

Doctors Hospital Health System Limited
Interim report
Quarter ended October 31, 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 nine months ended October 31, 2017.

Consolidated net profit of \$2,120,694 or \$0.21 cents per share compared to profit of \$2,409,735 or \$0.24 cents per share in the previous year. Doctors Hospital (Bahamas) Limited's profit was \$2,894,874 compared with a profit of \$3,302,079, and Bahamas Medical Center's loss was \$(774,180) compared with \$(892,345).

Consolidated net patient revenue increased \$1,457,974 or 3.7%. Total overall inpatient days for the nine months are up 3.79%

Consolidated expenses increased \$1,930,043. Salaries increased \$419,188 and medical supplies and services increased \$388,848 and are a direct result of increased patient days. Bad Debts increased \$525,230 and is due to unusual recoveries in the prior year.

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

Joseph Krukowski
Chairman
November 13, 2017

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

October 31, 2017 with comparative figures at January 31, 2017

(Expressed in thousands of Bahamian dollars)

	October 31, 2017	January 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,765	7,354
Accounts receivable—patients, net (note 2)	1,757	1,211
Accounts receivable—third party payors, net (note 2)	6,341	6,209
Inventories	2,246	2,073
Other assets	1,660	1,279
	19,769	18,126
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	448	345
Property, plant and equipment (note 4)	15,800	16,420
	16,709	17,226
Total assets	\$ 36,478	35,352
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,554	5,050
Total liabilities	\$ 4,554	5,050
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (October 31, 2017 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2017 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	19,167	17,545
	31,924	30,302
Total liabilities and shareholders' equity	\$ 36,478	35,352

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Three months ended October 31, 2017 with comparative figures for the three months ended October 31, 2016

(Expressed in thousands of Bahamian dollars)

	October 31, 2017	October 31, 2016
Revenues		
Patient service revenue, net	\$ 13,022	12,600
Other	407	379
Total revenues	13,429	12,979
Expenses		
Salaries and benefits	5,784	5,617
Medical supplies	2,099	1,885
Medical services	1,626	1,491
Depreciation and amortization	710	649
Other operating	618	572
Utilities	410	404
Bad debt expense, net of recoveries	666	291
Government taxes and fees	352	343
Insurance	208	244
Outside services	320	262
Repairs and maintenance	183	185
Rent	92	80
Dietary expenses	165	155
Legal expenses	52	31
Total expenses	13,285	12,209
Income before interest	144	770
Interest expense	-	-
Net income for the period	\$ 144	770
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.01	0.08

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2017 with comparative figures for the nine months ended October 31, 2016
(Expressed in thousands of Bahamian dollars)

	October 31, 2017	October 31, 2016
Revenues		
Patient service revenue, net	\$ 40,585	39,128
Other	1,482	1,299
Total revenues	42,067	40,427
Expenses		
Salaries and benefits	17,674	17,255
Medical supplies	6,048	5,694
Medical services	4,905	4,871
Depreciation and amortization	2,150	2,045
Other operating	2,206	1,821
Bad debt expense, net of recoveries	1,747	1,222
Utilities	1,152	1,061
Government taxes and fees	1,081	1,059
Insurance	599	763
Outside services	919	817
Repairs and maintenance	607	640
Dietary expenses	484	413
Rent	262	244
Legal expenses	112	112
Total expenses	39,946	38,017
Income before interest	2,121	2,410
Interest expense	-	-
Net income for the period	\$ 2,121	2,410
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.21	0.24

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Nine months ended October 31, 2017 with comparative figures for the nine months ended October 31, 2016
(Expressed in thousands of Bahamian dollars)

	October 31, 2017	October 31, 2016
Cash flows from operating activities		
Net income	\$ 2,121	2,410
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,150	2,045
Provision for doubtful accounts	1,747	1,222
Loss on disposal of property, plant and equipment	-	-
	6,018	5,677
Changes in operating assets and liabilities:		
Increase in accounts receivable	(2,425)	(1,777)
Increase in inventories	(173)	(333)
(Increase) decrease in prepaid expenses and other assets	(381)	123
(Decrease) increase in accounts payable and other liabilities	(497)	608
Cash provided by operating activities	2,542	4,298
Cash flows from investing activities		
Purchase of property, plant and equipment (note 4)	(1,400)	(2,697)
Purchase of intangible assets	(232)	(76)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(1,632)	(2,773)
Cash flows from financing activities		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(499)	(199)
Cash used in financing activities	(499)	(199)
Increase (decrease) in cash and cash equivalents	411	1,326
Cash and cash equivalents at beginning of period	7,354	5,353
Cash and cash equivalents at end of period	\$ 7,765	6,679

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, 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	-	-	-	2,121
Dividends paid				(499)
Balance at October 31, 2017	9,971,634	\$ 399	\$ 12,358	\$ 19,167

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Nine months ended October 31, 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 \$5.8 million.

3. Dividends 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.

The Board of Directors approved a dividend on September 25, 2017 for \$0.03 per share for a total of \$299,149 to shareholders of record October 6, 2017 and payable October 13, 2017.