

# **Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended July 31, 2021*

## **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 six months ended July 31, 2021.

Consolidated net profit for the six months was \$11,842,196 compared to a profit of \$3,431,391 for the comparable period in fiscal 2020. Doctors Hospital (Bahamas) Limited's profit was \$5,045,320 compared with \$2,194,083, and Bahamas Medical Center's profit was \$6,796,876 compared with 1,237,308 for the comparable period in fiscal 2020.

Consolidated net patient services revenue increased \$23,496,706 or 75.45% over the 2nd quarter last year. The significant growth in revenue is indicative of the rebounding of outpatient activity and inpatient days at both Doctors Hospital (Bahamas) Limited ("DHB") and Bahamas Medical Center ("BMC") in comparison to the same period last year. Total inpatient days at DHB for the 6 months ended July 31, 2021 was 4,855 days, a decrease of 14.2% for the comparable period last year. Total inpatient days at BMC for the 6 months ended July 31, 2021 was 1,864 days, an increase of 162.9% for the comparable period last year. While inpatient days for DHB declined, revenue from outpatient services increased by \$17,099,695 to \$32,775,325 for the six months ended July 31, 2021. Consolidated expenses increased 16,303,062 or 56.29%, over the comparable period last year. The rise in expenses was driven primarily by an uptick in variable costs such as salaries and benefits, medical supplies and medical services, which is increased as a result of growth in patient activity. There was also an increase in other operating costs directly related to increased usage of personal protective equipment throughout the company during the period for the safety and protection of our Associates.

Return on sales (net income margin) improved to 20.7% for the six months ended July 31, 2020, an improvement of +10.1% compared to the same period last year of 10.6%, demonstrating improved efficiency.

The Board and Management team thanks you, our valued shareholders, Physicians, and all Associates for your continued support and loyalty to the Hospital.

We look forward to continuing to provide an excellent customer experience to our patients and visitors whose loyalty we also appreciate and value.

Felix Stubbs  
Chairman  
September 15, 2021

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Financial Position

July 31, 2021 with comparative figures at January 31, 2021

(Expressed in thousands of Bahamian dollars)

	July 31, 2021	January 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 18,445	6,517
Accounts receivable—patients, net (note 2)	4,250	4,629
Accounts receivable—third party payors, net (note 2)	29,069	15,401
Inventories	4,707	4,407
Prepaid expenses & other assets	3,951	4,437
	<b>60,422</b>	<b>35,391</b>
Non-current assets:		
Investments –Fixed Income	6,457	6,457
Investments	30	30
Goodwill, net	431	431
Other intangible assets	277	234
Property, plant and equipment	25,700	23,583
Right of use assets	1,746	1,701
	<b>34,641</b>	<b>32,436</b>
Total assets	\$ <b>95,063</b>	<b>67,827</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 13,208	9,670
Lease liabilities, current portion	356	322
Long-term debt, current portion	231	227
	<b>13,795</b>	<b>10,219</b>
Long-term liabilities:		
Lease liabilities	1,494	1,522
Long-term debt	3,325	3,443
	<b>4,819</b>	<b>4,965</b>
Total liabilities	<b>18,614</b>	<b>15,184</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2021 – 12,500,000 shares)		
Issued and fully paid 11,971,634 shares (January 31, 2021 – 9,971,634 shares)	479	399
Contributed surplus	25,778	12,358
Retained earnings	50,192	39,886
	<b>76,449</b>	<b>52,643</b>
Total liabilities and shareholders' equity	\$ <b>95,063</b>	<b>67,827</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Comprehensive Income

Three months ended July 31, 2021 with comparative figures for the three months ended July 31, 2020  
(Expressed in thousands of Bahamian dollars)

