sales success to date, there is no guarantee that additional hospitals and practitioners will integrate ImExHS's products and services into their workflow or that other participants in the healthcare market will accept ImExHS's products and services as a replacement for traditional methods of conducting healthcare information management, particularly outside of LATAM. Achieving broader market acceptance for ImExHS's products and services will require considerable sales and marketing efforts and the expenditure of significant financial and other resources to create awareness and demand by participants in the healthcare industry. If ImExHS fails to achieve broad acceptance of ImExHS's products and services by hospitals, clinics as well as medical practitioners and specialists and other healthcare industry participants or to position ImExHS's products and services as a preferred method for workflow and image management and healthcare delivery, the Company's business, financial condition and operational results will be adversely affected.

*(e) Failure to renew existing contracts or win new business*

The ability of ImExHS's business to renew contracts with existing clients and win new business with existing and new clients is fundamental to its business, growth and profitability. ImExHS faces competition in the healthcare technology industry (see paragraph (c) above). New contracts, including contracts entered into with an existing client where a previous contract has expired, may be subject to a competitive process. There is a risk that ImExHS's business may not win these contracts for any of a number of reasons. These include, for example:

- lower pricing from competitors;
- increased competition;
- inability to differentiate ImExHS's products and services and to market them effectively;
- failure to maintain the quality or efficiency of ImExHS's products and services or to anticipate, identify or react to changes in client preferences or requirements;
- failure to react to new developments in healthcare workflow and information management technology; and

- negative perceptions adversely affecting ImExHS's brand and reputation as a result of the eventuation of some of the other risk factors detailed in this Schedule.

Failure to successfully renew existing contracts or to win new contracts could negatively impact the Company's financial performance, including, in the case of a failure to retain an existing client, by leaving the Company with excess capacity or redundancy costs, and adversely impact its ability to grow its operations.

*(f) Failure to properly understand client requirements and client demand*

A significant percentage of ImExHS's contracts are long term contracts (five-year term), and many are not able to be terminated by ImExHS unless the client is in breach. ImExHS may from time to time enter into SaaS or PaaS contracts where the agreed revenue is insufficient to cover the costs of delivering the services or to provide adequate profit margins. This can occur for a number of reasons, including a failure to properly understand the scope and requirements of a contract or customer, a failure to assess accurately the costs of delivering the contracted services, a failure to properly model the drivers of client demand or a failure to adhere to the business' internal risk assessment and contracting process guidelines. The risk of such failures occurring may increase as ImExHS seeks to expand its products and services into new markets. If ImExHS enters into a significant number of contracts where the agreed revenue is insufficient to cover the costs of delivering the services or to provide adequate profit margins as a result of these failures, the Company's profitability could be adversely impacted.

*(g) Faults with Products or Services*

The current products of ImExHS or new products developed by ImExHS may contain errors or defects that are identified only after new customers commence use of the product, which could harm reputation and business. Despite pilot testing of ImExHS's new products or of ImExHS's existing products in new markets, it is possible that errors may occur in ImExHS's products and services. If the Company detects any errors before a solution is introduced, the Company may have to delay deployment for an extended period while the problem is addressed. If the Company does not discover errors that affect ImExHS's current or new products and services until after they are deployed, the Company would need to provide enhancements to correct such errors. Errors in ImExHS's products and services could result in:

- harm to the Company's reputation or the "ImExHS" brand;
- lost sales;
- delays in new product releases;
- product liability claims;
- delays in or loss of market acceptance of ImExHS's products and services; and
- unexpected expenses and diversion of resources to remedy errors.

Furthermore, clients may use ImExHS's products and services together with products from other companies. As a result, when problems occur, it may be difficult to identify the source of the problem. Even when ImExHS's products or services do not cause these problems, the existence of these errors may result in the Company incurring significant costs, the diversion of the attention of technical personnel from development efforts and may adversely impact the Company's reputation or brand or cause significant client relations problems.

*(h) Reliance on key management personnel*

The Company's business strategy from completion of the Acquisition will be implemented by the Board and the management team led by German Arango, Andres Vanegas and Jorge Marin. The Company's success will depend on the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel engaged on a contractual basis. The loss of services of any of its key management personnel and the Company's inability to replace them could have a material adverse impact on the Company's ability to successfully implement the Company's business strategy. There is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially adversely affect the Company's business, operating results and financial prospects including its ability to grow.

*(i) Protection of intellectual property*

The Company's business plan is predicated on ImExHS's proprietary systems and technology products. Accordingly, ImExHS's trademarks, trade names, copy rights, trade secrets and other intellectual property rights are important to its success and unauthorised use of any of ImExHS's intellectual property rights may adversely affect the Company's business and the Company's and ImExHS's reputation. There can be no assurances that the Company will be able to:

register or other protect new intellectual property it develops in the future; or

prevent the unauthorised use of its intellectual property.

Failure to adequately protect ImExHS's intellectual property rights could adversely affect its financial performance and condition.

*(j) Infringement of third party intellectual property rights*

If a third party accuses the Company of infringing its intellectual property rights or if a third party commences litigation against the Company for the infringement of patent or other intellectual property rights, the Company may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that the Company incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Company may be able to obtain injunctive or other relief that could prevent the Company from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against the Company, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Company from commercialising available products and could cause it to incur substantial expenditure.

*(k) External Technology Risk*

ImExHS has developed its own software in house, which is used in conjunction with off-the-shelf software to enable the functionality of its product offerings. Such software may be subject to external factors, such as depreciation of operating systems, libraries, components, third party interfaces, drivers, patches, compatibility, version conflict or obsolescence or other related issues. In addition, the software will require updating and maintenance. These external factors may also affect the ability of ImExHS to effectively upgrade and maintain its software. Furthermore, licensing and commercial conditions imposed by third party software companies may be unsustainable or impractical for ImExHS, causing a need to rely on other solutions or develop these in house. Should ImExHS have such issues it may affect the ability of ImExHS to successfully provide its product.



*(j) Ability to establish and maintain additional strategic relationships*

To be successful, the Company must continue to maintain ImExHS's existing strategic relationships and establish additional strategic relationships with leaders in a number of healthcare and health information technology industry segments. This is critical to the Company's success because the Company believes that these relationships contribute towards its ability to:

- extend the reach of ImExHS's products and services to a larger number of hospitals, clinics and to other participants in the healthcare industry;
- develop and deploy new products and services;
- further enhance the "ImExHS" brand; and
- generate additional revenue and cash flows.

*(m) Reliance on third party providers*

ImExHS's technology is built to work with various computer operating systems, internet platforms, computing networks and hardware devices. The Company is unable to control third party developers and providers of such systems and networks. Any changes to external platforms, networks, systems, devices or hardware that give preference to competing products or adversely impact on the functionality of ImExHS's products may render consumers less likely to use ImExHS's products, which may have a detrimental impact on the Company's financial performance. Likewise, many of ImExHS's products are predicated on consumers being able to access the internet. If third party providers raise the cost of internet access or restrict the ability of consumers to access the internet via ImExHS's products, this is likely to detrimentally affect the Company's financial performance.

*(n) Sales Cycles*

It is difficult to predict the sales cycles and implementation schedule for ImExHS's products and services. The duration of the sales cycle and implementation schedule for ImExHS's products and services depend on a number of factors, including the nature and size of the potential clients and the extent of the commitment being made by the potential client, which are difficult to predict. Sales and marketing efforts with respect to hospitals, health organisations and other potential clients will generally involve a lengthy sales cycle due to these organisations' complex decision-making processes. If potential clients take longer than expected to decide whether to purchase ImExHS's products and services, the cost of sales may increase, which could harm ImExHS's business, operations and financial position.

*(o) Hosting provider, data loss, theft or corruption*

ImExHS stores data with a variety of third party service providers and hosting facilities located in the cloud. These facilities may be vulnerable to damage or suffer outages, for example due to catastrophic destruction following a natural disaster, telecommunication failures, power loss and similar events. Such disruption, particularly if prolonged, to these services may have a material adverse impact on ImExHS's products and ImExHS's business operations and reputation. Hacking or exploitation of some unidentified vulnerability in these networks could lead to loss, theft or corruption of data which, in turn, could negatively impact upon the Company's revenues and profitability.

*(p) Ability to manage growth effectively*

ImExHS will need to expand its operations if it successfully achieves market acceptance for its products and services in new markets. The Company cannot be certain that its systems, procedures, controls and existing space will be adequate to support expansion of its operations. The Company's future operating results will depend on the ability of its officers and key employees to manage changing business conditions and to implement and improve its technical, administrative, financial control and reporting systems. ImExHS not be able to expand and upgrade its systems and infrastructure to accommodate these increases. Difficulties in managing any future growth could have a significant negative impact on the Company's business, financial condition and results of operations.

*(q) Sufficiency of funding*

ImExHS's growth through product development and marketing activities will require substantial expenditure and may not result in profitability being achieved. There can be no guarantees that the Company's cash reserves together with the funds raised by the Capital Raising will be sufficient to successfully achieve all the objectives of ImExHS's overall business strategy.

If ImExHS is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Capital Raising and existing working capital, there can be no assurance that ImExHS will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to ImExHS or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit ImExHS's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend ImExHS's business strategy and could have a material adverse effect on ImExHS's activities.

*(r) Security breaches*

If the Company's security controls are breached, if there are any actual or perceived security vulnerabilities in ImExHS's products or if its products are subject to cyber-attacks that restrict customer access to its products, its products may be perceived as less secure than competitors and customers may stop using ImExHS's products or services.

*(s) Contractual disputes*

ImExHS's business is dependent on its contractual agreements, including with customers, distributors and third party service providers, and each counterparty's ability to meet their contractual obligations. While the Company has no reason to believe that any counterparty will default under their respective agreement, there are risks when dealing with third parties including insolvency, fraud and management failure. The Company's financial performance will depend upon the performance of the counterparties to its contracts, including customers, distributors and service providers. Should a counterparty default or a contract fail, there is potential for negative financial and brand damage for the Company.

*(t) Litigation*

ImExHS is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, medical mis-diagnosis related claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of ImExHS.

*(u) Brand and Reputation Risk*

The reputation of ImExHS, its brand and products is important in retaining business and attracting new business and key employees. The ImExHS reputation and value of the brand may be adversely affected by several factors including (but not limited to) disputes or litigation with third parties and adverse media coverage (including social media). Erosion of the ImExHS reputation or brand may adversely affect the Company's financial performance or position.

*(v) Insurance*

The Company faces various risks in connection with ImExHS's business and may lack adequate insurance coverage or may not have the relevant insurance coverage. No assurance can be given that such insurance will continue to be available in the future and that it will be available on commercially attractive terms. There is also no guarantee that any cover will be adequate and available to cover any claims the Company may make. The Company may be unable to continue to secure insurance to satisfactorily cover all anticipated risks or the cost of insurance may increase above anticipated levels. This may result in the Company either paying excessive amounts for its insurance or being unable to insure certain business risks.

*(w) Foreign exchange risks*

ImExHS is potentially a global business. The operating entity of the Company is based in Colombia and the majority of the Company's current revenue is in Colombian pesos or other LATAM currencies. ImExHS is also targeting APAC region as its next market, which could result in the Company receiving revenue in other currencies. Any billing in foreign currencies will be converted to AUD for reporting purposes will be affected by currency fluctuations, which may adversely impact on financial performance and position.

*(x) Regulatory and Legislative change*

As with any technology product offering, the ImExHS products may be exposed to the regulatory environment of a particular jurisdiction. The Company will also be subject to a number of domestic and international government regulations regarding the use software in medical diagnostics and the use and storage of medical data. Regulations for medical technology change frequently and, as such, there is no guarantee that ImExHS's products will always satisfy, or be in-compliance with, all applicable laws and regulations. Any adverse regulation may also restrict ImExHS's ability to provide its products and services in a particular jurisdiction or for particular clients. Adverse regulation and any non-compliance with applicable laws and regulations by the Company regarding its products and service are likely to adversely affect the Company's operations and financial performance.

*(y) Liquidity risk*

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the Shares.

Further, on completion of the Acquisition, the Company will issue Shares to the ImExHS vendors, Convertible Noteholders and current Directors and a portion of these Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of the Company's reinstatement to trading. During the period in which these Shares are escrowed, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

*(z) Doing business outside of Australia*

ImExHS currently has employees in Colombia and distributors engaged in other LATAM countries. The Company may wish to engage further employees and distributors outside of Australia as it grows its existing business and expands to new markets. This exposes the Company to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Company may operate. Businesses that operate across multiple jurisdictions face additional complexities from unique business requirements in each jurisdiction.

*(aa) Research and analyst reporting*

The market for the Company's securities trading on ASX may be influenced by any research or reports compiled by securities or industry analysts. If any of the analysts who may cover the Company and its products change previously disclosed recommendations on the Company or for that matter its competitors, the price of its securities may be adversely affected.

*(ab) No dividends expected*

The Company does not anticipate declaring or paying any dividends to Shareholders in the foreseeable future. Consequently, investors may need to rely on sales of their Securities to realise any future gains on their investment.

**General Risks***(a) Market Conditions*

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

*(b) Economic and government risks*

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the healthcare technology industry including, but not limited to, the following:

- general economic conditions in jurisdictions in which the Company operates;
- changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- the interpretation of taxation laws by the relevant taxation authority differing from the Company's interpretation;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology and healthcare sectors;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) *Unforeseen risk*

There may be other risks which the Directors are currently unaware of which may impact on the Company, its operations and/or the valuation and performance of the Company's securities.

(d) *Combination of risks*

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlines in this Schedule could affect the performance valuation, financial performance and prospects of the Company.

(e) *Investment risk*

An investment in the Company's securities should be considered highly speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Securities. The prices at which an investor may be able to trade the Securities may be above or below the price paid for the Securities. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances

**Schedule 5 – ImExHS Financial Statements**

**IMAGING EXPERTS AND HEALTHCARE  
SERVICES S.A.S**

***Financial Statements for the Years  
ended on 31 December 2017 and 2016  
and independent auditor's report***



RSM Colombia Auditores SAS

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## INDEPENDENT AUDITOR'S REPORT

To the shareholders of:

*IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.*

### *Report on the Financial Statements*

We have audited the financial statements of IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., which include the state of financial position as at 31 December 2017, and the comprehensive income statement, changes in equity and cash flows for the year ended on that date and their respective notes, which include a summary of the significant accounting policies and other explanatory information. The financial statements at 31 December 2016 and for the year ended on said date, were audited by other auditors who issued an unqualified opinion dated on 31 March 2017.

### *The responsibility of the Administration regarding the financial statements*

The administration is responsible for the proper preparation and presentation of the financial statements by Accounting Standards, and Financial Information to small and medium-sized enterprises — NCIF for SMEs accepted in Colombia (Group 2). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements separated free of material importance errors, whether due to fraud or error; selecting and applying appropriate accounting policies, as well as carry out the reasonable accounting estimates in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statements annexed based on our audit. We have carried out our audit by the international auditing standards accepted in Colombia. Those standards require that we comply with ethical requirements, we plan and execute the audit to obtain reasonable assurance on whether the financial statements are free from importance material errors.

An audit of financial statements is to develop procedures to obtain evidence about the amounts and disclosures in the financial statements. The methods selected depend on the auditor's judgment, including the assessment of the risks of errors



Of material importance in the financial statements due to fraud and error. In the assessment of those risks, the auditor considers internal control of the entity for the preparation and reasonable presentation of the financial statements to design audit procedures that are appropriate regarding the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluate the complete presentation of the separate financial statements.

I believe that the audit evidence we have obtained provides a sufficient and adequate basis for our audit opinion.

### *Opinion*


In our opinion, the financial statements, taken from the accounting records and annexed to this report, reasonably present, in all importance material aspects, the financial situation of IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., as at 31 December 2017, the results of its operations and its cash flows for the year then ended in accordance with accounting and financial reporting standards for small and medium enterprises - NCIF for SMEs accepted in Colombia (Group 2).

### *Report on legal and regulatory requirements*

Our evaluation of internal control, conducted with the purpose of establishing the scope of our audit tests, did not reveal that the company did not follow appropriate measures of internal control, compliance with anti-corruption regulations, conservation and custody of its assets and those of third parties that are in its power. We have informed management, in the letter of recommendations, identified improvement opportunities to improve its internal control

**RSM COLOMBIA AUDITORES S.A.S.**

Auditores Independientes

A handwritten signature in black ink, appearing to read 'M. Mahecha B.', enclosed within a hand-drawn oval border.

Mayker F. Mahecha B.  
Audit Partner

Bogotá, 9 March 2018.

**IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.**  
**STATEMENTS OF FINANCIAL POSITION**  
For the years ended as at 31 December 2017 and 2016  
Figures expressed in thousands of Colombian pesos

	Notes	31 December			Notes	31 December	
		2.017	2.016			2.017	2.016
<b>ASSETS</b>				<b>LIABILITIES</b>			
<b>Current assets</b>				<b>Current liabilities</b>			
Cash and cash equivalents	5	\$ 10.702	\$ 40.427	Financial liabilities	11	\$ 1.065.835	\$ 1.156.239
Accounts receivables and other accounts receivable	6	5.594.629	2.966.513	Accounts payable and other accounts payable	12	1.385.150	1.106.424
Other Non-financial assets	7	-	603.422	Current tax liabilities	13	1.088.357	903.011
Inventories	8	692.494	1.116.173	Payroll benefits	14	513.013	247.598
Current tax assets	16	449.797	207.639	Other Non-financial liabilities	15	190.282	71.098
<b>Total current assets</b>		<b>\$ 6.747.622</b>	<b>\$ 4.934.174</b>	<b>Total Current Liabilities</b>		<b>\$ 4.242.637</b>	<b>\$ 3.484.370</b>
<b>Non-Current assets</b>				<b>Non-Current Liabilities</b>			
Property, plant and equipment	9	\$ 1.040.444	\$ 1.163.998	Deferred tax liabilities	16	\$ 28.760	\$ 59.245
Intangible assets other than capital gain	10	715.385	276.278	<b>Total Non-current liabilities</b>		<b>\$ 28.760</b>	<b>\$ 59.245</b>
<b>Total Non-current assets</b>		<b>\$ 1.755.829</b>	<b>\$ 1.440.276</b>	<b>TOTAL LIABILITIES</b>		<b>\$ 4.271.397</b>	<b>\$ 3.543.615</b>
<b>TOTAL ASSETS</b>		<b>\$ 8.503.451</b>	<b>\$ 6.374.450</b>	<b>EQUITY</b>			
				Paid-in and subscribed capital	17	\$ 8.178	\$ 5.000
				Issue premium		3.454.526	2.075.808
				Provision		2.500	2.500
				NCIF adoption effect		(115.055)	(115.055)
				Retained Earnings		862.582	655.111
				Income for the year		19.323	207.471
				<b>TOTAL EQUITY</b>		<b>\$ 4.232.054</b>	<b>\$ 2.830.835</b>
				<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 8.503.451</b>	<b>\$ 6.374.450</b>

The annexed notes are a comprehensive part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that these have been taken from the accounting records.

