

# Doctors Hospital Health System Limited

## Interim Report

QUARTER ENDED JULY 31, 2018

### Chairman's Report

#### Doctors Hospital Health System Limited

Dear Shareholder,

On behalf of the Board of Directors of Doctors Hospital Health System, I report on your company's financial results for the six months ended July 31, 2018.

Consolidated net profit for the six months was \$1,650,787 compared to a profit of \$1,976,369 for the comparable period in fiscal 2017. Doctors Hospital (Bahamas) Limited's profit was \$2,058,569 compared with \$2,427,251, and Bahamas Medical Center's loss was \$(407,782) compared with \$(450,882).

Consolidated net patient revenue increased \$1,605,321 or 5.8% over the 2nd quarter last year. Total inpatient days for the six months are up 8.5%.

Consolidated expenses increased \$1,797,701 or 6.7%, over the comparable period last year. 55% of the variance is due to increasing salary costs of healthcare professionals and benefits.

The Board joins me in thanking our valued Shareholders, Physicians and Associates for your continued support and loyalty to the Hospital. We look forward to continuing to provide an excellent customer experience to our patients and visitors whose loyalty we also appreciate and value.

**FELIX STUBBS**  
CHAIRMAN  
August 31, 2018

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

July 31, 2018 with comparative figures at January 31, 2018  
(Expressed in thousands of Bahamian dollars)

	July 31, 2018	January 31, 2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7,954	4,370
Accounts receivable—patients, net (note 2)	1,254	1,711
Accounts receivable—third party payors, net (note 2)	5,250	6,677
Inventories	2,336	2,222
Other assets	1,587	1,885
	<b>18,381</b>	<b>16,865</b>
<b>Non-current assets:</b>		
Investments	30	30
Investment in associate	240	-
Goodwill, net	431	431
Other intangible assets	506	407
Property, plant and equipment	23,526	18,383
	<b>24,733</b>	<b>19,251</b>
<b>Total assets</b>	<b>\$ 43,114</b>	<b>36,116</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	\$ 5,468	3,908
Long-term debt, current portion	200	-
	<b>5,668</b>	<b>3,908</b>
<b>Long-term liabilities:</b>		
Long-term debt	3,986	-
	<b>3,986</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,654</b>	<b>3,908</b>
<b>Shareholders' equity:</b>		
<b>Share capital:</b>		
Authorized 12,500,000 common shares at par value of B\$0.04 each (April 30, 2018 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (April 30, 2017 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	20,703	19,451
	<b>33,460</b>	<b>32,208</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 43,114</b>	<b>36,116</b>

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended July 31, 2018 with comparative figures for the three months ended July 31, 2017  
(Expressed in thousands of Bahamian dollars)

	July 31, 2018	July 31, 2017
<b>Revenues</b>		
Patient service revenue, net	\$ 14,120	13,178
Other	469	611
<b>Total revenues</b>	<b>14,589</b>	<b>13,789</b>
<b>Expenses</b>		
Salaries and benefits	6,585	6,061
Medical supplies	2,044	1,933
Medical services	1,722	1,619
Bad debt expense, net of recoveries	584	603
Depreciation and amortization	751	725
Other operating	761	741
Utilities	444	403
Government taxes and fees	343	356
Outside services	408	306
Insurance	224	195
Repairs and maintenance	245	229
Rent	106	84
Dietary expenses	170	162
Legal expenses	26	29
Interest expense	52	-
<b>Total expenses</b>	<b>14,465</b>	<b>13,446</b>
<b>Net loss/income for the period</b>	<b>\$ 124</b>	<b>343</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ .01	.03

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Six months ended July 31, 2018  
(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2018	9,971,634	\$ 399	\$ 12,358	\$ 19,451
Net income for the period				1,651
Dividends				(399)
<b>Balance at July 31, 2018</b>	<b>9,971,634</b>	<b>\$ 399</b>	<b>\$ 12,358</b>	<b>\$ 20,703</b>

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2018 with comparative figures for the six months ended July 31, 2017  
(Expressed in thousands of Bahamian dollars)

	July 31, 2018	July 31, 2017
<b>Revenues</b>		
Patient service revenue, net	\$ 29,169	27,563
Other	941	1,075
<b>Total revenues</b>	<b>30,110</b>	<b>28,638</b>
<b>Expenses</b>		
Salaries and benefits	12,874	11,890
Medical supplies	4,127	3,949
Medical services	3,571	3,279
Depreciation and amortization	1,487	1,439
Other operating	1,464	1,588
Bad debt expense, net of recoveries	1,054	1,081
Utilities	811	742
Government taxes and fees	703	730
Insurance	447	391
Outside services	720	599
Repairs and maintenance	535	424
Dietary expenses	335	320
Rent	211	170
Legal expenses	56	60
Interest expense	64	-
<b>Total expenses</b>	<b>28,459</b>	<b>26,662</b>
<b>Net Loss/Income for the period</b>	<b>\$ 1,651</b>	<b>1,976</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ 0.17	0.20

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Six months ended July 31, 2018 with comparative figures for the six months ended July 31, 2017  
(Expressed in thousands of Bahamian dollars)

	July 31, 2018	July 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,651	1,976
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,487	1,439
Provision for doubtful accounts	1,054	1,081
Operating income before working capital changes	<b>4,192</b>	<b>4,496</b>
(Decrease) Increase in accounts receivable	830	(1,454)
Increase in inventories	(114)	(161)
(Decrease) Increase in prepaid expenses and other assets	299	(789)
Increase (Decrease) in accounts payable and other liabilities	1,560	(259)
<b>Net cash from operating activities</b>	<b>6,767</b>	<b>1,833</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(6,545)	(1,090)
Cash paid for investment	(240)	-
Purchase of intangible assets	(184)	(144)
<b>Net cash used in investing activities</b>	<b>(6,969)</b>	<b>(1,234)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in long-term debt	4,235	-
Repayment of long-term debt	(49)	-
Dividends paid to shareholders	(399)	(199)
<b>Net cash used in financing activities</b>	<b>3,787</b>	<b>(199)</b>
<b>Increase in cash and cash equivalents</b>	<b>3,585</b>	<b>400</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,369</b>	<b>7,354</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 7,954</b>	<b>7,754</b>

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less.

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2018

##### 1. Significant accounting policies

These interim financial statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting, using the same accounting policies applied in the January 31, 2018 audited consolidated financial statements.

##### 2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$5.2 million.

##### 3. Long-term debt

On April 9 Doctors Hospital drew down \$4.2 million to assist in the purchase of two properties.