	July 31, 2021	July 31, 2020
<b>Revenues</b>		
Patient service revenue, net	\$ 29,286	15,576
Other	1,441	578
<b>Total revenues</b>	<b>30,727</b>	<b>16,154</b>
<b>Expenses</b>		
Salaries and benefits	10,062	7,419
Medical supplies	4,999	1,841
Medical services	2,705	1,519
Bad debt expense, net of recoveries	893	637
Depreciation and amortization	884	819
Other operating	1,026	486
Utilities	442	409
Government taxes and fees	507	455
Outside services	540	396
Insurance	197	199
Repairs and maintenance	609	151
Rent	30	—
Dietary expenses	202	103
Legal expenses	8	4
Interest expense	70	75
<b>Total expenses</b>	<b>23,175</b>	<b>14,513</b>
<b>Net income &amp; total comprehensive income for the period</b>	<b>\$ 7,552</b>	<b>1,641</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.63	0.16

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Comprehensive Income

Six months ended July 31, 2021 with comparative figures for the six months ended July 31, 2020  
(Expressed in thousands of Bahamian dollars)

	July 31, 2021	July 31, 2020
<b>Revenues</b>		
Patient service revenue, net	\$ 54,640	31,143
Other	2,469	1,252
<b>Total revenues</b>	<b>57,109</b>	<b>32,395</b>
<b>Expenses</b>		
Salaries and benefits	19,596	14,290
Medical supplies	9,498	3,771
Medical services	5,019	3,380
Bad debt expense, net of recoveries	2,131	805
Depreciation and amortization	1,744	1,635
Other operating	2,096	1,168
Utilities	832	828
Government taxes and fees	1,019	925
Outside services	1,215	873
Insurance	466	458
Repairs and maintenance	1,028	414
Rent	43	(5)
Dietary expenses	377	248
Legal expenses	66	23
Interest expense	137	151
<b>Total expenses</b>	<b>45,267</b>	<b>28,964</b>
<b>Net income &amp; total comprehensive income for the period</b>	<b>\$ 11,842</b>	<b>3,431</b>
Return on sales (net income margin)	20.7%	10.6%
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.99	0.34

(Unaudited)

## DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

### Consolidated Statement of Changes in Equity

Six months ended July 31, 2021

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total
Balance at January 31, 2021	9,971,634	\$ 399	\$ 12,358	\$ 39,886	\$ 52,643
Shares issued	2,000,000	80	13,420	–	13,500
Net income for the period	–	–	–	11,842	11,842
Dividends paid	–	–	–	(1,536)	(1,536)
Balance at July 31, 2021	11,971,634	\$ 479	\$ 25,778	\$ 50,192	\$ 76,449

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Six months ended July 31, 2021 with comparative figures for the six months ended July 31, 2020  
(Expressed in thousands of Bahamian dollars)

	July 31, 2021	July 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 11,842	3,431
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,744	1,635
Provision for doubtful accounts	2,131	805
Operating income before working capital changes	15,717	5,871
Increase in accounts receivable	(15,420)	(3,143)
Increase in inventories	(300)	(1,048)
Decrease/(increase) in prepaid expenses and other assets	486	(66)
Increase/(decrease) in accounts payable and other liabilities	3,537	(1,507)
Net cash from operating activities	4,020	107
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment, net	(3,858)	(1,251)
Purchase of intangible assets, net	(91)	(61)
Net cash used in investing activities	(3,949)	(1,312)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(113)	(106)
Lease liabilities, net	6	(179)
Issuance of shares	13,500	–
Dividends paid to shareholders	(1,536)	–
Net cash used in financing activities	11,857	(285)
Increase/(decrease) in cash and cash equivalents	11,928	(1,491)
Cash and cash equivalents at beginning of period	6,517	7,915
Cash and cash equivalents at end of period	\$ 18,445	6,424

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

(Unaudited)

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

## Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2021

---

### **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, 2021 audited consolidated financial statements.

### **2. Accounts receivable**

Accounts receivable are stated net of provisions for doubtful accounts of \$5.5 million.