GERMAN A. ARANGO B.  
Legal Representative

EDITH SIERRA USAQUÉN  
Certified Public Accountant  
P.L. 218690 -T

**IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.**  
**COMPREHENSIVE INCOME STATEMENT**  
For the years ended as at 31 December 2017 and 2016  
Figures expressed in thousands of Colombian pesos

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Ordinary income	18	\$ 10.197.097	\$ 7.100.327
Cost of sales	20	<u>6.138.808</u>	<u>4.122.884</u>
<b>Gross profit</b>		<b>\$ 4.058.289</b>	<b>\$ 2.977.443</b>
Administrative expenses	21	\$ 1.863.406	\$ 1.299.350
Sales expenses	22	1.380.184	907.754
<b>Results of operational activities</b>		<b>\$ 814.699</b>	<b>\$ 770.339</b>
Other expenses	23	261.828	123.401
Other Income	19	<u>57.406</u>	<u>62.396</u>
<b>Total other expenses and other income</b>		<b>\$ 204.422</b>	<b>\$ 61.005</b>
<b>Financial expenditure</b>	24	<u>420.557</u>	<u>346.792</u>
<b>Income before taxes</b>		<b>\$ 189.720</b>	<b>\$ 362.542</b>
Income tax and deferred tax	16	170.397	155.071
<b>Net income for the year</b>		<b>\$ 19.323</b>	<b>\$ 207.471</b>

The annexed notes are a comprehensive part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that these have been taken from the accounting records.

\_\_\_\_\_  
GERMAN A. ARANGO B.  
Legal Representative

\_\_\_\_\_  
EDITH SIERRA USAQUEN  
Certified Public Accountant  
P.L. 218690 -T

**IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the years ended as at 31 December 2017 and 2016  
**Figures expressed in thousands of Colombian pesos**

	Paid-in and Subscribed Capital	Issue premium	Provisions	Results accumulated	Adoption effect NCIF	Income for the year	Total Equity
<b>Balance as at 31 December 2015</b>	<b>5.000</b>	<b>2.075.808</b>	<b>2.500</b>	<b>11.705</b>	<b>(115.055)</b>	<b>528.351</b>	<b>2.508.309</b>
Transfer of profit (loss)	-	-	-	643.406		(528.351)	115.055
Result of the period	-	-	-			207.471	207.471
<b>Balance as at 31 December 2015</b>	<b>5.000</b>	<b>2.075.808</b>	<b>2.500</b>	<b>655.111</b>	<b>(115.055)</b>	<b>207.471</b>	<b>2.830.835</b>
Capitalization	3.178	1.378.718					1.381.896
Transfer of utilities				207.471		(207.471)	-
Period result						19.323	19.323
<b>Balance as at 31 December 2015</b>	<b>8.178</b>	<b>3.454.526</b>	<b>2.500</b>	<b>862.582</b>	<b>(115.055)</b>	<b>19.323</b>	<b>4.232.054</b>

The annexed notes are a comprehensive part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that these have been taken from the accounting records.

\_\_\_\_\_  
GERMAN A. ARANGO B.  
Legal Representative

\_\_\_\_\_  
EDITH SIERRA USAQUEN  
Certified Public Accountant  
P.L. 218690 -T

**IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.**  
**CASH FLOW STATEMENTS**  
For the years ended as at 31 December 2017 and 2016  
Figures expressed in thousands of Colombian pesos

	<b>31 December</b>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Cash flows from operating activities:</b>		
Income for the year	\$ 19.323	\$ 207.471
<b>Adjustments to reconcile net income for the year with net cash provided for operating activities</b>		
Impairment of accounts receivable	43.719	-
Impairment of inventories	87.026	-
Depreciation	264.136	98.937
Amortization of intangibles	288.668	375.452
Loss on sale of property, plant and equipment	233.448	
Deferred income tax	(30.485)	59.245
Current income tax	200.882	-
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	\$ (2.671.835)	\$ (1.560.492)
Inventories	85.908	1.540.273
Current tax assets	(242.158)	-
Accounts payable and other accounts payable	1.087.685	(22.834)
Payroll benefits	265.414	71.532
Current tax liabilities	(63.177)	187.386
Other Non-financial liabilities	119.185	4.450
<b>Net cash provided by (used in) operating activities</b>	<u><b>\$ (312.261)</b></u>	<u><b>\$ 961.420</b></u>
<b>Cash flows from investment activities:</b>		
Net acquisition of property, plant and equipment	\$ (75.644)	\$ (1.186.052)
Net acquisition of intangibles	(124.353)	(144.685)
<b>Net cash provided used in investment activities</b>	<u><b>\$ (199.997)</b></u>	<u><b>\$ (1.330.737)</b></u>
<b>Cash flows of funding activities:</b>		
Increase in equity	\$ 572.937	\$ -
Financial liabilities	(90.404)	269.302
<b>Net cash provided by the funding activities</b>	<u><b>\$ 482.533</b></u>	<u><b>\$ 269.302</b></u>
Decrease in cash and cash equivalents	\$ (29.725)	\$ (100.015)
Cash and equivalents, at the beginning of the year	40.427	140.442
Cash and equivalents at the end of the year	<u><b>\$ 10.702</b></u>	<u><b>\$ 40.427</b></u>

The annexed notes are a comprehensive part of the Financial Statements.

The undersigned Legal Representative and Accountant certify that we have previously verified the statements contained in these financial statements and that these have been taken from the accounting records.

GERMAN A. ARANGO B.  
Legal Representative

EDITH SIERRA USAQUEN  
Certified Public Accountant  
P.L. 218690 -T

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

for the years ended as at 31 December 2017 and 2016

(In thousands of Colombian pesos)

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### 1. GENERAL INFORMATION

**Economic Entity** - IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S, (hereinafter "IMEXHS") is a simplified joint-stock company of a private legal nature incorporated with public deed No. 01649376 of July 10, 2012, registered in the Notary 37 of the city of Bogotá initially registered under the corporate name Imaging and Healthcare Solutions S.A.S.

The term of established duration is indefinite, beginning on the date of the granting of the public deed of the constitution.

The Company has its principal domicile in the city of Bogotá D.C. in the Calle 92 No. 11-51 Oficina 202 address.

Social IMEXHS aims to commercialize the implementation of comprehensive technological platforms, for the provision of diagnostic aids in particular and in general of any Healthcare service or different, with permanent accompaniment and support, through the provision of machinery and equipment, N.C.P., professional, scientific and technical activities N.C.P., rental and leasing of other machinery, equipment and tangible goods N.C.P.

The Company has recorded the following reforms to the deeds:

By Act No 3 of general shareholders' meeting of 6 August 2012, registered on 7 September 2012 under number 01664387 of the Book IX, the company changed its name from Imaging Experts and Healthcare Solutions S.A.S., by Imaging Experts and Healthcare Services S.A.S.

**Approval of the financial statements** - The financial statements of Imaging Experts And Healthcare Services SAS for the year ended as at 31 December 2017, has been approved by the General Assembly of Shareholders and authorized for its publication on March 28, 2018.

### 2. BASIS OF PREPARATION AND PRESENTATION

- **Technical Accounting Regulatory Framework** - The Financial Statements which accompany them, presented in thousands of Colombian pesos, have been prepared in accordance with the rules of Accounting and Financial Information accepted in Colombia for SMEs (NCIF), established in the Law 1314 of 2009, regulated by Decree 2420 of 2015 Regulatory Only amended by Decree 2496 of 2015 and its Decree amending the Decree 2131 of 2170 December 2016 and December 2017. The NCIF is based on International Standards of Financial Information for Small and Medium-sized Entities (IFRS FOR SMEs), along with their interpretations, issued by the Consejo de Normas Internacionales de Contabilidad (IASB International Accounting Standards Board); the primary rules correspond to the officially translated into Spanish and issued by the IASB to 31 December 2013, together with its amendments issued in the year 2014.
- **The basis of Preparation** - The Company has defined by statutes make a cut of their accounts, prepare and disseminate general purpose financial statements once a year, this is as at 31 December. For legal purposes in Colombia, the primary financial statements are the separate or individual financial statements by the decree 2420 and its amending 2496 of December 2015.

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

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The financial statements have been prepared on a historical cost basis, except specific financial instruments that are measured at amortized cost or fair value, as explained below:

**Historical Cost** - The historical cost is usually based on the fair value of the consideration given in exchange for goods and services.

- **Use of estimates and judgments** - The preparation of financial statements by the rules of Financial Information accepted in Colombia for SMEs (NCIF) requires the Company to make judgments and estimates, which are regularly reviewed, for certain assets, liabilities, income, and expenses. Some areas where it requires the use of estimates include recognition and measurement of impairment losses and uncertain tax positions. These judgments and estimates affect the reported amounts of assets, liabilities, income and expenses, and the disclosure of contingent assets and liabilities at the date and for the period of presentation of the financial statements. Actual results could differ from the estimates made by the management.

The following trials are essential in the implementation of the accounting policies of the Company that has a significant effect on the financial statements:

- **Impairment of accounts receivable** - IMEXHS evaluated at the end of each reporting period if there is objective evidence that a financial asset - accounts receivable or a group of them measured at amortized cost are damaged.  
  
The Company believes assumptions such as, but not limited to, financial difficulties of the debtor for non-payment of the invoices, breaches in contractual clauses, among others.
- **Impairment of value of inventories** - the inventory is valued for the calculation of the impairment when events or changes in circumstances indicate that the carrying amount may not be fully recovered from their sale.
- **Provisions for tax obligations** - to determine the balance to be paid on the income statement, once is effective the debugging of this.
- **Functional Currency** - *functional and presentation currency* - IMEXHS has defined as its Functional currency and performance of the financial statements, the Colombian peso, which corresponds to the primary economic environment where makes its operations. This currency is primarily involved in the determination of incomes and expenses that generate cash flows from operating activities, investing, and financing. The financial information is presented in thousands of pesos and rounded to the nearest unit, except where otherwise indicated. All those transactions it carries out in another currency are converted at the exchange rate prevailing on the last working day of the month and certified by the Bank of the Republic of Colombia.

**Foreign currency transactions** - The recognition of the operations in foreign currency, will be recognized in the financial statements as follows:

- At the initial time, foreign currency transactions are recognized at the rate of exchange on the date of the transaction.

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

for the years ended as at 31 December 2017 and 2016

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- At the end of the period to report, monetary assets and liabilities denominated in currencies other than the functional currency are converted at the closing exchange rate.
  - The exchange difference arising in the transactions of the business, both in the liquidation of operations and in the development of monetary assets and liabilities are recognized in the results of the period if the asset is valued against another comprehensive result the difference in change is also recognized in other comprehensive income.
  - Non-monetary balances, which are measured at historical cost, are converted at the historical exchange rate on the date of the transaction. Differences in the conversion of non-monetary balances, which are held at fair value through results, are recognized as income or expense in the results of the period.
  - The dollars are re-expressed to Colombian pesos based on the representative market rate calculated on the last business day of the month and certified by the Bank of the Republic of Colombia. At 31 December 2017 and 2016 the rates were \$2,984.00 (pesos) and \$3,000.71 (pesos), respectively for each dollar.
- 
- **Classification of assets and liabilities into current and non-current** - In the preparation, elaboration, and presentation of the financial statements, it was determined about, among other assets total current assets and current liabilities total current liabilities and non-current, to equity and the results for the year, as appropriate.

An asset is classified as current assets if held primarily for trading purposes or is expected to be carried out within a period of not more than one year after the reporting period. The other assets are classified as non-current assets.

A liability is classified as current liabilities when held primarily for trading purposes or is expected to be settled within a period of not more than one year after the reporting period. The other liabilities are classified as non-current liabilities.

### 3. STANDARDS ISSUED BY THE IASB IS NOT YET IN FORCE IN COLOMBIA

On December 14, 2017, the IFRS Foundation issued non-binding guidelines, in the form of a document of questions and answers (Q&A) developed by the SMEIG Group (SMEIG) - advising on accounting for financial guarantee contracts or separate financial statements of the issuer. By the closing date, the company has not made application of this new guide on the IFRS for SMEs in advance.



## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

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### 4. MAIN ACCOUNTING POLICIES

**4.1. FINANCIAL INSTRUMENTS** - IMEXHS has elected to apply Section 11 "Basic Financial Instruments" for all its basic financial instruments. The Company uses only basic financial instruments that result in recognition of their financial assets and liabilities of the commercial activities such as accounts receivable and payable, credit received from banks or third parties and loans to related parties, mainly.

LIMEXHS recognized as assets and liabilities the following instruments:

- **CASH AND CASH EQUIVALENTS** - Cash and cash equivalents are made up of resources held in cash, banks or sight deposits, short-term, highly liquid investments that are held to meet short-term cash commitments rather than for investment or other purposes and are subject to an insignificant risk of changes in value; represented in either local or foreign currency.
- **ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE** - non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, generated by services provided in the development of the social object of IMEXHS. Also, to be considered as accounts receivable that are generated by the concept of advances to suppliers, employees and contractors, and in general the outflow of resources in favor of third parties of which is expected to be a consideration or future benefit.

Accounts receivable arising in the development of the social object of IMEXHS correspond to the sale of goods and services, rental of equipment and software licenses, which have a term of payment between 90 and 180 days on average.

When the term of cancellation of accounts receivable extends beyond the normal conditions, the carrying amounts are reviewed to determine whether there is any objective evidence that they will not be recoverable. If so, is immediately recognized in results an impairment loss.

Accounts receivable do not cause interest on arrears or discounts for early payment.

- **OTHER FINANCIAL LIABILITIES** - correspond to obligations to third parties and/or financial institutions, to obtain resources needed to leverage some of the company's operations.
- **ACCOUNTS PAYABLE** - correspond to commitments to third parties generated during the ordinary activities such as fees, utilities, maintenance and adjustments, travel expenses, technical services, other
- **DEBTS WITH PARTNERS** - corresponds to the balances that the company owes to the partners and/or shareholders.

**4.1.1. Initial measurement:** All financial assets and liabilities are initially recognized at fair value that corresponds to the amount agreed with the counterparty.

**4.1.2. Later measurement:** Subsequent measurement of financial assets and liabilities depends on their classification, resulting:

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- **CASH AND CASH EQUIVALENTS** - Cash and cash equivalents are measured subsequently at fair value.
- **ACCOUNTS RECEIVABLE AND PAYABLE** - Accounts receivable and accounts payable to be transactions based on standard conditions (without funding) are measured at the undiscounted amount of cash that it expects to receive or pay.

In the case of accounts receivable that are considered old assesses the existence of objective evidence of impairment, where IMEXHS will immediately recognize a loss in results of the period.

- **OTHER FINANCIAL LIABILITIES** - Loans are subsequently stated at amortized cost using the effective interest rate method. The amortized cost is calculated by considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate, according to the according to section 11.15 of IFRS for SMEs.

### 4.1.3. Discharge in accounts receivable - An asset is discharged when:

- Expiring or liquidation of the contractual rights to the cash flows of accounts receivable.
- Third party transfer substantially all the risks and benefits inherent in the account receivable.
- Recognize separately any rights and obligations created or retained in the transfer.
- When the entity decides using a document of the General Assembly the cancellation of any of the items of accounts receivable.
- When the overdue portfolio exceeds 360 days, it is considered as a starting point. If your recovery is zero or there is little chance of recovery product of the analysis and management of the Company, will be reducing the usefulness of the exercise, subject to the approval of the Administration.

### 4.1.4. Discharge of financial liabilities: A financial liability is discharged when:

- The obligation for the liability is paid, canceled or expires;
- When an existing financial liability is replaced by another from the same lender in substantially different terms;
- The terms of an existing liabilities are modified substantially, and such an exchange or modification is treated as given from an original passive and given low of a new liability;

The difference in the respective carrying amounts is recognized in the income statement.

## 4.2. INVENTORIES

Inventories are assets held for sale in the normal course of operations; inventories of IMEXHS, correspond to inventory of goods not manufactured by the Company, which belongs to products purchased from third parties for marketing, which are measured at the lower of cost and estimated selling price less the costs of completion and sale, through the weighted average method.

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

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IMEXHS discharge an item of inventory when in the final disposition; or when you do not expect to get future economic benefits for their use or disposal.

### 4.3. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment correspond to assets purchased for use in the development of the social object of IMEXHS, which are measured at cost less accumulated depreciation and any impairment loss of earned value.

Depreciation is to distribute the cost of the assets less their residual values over their estimated useful life using the straight-line method since it represents the consumption of the future economic benefits embodied in an asset through its use.

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Computer equipment and communication	3-5 years
Office Equipment	5-10 years
Medical - Scientific Equipment	5-10 years

- **Computer equipment and communication:** Includes the telecommunications equipment, servers, platforms, among others, used IMEXHS.
- **Office equipment:** Includes equipment, furniture, and household items used as administrative support IMEXHS in peacekeeping operations.
- **Medical - Scientific Equipment:** It includes the items acquired that comply with this classification and which are used for the development of the social object of IMEXHS.

The depreciation of property, plant, and equipment will begin when the asset(s) is available for use, that is when you are in the location and in the conditions required to operate.

If there is any indication that there has been a significant change in the life of an asset, the depreciation of that asset prospectively to reflect the new expectations.

The maintenance required on these assets are recognized in the statement of income at the time in which they originate.

The IMEXHS estimated residual value of the property and equipment falls to zero.

Will discharge an item of property and equipment at the time of disposal or when no longer expected future economic benefits arising from the continued use of the asset. The gain or loss arising from the withdrawal or termination of an asset of property and equipment is calculated as the difference between the sales proceeds and the carrying amount of the asset and recognized in profit or loss.

### 4.4. INTANGIBLE ASSETS OTHER THAN CAPITAL GAIN

The intangible assets of IMEXHS correspond to licensing and copyright, which are stated at cost less accumulated depreciation and accumulated impairment losses. These intangible assets are amortized on a straight line over the estimated life of 5 years or 10 where it is not possible to determine.

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

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If there is any indication that there has been a significant change in the useful life of an intangible asset, the amortization of the respective assets will be adjusted prospectively to reflect the new expectations.

### 4.5. IMPAIRMENT IN THE VALUE OF NON-FINANCIAL ASSETS

At the end of each period are reviewed the properties, plants, and equipment, as well as intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there are signs of a possible deterioration of the value, it is estimated and compares the recoverable amount of any affected asset (or group of related assets) with its carrying amount. If the recoverable amount is lower than estimated, it reduces the carrying amount to the estimated recoverable amount, an impairment loss is recognized in the results.

Similarly, at the end of each period is evaluated if there is deterioration of the value of the inventory by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price fewer costs to sell. If an item of inventory (or group of similar items) has deteriorated, it reduces its carrying amount to the sales price less the costs of completion and sale and is immediately recognized an impairment loss of valued results.

If an impairment loss is reversed later, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable value (selling price less costs of sale, in the case of inventories), not to exceed the amount that would have been determined if it had not recognized any impairment loss of the asset (group of assets) in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

### 4.6. LEASES

The Leases are classified as financial statements when the terms of the lease to tenants transfer all the risks and rewards incident substantially to ownership. All other leases are classified as operating.

- **IMEXHS as lessor** - The rental income under operating leases is recognized using the straight-line method over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the asset leased and recognized on a straight-line basis over the term of the lease.
- **IMEXHS as a lessee** - lease payments are distributed among the financial expenses and the reduction of the obligations under lease to achieve a constant rate of interest on the remaining balance of the liability. Financial expenses are charged directly to profit or loss unless they can be directly attributable to califiable assets, in which case they are capitalized by the general policy of the company. Contingent lease quotas are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense using the straight-line method, during the term of the lease, unless another systematic basis is more representative of the time pattern of the user's benefit. The contingent lease payments are recognized as expenses in the periods

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

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in which they incurred.

In case of receipt of incentives for operating leases, such incentives are recognized as liabilities. The added benefit of incentives is recognized as a reduction of rental expense on a straight-line basis unless another systematic basis is more representative of the time pattern of the user's benefit.

### 4.7. OTHER NON-FINANCIAL LIABILITIES

IMEXHS recognized as non-financial liabilities of nature (accounts payable) the rights of payment to third parties caused by customer advance payments for the provision of services or sale of products.

