

Doctors Hospital Health System Limited

Interim Report

QUARTER ENDED APRIL 30, 2019

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, 2019.

Consolidated net profit for the three months was \$2,142,369 compared to a profit of \$1,526,502 for the comparable period in fiscal 2018. Doctors Hospital (Bahamas) Limited's profit was \$ 2,276,423 compared with \$1,777,698, and Bahamas Medical Center's loss was \$(134,054) compared with \$(251,196).

Consolidated net patient revenue increased \$1,012,332 or 6.7% over the 1st quarter last year. Total inpatient days are up 0.2%.

Consolidated expenses increased \$421,258 or 3%, over the comparable period last year. The variance is partially 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 27, 2019 at Doctors Hospital's Conference Center on Dowdeswell Street.

FELIX STUBBS
CHAIRMAN
June 4, 2019

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2019 with comparative figures at January 31, 2019
(Expressed in thousands of Bahamian dollars)

| | April 30, 2019 | January 31, 2019 |
|------------------------------------------------------------------------------------------------------|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,412 | 5,329 |
| Accounts receivable—patients, net (note 2) | 1,253 | 605 |
| Accounts receivable—third party payors, net (note 2) | 7,430 | 7,012 |
| Inventories | 2,358 | 2,225 |
| Other assets | 2,284 | 2,466 |
| | 19,737 | 17,637 |
| Non-current assets: | | |
| Investments—Fixed Income | 2,152 | 2,147 |
| Investments | 30 | 30 |
| Investment in associate | 240 | 240 |
| Goodwill, net | 431 | 431 |
| Other intangible assets | 339 | 345 |
| Property, plant and equipment | 24,428 | 23,548 |
| | 27,620 | 26,741 |
| Total assets | \$ 47,357 | 44,378 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and other liabilities | \$ 5,527 | 4,640 |
| Long-term debt, current portion | 207 | 205 |
| | 5,734 | 4,845 |
| Long-term liabilities: | | |
| Long-term debt | 3,830 | 3,883 |
| | 3,830 | 3,883 |
| Total liabilities | 9,564 | 8,728 |
| Shareholders' equity: | | |
| Share capital: | | |
| Authorized 12,500,000 common shares at par value of BS0.04 each (April 30, 2019 – 12,500,000 shares) | | |
| Issued and fully paid 9,971,634 shares (April 30, 2018 – 9,971,634 shares) | 399 | 399 |
| Contributed surplus | 12,358 | 12,358 |
| Retained earnings | 25,036 | 22,893 |
| | 37,793 | 35,650 |
| Total liabilities and shareholders' equity | \$ 47,357 | 44,378 |

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2019 with comparative figures for the three months ended April 30, 2018
(Expressed in thousands of Bahamian dollars)

| | April 30, 2019 | April 30, 2018 |
|------------------------------------------------------------|-----------------|----------------|
| Revenues | | |
| Patient service revenue, net | \$ 16,061 | 15,049 |
| Other | 498 | 473 |
| Total revenues | 16,559 | 15,522 |
| Expenses | | |
| Salaries and benefits | 6,790 | 6,289 |
| Medical supplies | 2,163 | 2,083 |
| Medical services | 1,881 | 1,848 |
| Bad debt expense, net of recoveries | 28 | 470 |
| Depreciation and amortization | 777 | 736 |
| Other operating | 745 | 702 |
| Utilities | 388 | 367 |
| Government taxes and fees | 443 | 360 |
| Outside services | 409 | 312 |
| Insurance | 233 | 223 |
| Repairs and maintenance | 179 | 290 |
| Rent | 118 | 106 |
| Dietary expenses | 160 | 165 |
| Legal expenses | 53 | 31 |
| Interest expense | 49 | 13 |
| Total expenses | 14,416 | 13,995 |
| Net loss/income for the period | \$ 2,143 | 1,527 |
| Earnings per common share (expressed in Bahamian dollars): | | |
| Basic and fully diluted | \$ 0.21 | 0.15 |

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2019 with comparative figures for the three months ended April 30, 2018
(Expressed in thousands of Bahamian dollars)

| | April 30, 2019 | April 30, 2018 |
|-----------------------------------------------------------------------------------|-----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 2,143 | 1,527 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 777 | 736 |
| Provision for doubtful accounts | 28 | 470 |
| Operating income before working capital changes | 2,948 | 2,733 |
| Increase in accounts receivable | (1,094) | (256) |
| Increase in inventories | (133) | (28) |
| Decrease in prepaid expenses and other assets | 182 | (11) |
| Decrease in accounts payable and other liabilities | 887 | 984 |
| Net cash from operating activities | 2,790 | 3,422 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (1,625) | (6,184) |
| Increase in investments | (5) | (240) |
| Purchase of intangible assets | (26) | (43) |
| Net cash used in investing activities | (1,656) | (6,467) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Increase in long-term debt | - | 4,235 |
| Repayment of long-term debt | (51) | - |
| Dividends paid to shareholders | - | - |
| Net cash used in financing activities | (51) | 4,235 |
| Increase in cash and cash equivalents | 1,083 | 1,190 |
| Cash and cash equivalents at beginning of period | 5,329 | 4,369 |
| Cash and cash equivalents at end of period | \$ 6,412 | 5,559 |

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, 2019
(Expressed in thousands of Bahamian dollars)

| | Number of shares | Share capital | Contributed surplus | Retained earnings |
|----------------------------------|------------------|---------------|---------------------|-------------------|
| Balance at January 31, 2019 | 9,971,634 | \$ 399 | \$ 12,358 | \$ 22,893 |
| Net income for the period | | | | 2,143 |
| Dividends | | | | - |
| Balance at April 30, 2019 | 9,971,634 | \$ 399 | \$ 12,358 | \$ 25,036 |

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2019

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, 2019 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$2 million.

