

# Doctors Hospital Health System Limited Interim Report

QUARTER ENDED JULY 31, 2013

## 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, 2013.

Net income for the six months was \$1,102,000 or \$0.11 cents per share compared to \$0.02 cents per share for the same period last year. Total patient days for the six months are up 15.9% primarily in the critical care areas, and represent an increase in gross revenue of \$3,284,000. Second quarter patient days were up slightly over last year by 7.9% compared to the first quarter which was up by 23.9%.

Total expenses increased by \$1,804,000, or 7.9%, over the same six month period; 91% of this increase is due to direct patient care.

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

**JOSEPH KRUKOWSKI**  
Chairman  
September 16, 2013

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

#### Consolidated Balance Sheet

July 31, 2013 with comparative figures at January 31, 2013  
(Expressed in thousands of Bahamian dollars)

	July 31, 2013	January 31, 2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,895	6,130
Accounts receivable—patients, net (note 2)	843	633
Accounts receivable—third party payors, net (note 2)	4,477	5,088
Inventories	1,802	1,638
Other assets	1,793	641
	<b>14,810</b>	<b>14,130</b>
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	818	993
Property, plant and equipment	16,837	16,219
	<b>18,116</b>	<b>17,673</b>
<b>Total assets</b>	<b>\$ 32,926</b>	<b>31,803</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,784	3,165
<b>Total liabilities</b>	<b>\$ 3,784</b>	<b>3,165</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (July 31, 2013 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (July 31, 2013 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	16,385	15,881
	<b>29,142</b>	<b>28,638</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 32,926</b>	<b>31,803</b>

(Unaudited)

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

#### Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2013 with comparative figures for the three months ended July 31, 2012  
(Expressed in thousands of Bahamian dollars)

	July 31, 2013	July 31, 2012
<b>Revenues</b>		
Patient service revenue, net	\$ 12,035	11,225
Other	387	350
<b>Total revenues</b>	<b>12,422</b>	<b>11,575</b>
<b>Expenses</b>		
Salaries and benefits	5,149	4,645
Medical supplies and services	3,622	3,368
Depreciation and amortization	776	801
Other operating	594	625
Utilities	451	442
Bad debt expense, net of recoveries	379	539
Government taxes and fees	225	239
Insurance	219	216
Outside services	316	280
Repairs and maintenance	184	120
Rent	102	98
Dietary expenses	147	124
Legal expenses	75	29
<b>Total expenses</b>	<b>12,239</b>	<b>11,526</b>
<b>Net income for the period</b>	<b>\$ 183</b>	<b>49</b>

Earnings per common share (expressed in Bahamian dollars):

Basic and fully diluted	\$ 0.02	0.00
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### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

#### Consolidated Statement of Changes in Equity

Six months ended July 31, 2013  
(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2013	9,971,634	\$ 399	\$ 12,358	\$ 15,881
Net income for the period	-	-	-	1,102
Dividends paid				(598)
<b>Balance at July 31, 2013</b>	<b>9,971,634</b>	<b>\$ 399</b>	<b>\$ 12,358</b>	<b>\$ 16,385</b>

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

#### Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2013 with comparative figures for the six months ended July 31, 2012  
(Expressed in thousands of Bahamian dollars)

	July 31, 2013	July 31, 2012
<b>Revenues</b>		
Patient service revenue, net	\$ 24,915	22,199
Other	717	698
<b>Total revenues</b>	<b>25,632</b>	<b>22,897</b>
<b>Expenses</b>		
Salaries and benefits	10,328	9,254
Medical supplies and services	7,225	6,661
Depreciation and amortization	1,630	1,596
Other operating	1,129	1,125
Bad debt expense, net of recoveries	839	961
Utilities	914	814
Government taxes and fees	487	515
Insurance	439	431
Outside services	593	531
Repairs and maintenance	319	337
Dietary expenses	289	238
Rent	199	197
Legal expenses	139	66
<b>Total expenses</b>	<b>24,530</b>	<b>22,726</b>
<b>Net income for the period</b>	<b>\$ 1,102</b>	<b>171</b>

Earnings per common share (expressed in Bahamian dollars):

Basic and fully diluted	\$ 0.11	0.02
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(Unaudited)

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

#### Consolidated Statement of Cash Flows

Six months ended July 31, 2013 with comparative figures for the six months ended July 31, 2012  
(Expressed in thousands of Bahamian dollars)

	July 31, 2013	July 31, 2012
<b>Cash flows from operating activities</b>		
Net income	\$ 1,102	171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,631	1,596
Provision for doubtful accounts	839	961
Loss on disposal of property, plant and equipment	-	-
	<b>3,572</b>	<b>2,728</b>
Changes in operating assets and liabilities:		
Increase in accounts receivable	(438)	(861)
Increase in inventories	(164)	(109)
Increase in prepaid expenses and other assets	(1,151)	(277)
Increase in accounts payable and other liabilities	618	389
Cash provided by operating activities	<b>2,437</b>	<b>1,870</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,013)	(1,881)
Purchase of intangible assets	(61)	(31)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	<b>(2,074)</b>	<b>(1,912)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(598)	(399)
Cash used in financing activities	<b>(598)</b>	<b>(399)</b>
Increase (decrease) in cash and cash equivalents	<b>(235)</b>	<b>(441)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,130</b>	<b>6,911</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,895</b>	<b>6,470</b>

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

#### Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2013

##### 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, 2013 audited consolidated financial statements.

##### 2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$3.9 million

##### 3. Dividends paid

Declared and paid on ordinary shares \$0.06