### 4.8. PAYROLL BENEFITS

Payroll benefits understand all types of benefits that the company provides to workers, including administrators and managers, in exchange for their services. The liability obligations for payroll benefits is related to what is established in the Colombian legislation.

IMEXHS has short-term benefits that correspond to the legal and extralegal obligations and benefits for termination of the contract in advance as compensation for the liberality of the company; these benefits are measured and recognized as an expense as the related service is provided.

For the sales department will recognize bonuses based on results of the staff, these costs are recognized in the income statement as they are incurred.

### 4.9. ORDINARY REVENUES AND OTHER INCOME

IMEXHS recognized revenue the following:

Income from ordinary activities under section 20 -

***Sale of goods (inventory)*** - Revenue from the sale of medical equipment are recognized and registered with base in the transfer of administration and risk of the customer equipment and meet all the following conditions:

- The entity has transferred to the buyer the risks and benefits, significant type, derived from the ownership of the goods;
- The entity does not preserve for if no current involvement in the management of goods sold, in the degree usually associated with ownership, nor effective control over the retains the same;
- The amount of revenue can be measured reliably;
- It is probable that the entity receives the economic benefits associated with the transaction; and
- The costs incurred, or incurring, in connection with the transaction can be measured reliably.

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**Provision of services (maintenance)** - The income from the provision of services such as maintenance is recognized when the result can be measured reliably. It means that meet all the following conditions:

- The amount of revenue can be measured reliably;
- It is likely that the economic benefits associated with the transaction will flow to the entity;
- The stage of completion of the transaction, at the end of the period for the submission of the report, can be measured reliably.

**Provision of services (software projects)** - The income from the provision of services of software projects (development), are recognized when:

- When you transfer the customer to the risks and rewards incident to ownership of the developments or when the services are provided through an undetermined number of acts over a specified period in a linear fashion.

The amount of revenue arising from a transaction is determined, typically, by agreement between the company and the customer. It is measured at the fair value of the consideration received or receivable considering the amount of any discount, bonus or rebate business that the company can provide.

**Leases of equipment** - The recognition of income in respect of leases of equipment are recognized and medical care by the policy 4.6. Leases, by section 20.

### 4.10. OPERATING COSTS AND EXPENSES

The costs and expenses represent to IMEXHS reductions in economic benefits, produced during the accounting year, represented in outputs or decreases in the value of the assets or through the origin and/or increased liabilities, which are a direct result in equity, and are not related to the distributions of profits to the shareholders

These are mainly composed by the general and administrative costs that include: administrative staff costs, fees, rent for offices in Bogotá and Medellín, expenses by insurance policies, services, expenses for maintenance, stationery and supplies toiletries and a cafeteria, among others.

LIMEXHS recognizes its costs and expenses to the extent that the economic facts occur in such a way that they are systematically recorded in the accounting period (causation), independent of the flow of monetary or financial resources (box).

Interest expenses and other financial expenses related to the loans in force during the period are recorded and charged to income for the year.

### 4.11. DEFERRED TAX

The deferred tax is recognized by the "passive," by the temporary differences arising from the recognition of assets and liabilities in the financial statements under NCIF and recognition for tax purposes.

The tax expense to the represents the sum of the current tax payable and the deferred tax. The current tax payable is based on the taxable profit (tax loss) of the year. The deferred tax is recognized on the basis of the differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases (known as temporary differences).

## **IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S**

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Deferred tax liabilities are recognized for all temporary differences that are expected to increase the taxable profit in the future. The deferred tax assets recognized for all temporary differences that are expected to reduce the taxable profit in the future, and any loss or tax credit not used. Deferred tax assets are measured at the maximum amount that, by the actual or estimated taxable profit in the future, it is likely to recover.

The net carrying amount of deferred tax assets is reviewed at each reporting date is reported and is adjusted to reflect the current assessment of the future taxable profit. Any adjustment is recognized in the results of the period.

The deferred tax is calculated according to the tax rates expected to apply to taxable profit (tax loss) of the periods in which they are expected to make the deferred tax asset or cancel the deferred tax liability, by the tax rates that have been approved or whose approval process is almost finished at the end of the reporting period.

### **4.12. INCOME TAX**

The tax is based on the current tax revenues recorded during the year. Taxable profit differs from the profit reported in the state a result, due to the items of income and expense taxable or deductible in other years and items that are never taxable or deductible. The liability of the Company for the current tax is calculated using tax rates enacted or substantially adopted at the end of the period on which it reports. The Company determines the provision for income tax and complementary, and by the taxable profit or the presumptive income, the largest, estimated at rates specified in the tax law.

The income tax expense represents the sum of the income tax expense for the year and the deferred tax assets and liabilities. It is calculated by applying the tax rate of 34% for the taxable year 2017 and 25% for the taxable year 2016, on the tax base, the variation of the deferred tax assets and liabilities.

### **4.13. PROVISIONS**

The provisions are recorded when the Company has a present obligation (legal or implicit) because of a past event, for which the company is likely to the outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. The amount recognized as a provision represents the best estimate of the payments required to settle the present obligation at the date of the Financial Statements, taking into consideration the risks of uncertainty around the obligation.

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### 5. CASH AND CASH EQUIVALENTS

The balances of cash and cash equivalents at 31 December 2017 and 2016, comprises:

	<u>2017</u>	<u>2016</u>
Petty Cash (1)	\$ 1.000	\$ 1.000
Banks (2)	8,926	4,081
Savings Accounts (3)	776	35,346
<b>Total cash and cash equivalents</b>	<b>\$ 10.702</b>	<b>\$ 40.427</b>

- (1) Represent the amounts allocated to meet operating expenses of less value. Constituted by the value of \$800.000 for the Administrative Area of Bogotá and \$200.000 for the sites of Medellín.
- (2) Represent the resources in savings accounts and current accounts in national currency to meet the operation of the Company, these balances have no restrictions of any kind and are strategically used by IMEXHS to meet their obligations.
- (3) In connection with the savings accounts, the balance at 31 December 2017 corresponds to the savings account of the Banco Colpatria. This decrease corresponds to the change of principal account of the collection of customers, given that the company decided to open portfolio with ProCredit.

### 6. ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

The balance of trade accounts receivable and other accounts receivable at 31 December 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Customers (1)	\$ 5.415.431	\$ 2.223.836
Prepayments and advances (2)	-	9,222
Accounts receivable to partners (3)	138,727	406,211
Deposits for imports (4)	-	21,193
Accounts receivable to workers (5)	44,085	30,572
Miscellaneous debtors (6)	84,610	319,984
Estimate of impairment losses (7)	(88.224)	(44.505)
<b>Total Accounts receivable</b>	<b>\$ 5.594.629</b>	<b>\$ 2.966.513</b>

- (1) Includes sales at the national and international level, where the most representative clients in portfolio are: Centro de Imágenes Diagnosticas CEDIM IPS, Clínica Universitaria de Medicina Integral, Diagnostimed, EMD S.A.P.I., Fundación Hospital de la Misericordia, Fundación Instituto Neurológico de Colombia, Organización de Imagenología OIC, Paramédicos,



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Radiofam, SubRed Integrada de Servicios de Salud, Thi Medical, Disama Medic and UT Imágenes Diagnosticas la Misericordia; in which the totality of these customers is concentrated on 74% of the total portfolio.

- (2) This decrease corresponds to the advances made to suppliers during the 2016 and 2017 that were legalized.
- (3) This decrease is caused mainly by payments from the profits of the joint venture account for \$235.000 for the project of RADIOFAM.
- (4) The variation of this item corresponds to that on 31 December 2017 there are no outstanding advances to legalize with societies of Customs Brokerage for import of goods.
- (5) It is the balances of per diem legalized and who were in favor of the company balances on loans made to the employees.
- (6) This balance includes loans made to Imexmb S.A.S. and Imexvr S.A.S., for the operation and opening of new markets.
- (7) The following table analyzes the changes in the provision for impairment losses in the period, taking into account the maximum level of exposure of the same.

<b>Opening balance at 1 January 2017</b>	\$	(44.505)
Provision for the year		<u>(43.719)</u>
<b>Balance as at 31 December 2017</b>	<b>\$</b>	<b><u>(88,224)</u></b>

### 7. OTHER NON-FINANCIAL ASSETS

The balance of Other non-financial assets as of December 31, 2017, and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Other Non-financial assets (1)	<u>\$ -</u>	<u>\$ 603.422</u>
<b>Total other Non-financial assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 603.422</u></b>

- (1) In 2017, after a review of the non-financial assets, the company changed the way in which classified Software licenses provided in the accounts in participation registered as investments in the Statement of Financial Position to intangible assets other than surplus. The classification as intangible assets provide reliable and more relevant to users of the financial statements, given that they are assets controlled by each participant and its sole purpose is to give practical expression to the sale of licenses at the end of each project.

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### 8. INVENTORIES

The balance of inventories at 31 December 2017 and 2016 includes:

	<u>2017</u>	<u>2016</u>
Merchandise not manufactured by the company (1)	\$ 711.253	\$ 1.115.514
Materials and spare parts (2)	68,281	659
Impairment in inventories	(87.040)	-
<b>Total inventories</b>	<b>\$ 692.494</b>	<b>\$ 1.116.173</b>

- (1) It corresponds to the digitizing equipment, accessories, and scan and ultrasound technology available for sale.
- (2) Corresponds to the scanning equipment that is available for sale.
- (3) The inventory presented a deterioration in the Year 2017 originated by computers without rotation of more than one year corresponding to the CREATININE SENSOR KIT STAT METER PANEL AERO DR FPD-STD 14 X 17, AERO DR FPD-STD 14 X 17, STAT STRIP AND DVD DRIVE ID118091.

Inventories have no restrictions or encumbrances that limit their negotiation or realization. The company has arranged insurance policies all risk SMEs with the State Insurance The insurance company to ensure the goods in Inventory, as well as the transport of this at the time of sale.

### 9. PROPERTY, PLANT, AND EQUIPMENT

The balances at 31 December 2017 and 2016 of the Property, plant, and equipment include:

	<u>Furniture and fixtures</u>	<u>Computer Equipment</u>	<u>Medical - Scientific Equipment</u>	<u>Total</u>
<b>COST</b>				
1 January 2016	\$ 18.042	\$ 121.434	\$ 12.721	\$ 152.197
Additions	12,528	21,444	1,152,079	1,186,052
Provisions	-	-	-	-
31 December 2016	<b>\$ 30.570</b>	<b>\$ 142.878</b>	<b>\$ 1.164.800</b>	<b>\$ 1.338.249</b>
<b>Accumulated depreciation</b>				
1 January 2016	\$ (9,945)	\$ (57,708)	\$ (7,661)	\$ (75,314)
Annual depreciation	(4.338)	(38.724)	(56.726)	(99.788)
Impairment of value	851	-	-	851
Accumulated depreciation	-	-	-	-
31 December 2016	<b>\$ (13,432)</b>	<b>\$ (96,432)</b>	<b>\$ (64,387)</b>	<b>\$ (174.251)</b>
<b>Total Property, Plant and Equipment as at December 2016</b>	<b>\$ 17.138</b>	<b>\$ 46.446</b>	<b>\$ 1.100.413</b>	<b>\$ 1.163.998</b>

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<b>COST</b>								
1 January 2017	\$	30.570	\$	142.878	\$	1.164.800	\$	1.338.248
Additions		-		364,950		-		364,950
Provisions		(2.202)		(9.642)		(231.420)		(243.264)
As at 31 December 2017	\$	28.368	\$	498.186	\$	933.380	\$	1.459.934
<b>Accumulated depreciation</b>								
1 January 2017	\$	(13,432)	\$	(96,432)	\$	(64,387)	\$	(174.251)
Annual depreciation		(4.806)		(59.309)		(200.866)		(264.981)
Impairment of value		-		-		-		-
Provisions		-		19,742		-		19,742
As at 31 December 2017	\$	(18,238)	\$	(135,999)	\$	( 265.253)	\$	(419.490)
<b>Total Property, Plant and Equipment as at December 2017</b>	\$	10.130	\$	362.187	\$	668.127	\$	1.040.444

In this group are representing the goods belonging to society with the purpose of using them in the development of their activities which are not intended for sale and their useful life is more than a year.

As of 31 December, 2017 the property, plant, and equipment are duly covered against all risks with current insurance policy for SMEs with a total coverage by the Seguros del Estado insurer.

The balance of property, plant, and equipment is free of restrictions and liens and represents goods of the company's full ownership.

## 10. INTANGIBLE ASSETS OTHER THAN CAPITAL GAIN

The balances at 31 December 2017 and 2016 of the intangible assets include:

<b>COST</b>	
Initial Balance at 1 January 2017 (1)	\$ 276.278
Additions (1)	100,482
Transfers (2)	754,278
Insurance	23,871
Balance as at 31 December 2017	<b>\$ 1.154.909</b>
<b>AMORTIZATION</b>	
Initial balance at 1 January 2017	\$ -
Transfers (2)	301,711
Amortization Licenses	93,538
Amortization insurance	44,275
<b>Subtotal amortization</b>	<b>439,524</b>
<b>Balance as at 31 December 2017</b>	<b>\$ 715.385</b>

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- (1) It is primarily for the rights of use to IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., owns the copyright of the Hiruko Software and licenses for the Use Speechanywhere of Nuance and Visor Alma Medical.
- (2) During 2017 the reclassification of the balance of Investments 16 account of intangible assets, since it was evident that the accumulated value at 31 December 2016, it was incumbent on licenses for the use made in the development of contracts for accounts in participation and which are amortized according to the duration of the contracts that correspond to 5 years, being at 31 December 2017 the second year amortized.

### 11. FINANCIAL LIABILITIES

The balances at 31 December 2017 and 2016, corresponding to financial obligations and understand the values due to the banking sector under lines of credit such as credit fixed of consumption, revolving loans and credit cards. These obligations were acquired for working capital in the implementation of the projects and payment of licenses of cloud storage, among others. A detail is as follows:

Line of Credit	Bank	2017	2016
Consumption	Banco Procredit	\$ 268,375	\$ 420,274
Consumption	Banco Colpatria	20,931	75,000
Consumption	Banco Davivienda	31,453	84,320
Consumption	Banco Davivienda	43,652	-
Consumption	Banco Procredit	82,740	-
Financing policy all risk	Banco Pichincha	12,159	6,541
Revolving	Banco Colpatria	340,856	252,609
Revolving	Banco Davivienda	234,184	247,756
Overdrafts		10,123	44,812
Credit Card	Banco Davivienda	21,362	24,930
<b>Total financial liabilities</b>		<b>\$ 1.065.835</b>	<b>\$ 1.156.239</b>

### 12. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

The balances as of December 31, 2017, and 2016 of suppliers and commercial creditors include:

	2017	2016
Domestic suppliers (1)	\$ 66,330	\$ 230,575
Suppliers from Abroad (2)	611,379	535,870
Costs and expenses payable (3)	301,353	218,721
Debts with shareholders or partners (4)	406,088	121,258
<b>Total Suppliers and other accounts payable</b>	<b>\$ 1.385.150</b>	<b>\$ 1.106.424</b>

- (1) Corresponds to the obligations of the society for the acquisition of goods

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and/or services for the delivery of services, development of operations with direct relation to the exploitation of the object.

- (2) Correspond to the obligations with the Nuance, Soul Medical, KLD Corporation, and Konica Minolta Medical Imaging suppliers.
- (3) Corresponds to obligations undertaken by the company in favor of third parties by different concepts to the suppliers. The accounts are common for a variety of concepts such as leasing, maintenance services, transport, public services, Cloud Services and travel expenses.
- (4) Corresponds to a loan made by the shareholder value of 390 million pesos in the month of December 2017 which has a mutual contract in which rests the conditions of the operation. This loan was used for the payment of Duty to the Konica Minolta company, and for working capital.

### 13. CURRENT TAX LIABILITIES

The balances of current tax liabilities of 31 December 2017 and 2016 include:

	<u>2017</u>	<u>2016</u>
Withholding at the source (1)	\$ 122.437	\$ 26.558
Withholding Trade and Industry (2)	1,321	476
Sales tax withheld	-	1,794
Income tax (3)	64,010	83,604
Sales tax (3)	662,183	790,579
Industry and trade tax (4)	37,524	-
Income tax (5)	200,882	-
<b>Total current tax liabilities</b>	<b>\$ 1.088.357</b>	<b>\$ 903.011</b>

- (1) The balance by withholding at the source corresponds to the balances due for the months of October, November and December 2017.
- (2) The balance for Retention of Industry and Commerce corresponds to the bimonthly November and December of 2017.
- (3) The tax obligations by the concepts of income tax and VAT, these obligations have payment agreement with the Directorate of National Taxes and Customs (DIAN) under Resolution of Payment Facilities No. 20170808000261 dated 3 November 2017 where it attaches to the society within 6 months to cancel the obligations, beginning the first installment on 15 December 2017.
- (4) The obligation for Industry and Commerce Tax corresponds to the two-month period November and December 2017.
- (5) This balance relates to the provision for income tax 2017 tax year which was calculated at a rate of 34%. To determine the balance to be paid at the value resulting from the utility tax rate, the tax withholding at the source that we practiced. See note 16.

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### 14. PAYROLL BENEFITS

The balances at 31 December 2017 and 2016 profits to employees correspond to:

	<b>2017</b>	<b>2016</b>
Payroll payable (1)	\$ 165,096	\$ 35,193
Termination indemnities	84,027	69,122
Extralegal benefits (2)	27,765	29,087
Interest on Termination indemnities	9,538	7,871
Vacations	108,100	84,780
Service Premium (3)	8,726	-
Other labor payments	-	2,287
Contributions Promoter Entities	26,484	4,158
Contributions ARL (Labor risks Administrator)	4,271	892
Contributions ICBF, CAJA, SENA	22,294	6,528
Payroll loans	4,780	357
Termination indemnities fund	51,932	7,323
<b>Total benefits to employees</b>	<b>\$ 513,013</b>	<b>\$ 247,598</b>

- (1) This balance represents at the close of 2017 the value of the payroll of managers (Shareholders, Business Managers, technological and administrative managers).
- (2) This value corresponds to the aid of bearing pending payment to partners
- (3) This balance represents the 2017 closing of the pending payment of the premium of 3 employees.

### 15. OTHER NON-FINANCIAL LIABILITIES

The balances at 31 December 2017 and 2016 for other non-financial liabilities include the following values:

	<b>2017</b>	<b>2016</b>
Advances received from customers (1)	\$ 7,317	\$ -
Provisions	-	35,698
Joint accounts (2)	182,966	-
Others	-	35,400
<b>Total other Non-financial assets</b>	<b>\$ 190,283</b>	<b>\$ 71,098</b>

- (1) The balance of customers corresponds to income received in advance for service-oriented and/or purchase of goods with a delivery limit maximum to 60 days.
- (2) This balance relates to the balances due to December 2017 corresponding to the contracts for accounts in participation, where IMEXHS is an active participant:

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Nowadays, the company has contracts for accounts in participation with the following investors, which has been its main purpose, the financial leverage for the implementation of projects of Customers RADIOFAM, Clinic of the Americas, Clinic, Palermo, Tamara Images, Clinic of Mercy, Radiation Management, Cedi and New Clinic which by its technological infrastructure the initial investment of the project is high; the duration of the contracts with these customers is five (5) years. The Participate Manager is IMEXHS.

