

Doctors Hospital Health System Limited

Interim report
Quarter ended April 30, 2017

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 three months ended April 30, 2017.

Consolidated net profit for the three months was \$1,633,560 compared to a profit of \$675,526 for the comparable period in fiscal 2017. Doctors Hospital (Bahamas) Limited's profit was \$ 1,918,693 compared with \$951,351, and Bahamas Medical Center's loss was \$(285,133) compared with \$(275,825).

Consolidated net patient revenue increased \$1,297,920 or 9.9% over the 1st quarter last year. Total inpatient days are up 17.9%.

Consolidated expenses increased \$324,442 or 2.5%, over the comparable period last year.

The Board joins me in thanking our valued shareholders, for your continued support and loyalty to the Hospital. We extend an invitation for you to join us at our Company's Annual General Meeting on June 27, 2017 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 19, 2017

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2017 with comparative figures at January 31, 2017

(Expressed in thousands of Bahamian dollars)

	April 30, 2017	January 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,963	7,354
Accounts receivable—patients, net (note 2)	1,452	1,211
Accounts receivable—third party payors, net (note 2)	7,220	6,209
Inventories	2,171	2,073
Other assets	2,321	1,279
	19,127	18,126
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	415	345
Property, plant and equipment	16,517	16,420
	17,393	17,226
Total assets	\$ 36,520	35,352
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,784	5,050
	4,784	5,050
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (April 30, 2017 – 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	18,979	17,545
	31,736	30,302
Total liabilities and shareholders' equity	\$ 36,520	35,352

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2017 with comparative figures for the three months ended April 30, 2016
(Expressed in thousands of Bahamian dollars)

	April 30, 2017	April 30, 2016
Revenues		
Patient service revenue, net	\$ 14,386	13,088
Other	464	480
Total revenues	14,850	13,568
Expenses		
Salaries and benefits	5,830	5,704
Medical supplies	2,016	1,947
Medical services	1,661	1,718
Bad debt expense, net of recoveries	478	502
Depreciation and amortization	714	736
Other operating	847	621
Utilities	339	297
Government taxes and fees	373	368
Outside services	293	264
Insurance	195	275
Repairs and maintenance	195	223
Rent	87	83
Dietary expenses	158	108
Legal expenses	31	46
Total expenses	13,217	12,892
Net loss/income for the period	\$ 1,633	676
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.16	0.07

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2017 with comparative figures for the three months ended April 30, 2016
(Expressed in thousands of Bahamian dollars)

	April 30, 2017	April 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,633	676
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	714	736
Provision for doubtful accounts	478	502
Operating income before working capital changes	2,825	1,914
Increase in accounts receivable	(1,730)	(1,261)
Increase in inventories	(98)	(183)
Increase in prepaid expenses and other assets	(1,042)	(269)
Increase in accounts payable and other liabilities	(266)	538
Net cash from operating activities	(311)	739
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(775)	(1,793)
Purchase of intangible assets	(106)	-
Net cash used in investing activities	(881)	(1,793)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholders	(199)	-
Net cash used in financing activities	(199)	-
Increase in cash and cash equivalents	(1,391)	(1,054)
Cash and cash equivalents at beginning of period	7,354	5,353
Cash and cash equivalents at end of period	\$ 5,963	4,299

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

Consolidated Statement of Changes in Equity

Three months ended April 30, 2017

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2017	9,971,634	\$ 399	\$ 12,358	\$ 17,545
Net income for the period				1,633
Dividends				(199)
Balance at April 30, 2017	9,971,634	\$ 399	\$ 12,358	\$ 18,979

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2017

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, 2017 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$4.3 million.

3. Dividend Declared

- 4.** The Board of Directors approved a dividend on March 15, 2017 for \$0.2 per share for a total of \$199,433 to shareholders of record March 24, 2017 and payable March 31, 2017.