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, 2018.

Consolidated net profit for the three months was \$1,526,502 compared to a profit of \$1,633,560 for the comparable period in fiscal 2017. Doctors Hospital (Bahamas) Limited's profit was \$1,777,698 compared with \$1,918,693, and Bahamas Medical Center's loss was \$(251,196) compared with \$(285,133).

Consolidated net patient revenue increased \$662,741 or 4.6% over the 1st quarter last year. Total inpatient days are up 9.3%.

Consolidated expenses increased \$778,599 or 5.9%, over the comparable period last year. 60% of the variance is due to increasing salary costs of healthcare professionals and benefits.

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 19, 2018 at Doctors Hospital's Conference Center on Dowdeswell Street.

JOSEPH KRUKOWSKI CHAIRMAN May 28, 2018

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2018 with comparative figures at January 31, 2018 (Expressed in thousands of Bahamian dollars)

	Ap	oril 30, 2018	January 31, 2018	
Assets				
Current assets:				
		5.550	4 370	
Cash and cash equivalents	\$	5,559	4,370	
Accounts receivable—patients, net (note 2)		1,546	1,711	
Accounts receivable—third party payors, net (note 2)		6,628	6,677	
Inventories		2,251	2,222	
Other assets		1,896	1,885	
		17,880	16,865	
Non-current assets:				
Investments		30	30	
Investment in associate		240	-	
Goodwill, net		431	431	
Other intangible assets		408	407	
Property, plant and equipment		23,873	18,383	
		24,982	19,251	
Total assets	\$	42,862	36,116	
Long-term debt, current portion		198 5,090	3.908	
-		2,000	-,,,,,,	
Long-term liabilities:				
Long-term debt		4,037	-	
		4,037	-	
Total liabilities		9,127	3,908	
Shareholders' equity: Share capital:				
Share capital: Authorized 12,500,000 common shares at par value				
Share capital: Authorized 12,500,000 common shares at par value of B\$0.04 each (April 30, 2018 – 12,500,000 shares)				
Share capital: 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				
Share capital: 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	
Share capital: 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) Contributed surplus		12,358	12,358	
Share capital: 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)		12,358 20,978	12,358 19,451	
Share capital: 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) Contributed surplus		12,358	12,358	

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2018 with comparative figures for the three months ended April 30, 2017 (Expressed in thousands of Bahamian dollars)

	Apri	April 30, 2018		
Revenues				
Patient service revenue, net	\$	15,049	14,386	
Other		473	464	
Total revenues		15,522	14,850	
Expenses				
Salaries and benefits		6,289	5,830	
Medical supplies		2,083	2,016	
Medical services		1,848	1,661	
Bad debt expense, net of recoveries		470	478	
Depreciation and amortization		736	714	
Other operating		702	847	
Utilities		367	339	
Government taxes and fees		360	373	
Outside services		312	293	
Insurance		223	195	
Repairs and maintenance		290	195	
Rent		106	87	
Dietary expenses		165	158	
Legal expenses		31	31	
Interest expense		13	-	
Total expenses		13,995	13,217	
Net loss/income for the period	\$	1,527	1,633	
Earnings per common share (expressed in Bahar	mian dollars):			
Basic and fully diluted	\$	0.15	016	

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2018 with comparative figures for the three months ended April 30, 2017 (Expressed in thousands of Bahamian dollars)

	April 30, 2018	April 30, 2017
CACH ELOWE EDOM ODED A TIME A CTIVITIES.		
CASH FLOWS FROM OPERATING ACTIVITIES: Net income	\$ 1,527	1,633
Adjustments to reconcile net income to net cash	9 1,327	1,033
provided by operating activities:		
Depreciation and amortization	736	714
Provision for doubtful accounts	470	478
Operating income before working capital changes	2,733	2,825
Increase in accounts receivable	(256)	(1,730)
Increase in inventories	(28)	(98)
Increase in prepaid expenses and other assets	(11)	(1,042)
Increase in accounts payable and other liabilities	984	(266)
Net cash from operating activities	3,422	(311)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(6,184)	(775)
Cash paid for investment	(240)	(, , , ,
Purchase of intangible assets	(43)	(106)
Net cash used in investing activities	(6,467)	(881
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in long-term debt	4,235	_
Dividends paid to shareholders	-	(199)
Net cash used in financing activities	4,235	(199)
Increase in cash and cash equivalents	1,190	(1,391)
Cash and cash equivalents at beginning of period	4,369	7,354
Cash and cash equivalents at end of period	\$ 5,559	5,963

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

Consolidated Statement of Changes in Equi

Three months ended April 30, 2018 (Expressed in thousands of Bahamian dollars)

	Number of shares	Share	are capital Contributed surplus		Retained earnings		
Balance at January 31, 2018	9,971,634	\$	399	\$	12,358	\$	19,451
Net income for the period							1,527
Dividends							-
Balance at April 30, 2018	9,971,634	\$	399	\$	12,358	\$	20,978

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITEDNotes to Interim Consolidated Financial Statements

Three months ended April 30, 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 \$4.5 million.

3. Long-term debt

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