<b>Inactive Participate</b>	<b>Balance as at December 2017</b>
Castro Parra Juan Carlos	\$ 29,179
Correa Bonnet Carlos Javier	75,592
Fernandez Aristizabal Dario	12,867
Grupo Velez Porto SAS	29,857
Phv Group SAS	28,300
Velez Porto Enrique Augusto	7,171
<b>Total Joint accounts</b>	<b>\$ 182,966</b>

**16. INCOME TAX**

The detail of the fiscal conciliation is the following:

<b>Concept</b>	<b>2017</b>
<b>Income before Taxes</b>	<b>\$ 189,720</b>
<b>Non-deductible expenses</b>	
Higher value tax provision	(129,092)
Provision of inventories	87,040
Taxes assumed	52,500
Parafiscal contributions caused not paid	64,135
Interest, fines, and penalties	141,585
Levy on financial transactions	16,035
Miscellaneous non-deductible expenses	168,907
<b>Total Non-deductible expenses</b>	<b>401,110</b>
<b>Net income taxable</b>	<b>590,830</b>
Income tax rate	34%
<b>Current income tax</b>	<b>\$ 200,882</b>

The balances corresponding to the current tax assets as of December 31, 2017, and 2016 include:

	<b>2017</b>	<b>2016</b>
Withholding at the Source	\$ 437,838	\$ 182,673
Trade and Industry	11,959	17,351
CREE	-	7,615
<b>Total current tax assets</b>	<b>\$ 449,797</b>	<b>\$ 207,639</b>

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### Deferred tax liability

Concept	COUNTABLE BALANCE	FISCAL BALANCE	Temporary difference	RATE	DEFERRED TAX
Provision of portfolio clients	\$ 88.224	\$ 172.811	\$ 84.587	34%	\$ 28.760

Liabilities deferred tax movement

	Deferred Tax liability
<b>Initial Balance at 2016</b>	<b>\$ 59.245</b>
Credit as a result of the period	30,485
<b>Final balance 2017</b>	<b>\$ 28.760</b>

Income tax expense is composed by:

	2017	2016
Current income tax	\$ 200.882	\$ 95.826
Deferred income tax	(30.485)	59,245
<b>Total Income expense</b>	<b>\$ 170.397</b>	<b>\$ 155.071</b>

### TAX REFORM

The National Government issued the law on December 29, 1819, with the date of 2016, which adopts a structural tax reform, strengthening the mechanisms for the fight against tax evasion and tax avoidance and other provisions. The following is a summary of the changes that have been made and that may affect the company:

- ✓ From 2017 eliminates the tax for the equity created and unified the income tax and complementary to the rate of 34%.
- ✓ The reform harmonizes the tax system with the new accounting standards applicable to all companies. The Law updates the Tax Accounting language of the statute, which now will refer to IFRS. The companies will then move from 4 accounting systems (Decree 2649 of 1993, IFRS, fiscal conciliation and tax book) to a system that performs the tax reconciliation directly from the IFRS accounting.
- ✓ The company is from 2019 will be a single rate of income tax of 33%. During 2017 the rate will be 34% More 6% surcharge and for the 33% 2018 The 4% surcharge. The surcharge applies only to companies that have liquid income over \$800 million. The surcharge is subject to an advance payment of 100% of the tax base of the immediately preceding year.
- ✓ The collection of the retain believes is replaced with a special "retain" with the same factors of the retain is at this moment repealed.



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- ✓ The rate of the rental rate of the zones for industrial users and services shall be equivalent to 20 percent.
- ✓ The company can deduct from the tax on income tax paid in the acquisition of capital goods.
- ✓ From 2017, the dividends that correspond to utilities that have already paid in the head of the company will have the following treatment:
  - If they are distributed to natural persons residing in Colombia:
    - Exempt up to 600 UVT;
    - If they are greater than 600 UVT and less than 1000 UVT are taxed at 5%; and
    - If they are greater than 1000 UVT will be taxed at 10%.
  - If the dividends are distributed to a non-resident or non-domiciled in Colombia (individual or company) will be taxed at the 5% if profits are not taxable at the head of the company. If the dividends decreed as encumbered assets by Article 49 of the Tax Statute applies the 35%. To the usefulness for the shareholder after the discount is applied to the tax of 5% or 10% as appropriate.
- ✓ There is no lien for dividends that are distributed among company is national, except that revenues have not been encumbered assets in the company that distributes them.
- ✓ Limiting the amortization of tax losses to 12 years, eliminating the possibility to readjust them fiscally.
- ✓ Multiple rules are created in the field of firmness of tax declarations:
  - The general term shall be for three (3) years following the date of expiry of the deadline to declare if the statement is presented in an untimely manner, the three (3) years counted from the filing date of the same.
  - The statement that a balance will be in strong yes, three (3) years after the date of submission of the application for refund or compensation, no requirement has been reported.
  - If the taxpayer is subject to transfer pricing, the term shall be six (6) years.
  - If the taxpayer liquid tax losses will be in the term of six (6) years. If this is offset in the two (2) years, the same will be extended, from there, for three (3) years in connection with the statement in that loss.
- ✓ Foreign payments unify the withholding tax rates at 15%, a reduction of the 33% rate applied for concepts other than technical assistance, consultancies and technical services and an increase to the latter rate is presented. Additionally, foreign payments made to parent companies for administration or management services, whether from a national or foreign source, are taxed with a withholding tax of 15%.
  - The Government increased the rate of the presumptive income to 3.5% and eliminated the ability to readjust fiscally the excesses of presumptive income.

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- There are some changes to the operative event for the VAT, to include:
  - The services provided in the national territory, or from the outside.
  - The assignment of rights associated with the industrial property.
  - The acquisition or licensing of intangible assets.
- A general rate of a VAT of 19%.
- Several products change your rating of excluded 19% encumbered assets, and some services are exempt to excluded, such as the case of connection services and access to the Internet from fixed networks of residential subscribers of the strata 1 and 2.
- It is gravel with the rate of 5% on the sale of new housing more than 26,800 UVT. Those units are excluded when a purchase-sale promise, pre-sale contract, purchase-sale deed or similar document has been subscribed before December 31, 2017.
- In connection with the services of restaurant repealing the provision which stated that if there was exploitation of intangible assets remained in the macro in the vat. With this standard are defined within the orbit of the National Tax Consumption concessions or franchises, royalties.
- Overrides the progressive elimination of GMF and sets the rate in the 4 per thousand.

### 17. EQUITY

**Capital** - The capital subscribed, and paid-up capital is composed of 8,138 shares at a nominal value of 1.000 pesos each.

The balance of the capital is composed as follows:

<b>SHAREHOLDER</b>	<b>Participation in the Capital Subscribed</b>	<b>No. of shares</b>
Digital Imaging Solutions S.A.S.	33.11%	2,708
Jaava Asesores Integrales S.A.S.	21.53%	1,761
Yaru Superannuation Fund	14.57%	1,191
The Csa Trust	9.33%	763
The Medallo Trust	9.34%	764
The Longreach Family Trust	1.62%	133
Virginia Marin	3.06%	250
Carmen Cecilia Arango Bonnet	3.06%	250
John Alexander Sanz Ramirez	2.67%	218
Manuel Fernando Becerra Arevalo	1.22%	100
Diego Angulo Pabón	0.25%	20
Yeimy Elizabeth Mendez Reina	0.25%	20
<b>Total Participation in the Capital</b>	<b>100%</b>	<b>8.178</b>

**Capitalization** - by the records 31 and 34 of the 29 July 2016 and the 30 of November of 2016, the General Assembly proposes to increase the patrimony, in the year 2017 was approved the increase of 3,178 ordinary shares with the aim of strengthening the equity and extinguish liabilities in favor of partners and third parties. In one of the 796 operations were issued shares of which were signed and

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Paid 634 actions with a total value of \$1.378.718. Value received foreign investment \$572.937 and capitalization of debts with shareholders in the amount of \$808.959; values caused by the capital surplus premium in placement.

### 18. INCOME FROM ORDINARY ACTIVITIES AND OTHER INCOME

The balances at 31 December 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
Sale of medical equipment	\$ 500.121	\$ 303.211
Sale of medical equipment and licenses for use (1) software	4,074,891	1,292,916
Sale of inputs	209,062	290,715
Leasing equipment and software and services	5,205,455	5,064,143
Service for maintenance of equipment and software	223,587	194,743
Returns, price reductions and discounts	(16.019)	(45.401)
<b>Total income from ordinary activities and other income</b>	<b>\$ 10.197.097</b>	<b>\$ 7.100.327</b>

(1) The increase corresponds to negotiations that had been planned in advance and that for the year 2017 were implemented, another of the factors to the increase was by the entry of new customers.

### 19. OTHER INCOME

The balances at 31 December 2017 and 2016 corresponding to other income are the following:

	<b>2017</b>	<b>2016</b>
Financial (see details below)	\$ 14.111	\$ 43.224
Services (1)	2,688	13,498
Profit on sale of assets	362	-
Recoveries (2)	18,763	4,056
Compensations (3)	12,762	1,064
Miscellaneous (4)	8,720	554
<b>Total Other Income</b>	<b>\$ 57.406</b>	<b>\$ 62.396</b>

(1) Corresponds to the recognition of the per diem reinstated by the clients, to cover the costs of visits of Engineers, also the entrance by the shipment of the merchandise by freight.

(2) It corresponds to the resources obtained by reimbursement of costs and expenses.

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- (3) It corresponds to the income for breach of contract with Clinica de la Sabana.
- (4) It corresponds to the recovery of costs and expenses of exercises from previous years.

The detail of financial income is as follows:

	<u>2017</u>	<u>2016</u>
Financial income (1)	\$ 77	\$ 427
The difference in change (2)	13,738	42,797
Trade discounts (3)	296	-
<b>Total financial income</b>	<b><u>\$ 14.111</u></b>	<b><u>\$ 43.224</u></b>

- (1) Represent an increase in the utility for financial performance in the savings accounts of Davivienda and Banco Colpatría.
- (2) The balance represents the value of the income for the business operations in foreign currency, given the variations of the currency in the purchase or acquisition of goods and services or the sale to foreign clients.
- (3) Represents the value of a discount for early payment to Epson Colombia Ltda.

## 20. COST OF SALE

Balances by the concept of cost of sales to 31 December 2017 and 2016 include:

	<u>2017</u>	<u>2016</u>
Cost of the sale of equipment and software (1)	\$ 4.673.257	\$ 2.756.611
Cost of production and operation (2)	1.465.551	1.366.273
<b>Total cost of sales</b>	<b><u>\$ 6.138.808</u></b>	<b><u>\$ 4.122.884</u></b>

- (1) Corresponds to the cost incurred necessary for the marketing of the sale of medical equipment, ultrasound scanners, the printing films and cassettes; as well as the licenses for scanners, and voice recognition, among others.
- (2) The costs of production and operation correspond to the cost of engineering, support, and development that are directly involved in the development of the software Hiruko and their versions, in addition to the personnel involved in the exercise of implementation and maintenance of the system and generating equipment of the operating income of the company.

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### 21. ADMINISTRATIVE EXPENSES

The balances as of December 31, 2017, and 2016 relating to administration expenses are as follows:

	<u>2.017</u>	<u>2.016</u>
Staff expenses (1)	\$ 467.448	\$ 393.299
Fees (2)	153.117	115.981
Taxes (3)	168.199	90.598
Leases (4)	190.950	149.486
Insurance	34.106	37.792
Services	109.480	105.575
Legal expenses	8.410	12.555
Maintenance	14.606	125.057
Adaptations	15.365	-
Travel expenses	59.292	29.360
Depreciations	264.136	98.937
Amortizations	244.393	84.947
Miscellaneous (5)	46.864	55.763
Provisions (6)	87.040	-
Total Administrative expenses	<u>\$ 1.863.406</u>	<u>\$ 1.299.350</u>

- (1) Represent the expenses incurred in the human talent, necessary for the development of the social object of IMEXHS, among them is the administrative and managerial personnel of the company.
- (2) It is made up of the costs generated by technical and financial audit service, external auditor and legal advice with Asesorum S.A.S.
- (3) Represents the expenses incurred in taxes as Industry and Commerce, the difference in the VAT deductible that is not taken as deductible VAT declarations and the tax on the wealthy.
- (4) Lease costs are made up of the canon of the offices of Bogota and Medellin where he manages all its operations and by the canon of the winery.
- (5) Represents all expenses incurred for the management of the company, among them are: Restaurant service, stationery, toiletries and a coffee shop/café.
- (6) The provisions of 2017 correspond to the deterioration suffered by the inventory that had no rotation for more than a year.

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### 22. SALES EXPENSES

The balances as of December 31, 2017, and 2016 for selling expenses are:

	<u>2.017</u>	<u>2.016</u>
Staff expenses (1)	\$ 886.263	\$ 458.063
Fees	86.060	95.963
Leases	22.646	24.467
Services	20.414	22.666
Maintenance	8.654	1.078
Travel expenses (2)	223.211	97.389
Miscellaneous	89.217	57.273
Provisions	43.719	150.855
<b>Total sales expenses</b>	<b><u>\$ 1.380.184</u></b>	<b><u>\$ 907.754</u></b>

(1) Represent the expenses incurred in the human talent dedicated to the marketing and distribution of IMEXHS.

(2) It represents the travel expenses of staff on behalf of IMEXSH.

### 23. OTHER EXPENSES

The balances as of December 31, 2017, and 2016 for other expenses are

	<u>2.017</u>	<u>2.016</u>
Loss on sale and removal of movable property	\$ 70.942	\$ -
Extra expenses	13.725	-
Miscellaneous (1)	175.627	123.401
<b>Total Other expenses</b>	<b><u>\$ 260.294</u></b>	<b><u>\$ 123.401</u></b>

(1) In the year 2017 relate primarily to loss or sale of fixed assets and fines and penalties.

### 24. FINANCIAL EXPENDITURE

The balances corresponding to financial expenses as of December 31, 2017, and 2016 include:

	<u>2.017</u>	<u>2.016</u>
Bank expenses	\$ 53.940	\$ 56.060
Current interests (1)	180.135	174.729
Late interest (2)	125.037	106.119
Difference in change	58.437	9.871

## IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S

Notes to the financial statements

for the years ended as at 31 December 2017 and 2016

(In thousands of Colombian pesos)

---

Trade discounts	3.000	-
Others	7	13
<b>Total financial expenses</b>	<b><u>\$ 420.557</u></b>	<b><u>\$ 346.792</u></b>

- (1) Represent the interest flows originated by the financial obligations.
- (2) Relate mainly to the interest generated by the failure to timely payment of taxes by \$97 million and payment of interest on arrears of social security in the amount of \$16

### 25. TRANSACTIONS THAT NEITHER GENERATED OR USED CASH

The following transactions were accounted for in the financial statements and did not affect the increase or decrease in cash.

	<b>2.01</b>
	<b>7</b>
Capitalization of debts	<u>\$ 808.959</u>
Reclassification of intangible licenses	603.422
Reclassification of equipment such as fixed assets	298.386

### 26. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the closure of the financial statements until the date of their approval that may significantly affect the fiscal and financial situation of the Society IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., reflected in the financial statements.

---

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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.  
Nit 900.537.021-5  
**Statement of Financial Position**  
Expressed in thousands of pesos (COP)

	December 31 <sup>st</sup> 2016	December 31 <sup>st</sup> 2015	January 1 <sup>st</sup> 2016
<b>Assets</b>			
Cash and cash equivalents (note 1)	\$ 40,427	140,442	179,023
Trade debtors and other accounts receivable (note 2)	3,174,152	1,613,660	883,769
Other financial assets	-	-	-
Other non-financial assets	603,422	754,278	-
Inventories (note 3)	1,118,173	2,656,446	1,454,411
Current Tax Assets	-	-	-
<b>Total current asset</b>	<b>4,934,174</b>	<b>5,164,826</b>	<b>2,518,093</b>
Trade debtors and other accounts receivable	-	-	-
Investments in associates	-	-	-
Investments in entities under joint control	-	-	-
Property plant and equipment (note 4)	1,163,998	78,984	790,061
Intangible assets and capital gain (note 5)	278,278	356,189	70,849
Investment properties	-	-	-
Deferred tax assets (note 6)	-	-	-
<b>Total non-current assets</b>	<b>1,442,276</b>	<b>433,073</b>	<b>860,940</b>
<b>Total assets</b>	<b>\$ 6,374,450</b>	<b>5,697,899</b>	<b>3,379,033</b>
<b>Liabilities</b>			
Overdrafts and bank loans (note 7)	1,158,239	858,937	-
Commercial creditors and other accounts receivable (note 8)	1,135,262	1,158,086	1,102,663
Current tax liability (note 9)	874,183	856,797	-
Employee benefits (note 10)	247,598	176,066	132,517
Provisions and contingencies (note 11)	35,668	19,110	7,794
Other non-financial liabilities (note 12)	35,400	47,638	405,381
<b>Total current liabilities</b>	<b>3,484,370</b>	<b>2,974,634</b>	<b>1,648,555</b>
Overdrafts and bank loans	-	-	-
Employee benefits	-	-	-
Provisions and contingencies	-	-	-
Deferred tax liabilities	59,245	-	-
<b>Total non-current liabilities</b>	<b>59,245</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 3,543,615</b>	<b>2,974,634</b>	<b>1,648,555</b>
<b>Equity (note 13)</b>			
Subscribed and paid-in capital	5,000	5,000	5,000
Personal bonuses in placement of stocks	2,075,808	2,075,808	1,711,273
Mandatory reserve	2,500	2,500	-
Net income	207,471	528,351	287,849
Utilities or accumulated surpluses	540,068	11,705	(273,644)
<b>Total equity assignable to owners</b>	<b>2,830,835</b>	<b>2,623,365</b>	<b>1,730,478</b>
<b>Total liability and equity</b>	<b>\$ 6,374,450</b>	<b>5,697,899</b>	<b>3,379,033</b>

The accompanying notes are an integral part of the financial statements.

German Anibal Arango Bonnet  
Legal Representative

Elizabeth Mendez Reina  
Public Accountant  
P.L. 188740 - T

Jorge Humberto Fadilla Pacilla  
Statutory auditor  
P.L. 136824 - T  
(See my report on March 31st, 2017)

4

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

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*Alejandro Wills Buitrago*  
Alejandro Wills Buitrago

TRADUCTOR OFICIAL  
ESPAÑOL - INGLES  
RES. 4873 DE SEPT. 18/74



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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.

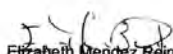
Nit 900.537.021-5


**Comprehensive Income Statement**  
Expressed in thousands of pesos (COP)

Years ended in December 31 <sup>st</sup> :	<u>2016</u>	<u>2015</u>
Income of ordinary activities (note 14)	\$ 7,100,327	8,191,885
Cost of sales	<u>4,122,884</u>	<u>5,393,671</u>
<b>Gross profit</b>	<u>2,977,443</u>	<u>2,798,214</u>
Other income		
Administrative expenses	1,299,350	952,649
Operating sales expenses	907,754	793,054
Other expenses	<u>470,193</u>	<u>358,569</u>
<b>Income from operating activities</b>	<u>2,677,297</u>	<u>2,104,272</u>
Financial incomes (Note 15)	62,396	30,586
Loan costs	<u>-</u>	<u>-</u>
<b>Net Financial cost</b>	<u>62,396</u>	<u>30,586</u>
Participation in the associated earnings (after tax earnings)	<u>-</u>	<u>-</u>
<b>Income before taxes</b>	<u>\$ 362,542</u>	<u>724,528</u>
Expenses for income tax (note 16)	95,826	196,177
Expenses for deferred tax	59,245	-
<b>Precedent utility of activities that continue</b>	<u>\$ 155,071</u>	<u>196,177</u>
<b>Period result</b>	<u>\$ 207,471</u>	<u>528,351</u>
Actuarial profit/losses for defined benefit plan	<u>-</u>	<u>-</u>
Net change in the fair value of hedges and collars	<u>-</u>	<u>-</u>
<b>comprehensive income of the year, tax earnings</b>	<u>-</u>	<u>-</u>
<b>comprehensive income of the year</b>	<u>\$ 207,471</u>	<u>528,351</u>

The notes attached are an integral part of the financial statements.

