

**Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended October 31, 2014*

**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 nine months ended October 31, 2014.

Consolidated net loss of \$(1,267,000) or \$(0.13) cents per share compared to a profit of \$401,000 or \$0.04 cents per share in the previous year. Doctors Hospital (Bahamas) Limited's loss was \$(193,079) compared with \$1,609,243, and Bahamas Medical Center's loss was \$(1,073,856) compared with \$(1,208,440).

Consolidated net patient revenue decreased \$1,673,208 or 4.68%. Total overall inpatient days for the nine months are down 14.2%; 27.5% in the critical care days and 5% in medical/surgical days. This downward trend in patient days is consistent over the three quarters. The hospital continues to control expenses where possible. The larger increases in expenses are in Business License Fees of 36% or 266,000 and in repairs & maintenance by 21% or \$126,000. Bad Debt Expense has improved by \$389,000 or 30%.

While Bahamas Medical Center has not yet achieved profitability due to delays in obtaining necessary licenses for projected new programs there is clear progress. The cochlear implant program is now on line and the Stem Cell Program is waiting for the license. The FMT program is very close and projected for a January opening. The Medical Fitness program continues to grow and the Hyperbaric medicine program is producing higher than projected revenues.

I would like to thank our shareholders, Associates, physicians and volunteers for their loyalty and dedication to Doctors Hospital during these financial times.

Joseph Krukowski  
Chairman  
November 26, 2014

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

October 31, 2014 with comparative figures at January 31, 2014

(Expressed in thousands of Bahamian dollars)

	October 31, 2014	January 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,648	6,047
Accounts receivable—patients, net (note 2)	365	619
Accounts receivable—third party payors, net (note 2)	3,572	3,516
Inventories	1,983	1,747
Other assets	944	942
	<b>12,512</b>	<b>12,871</b>
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	616	768
Property, plant and equipment (note 4)	16,268	17,021
	<b>17,345</b>	<b>18,250</b>
Total assets	\$ <b>29,857</b>	<b>31,121</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,346	3,343
Total liabilities	\$ <b>3,346</b>	<b>3,343</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (October 31, 2014 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2014 – 9,971,634 shares)		
	<b>399</b>	<b>399</b>
Contributed surplus	<b>12,358</b>	<b>12,358</b>
Retained earnings	<b>13,754</b>	<b>15,021</b>
	<b>26,511</b>	<b>27,778</b>
Total liabilities and shareholders' equity	\$ <b>29,857</b>	<b>31,121</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Three months ended October 31, 2014 with comparative figures for the three months ended October 31, 2013

(Expressed in thousands of Bahamian dollars)

	October 31, 2014	October 31, 2013
<b>Revenues</b>		
Patient service revenue, net	\$ 10,955	10,816
Other	417	357
Total revenues	11,372	11,173
<b>Expenses</b>		
Salaries and benefits	4,987	5,010
Medical supplies and services	3,701	3,126
Depreciation and amortization	781	787
Other operating	562	599
Utilities	521	543
Bad debt expense, net of recoveries	161	462
Government taxes and fees	301	258
Insurance	228	220
Outside services	234	306
Repairs and maintenance	231	271
Rent	91	93
Dietary expenses	143	151
Legal expenses	73	48
Total expenses	12,014	11,874
Income before interest	(642)	(701)
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ (642)</b>	<b>(701)</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ (0.06)	(0.07)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2014 with comparative figures for the nine months ended October 31, 2013  
(Expressed in thousands of Bahamian dollars)

	October 31, 2014	October 31, 2013
<b>Revenues</b>		
Patient service revenue, net	\$ 34,047	35,720
Other	1,270	1,075
<b>Total revenues</b>	<b>35,317</b>	<b>36,795</b>
<b>Expenses</b>		
Salaries and benefits	15,257	15,338
Medical supplies and services	11,056	10,338
Depreciation and amortization	2,359	2,418
Other operating	1,663	1,728
Bad debt expense, net of recoveries	911	1,300
Utilities	1,388	1,457
Government taxes and fees	1,012	746
Insurance	682	659
Outside services	700	901
Repairs and maintenance	716	590
Dietary expenses	440	439
Rent	263	292
Legal expenses	137	188
<b>Total expenses</b>	<b>36,584</b>	<b>36,394</b>
Income before interest	(1,267)	401
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ (1,267)</b>	<b>401</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ ( 0.13)	0.04

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Nine months ended October 31, 2014 with comparative figures for the nine months ended October 31, 2013  
(Expressed in thousands of Bahamian dollars)

	October 31, 2014	October 31, 2013
<b>Cash flows from operating activities</b>		
Net income	\$ (1,267)	401
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,358	2,418
Provision for doubtful accounts	911	1,300
Loss on disposal of property, plant and equipment	-	-
	<b>2,002</b>	4,119
Changes in operating assets and liabilities:		
Increase in accounts receivable	(713)	(1,377)
Increase in inventories	(235)	(233)
Increase in prepaid expenses and other assets	(2)	(187)
Increase in accounts payable and other liabilities	3	432
Cash provided by operating activities	<b>1,055</b>	2,754
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (note 4)	(1,433)	(3,505)
Purchase of intangible assets	(21)	(70)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	<b>(1,454)</b>	(3,575)
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	-	-
Dividends paid to shareholders	-	(598)
Cash used in financing activities	-	(598)
Increase (decrease) in cash and cash equivalents	<b>(399)</b>	(1,419)
Cash and cash equivalents at beginning of period	<b>6,047</b>	6,130
Cash and cash equivalents at end of period	\$ <b>5,648</b>	4,711

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

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Changes in Equity

Nine months ended October 31, 2014

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2014	9,971,634	\$ 399	\$ 12,358	\$ 15,021
Net income for the period	-	-	-	(1,267)
Dividends paid				-
Balance at October 31, 2014	9,971,634	\$ 399	\$ 12,358	\$ 13,754

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

Notes to Interim Consolidated Financial Statements

Nine months ended October 31, 2014

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## **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, 2014 audited consolidated financial statements.

## **2. Accounts receivable**

Accounts receivable are stated net of provisions for doubtful accounts of \$5.1 million.