

# Doctors Hospital Health System Limited

## Interim Report

QUARTER ENDED OCTOBER 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 nine months ended October 31, 2018.

Consolidated net profit for the nine months was \$2,257,112 compared to a profit of \$2,120,694 for the comparable period in fiscal 2018. Doctors Hospital (Bahamas) Limited's profit was \$2,813,567 compared with \$2,894,874 and Bahamas Medical Center's loss was \$(556,455) compared with \$(697,518).

Consolidated net patient revenue increased \$3,745,659 or 9.2% over the 3rd quarter last year.

Consolidated expenses increased \$3,453,428 or 8.6%, over the comparable period last year. 41% of the variance is due to increasing salary costs of healthcare professionals and benefits.

Doctors Hospital continues to enjoy the valued support of its shareholders, Physicians and Associates and, on behalf of the Board, I wish to express our appreciation. To ensure we continue to provide a high quality, premium and safe healthcare experience to all the persons we serve, we will continue to make all necessary investments in the delivery of patient care.

**FELIX STUBBS**  
CHAIRMAN  
November 26, 2018

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

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

	October 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)	1,065	1,711
Accounts receivable—third party payors, net (note 2)	6,459	6,677
Inventories	2,326	2,222
Other assets	1,222	1,885
	<b>19,026</b>	<b>16,865</b>
<b>Non-current assets:</b>		
Investments	30	30
Investment in associate	240	-
Goodwill, net	431	431
Other intangible assets	526	407
Property, plant and equipment	23,704	18,383
	<b>24,931</b>	<b>19,251</b>
<b>Total assets</b>	<b>\$ 43,957</b>	<b>36,116</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	\$ 5,953	3,908
Long-term debt, current portion	202	-
	<b>6,155</b>	<b>3,908</b>
<b>Long-term liabilities:</b>		
Long-term debt	3,935	-
	<b>3,935</b>	<b>-</b>
<b>Total liabilities</b>	<b>10,090</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 (October 31, 2018 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2018 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	21,110	19,451
	<b>33,867</b>	<b>32,208</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 43,957</b>	<b>36,116</b>

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

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

	October 31, 2018	October 31, 2017
<b>Revenues</b>		
Patient service revenue, net	\$ 15,162	13,022
Other	500	407
<b>Total revenues</b>	<b>15,662</b>	<b>13,429</b>
<b>Expenses</b>		
Salaries and benefits	6,222	5,784
Medical supplies	2,308	2,099
Medical services	1,744	1,626
Bad debt expense, net of recoveries	932	666
Depreciation and amortization	750	710
Other operating	814	618
Utilities	477	410
Government taxes and fees	363	352
Outside services	375	320
Insurance	269	208
Repairs and maintenance	433	183
Rent	116	92
Dietary expenses	179	165
Legal expenses	23	52
Interest expense	51	-
<b>Total expenses</b>	<b>15,056</b>	<b>13,285</b>
<b>Net loss/income for the period</b>	<b>\$ 606</b>	<b>144</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ .06	.01

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Six months ended October 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				2,257
Dividends				(598)
<b>Balance at October 31, 2018</b>	<b>9,971,634</b>	<b>\$ 399</b>	<b>\$ 12,358</b>	<b>\$ 21,110</b>

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2018 with comparative figures for the nine months ended October 31, 2017  
(Expressed in thousands of Bahamian dollars)

	October 31, 2018	October 31, 2017
<b>Revenues</b>		
Patient service revenue, net	\$ 44,331	40,585
Other	1,442	1,482
<b>Total revenues</b>	<b>45,773</b>	<b>42,067</b>
<b>Expenses</b>		
Salaries and benefits	19,096	17,674
Medical supplies	6,436	6,048
Medical services	5,315	4,905
Depreciation and amortization	2,237	2,150
Other operating	2,278	2,206
Bad debt expense, net of recoveries	1,987	1,747
Utilities	1,288	1,152
Government taxes and fees	1,066	1,081
Insurance	716	599
Outside services	1,095	919
Repairs and maintenance	967	607
Dietary expenses	513	484
Rent	327	262
Legal expenses	79	112
Interest expense	116	-
<b>Total expenses</b>	<b>43,516</b>	<b>39,946</b>
<b>Net Loss/Income for the period</b>	<b>\$ 2,257</b>	<b>2,121</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ 0.23	0.21

(Unaudited)

#### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Nine months ended October 31, 2018 with comparative figures for the nine months ended October 31, 2017  
(Expressed in thousands of Bahamian dollars)

	October 31, 2018	October 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 2,257	2,121
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,237	2,150
Provision for doubtful accounts	1,987	1,747
<b>Operating income before working capital changes</b>	<b>6,481</b>	<b>6,018</b>
Decrease in accounts receivable	(1,122)	(2,425)
Decrease in inventories	(104)	(173)
(Decrease) Increase in prepaid expenses and other assets	662	(381)
Increase (Decrease) in accounts payable and other liabilities	2,045	(497)
<b>Net cash from operating activities</b>	<b>7,962</b>	<b>2,542</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(7,431)	(1,400)
Cash paid for investment	(240)	-
Purchase of intangible assets	(246)	(232)
<b>Net cash used in investing activities</b>	<b>(7,917)</b>	<b>(1,632)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in long-term debt	4,235	-
Repayment of long-term debt	(97)	-
Dividends paid to shareholders	(598)	(499)
<b>Net cash used in financing activities</b>	<b>3,539</b>	<b>(499)</b>
<b>Increase in cash and cash equivalents</b>	<b>3,585</b>	<b>411</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>7,765</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

Nine months ended October 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 \$6.2 million.

##### 3. Long-term debt

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