  
German Anibal Arango Bonnet  
Legal Representative

  
Elizabeth Mendez Reina  
Certified Public Accountant  
P.L.186740 - T

  
Jorge Humberto Padilla Padilla  
Statutory Auditor  
P.L. 136824 - T  
(See my report on March 31<sup>st</sup>, 2017)

Issued in Bogotá, Feb 21<sup>st</sup>, 2018.

Alejandro Wills Buitrago

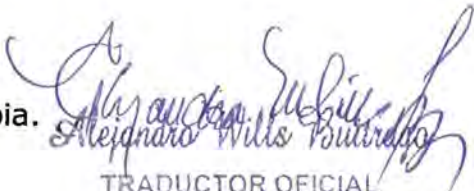
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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.  
NIT. 900.537.021-2  
CASH FLOW STATEMENT AS OF DECEMBER 31<sup>st</sup> OF 2016  
Expressed in thousands of pesos (COP)

	2016
<b>Operating activities of cash flow</b>	
Profit, Surplus for financial year (Loss)	<u>207,471</u>
<b>More (less) entries that do not affect cash</b>	<u>474,389</u>
Period Depreciation	98,937
Deferred charges amortization	0
Intangible amortization	224,596
Provision for Investments protection	150,856
Provision for doubtful receivables	0
<b>Provisions</b>	<b>0</b>
Provisions recovery	0
Provision for Assets protection	0
<b>Generated flow by period results</b>	<u><b>681,860</b></u>
<b>Increases or decreases in Assets</b>	<u><b>-20,219</b></u>
Accounts receivable	-1,560,492
Inventories	1,540,273
Deferred assets	0
<b>Increases or decreases in Liabilities</b>	<u><b>399,779</b></u>
Suppliers	-22,834
Accounts payable	0
Charge taxes	187,386
Deferred tax	59,245
Labor obligations	71,532
Estimated Liabilities and Provisions	16,290
Other liabilities	-11,840
<b>Net cash flow in operating activities</b>	<u><b>961,420</b></u>
<b>Investment activities</b>	
Increase in permanent investments	0
Decrease in permanent investments	0
Property, plant and equipment purchase	-1,186,051
Investment purchase	0
Shares sale and societies contributions	0
Deferred charges increase	0
Intangible purchase	-144,683
<b>Net flow on investment activities</b>	<u><b>-1,330,736</b></u>
<b>Financing Activities</b>	
Increase in Financial obligations	269,302
<b>Net Flow on financing activities</b>	<u><b>269,302</b></u>
<b>Increase (decrease) of the cash for period</b>	<u><b>-100,014</b></u>
<b>Plus, cash balance at the beginning of the period</b>	<u>140,442</u>
<b>Cash balance at the end of the period of Dec. 31<sup>st</sup>, 2016.</b>	<u><b>40,428</b></u>

German Anibal Arango Bonnet  
Legal Representative

Elizabeth Mendez Reina  
Public Accountant

Jorge Humberto Padilla Padilla  
Statutory auditor

P.L.186740 - T

P.L. 138824 - T  
(See my report on March 31<sup>st</sup>, 2017)

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

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ESPAÑOL-INGLES  
RES. 4873 DE SEPT. 18/74

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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S.

Nit. 900.637.021-5

**Statement of changes in Equity**  
(Expressed in thousands of pesos COP)

Years ended in December 31 <sup>st</sup> of 2016 and 2015:	Paid-in and Subscribed Capital	Issue Premium	Reserve		Total reserves	Conversion Foreign Transactions	Other comprehensive Income		Total other comprehensive income	Retained earnings	Total equity
			Legal	Statutory			Actuarial Profit/losses	Fair Value of Hedge			
Initial balance January 1 <sup>st</sup> of 2015	\$ 5,000	-	2,500	-	2,500	-	-	285,350	285,350	(273,644)	19,206
Changes in equity:											
Period result	-	-	-	-	-	-	-	-	-	528,351	528,351
Common share issue (note 21)	-	-	-	-	-	-	-	-	-	-	-
Payment of dividend (note 21)	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Conversion differences for foreign transactions	-	-	-	-	-	-	-	-	-	-	-
Capital surplus	-	-	-	-	-	-	-	-	-	2,075,808	2,075,808
Net change in fair value of hedge	-	-	-	-	-	-	-	-	-	-	-
<b>Total allocations and allotments</b>	<b>5,000</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>285,350</b>	<b>285,350</b>	<b>2,877,803</b>	<b>2,823,365</b>
Balances to December 31 <sup>st</sup> of 2015	<u>5,000</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>285,350</u>	<u>285,350</u>	<u>2,877,803</u>	<u>2,823,365</u>
Changes in equity:											
Period result	6,000	-	2,500	-	2,500	-	-	-	-	207,471	214,971
Common share issue (note 21)	-	-	-	-	-	-	-	-	-	-	-
Payment of dividend (note 21)	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:											
Utility or cumulative surplus	-	-	-	-	-	-	-	-	-	813,700	813,700
Capital surplus	-	-	-	-	-	-	-	-	-	2,075,808	2,075,808
Accrued losses	-	-	-	-	-	-	-	-	-	(273,644)	(273,644)
<b>Balances to December 31<sup>st</sup> of 2016</b>	<b>\$ 5,000</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>285,350</b>	<b>285,350</b>	<b>2,823,365</b>	<b>2,830,835</b>

The notes attached are an integral part of the financial statements.

*E. Arango*  
German Arango Bonnet  
Legal Representative

*J. Padilla*  
Jorge Humberto Padilla Padilla  
Statutory Auditor  
P.L. 136824 - T  
(See my report on March 31<sup>st</sup>, 2017)

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**  
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*Alejandro Wills Buitrago*  
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ESPAÑOL - INGLES  
RES. 4873 DE SEPT. 18/14



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**NOTES TO THE FINANCIAL STATEMENTS  
OF IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S**

**Explanatory notes to the financial statements for the year ending on  
December 31st, 2016**

**General information**

IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S, located in the city of Bogotá at Calle 92 # 11-51 202 constituted by private assembly document Constitutive of July 10th, 2012, registered on July 11th, 2012 under the number 01649376 of Book IX, the commercial company named Imaging and Healthcare Solutions S.A.S. was constituted that by act N° 3 of the shareholders meeting of August 6th, 2012, registered on September 7th, 2012 under number 01664387 of the Book IX, the society changed its name of Imaging Experts and Healthcare Solutions S.A.S. for Imaging Experts and Healthcare Services S.A.S.

The company may develop any commercial or civil activity tendered. Additionally, it will have the capacity to exercise all preparatory, related or complementary management to the development of its object.

**Bases of elaboration and accounting policies**

The individual financial statements of IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., have been prepared by the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB). They appear in thousands of Colombian pesos.

*Recognition of income from ordinary activities*

Income from ordinary activities is recognized when:

- i). The risks and advantages inherent to the goods sold or the services provided have been transferred to the buyer,

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

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TRADUCTOR OFICIAL  
ESPAÑOL - INGLÉS  
RES. 4873 DE SEPT. 18/74

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- ii). Can be measured reliably, and
- iii). It is probable that the economic benefits associated with the transaction will be received. Income from ordinary activities is measured at the fair value of the consideration received or to be received, net of discounts and taxes associated with the sale.

*Loan costs*

All borrowing costs are recognized in the result of the period in which they are incurred.

*Income tax*

The income tax expense represents the sum of current tax payable and deferred tax. The current tax payable is based on the taxable profit of the taxable year. Deferred tax is recognized based on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable income in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce future taxable income and any unused tax loss or credit. Deferred tax assets are measured at the maximum amount that, based on current or estimated future taxable income, is likely to be recovered.

The net carrying amount of deferred tax assets is reviewed on each reporting date and adjusted to reflect the current assessment of future taxable income. Any adjustment is recognized in the result of the period.

The deferred tax is calculated according to the tax rates that are expected to be applied to the tax gain (loss) of the periods in which the deferred tax asset is canceled, based on the tax rates have been approved or whose approval process is practically completed at the end of the reporting period.

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

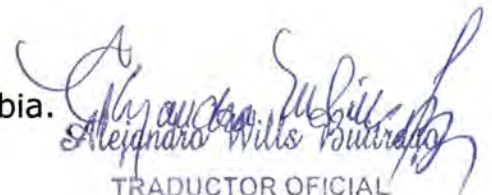
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*Properties, plant and equipment*

The items of property, plant, and equipment are measured at cost less accumulated depreciation and any loss due to accumulated impairment.

Depreciation is charged to distribute the cost of the assets less their residual values through their estimated useful life, applying the straight-line method. In the depreciation of property, plant, and equipment the following useful lives are used:

Element	Years of useful life
Computer equipment	3-5 years
Office equipment	5-10 years
Scientific Medical Equipment	5-10 years

If there is any indication that there has been a significant change in the useful life of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

*Intangible assets*

Intangible assets correspond to licenses and copyrights, which are expressed at cost less accumulated amortization and accumulated impairment losses. They are amortized over the estimated life using the straight-line method.

If there is any indication that there has been a significant change in the useful life of an intangible asset, the amortization of that asset is revised prospectively to reflect the new expectations.

*Deterioration of the value of the assets*

At each reporting date, the properties, plants and equipment, and intangible assets are reviewed to determine if there are indications that these assets have suffered a loss due to impairment of value. If there are indications of a possible impairment, the recoverable amount of any troubled asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

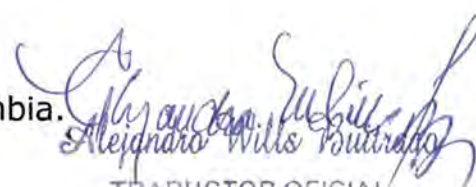
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reduced to the estimated recoverable amount, and a loss is recognized for impairment of the value in results.

Similarly, on each reporting date, it is assessed whether there is impairment in the value of the inventories by comparing the carrying amount of each item in the inventory (or group of similar items) with its selling Price less selling costs. If an item of the inventory (or group of similar items) has been impaired, its book value is reduced to the sale price less the costs of termination and sale, and a loss due to impairment in the income is recognized immediately. If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of related assets) increases until the revised estimate of its recoverable value (sale price less selling costs, in the case of inventories), without exceeding the amount that would have been determined if no impairment loss had been recognized for the asset (group of assets) in previous years. A reversal of a loss due to impairment is recognized immediately in profit or loss.

#### *Leases*

Leases are classified as finance leases provided that the terms of the lease transfer substantially all the risks and benefits inherent to the ownership of the asset leased to the Company. All other leases are classified as operating.

The rights over the assets held in finance leases are recognized as assets of the Company at the fair value of the asset (or, if lower, at the present value of the minimum lease payments) at the beginning of the lease. The corresponding liability with the lessor is included in the statement of the financial situation as an obligation for the financial lease. The lease payments are divided between finance charges and reduction of the lease obligation, to achieve a constant interest rate on the remaining balance of the liability. Financial charges are deducted in the measurement of results.

Assets held in finance leases are included as assets according to their nature (such as, for example, property, plant and equipment) and the depreciation and evaluation of impairment losses is carried out in the same way as for assets that are owned by the company.

Revenues payable from operating leases are charged to results on a linear basis over the term of the corresponding lease.

#### **Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

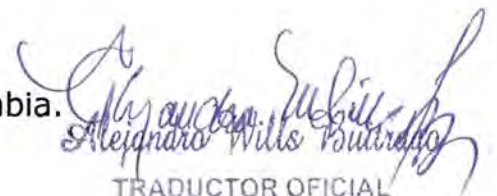
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*Accounts receivable*

Most sales are made with regular credit conditions, and the amounts of accounts receivable have no interest. When the credit is extended beyond normal credit conditions, accounts receivable is measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade debtors and other accounts receivable are reviewed to determine if there is any objective evidence that they will not be recoverable. If so, an impairment loss is recognized immediately in results.

*Accounts payable*

Accounts payable are obligations based on normal credit conditions and have no interest. The measurement of the accounts payable of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, is done for the fair value of the transaction, which corresponds to the amount agreed with the counterparty.

*Debts contracted with partners*

Corresponds to the balances that the company owes to the partners. If the payment is generated twelve months after its origin, they are valued at face value, otherwise, for the present value of future cash flows.

*Financial obligations*

Interest expenses are recognized based on the effective interest method and are included in the financial costs.

*Benefits to employees*

The liability for obligations for employee benefits is related to the provisions of Colombian regulations.

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Alejandro Wills Buitrago

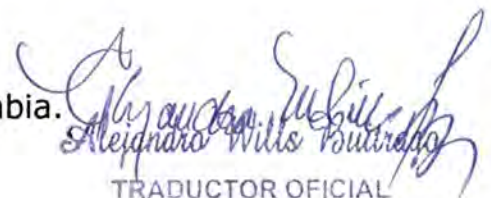
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**Note 1. Cash and cash equivalents**

The balance at December 31st, 2016 and 2015 for \$40,427, are as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Cash Department	0	933
Petty Cash	1.000	1.000
Banks	4.081	133.994
Saving Accounts	35.346	4.514
	<u>40.427</u>	<u>140.442</u>

Includes liquidity resources in cash and Banks in Colombian pesos, no balances are held in foreign currency.

- ✓ The **petty cash** corresponds to the amounts allocated to the smaller cashier to cover operating expenses of lower value and that as of December 31st, they were not pending consignment.
- ✓ Balances in **banks** include savings accounts and checking accounts in national currency. These balances do not present restrictions of any kind and are used strategically by IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, to meet their obligations;
- ✓ About **saving accounts**, the following information is presented: \$35,346 as of December 31st, 2017, Banco Davivienda savings account.

**Note 2. Commercial debts and other accounts under charge**

The balances as of December 31st, 2016 and 2015 for \$3,174,152 and \$1,613,660 respectively are as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Customers	2.223.836	1.239.255
Prepayments and Advances	9.222	52.892

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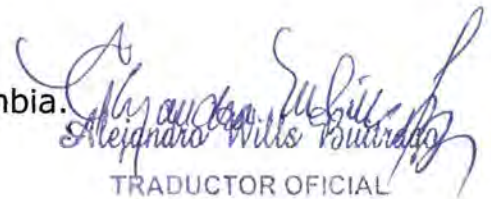
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Accounts receivable from partners	406.211	0
For imports	21.193	30.407
Tax advance	207.639	204.995
Others	350.554	130.616
Doubtful debts and provisions		-19.474
Impairment	(44.505)	(44.505)
	<u>3.174.152</u>	<u>1.613.660</u>

It covers the accounts receivable of the company for the following concepts:

- ✓ **Customers:** Includes the balances receivable, for the sale of goods and services, leasing of equipment and software use licenses; the payment of this account is made between 90 and 180 days of average, for which no interest on areas or discounts for prompt payment are considered.
- ✓ **Prepayments and Advances:** Includes the value drawn as an advance to suppliers for the acquisition of goods and services.
- ✓ **Accounts receivable Deposit for Imports:** Includes the value that has been paid as an advance for the importation and nationalization of goods that are in progress.
- ✓ **Advance tax payments and contributions:** Includes balances receivable or securities in favor of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, for VAT, ICA, RENT and other taxes, whether by way of withholdings, balances in favor or similar.
- ✓ **Others:** Corresponds to the balances of legalized Travel left in favor of the company and balances for loans made to employees, for \$30,571,991 and to several debtors for the balances corresponding to the value pending payment by Rimab SAS for the sale of services once it has been crossed owed by Imexhs, besides the values turned for the stage preoperative of Imexmb and Imexvr SAS.

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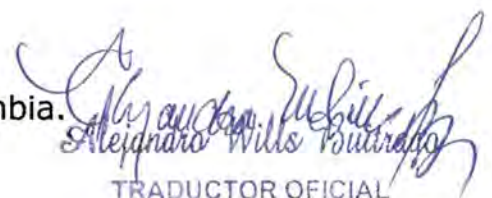
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**Note 3. Inventories**

The balances at December 31st, 2016 and 2015 for \$1,116,179 are formed as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Merchandise not manufactured by the company	1.115.514	2.656.446
Materials and spare parts	659	164
	<u>1.116.173</u>	<u>2.656.446</u>

Merchandise not manufactured by the company: Corresponds to equipment, accesories, and technology available for sale.

Materials and spare parts: Corresponds to the spare parts of equipment that are available for sale.

Inventories do not have restrictions or encumbrances that limit their negotiation or realization. The company has contracted all SME insurance policies with the insurer Mapfre Seguros Generales de Colombia to ensure the merchandise as well as the transportation of the same.

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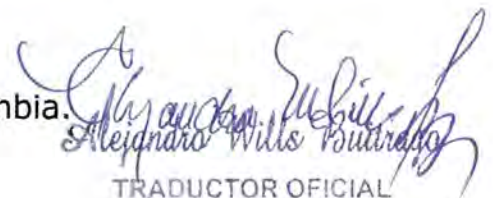
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**Note 4. Property, plant, and equipment**

The balances at December 31st, 2016 and 2015 for \$1,163,998 are set up as follows:

	Furniture and Fixtures	Computer Equipment	Vehicles
<b>COST</b>	(Thousands of COP)	(Thousands of COP)	(Thousands of COP)
January 1st, 2016	18.042	121.464	12.721
Additions	12.528	21.444	1.152.079
Withdrawals	0	0	0
December 31st, 2016	<b>30.570</b>	<b>142.878</b>	<b>1.164.800</b>
<b>DPR. ACUM, AND DET VALUE ACUM</b>			
January 1st, 2016	-9.945	-57.708	-7.661
Annual Depreciation	-4.338	-38.724	-56.726
Impairment	851	0	0
Depreciation Acum Act Arranged			
December 31st, 2016	<b>-13.432</b>	<b>-96.432</b>	<b>-64.387</b>
<b>AMOUNT IN BOOKS</b>			
December 31st, 2016	<b>17.138</b>	<b>46.446</b>	<b>1.100.413</b>

- ✓ **Scientific medical equipment:** Include the elements acquired that meet this classification and are used for the development of the corporate purpose of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS. The maintenance performed on them is charged to the income statement at the time they originate.
- ✓ **Office equipment:** Includes equipment, furniture and equipment used as administrative support in the operations of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS it is noteworthy that there is office equipment in Bogotá, which were loaded at the time to the statement of results.
- ✓ **Computer and communication equipment:** Includes telecommunications equipment, servers, platforms, etc, used by IMAGING EXPERTS AND

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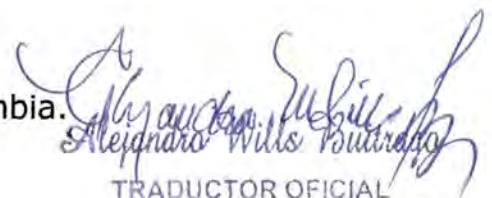
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HEALTHCARE SERVICES SAS, in some cases the software component is registered as intangible if it is clearly identifiable.

During 2016, IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, did not perceive a significant decrease in the efficiency of equipment and, therefore, reviewed its recoverable amount.

As of December 31st, 2016, the properties, plant, and equipment are duly covered against all risks with current SME insurance policy with a total coverage with the insurer Seguros del Estado.

The balance of property, plant, and equipment is free of restrictions and encumbrances and represent property owned by the company.


**Note 5. Intangible assets**

The balances as of December 31st, 2016 and 2015 for \$24.233 are set up as follows:

<b>COST</b>	<b>Rights</b> (Thousands of COP)	<b>Licenses</b> (Thousands of COP)
January 1st, 2016	64.000	251.590
Additions	0	0
Withdrawals	(0)	(0)
December 31st, 2016	<u>64.000</u>	<u>181.928</u>
<b>AMORT. ACUM, AND DET ACUM VALUE</b>		
January 1st, 2016		
Annual Amortization	0	151.123
Impairment	0	-81.462
Amortization Acum. Willing Assets	(0)	(0)
December 31st, 2016	<u>64.000</u>	<u>181.928</u>
<b>AMOUNT IN BOOKS</b>		
December 31st, 2016	<u>64.000</u>	<u>181.928</u>

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Corresponds to the rights of use that IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, owns for the following elements: copyright as licenses. In addition to the initial value of Ris software rights and the value of Nuance Speechanywhere licenses.

**Note 6. Deferred taxes**

Deferred tax assets are the tax effects of expected future taxable profits in IMAGING EXPERTS AND HEALTHCARE SERVICES SAS.

IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, has not recognized a valuation adjustment for deferred tax assets, since, based on previous years and future expectations, management considers it probable that there will be tax profits against which future tax deduction can be used.

**Note 7. Financial liabilities**

The balances at December 31st, 2016 and 2015 for \$1,156,239 are made as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
National banks	1.156.239	813.937
Other obligations	0	73.000
	1.156.239	886.937

Financial liabilities correspond to amounts owed to the banking sector under credit lines such as operation leasing, fixed consumer credit, credit cards with Banco Davivienda, Banco Procredit and Banco Colpatría Red Multibanca.

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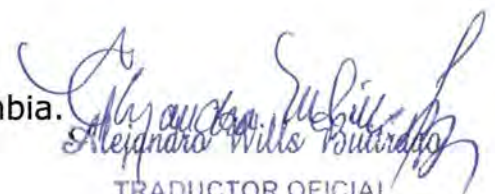
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**Note 8. Suppliers and commercial creditors**

The balances at December 31st, 2016 and 2015 for \$766,446 are formed as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
National suppliers	152.817	37.924
Foreign suppliers	613.629	558.116
	<u>766.446</u>	<u>558.116</u>

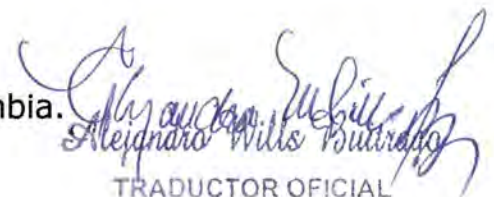
The first balances correspond to the obligations contracted with the providers of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, which 80% refer to debts with suppliers from abroad, mainly with Konica Minolta Medical Imaging.

	2016 (Thousands of COP)	2015 (Thousands of COP)
Commercial creditors and other accounts payable	368.806	562.045
	<u>368.806</u>	<u>562.045</u>

The balances of creditors record the outstanding value of payment for goods and services, as well as accounts payable to partners, withholding taxes and other accounts payable to creditors of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, for various concepts such as public services, travel expenses, etc.

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**Note 9. Taxes payable**

The balances as of December 31st, 2016 and 2015 for \$874,183 are as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Income tax	83.604	121.273
Tax on sales	790.579	525.012
Wealth tax	0	0
	874.183	686.797

The income tax was calculated at a rate of 25%. To determine the balance to be paid to the value resulting from the taxable profit for the rate, the withholding taxes will be applied to the source that they practiced us.

The CREE equity tax was calculated, applying the 9% tax base on the respective taxable base, the rate established for 2016, and the amount generated will be discounted from the value paid during the year as a tax deduction for the same concept.

The VAT value payable attests to the 4th, 5th and 6th bimester of 2016 and \$ 83,604 refers to Income 2015 of IMAGING EXPERTS AND HEALTHCARE SERVICES SAS.

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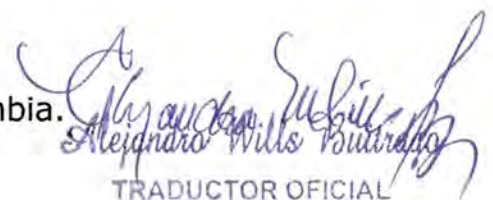
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**Note 10. Obligation for employee benefits**

The balances as of December 31st, 2016 and 2015 for \$ 247,598 are as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Payroll to be paid	35.193	11.730
Layoffs	69.122	57.550
Support Bearing	8.122	7.605
Interests in layoffs	7.871	7.379
Holidays	84.780	58.343
Wages and labor payments	3.895	4.490
ISS contribution	9.184	7.149
Administrative contributions	1.227	476
Contributions ICBF, BOX, SENA	7.565	5.788
Others	357	0
Severance fund	20.282	15.557
	<u>247.598</u>	<u>176.066</u>

They represent liabilities for IMAGING EXPERTS AND HEALTHCARE SERVICES SAS, in favor of their employees, for payroll, interest on severance and vacation, calculated by current labor provisions. Among the benefits available to employees are those of law and additionally, have bonuses for productivity depending on the work of each employee, in the same way, educational supports are generated at the decision of management, birthday bonuses are granted, gifts of Christmas, among others.

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**Note 11. Provisions and contingencies**

The balances as of December 31st, 2016 and 2015 for \$ 35,698 are as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Fees	3.388	0
Other provisions	32.309	19.110
	<u>35.698</u>	<u>19.110</u>

**Note 12. Other liabilities**

The balances as of December 31st, 2016 and 2015 for \$ 35,400 are set up as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Of customers	12.173	10.057
Other liabilities	23.227	37.480
	<u>35.400</u>	<u>47.538</u>

Corresponds to income received in advance for the provision of services and/or purchase of goods with maximum delivery to 60 days.

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**Note 13. Equity**

The balances at December 31st, 2016 and 2015 for \$ 2,907,642 are made up as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Capital stock	5.000	5.000
Capital surplus	2.075.808	2.075.808
Mandatory reserves	2.500	2.500
Result of the financial year	207.471	528.351
Utility or surplus. Prev. Period.	813.700	285.349
Losses from prev. periods	-273.644	-273.644
Total capital stock	<u>2.830.835</u>	<u>2.623.365</u>

**Note 14. Ordinary activities income**

The balances at December 31st, 2016 and 2015 for \$ 7,100,327 are set up as follows:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Wholesale and Retail	2.412.873	5.829.821
Business and rental activities	4.732.855	2.709.083
Returns, rebates and discounts	-45.401	-347.089
	<u>7.100.327</u>	<u>8.191.885</u>

**Note 15. Other income**

The other income includes financial income as financial returns in the savings account and difference in exchange, reimbursement for recognition of travel expenses for engineers that the client must cover, recover and use.

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**Note 16. Profit before taxes**

The following items have been recognized as expenses (income) to determine the profit before taxes:

	2016 (Thousands of COP)	2015 (Thousands of COP)
Ordinary activities income	7.100.327	8.191.885
Sales cost	(4.122.884)	(5.393.671)
Gross profit	2.977.443	2.789.214
Other incomes	62.396	30.586
Administration expenses	(1.299.350)	(952.649)
Other expenses	(470.193)	(358.569)
Sales expenses	(907.754)	(793.054)
Profit before taxes	(362.542)	(724.528)
Expenses for income tax	(155.071)	(196.177)
(=) Period profit	207.471	528.351

**Income tax expense**

	2016 (Thousands of COP)	2015 (Thousands of COP)
Current tax	95.826	196.177
Deferred tax	59.245	
	155.071	196.177

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

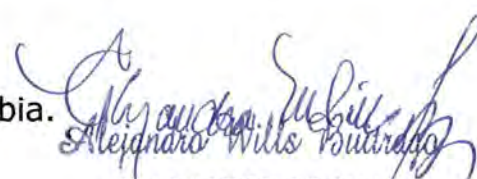
C.C. 2'905.014 Bogotá.

Registry No. 4873/1974

Address: AC 134 #59A-81 OF.507-2- Bogotá, Colombia.

Phone: 301 5445738 - 7352802.

Email: comercial@colombiatraduce.com

  
 TRADUCTOR OFICIAL  
 ESPAÑOL - INGLES  
 RES. 4873 DE SEPT. 18/74

**ACCURACY CERTIFICATE:** The undersigned ALEJANDRO WILLS BUITRAGO, identified civilly and professionally as it appears next to my signature, acting as Official Translator: **CERTIFIES** that the following texts are the result of the Official Translation from Spanish to English from a document identified as (**NOTAS A LOS ESTADOS FINANCIEROS**), which I have before me, this is an exact copy, that to the letter reads:

Income tax is calculated at 25% of the estimated earning per year.

**Events after the reporting period**

No incident occurred in the year 2017 in which, before obtaining the accounting and tax closing, it affected the financial statements for 2016.

**Approval of the financial statements**

The Board of Directors approved these financial statements and authorized for publication on March 30th, 2017.

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

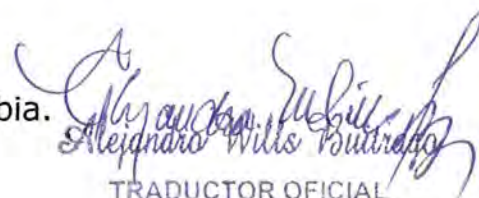
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## CERTIFICATION OF FINANCIAL STATEMENTS


The signed legal representative, Public Accountant and Statutory Auditor, certify that we have prepared and verified the Financial Statements: Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows to 31st December 2016, according to Art. 37 of Law 222 of 1995 including its corresponding Notes that form an indivisible whole with these.

The appraisal, valuation and presentation procedures have been applied uniformly with those of the immediately preceding year and reasonably reflect the Financial Situation of the Company on 31st December 2016; as well as the Results of its Operations, the Changes in the Equity, the Changes in the Financial Situation, those corresponding to its Cash Flows and in addition:

- a. The included figures are faithfully taken from the respective official and auxiliary books
- b. We have not been knowledge of irregularities involving members of the Administration or employees, which may have a materiality effect on the financial statements Statements.
- c. We guarantee the existence of quantifiable assets and liabilities, as well as their rights and obligations submitted in accordance with denomination document and with the accruals and accounting offsets of their transactions in the year. Appraisal using methods of recognized technical value.
- d. We confirm the integrity of the information provided since all the economic facts have been recognized in them.
- e. Economic facts have been registered, classified, described and disclosed within the States Basic Financial and their respective notes, including their encumbrance, restrictions on assets; real and contingent liabilities, as well as the guarantees we have given to third parties; and,
- f. No subsequent events have occurred during the period that requires adjustment or disclosures in the financial statements or subsequent notes.
- g. The company has satisfied with the Social Security regulations in accordance with Decree 1406/99 and the timely payment of its parafiscal obligations.
- h. In compliance with article 1 of Law 603/2000 we declare that the software used has the corresponding license and therefore complies with copyright regulations.

### **Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.**

Alejandro Wills Buitrago  
C.C. 2'905.014 Bogotá.  
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Given in Bogotá on the 30 days of the month of March of the year 2017



---

GERMAN ANIBAL ARANGO BONNET

C.C. 79.780.336  
Legal Representative



---

JORGE HUMBERTO PADILLA PADILLA

Statutory Auditor  
P.L. 136824-T



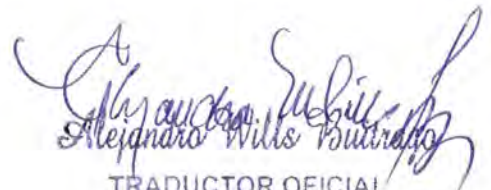
---

ELIZABETH MENDEZ REINA

C. Public Accountant  
P.L. 186740-T

**Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.**

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## STATUTORY AUDITOR REPORT

RF-IM-001-17

To the Sirs:  
**IMEXHS SAS**  
Bogotá D. C.

### Company and verdict period

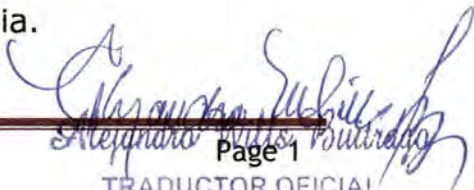
I have examined the prepared Financial Statements of the **COMPANY IMEXHS SAS** according to Decree 2420 of 2015 Annex 2, section 3, which is consistent in every significant aspect, with the International Standards of Financial Reporting for SMEs (International Standard for SMEs), for the period between January 1<sup>st</sup> and December 31<sup>st</sup> of 2016 and 2015 (Statement of Financial Position, Comprehensive Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Disclosures that include a summary of the most significant accounting policies and other explanatory information).

### Management' responsibility

The attached Qualified Financial Statements are the administration responsibility, who must supervise their proper development in accordance with annex 2 of Decree 2420 of 2015, as well as the guidelines of the professional and technical orientations of the Technical Council of Public Accounting, with the Manual of Accounting Policies adopted by the entity IMEXHS SAS, in accordance with the International Standards of Financial Reporting. These administrative responsibilities include designing, implementing and maintaining the relevant internal control in the preparation and presentation of the Financial Statements so they can be free of material misstatement, selecting and applying appropriate accounting policies and recording accounting estimates that are reasonable.

### Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.

Alejandro Wills Buitrago  
C.C. 2'905.014 Bogotá.  
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Page 1



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### **Statutory Auditor's responsibility**

My responsibility revolves around into express an opinion about the Financial Statements prepared by annex 2 of Decree 2420 of 2015, performing an audit in agreement with the current Auditing Standards. These standards require compliance with ethical requirements, as well as the planning and execution of selective tests of documents and accounting records, to obtain reasonable assurance about whether the financial statements are free of material errors.

The analytical review procedures depend on the auditor's judgment, including the assessment of material risks in the financial statements, due to fraud or error. Making these material risk assessments, the auditor considers the relevant internal control of the financial statements preparation and presentation but will not express an opinion on the effectiveness of this.

### **Legal regulations compliance**

On the other hand, in accordance with the provisions of Law 603 of July 27<sup>th</sup> of 2000, which modified Article 47 of Law 222 of 1995, with regard to intellectual property and software copyright, certify that the entity owns the licenses and property of the software used in its administrative exercise, licenses that are duly inventoried and guarded.

This reviewer also rules that the company IMEXHS SAS has complied with the established rules by the comprehensive social security system by articles 11 and 12 of decree 1406 of 1999, the contributor is not in default for contributions to the social security system. In agreement with Resolution 219 of 2014, the company IMEXHS SAS had the obligation to provide the information contained in article 631 of the Tax Statute and complied in 2016 with the sending of this information.

### **Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.**

Alejandro Wills Buitrago

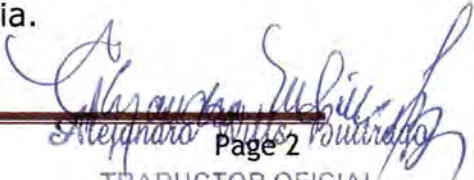
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Email: [comercial@colombiatraduce.com](mailto:comercial@colombiatraduce.com)



Page 2



**ACCURACY CERTIFICATE:** The undersigned ALEJANDRO WILLS BUITRAGO, identified civilly and professionally as it appears next to my signature, acting as Official Translator: **CERTIFIES** that the following texts are the result of the Official Translation from Spanish to English from a document identified as (**DICATMEN REVISOR FISCAL**), which I have before me, this is an exact copy, that to the letter reads:

**Compliance in the application of accounting standards.**

It is appropriate to mention, that the standards and accounting principles accepted in Colombia, issued by Decree 2649 of 1993, were valid until December 31<sup>st</sup> of 2015 for classified companies in the Group 2 according to Law 1314 of 2009, which is why the entity began the convergence of the Financial Information Standards –FIS- with the Opening Financial Statements of January 1<sup>st</sup> of 2015, making all adjustments, eliminations, reclassifications and important recognition necessary to converge to the new regulatory framework. During the transition period, related to 2015, the regulatory framework established in Decree 3022 of 2013, now Regulatory Sole Decree 2420 of 2015, was observed, having legal effects the prepared Financial Statement under Decree 2649 of 1993. For the preceding, the financial statements for 2015 under Decree 2420 of 2015 were not subject to an opinion but were subject to review for purposes of comparative presentation with the Financial Statements for 2016.

**Opinion**

Because the Financial Statements, taken from accounting records, show faithfully in all material aspects, the financial situation of the company IMEXHS SAS, for the period between January 1<sup>st</sup> and December 31<sup>st</sup> of 2016, as well as the results and cash flows completed on that date by the International Financial Reporting Standards.

**Regulations compliance with documentation and internal control**

I proclaim, during this period, that the records were kept by the legal norms and the accounting technique. Likewise, the registered operations in the books and the acts of the Administration agreed with the Statutes and the decisions of the General Assembly of Associates and the Board of Directors. The correspondence, the vouchers of the accounts are kept properly.

**Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.**

Alejandro Wills Buitrago

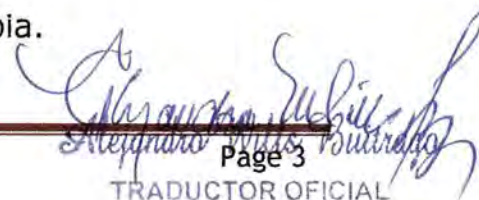
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 Page 3  
 TRADUCTOR OFICIAL  
 ESPAÑOL - INGLES  
 RES. 4873 DE SEPT. 18/74

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**Management Report and its Financial Statements Coincidence.**

The management report for 2016 includes global figures coinciding with the Financial Statements examined, as well as the activities described therein that generated economic operations that have an accounting record and form part of the Qualified Financial Statements.

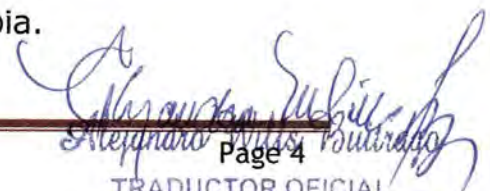


**JORGE HUMBERTO PADILLA PADILLA**  
Statutory Auditor PL 136824-T  
CC 79718265 de Bogotá D. C.

Bogotá D. C., March 31st of 2017

**Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.**

Alejandro Wills Buitrago  
C.C. 2'905.014 Bogotá.  
Registry No. 4873/1974  
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**Global JF Auditores S.A.S.**  
Nit. 900.336.788-2

Bogotá DC, 2nd December 2011  
GLO - 275-17

Sirs,

**IMAGING EXPERTS AND HEALTHCARE SERVICES - IMEXHS**

Attn. Dr. Elizabeth Méndez Reina

**Financial and Administrative Manager**

City

We are the legal representative of GLOBAL JF AUDITORES SAS. We certify that the Basic Financial Statements have been prepared: Statement of Financial Position, Comprehensive Income Statement, Statement of Changes in Equity, and Statement of Cash Flows to 31st December, 2016, in accordance with the Law 222 of 1995, Decree 2420 / 15, which compiles the regulatory decrees of Law 1314 of 2009 with respect to IFRS and NAI: Decrees 2706 of 2012, 2784 of 2012, 3022 of 2013 and 302 of 2015 , as well as the guidelines of the professional and technical directions of the Technical Accounting Council including its corresponding Notes that form an indivisible whole with these.

The appraisal, valuation and presentation procedures have been uniformly applied with those of the immediately preceding year and reasonably reflect the Financial Situation of the Company to 31st December 2016; as well as the results of its operations, the Changes in Equity, those corresponding to its Cash Flows and others.

Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.

Alejandro Wills Buitrago

C.C. 2'905.014 Bogotá.

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TRADUCTOR OFICIAL  
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RES. 4873 DE SEPT. 18/74

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Sincerely,



**JAIME LÓPEZ SÁNCHEZ**  
**Legal Representative**  
Global JF Auditores S.A.S.

Address CR 49 No 141 – 29 – Telephone 3097303 – Cell. 319 3291472 - 316 2967685  
[www.globaljfauditores.com](http://www.globaljfauditores.com) - E-mail: [g.comercial@globaljfauditores.com](mailto:g.comercial@globaljfauditores.com)  
– Bogotá, Colombia.

Issued in Bogotá on Feb 23<sup>rd</sup>, 2018.

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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S. (Nit: 900,537,021-5)									
Balance sheet as of December 31, 2015									
ASSETS					LIABILITIES				
	2015	2014	Variation		2015	2014	Variation		
AVAILABLE	\$ 140,441,862	\$ 179,923,172	-22%	FINANCIAL OBLIGATIONS	\$ 466,510,615				
CASH-FLOW	\$ 1,933,161	\$ 2,334,272	-17%	DOMESTIC	\$ 393,510,615				
DOMESTIC BANKS	\$ 133,994,301	\$ 104,395,644	28%	OTHER LIABILITIES	\$ 73,000,000				
SAVINGS ACCOUNTS	\$ 4,514,400	\$ 73,193,256	-94%	Supplier	\$ 596,040,506	\$ 553,343,906	8%		
INVESTMENTS	\$ 754,277,915	\$ -		DOMESTIC	\$ 37,924,082	\$ 553,343,906	-93%		
JOINT ACCOUNT	\$ 754,277,915	\$ -		FROM ABROAD	\$ 558,116,424				
DEBTORS	\$ 1,698,646,376	\$ 941,214,771	80%	ACCOUNTS PAYABLE	\$ 233,705,869	\$ 169,437,473	38%		
DOMESTIC CUSTOMERS	\$ 1,298,004,645	\$ 669,092,181	94%	COSTS AND EXPENSES PAYABLE	\$ 154,616,263	\$ 92,195,056	68%		
ACCOUNTS RECEIVABLE TO PARTNERS AND	\$ -	\$ 680,725	-100%	DEBTS WITH SHAREHOLDERS OR PARTNERS	\$ 29,632,000	\$ 36,841,541	-20%		
PREPAYMENTS AND ADVANCES	\$ 52,892,362	\$ 21,414,956	147%	WITHHOLDING AT THE SOURCE	\$ 19,674,581	\$ 19,220,545	2%		
DEPOSITS	\$ 30,406,523	\$ 29,359,991	4%	SALES TAX WITHHELD	\$ 484,526	\$ 1,188,722	-59%		
ADVANCE PAYMENT OF TAXES AND	\$ 204,995,348	\$ 116,143,005	77%	TAX ON INDUSTRY AND TRADE	\$ 329,059	\$ 634,783	-48%		
ACCOUNTS RECEIVABLE TO	\$ 40,493,021	\$ 31,865,023	27%	PAYROLL DEDUCTIONS AND CONTRIBUTIONS	\$ 13,412,340	\$ 6,398,582	110%		
MISCELLANEOUS DEBTORS	\$ 92,622,553	\$ 73,952,490	25%	SUNDRY CREDITORS	\$ 15,557,100	\$ 12,958,244	20%		
PROVISIONS	\$ 20,768,076	\$ (1,293,600)	1505%	TAXES, LEVIES AND CHARGES	\$ 686,797,423				
INVENTORIES	\$ 2,656,445,859	\$ 1,454,410,517	83%	INCOME AND SUPPLEMENTARY	\$ 121,272,572				
GOODS NOT MANUFACTURED BY THE	\$ 982,106,606	\$ 1,454,050,151	-32%	SALES TAX	\$ 525,011,851				
GOODS IN TRANSIT (Z.F)	\$ 681,003,701			INDUSTRY AND TRADE TAX	\$ 40,513,000				
EQUIPMENT SOLUTION INTEGRAL FOR RENT	\$ 993,171,660			LABOR OBLIGATIONS	\$ 142,605,917	\$ 111,552,248	28%		
MATERIALS, PARTS, AND	\$ 163,892	\$ 360,366	-55%	SALARY PAYABLE	\$ 11,729,596	\$ 2,001,006	486%		
<b>CURRENT ASSETS</b>	<b>\$ 5,249,812,012</b>	<b>\$ 2,575,548,460</b>	<b>104%</b>	UNEMPLOYMENT FUND BALANCE	\$ 57,549,769	\$ 57,452,848	0%		
PROPERTY, PLANT AND EQUIPMENT	\$ 76,883,857	\$ 790,090,728	-90%	INTEREST ON SEVERANCE PAY	\$ 7,379,038	\$ 7,107,180	4%		
MACHINERY AND EQUIPMENT	\$ -	\$ -		HOLIDAY CONSOLIDATED	\$ 58,342,562	\$ 37,969,865	54%		
OFFICE EQUIPMENT	\$ 18,042,320	\$ 14,450,386	25%	EXTRALEGAL BENEFITS	\$ 7,604,952	\$ 7,021,349	8%		
COMPUTER EQUIPMENT AND	\$ 121,433,978	\$ 78,856,686	54%	ESTIMATED LIABILITIES AND PROVISIONS	\$ 19,110,395	\$ 7,793,676	145%		
MEDICAL -SCIENTIFIC EQUIPMENT	\$ 12,721,118	\$ 735,958,269	-98%	FOR COSTS AND EXPENSES	\$ 1,676,000	\$ 2,480,676	-32%		
ACCUMULATED DEPRECIATION	\$ (75,313,559)	\$ (39,174,613)	92%	FOR LABOR OBLIGATIONS	\$ 370,395				
<b>FIXED ASSETS</b>	<b>\$ 76,883,857</b>	<b>\$ 790,090,728</b>	<b>-90%</b>	FOR TAX OBLIGATIONS	\$ 17,064,000	\$ 5,313,000			
INTANGIBLE ASSETS	\$ 315,589,536	\$ 64,320,402	391%	OTHER LIABILITIES	\$ 47,537,683	\$ 405,380,559	-88%		
RIGHTS	\$ 64,000,000	\$ 64,000,000	0%	PREPAYMENTS AND ADVANCES RECEIVED	\$ 10,057,459	\$ 205,932,789	-95%		
LICENSES	\$ 251,589,536	\$ 320,402	78423%	JOINT ACCOUNTS	\$ 37,480,224	\$ 199,447,770	-81%		
DEFERRED	\$ 51,797,710	\$ 19,815,730	161%	<b>OTHER LIABILITIES</b>	<b>\$ 47,537,683</b>	<b>\$ 405,380,559</b>	<b>-88%</b>		
EXPENSES PAID IN ADVANCE	\$ 40,597,710	\$ 6,529,062	522%	<b>CURRENT LIABILITIES</b>	<b>\$ 2,192,308,408</b>	<b>\$ 1,247,507,862</b>	<b>76%</b>		
DEFERRED CHARGES	\$ 11,200,000	\$ 13,286,668	-16%	FINANCIAL OBLIGATIONS	\$ 420,426,001	\$ -			
<b>OTHER ASSETS</b>	<b>\$ 367,387,246</b>	<b>\$ 84,136,132</b>	<b>337%</b>	DOMESTIC	\$ 420,426,001	\$ -			
<b>TOTAL ASSETS</b>	<b>\$ 5,694,083,115</b>	<b>\$ 3,449,775,320</b>	<b>65%</b>	ACCOUNTS PAYABLE	\$ 361,799,408	\$ 401,047,000	-10%		
				DEBTS WITH SHAREHOLDERS OR PARTNERS	\$ 361,799,408	\$ 401,047,000	-10%		
				<b>NON-CURRENT LIABILITIES</b>	<b>\$ 782,225,409</b>	<b>\$ 401,047,000</b>	<b>95%</b>		
				<b>TOTAL LIABILITIES</b>	<b>\$ 2,974,533,817</b>	<b>\$ 1,648,554,862</b>	<b>80%</b>		
				<b>EQUITY</b>					
				CAPITAL STOCK	\$ 5,000,000	\$ 5,000,000	0%		
				PAID-IN AND SUBSCRIBED CAPITAL	\$ 5,000,000	\$ 5,000,000	0%		
				CAPITAL SURPLUS	\$ 2,075,807,508	\$ 1,711,273,382	21%		
				ISSUE PREMIUM	\$ 2,075,807,508	\$ 1,711,273,382	21%		
				STATUTORY RESERVE	\$ 2,500,000				
				COMPULSORY RESERVE	\$ 2,500,000				
				PROFIT AND LOSS FOR THE YEAR	\$ 553,794,714	\$ 205,872,629	169%		
				INCOME FOR THE YEAR	\$ 553,794,714	\$ 205,872,629	169%		
				PROFIT AND LOSS FOR PREVIOUS YEARS	\$ 82,447,076	\$ (120,925,553)	-168%		
				PROFITS OR ACCUMULATED SURPLUSES	\$ 82,447,076	\$ (120,925,553)	-168%		
				<b>TOTAL EQUITY</b>	<b>\$ 2,719,549,298</b>	<b>\$ 1,801,220,458</b>	<b>51%</b>		
				<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 5,694,083,115</b>	<b>\$ 3,449,775,320</b>	<b>65%</b>		
				Contingent Liabilities	\$ 2,704,541,792	\$ 386,429,328			
				JOINT ACCOUNTS	\$ 2,704,541,792	\$ 386,429,328			
				CONTINGENT LIABILITIES FOR	(2,704,541,792)	(386,429,328)			
				JOINT ACCOUNTS	\$ (2,704,541,792)	\$ (386,429,328)			

The accompanying notes are a comprehensive part of the Financial Statements

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Willis Buitrago  
 C.C. 2'905.014 Bogotá.  
 Registry No. 4873/1974  
 Address: AC 134 #59A-81 OF.507-2- Bogotá, Colombia.  
 Phone: 301 5445738 - 7352802.  
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*Alejandro Willis Buitrago*  
**Alejandro Willis Buitrago**

**TRADUCTOR OFICIAL  
 ESPAÑOL - INGLES  
 RES. 4873 DE SEPT. 18/74**

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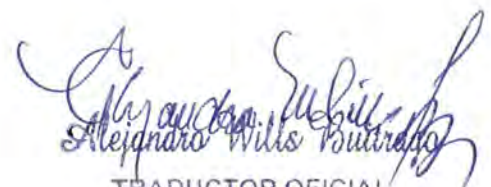
  
GERMAN ANIBAL ARANGO BONNET  
C.C. 79.780.338  
Legal Representative

  
JORGE HUMBERTO PADILLA  
Statutory Auditor  
P.L. 136824-T

  
ELIZABETH MENDEZ REINA  
Certified Public Accountant  
P.L. 186740-T


**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

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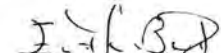
  
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IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S. (Nit: 900.537.021-5) Income statement as of December 31, 2015				
DESCRIPTION OF THE ACCOUNT	2015	2014	VARIATION	
OPERATING INCOME				
WHOLESALE AND RETAIL TRADE	\$ 5.829.891.211	\$ 3.114.802.614		87%
Business and Rental Activities	\$ 2.709.083.295	\$ 1.233.353.337		120%
Less returns and discounts	\$ (347.089.354)	\$ (607.996.487)		-43%
<b>NET OPERATIONAL INCOME</b>	<b>\$ 8.191.885.152</b>	<b>\$ 3.740.159.464</b>		<b>119%</b>
COST OF SALES				
Cost of Sales	\$ 4.281.934.773	\$ 1.268.752.480		237%
Production and operating costs	\$ 1.109.236.409	\$ 766.688.388		45%
<b>COST OF SALES</b>	<b>\$ 5.391.171.182</b>	<b>\$ 2.035.440.868</b>		
<b>GROSS PROFIT (loss)</b>	<b>\$ 2.800.713.970</b>	<b>\$ 1.704.718.596</b>		<b>64%</b>
OPERATIONAL EXPENSES				
OPERATING MANAGEMENT	\$ 974.209.615	\$ 652.047.109		49%
Staff Expenses	\$ 287.795.812	\$ 233.100.520		23%
Fees	\$ 122.516.770	\$ 69.002.352		78%
Taxes	\$ 120.409.719	\$ 52.613.747		129%
Leases	\$ 129.982.878	\$ 75.495.505		72%
Insurance	\$ 22.346.126	\$ 15.880.550		41%
Services	\$ 107.594.673	\$ 71.869.539		50%
Legal Expenses	\$ 11.951.239	\$ 14.596.576		-18%
Maintenance and Repairs	\$ 19.233.143	\$ 26.759.363		-28%
Travel Expenses	\$ 77.517.683	\$ 44.009.312		76%
Depreciation	\$ 42.638.946	\$ 22.496.374		90%
Amortization	\$ 1.834.250	\$ -		
Various	\$ 30.388.376	\$ 26.223.270		16%
OPERATIONAL OF SALES	\$ 748.549.187	\$ 681.105.085		10%
Staff Expenses	\$ 513.819.336	\$ 424.069.064		21%
Fees	\$ 24.777.098	\$ -		
Leases	\$ 19.106.868	\$ 30.216.142		-37%
Services	\$ 13.897.468	\$ 15.611.739		-11%
Travel Expenses	\$ 126.492.428	\$ 130.073.169		-3%
Various	\$ 30.181.630	\$ 79.841.371		-62%
Provisions	\$ 20.274.559	\$ 1.293.600		1467%
<b>Gross Income (loss)</b>	<b>\$ 1.077.955.168</b>	<b>\$ 371.566.402</b>		<b>190%</b>
Non-Operating Income	\$ 30.585.530	\$ 13.900.806		120%
Non-Operating Expenses	\$ 358.568.544	\$ 174.252.579		106%
<b>INCOME BEFORE TAXES (LOSS)</b>	<b>\$ 749.972.154</b>	<b>\$ 211.214.629</b>		<b>255%</b>
Income and Ancillary Taxes	\$ 196.177.440	\$ 5.342.000		3572%
<b>NET PROFIT (loss)</b>	<b>\$ 553.794.714</b>	<b>\$ 205.872.629</b>		<b>169%</b>

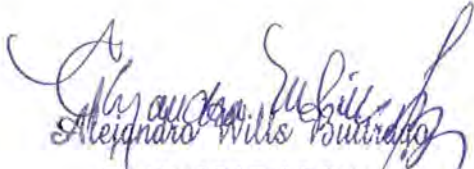
  
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**IMAGING EXPERTS AND HEALTHCARE SERVICES  
S.A.S NIT. 900.537.021-5  
NOTES TO THE FINANCIAL  
STATEMENTS AS OF DECEMBER  
31, 2015**

**1) Economic Entity**

**IMAGING EXPERTS AND HEALTHCARE SERVICES S.A.S., with NIT. 900.537.021-5** is a partnership by simplified actions constituted in accordance with the Colombian laws under private document of the constitutive assembly of July 10, 2012 registered in the Chamber of Commerce of Bogotá, Department of Cundinamarca. The term of duration of the Company is indefinite. The company's main corporate purpose is to develop any lawful business or civil activity, in addition to exercising any preparatory management, related or complementary to the development of its purpose, among which exercises the marketing, maintenance and leasing of diagnostic images medical equipment and the implementation and leasing of the teleradiology technology platform.

**1.1 Monetary Unit**

The weight is the monetary unit of measure for the accounting and Financial Information

**2) Main Policies v Accounting Practices**

**2.1 Basis of Preparation and Presentation**

The financial statements are prepared and presented in accordance with accounting standards Generally accepted in Colombia, provisions of the Superintendency of Companies and express legal regulations in Colombia, Decrees 2649 and 2650 of 1993 and their amendments. All Income and Expenses are taken to results by the Causation system.

**2.2 Criterion of Relative Importance or Materiality**


Economic facts are recognized and presented in accordance with their relative importance. In the preparation of the financial statements, the materiality is determined in relation to the current assets and current liabilities, assets and liabilities, working capital, to the equity or to income for the year, as appropriate.

**2.3 Debtors**

Represent the rights in favor of the company originated by the sale of goods and / or services, headed by

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clients. The provision for hard-to-collect accounts is made based on the General method. Similarly, in cases of customer insolvency and / or negative behavior of the market, 100% of the balance owed will be provisioned.

**2.4 Inventories**

Inventories are accounted for at acquisition cost. Inventories are accounted for at cost, by the permanent inventory system and valued by the weighted average method.

**2.5 Property, Plant and Equipment**

Property, plant and equipment is accounted for at historical value and depreciation is calculated by the straight-line method, according to the estimated useful life of each asset, as follows:

<b>Fixed Assets</b>	<b>Years</b>
Machinery and Equipment	10
Furniture and Fixtures	5
Computer and Communication Equipment	3
Fleet and Transport Equipment	5
Medical - Scientific Equipment	10

Repairs and maintenance expenses are charged to the results of the year to the extent they are incurred. For those assets that require repair or maintenance to increase its useful life should be recalculated its depreciation in the same proportion.

**2.6 Accounts and Documents payable**

Represent the obligations borne by the company originated by the acquisition of goods or services.

**2.7 Labor Liabilities**

Labor liabilities are estimated and accounted for monthly and consolidated at the end of each year based on current labor regulations.

**2.8 Transactions in Foreign Currency**

Foreign currency transactions are made in accordance with the legal provisions in force and are recorded at the exchange rates applicable on the date they occur. Exchange differences are charged to the corresponding asset or liability or as an income, income or expenses, as appropriate.

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**2.9 Income Tax**

The company is host to the benefits provided by law 1429 of 2010 in which article 4 refers that for the first two taxable years of the company constituted the general rate of income tax is 0%, for the third year the general rate of income tax is 25%, for the fourth year the general rate of income tax is 50%, for the fifth taxable year the general rate of income tax is 75% and from the sixth taxable year on forward is 100%.

Therefore, in 2015 the provision was made for income tax and additional taxes determined based on commercial profit to adequately relate the income of the period with its expenses or corresponding costs. The expense for income tax is determined based on the tax income or the presumptive income system, whichever is greater.

**2.10 Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in Colombia requires management to make estimates that could affect the amounts recorded in the assets, liabilities and Incomes.

**2.11 Presentation**

Some of the figures in the financial statements have been reclassified for presentation and for comparative purposes.

**2.12 Memorandum accounts**

It Is recorded as memorandum accounts of outstanding commitments of formalization and the rights or contingent liabilities, such as goods and values given in guarantee, the goods and perceived values in custody, guarantees and purchase and sale commitment and fully depreciated assets.

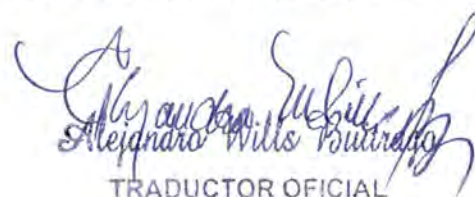
**3) Available**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Cash-Flow	\$ 1.933.161	\$ 2.334.272
Banks	\$ 133.994.301	\$ 104.395.644
Savings Accounts	\$ 4.514.400	\$ 73.193.256
<b>Total</b>	<b>\$ 140.441.862</b>	<b>\$ 179.923.172</b>

The available account is constituted by the minor cash balance and existing balances in the bank accounts of the

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entity as of December 31, 2015, in which said balance corresponds to the current account Banco Corpbanca, Banco BBVA, Banco Procredit and savings account Bank Davivienda. The balance of the available is free of restrictions and liens.

**4) Investments**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Joint Accounts	\$ 754.277.915	
<b>Total</b>	<b>\$ 754.277.915</b>	

The investment account includes the value contributed by the company for the projects of the joint accounts corresponding to Promotora Clínica de las Américas and Radiofam. The balance of Investments is free of restrictions and liens.


**5) Debtors**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
DOMESTIC CUSTOMERS	\$ 1.298.004.646	\$ 669.092.181
ACCOUNTS RECEIVABLE TO PARTNERS AND PREPAYMENTS AND ADVANCES	\$ 52.892.362	\$ 680.725
DEPOSITS	\$ 30.406.523	\$ 21.414.956
ADVANCE PAYMENT OF TAXES AND ACCOUNTS RECEIVABLE TO WORKERS	\$ 204.995.349	\$ 29.359.991
MISCELLANEOUS DEBTORS	\$ 40.493.021	\$ 116.143.005
PORTFOLIO PROVISION	\$ 92.622.553	\$ 31.865.023
	\$ -20.768.076	\$ 73.952.490
<b>Total</b>	<b>\$ 1.698.646.377</b>	<b>\$ 941.214.771</b>

- a. The balance of debtors is free of restrictions and liens.
- b. The prepayments and advances item is made up of the advances paid to suppliers for the services delivery and acquisition of Equipment, which were not legalized at the end of the year.
- c. The Advance Payment of Taxes and contributions item or balances in favor to 31 December 2015 corresponds to the value generated by the revenues billed during the year 2015.
- d. The line of accounts receivable to workers includes the balances of legalized travel that were in favor of the company and balances for loans made to employees.

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### 6) Inventories

Account	Dec-15	Dec-14
Digitalization Equipment	\$ 1.368.276.717	\$ 658.940.352
Medical Licenses	\$ 6.996.044	\$ 11.430.290
Printing films	\$ 19.509.944	\$ 16.789.675
Computer equipment and hardware	\$ 137.943.860	\$ 235.641.110
Biomedical equipment	\$ 51.309.944	\$ 320.785.632
Inks for Discproducer	\$ 4.755.198	\$ 104.000
Dongle key	\$ 16.532.600	\$ 14.359.092
Ultrasound Equipment	\$ 57.786.000	\$ 196.000.000
Comprehensive Solution Equipment	\$ 993.171.660	
Materials, parts, and accessories	\$ 163.892	\$ 360.366
<b>Total</b>	<b>\$ 2.656.445.859</b>	<b>\$ 1.454.410.517</b>

Inventories do not have restrictions or encumbrances that limit their negotiation or realization. The company has contracted all SME insurance policies with the insurer Mapfre Seguros Generales de Colombia to insure the merchandise as well as the transportation of the same.

### 7) Property, Plant and Equipment

Account	Dec-15	Dec-14
Office equipment	\$ 18.042.320	\$ 14.450.386
Computer Equipment - Communication	\$ 121.433.978	\$ 78.856.686
Medical-Scientific Equipment	\$ 12.721.118	\$ 735.958.269
Accumulated Depreciation	\$ (75.313.559)	\$ (39.174.613)
<b>Total</b>	<b>\$ 76.883.857</b>	<b>\$ 790.090.728</b>

The depreciation caused as of December 31, 2015 was \$ 75.313.559

As of December 31, 2015, the properties, plant and equipment are duly covered against all risks with current insurance policy SMEs with a total coverage with the insurer Mapfre Seguros Generales de Colombia S.A.

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The balance of property, plant and equipment is free of restrictions and liens and represents assets of the company's full ownership.

**8) Other Assets**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Intangible Assets	315.589.536	64.320.402
Deferred charges	11.200.000	13.286.668
Expenses paid in advance	40.597.710	6.529.062
<b>Total</b>	<b>367.387.246</b>	<b>84.136.132</b>

The balance of Intangibles corresponds to the initial value of the Ris software rights and the value of the Nuance Speechanywhere licenses.

The expenses paid in advance are covered by the payment of the SME insurance policy purchased for the coverage of the equipment corresponding to a year of validity that ends in the year 2017.

The amortization charged to results for deferred to the year 2015 is \$56.645.339

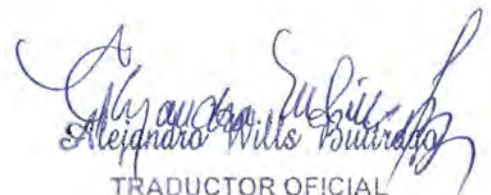
**9) Financial obligations**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Domestic Banks	\$393.510.615	
Other Obligations	\$ 73.000.000	
<b>Total</b>	<b>\$466.510.615</b>	

The balance of the Financial obligations corresponds to the Working Capital Loans with Banco Procredit, Fix and revolving credit with Banco Davivienda and Banco Davivienda and Colsubsidio credit cards.

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**10) Domestic Suppliers**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Domestic Suppliers	\$ 37.924.082	553.343.906
Suppliers from Abroad	\$ 558.116.424	
<b>Total</b>	<b>\$596.040.506</b>	<b>\$ 553.343.906</b>

The main account payable by foreign suppliers is the company Konica Minolta Medical and Nuance.

**11) Accounts Payable**

The following is a detail of Accounts Payable as of December 31, 2015

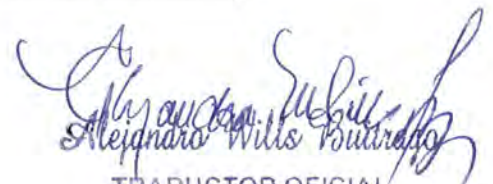
<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Costs and Expenses Payable	\$ 154.616.263	\$ 92.195.056
Debts with shareholders or partners	\$ 29.632.000	\$ 36.841.541
Withholding at the Source	\$ 19.674.581	\$ 19.220.545
Sales Tax Withheld	\$ 484.526	\$ 1.188.722
Withholding Trade and Industry	\$ 329.059	\$ 634.783
Payroll Deductions and Contributions	\$ 13.412.340	\$ 6.398.582
Sundry Creditors	\$ 15.557.100	\$ 12.958.244
<b>Total</b>	<b>\$ 233.705.869</b>	<b>\$ 169.437.473</b>

**12) Taxes, Levies and charges**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Income and Ancillary Taxes	\$ 121.272.572	\$ 0
Sales tax	\$525.011.851	
Industry and trade tax	\$ 40.513.000	
<b>Total</b>	<b>\$ 686.797.424</b>	<b>\$ 0</b>

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The tax provisions applicable to the company establish that according to the tax reform issued with the law 1607 of 2012 where it included the modification to the taxable period of the sales tax (VAT), the presentation and payment of the 2016 taxable period will be bimonthly due to the value of the gross income obtained as of December 31 of the previous taxable year.

**Tax Reform**

The following is a summary of the main changes to the tax regime as of the 2013 taxable year, introduced by Law 1607 of December 26, 2012.

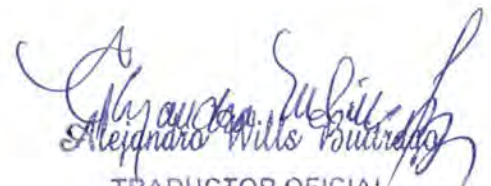
1. It reduces the rate of income tax from 33% to 25%
2. As of 2013, the income tax for equity (CREE) is created. This tax is calculated based on the gross income obtained, less income not constituting income, costs, deductions, exempt income and occasional earnings; at a rate of 9% for 2015 and 8% for 2016 and settlement of 5% surcharge for 2015 and 6% for 2016.
3. Exempt legal entities from income tax are exempted from the payment of parafiscal contributions in favor of the National Learning Service (SENA in Spanish) and the Colombian Institute of Family Welfare (ICBF in Spanish), corresponding to workers who accrue, individually considered, up to 10 the statutory monthly minimum wage.
4. Modifies the way to calculate taxed and non-taxed profits for companies that distribute profits to their partners or shareholders.
5. New rules are introduced on the transfer pricing regime in transactions with economic affiliates located in the free zone, and some operations of taxpayers with foreign entities linked to a permanent establishment in Colombia are regulated.

**13) Labor Obligations**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Salaries payable	\$ 11.729.596	\$ 2.001.006
Unemployment fund balance	\$ 57.549.769	\$ 57.452.848
Interest on severance pay	\$ 7.379.038	\$ 7.107.180
Holidays Consolidated	\$ 58.342.562	\$ 37.969.865
Extralegal Benefits	\$ 7.604.952	\$ 7.021.349
<b>Total</b>	<b>\$ 142.605.917</b>	<b>\$ 111.552.248</b>

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

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 TRADUCTOR OFICIAL  
 ESPAÑOL - INGLES  
 RES. 4873 DE SEPT. 18/74



**ACCURACY CERTIFICATE:** The undersigned ALEJANDRO WILLS BUITRAGO, identified civilly and professionally as it appears next to my signature, acting as Official Translator: **CERTIFIES** that the following texts are the result of the Official Translation from Spanish to English from a document identified as (B.G Y NOTAS), which I have before me, this is an exact copy, that to the letter reads:

**14) Estimated liabilities and provisions**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
For costs and expenses payable	\$ 1.676.000	\$ 2.480.676
For tax obligations	\$ 17.064.000	\$ 5.313.000
For labor obligations	\$ 370.395	
<b>Total</b>	<b>\$ 19.110.395</b>	<b>\$ 7.793.676</b>

**15) Long-term liabilities**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Financial Obligations	\$420.426.001	
Debts with shareholders or partners	\$ 361.799.408	\$ 401.047.000
<b>Total</b>	<b>\$782.225.409</b>	<b>\$401.047.000</b>

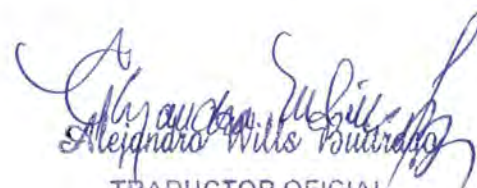
The balance of the long-term Financial obligations corresponds to the Capital pending payment for the Working Capital Credit with Banco Procredit approved at 36 months.

**16) Other Liabilities**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Advance payment from clients	\$ 10.057.459	\$ 205.932.789
Joint Accounts	\$ 37.480.224	\$ 199.447.770
<b>Total</b>	<b>\$ 47.537.683</b>	<b>\$ 405.380.559</b>

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### 17) Capital stock

#### Composition of the authorized, subscribed and paid capital.

The authorized capital amounts to \$1.000.000.000, of which \$5.000.000 is subscribed and paid, the shareholder structure is as follows

Partners	Share %	No. Fees	Value
Digital Imaging Solutions S.A.S	55%	2.750	2.750.000
Jaava Asesores Integrales S.A.S	34%	1.700	1.700.000
Alexander Sanz Ramírez	9%	450	450.000
Manuel Fernando Becerra a	2%	100	100.000
<b>Balance</b>	<b>100%</b>	<b>5.000</b>	<b>5.000.000</b>

The value of each share is one thousand pesos (\$ 1.000)

### 18) Operating income


Account	Dec-15	Dec-14
Wholesale and retail trade	\$ 5.829.892.211	\$ 3.114.802.614
Real estate business activities and rental	\$ 2.709.083.295	\$ 1.233.353.337
Returns, price reductions and discounts	\$ (347.089.354)	\$ (607.996.487)
<b>Total</b>	<b>\$ 8.191.885.152</b>	<b>\$ 3.740.159.464</b>

### 19) Cost of Sales

Account	Dec-15	Dec-14
Wholesale and Retail Trade	\$ 4.281.934.773	\$ 1.268.752.480
Cost of production or operation	\$ 1.109.236.409	\$ 766.688.388
<b>Total</b>	<b>\$ 5.391.171.182</b>	<b>\$ 2.035.440.868</b>

#### Issued in Bogotá, Feb 21<sup>st</sup>, 2018.

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**20) Administrative Expenses**

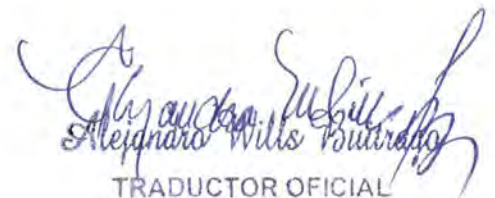
<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Staff Expenses	\$ 287.795.812	\$ 233.100.520
Fees	\$ 122.516.770	\$ 69.002.352
Taxes	\$ 120.409.719	\$ 52.613.748
Leases	\$ 129.982.878	\$ 75.495.505
Insurance	\$ 22.346.126	\$ 15.880.550
Services	\$ 107.594.673	\$ 71.869.539
Legal expenses	\$ 11.951.239	\$ 14.596.576
Maintenance and repairs	\$ 19.233.143	\$ 26.759.363
Travel expenses	\$ 77.517.683	\$ 44.009.312
Depreciations	\$ 42.638.946	\$ 22.496.374
Amortizations	\$ 1.834.250	
Various	\$ 30.388.376	\$ 26.223.270
<b>Total</b>	<b>\$ 974.209.615</b>	<b>\$ 652.047.109</b>

**21) Sales Operational Expenses**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Staff	\$ 513.819.336	\$ 424.069.064
Leases	\$ 19.106.668	\$ 30.216.142
Fees	\$ 24.777.098	\$ -
Services	\$ 13.897.468	\$ 15.611.739
Travel expenses	\$ 126.492.428	\$ 130.073.169
Various	\$ 30.181.630	\$ 79.841.371
Provisions	\$ 20.274.559	\$ 1.293.600
<b>Total</b>	<b>\$ 748.549.187</b>	<b>\$ 681.105.085</b>

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Willis Buitrago  
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 Alejandro Willis Buitrago

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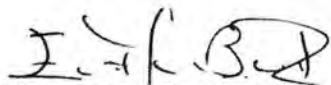
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**22) Non-Operating Expenses**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Financial	\$ 259.852.492	\$ 63.433.490
Loss on sale and withdrawal of the assets	\$ -	\$ -
Extra expenses	\$ 1.237.730	\$ 6.845.858
Miscellaneous expenses	\$ 97.478.322	\$ 103.973.231
<b>Total</b>	<b>\$ 358.568.544</b>	<b>\$ 174.252.579</b>

**23) Non-Operating Income**

<b>Account</b>	<b>Dec-15</b>	<b>Dec-14</b>
Financial	\$ 3.352.274	\$ 11.385.077
Services	\$ 1.099.065	\$ 692.662
Recoveries	\$ 16.501.979	\$ 924.726
Severance pay	\$ 9.625.394	\$ 897.778
Various	\$ 6.818	\$ 563
<b>Total</b>	<b>\$ 30.585.531</b>	<b>\$ 13.900.806</b>



**ELIZABETH MENDEZ REINA**  
 Certified Public Accountant  
 PL. 186740-T



**JORGE PADILLA PADILLA**  
 Statutory Auditor  
 PL. 136824-T

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

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## CERTIFICATION OF FINANCIAL STATEMENTS

We, the undersigned legal representative and general accountant, certify to have prepared the Primary Financial Statements: Balance Sheet, Income Statement, Statement of Changes in Equity, the Statement of changes in financial position and the statement of Cash Flows as of December 31 of 2015, in accordance with the Law 222 of 1995, Law 603/2000, Decree 1406/99 and Decree 2649 of 1993 including their corresponding notes that form an indivisible whole with these.

Valuation procedures, valuation and presentation have been applied evenly with the year immediately preceding and reasonably reflect the financial situation of the Company as of 31 December 2015; as well as the results of its operations, changes in equity, changes in the Financial Situation, the corresponding to its cash flows and in addition:

- a. The figures included are faithfully taken from the respective official and auxiliary books
- b. We have not been aware of irregularities involving members of the Administration or employees, which may have a material effect on the financial statements.
- c. We guarantee the existence of quantifiable assets and liabilities, as well as their rights and obligations recorded in accordance with document cuts and with the accruals and accounting offsets of their transactions in the year. Valuated using methods of recognized technical value.
- d. We confirm the integrity of the information provided, since all the economic facts, have been recognized in them.
- e. Economic events have been recorded, classified, described and disclosed within the Basic Financial Statements and their respective notes, including their liens, restrictions on assets; real and contingent liabilities, as well as the guarantees we have given to third parties; Y,
- f. There have been no subsequent events during the period that require adjustment or disclosure in the financial statements or in the notes.
- g. The company has complied with the rules of Social Security in accordance with the Decree 1406/99 and the timely payment of its parafiscal obligations.
- h. In compliance with article 1 of Law 603/2000, we declare that the software used have the appropriate license and complies with the rules of copyright.

Given in Bogotá on the 15th day of the month of March of the year 2016



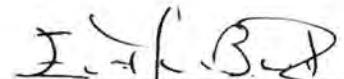
GERMAN ANIBAL ARANGO BONNET

C.C. 79.780.336  
Legal Representative



JORGE HUMBERTO PADILLA

Statutory Auditor  
P.L. 136824-T

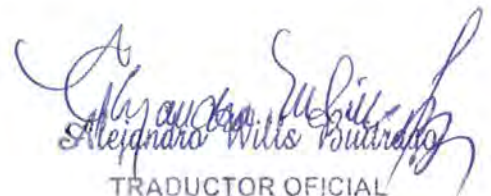


ELIZABETH MENDEZ REINA

Certified Public Accountant  
P.L. 186740-T

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

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## OPINION OF THE STATUTORY AUDITOR

**RF-IM-001-16**

To Messrs.:  
**COMPANY IMEXHS SAS**  
Bogotá D. C.

I have audited the financial situation of the **COMPANY IMAGING EXPERTS AND HEALTHCARE SERVICES (IMEXHS SAS)** as of 31 December 2014 and 2015 and their corresponding profit and loss statements, changes in equity, Changes in the Financial Position, Cash Flows and notes thereto for the years ended on these dates. These financial statements were prepared under the responsibility of the administration. One of my responsibilities is to audit and express an opinion on these financial statements based on my audit according to Dec. 2649 of 1993.

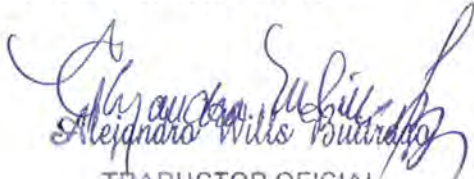
I obtained the information required to fulfill my duties as Statutory Auditor and carry out my work in accordance with the auditing standards generally accepted in Colombia. These standards require that it be planned and carried out in such a way as to obtain reasonable assurance about the financial situation of the economic entity. An audit includes the examination, on a selective basis, of the evidence supporting the figures and the informative notes on the financial statements. An audit also includes the evaluation of the accounting standards or principles used and of the main estimates made by the Administration, as well as the evaluation of the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for expressing my opinion.

It is important to bear in mind that in the previous opinion it was mentioned that the company belongs to group number 2 according to decree 3092 of 2013 and must enter the process of convergence for the preparation of financial information according to international standards according to external circular 115- 000002 of 2014 established by the Superintendency of Companies in Colombia.

In my opinion, the financial statements reasonably present the financial situation of the

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COMPANY IMEXHS SAS as of December 31, 2014 and 2015, the Changes in Equity, the results of its operations and the Changes in the Financial Position for the years completed on those dates, in accordance with standards or accounting principles generally accepted in Colombia, applied uniformly.

In addition, in my opinion, the company has kept its accounting in accordance with legal regulations and accounting techniques; the operations recorded in the books and the acts of the company's directors are in accordance with the bylaws and the decisions of the general shareholders' meeting, the correspondence, the vouchers of the accounts and the books of minutes and of the register of shares, in their case, they are properly carried and kept; and the company has observed the appropriate measures of internal control, conservation and custody of its assets and third parties that may be in its power.



**JORGE HUMBERTO PADILLA PADILLA**

Statutory Auditor

PL 136824-T

CC 79718265 of Bogotá D. C.

Bogotá D. C., March 31st, 2016

**Issued in Bogotá, Feb 21<sup>st</sup>, 2018.**

Alejandro Wills Buitrago

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