

Doctors Hospital Health System Limited

Interim report
Quarter ended April 30, 2014

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, 2014.

Consolidated net loss for the three months was \$(58,000) compared to a profit of \$919,000 for the comparable period in fiscal 2014. Doctors Hospital (Bahamas) Limited's profit was \$ 296,673 compared with \$1,281,334, and Bahamas Medical Center's loss was \$(354,736) compared with \$(362,498)

Consolidated net patient revenue decreased \$1,084,000 or 8.4% over the 1st quarter last year.

Total inpatient days are down 18.2%; decreases were in all patient types but most significantly in the intensive care areas accounting for the reduced profit in Doctors Hospital (Bahamas) Limited. Bahamas Medical Center has not reached its budgeted potential and although all systems are go we continue to await some critical approvals which we believe should eventually be received. Failing that we will make whatever decisions are necessary to stem the consolidated losses.

Consolidated expenses decreased \$28,000 or 0.2%, over the same period last year, despite an increase in taxes of \$127,000.

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, 2013 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 28, 2014

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2014 with comparative figures at January 31, 2014

(Expressed in thousands of Bahamian dollars)

	April 30, 2014	January 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,157	6,047
Accounts receivable—patients, net (note 2)	435	619
Accounts receivable—third party payors, net (note 2)	3,568	3,516
Inventories	1,895	1,747
Other assets	1,093	942
	13,148	12,871
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	710	768
Property, plant and equipment	16,862	17,021
	18,033	18,250
Total assets	\$ 31,181	31,121
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,461	3,343
	3,461	3,343
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value		
of B\$0.04 each (January 31, 2014 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares		
(January 31, 2014 – 9,971,634 shares)		
	399	399
Contributed surplus	12,358	12,358
Retained earnings	14,963	15,021
	27,720	27,778
Total liabilities and shareholders' equity	\$ 31,181	31,121

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2014 with comparative figures for the three months ended April 30, 2013
(Expressed in thousands of Bahamian dollars)

	April 30, 2014	April 30, 2013
Revenues		
Patient service revenue, net	\$ 11,796	12,881
Other	410	330
Total revenues	12,206	13,211
Expenses		
Salaries and benefits	5,023	5,179
Medical supplies and services	3,689	3,604
Bad debt expense, net of recoveries	449	459
Depreciation and amortization	785	855
Other operating	543	535
Utilities	403	463
Government taxes and fees	390	263
Outside services	236	276
Insurance	228	220
Repairs and maintenance	217	135
Rent	84	98
Dietary expenses	148	141
Legal expenses	69	64
Total expenses	12,264	12,292
Net loss/income for the period	\$ (58)	919
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ (0.01)	0.09

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2014 with comparative figures for the three months ended April 30, 2013
(Expressed in thousands of Bahamian dollars)

	April 30, 2014	April 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ (58)	919
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	785	855
Provision for doubtful accounts	449	459
Operating income before working capital changes	1,176	2,233
Increase in accounts receivable	(318)	(924)
Increase in inventories	(148)	(42)
Increase in prepaid expenses and other assets	(151)	(432)
Increase in accounts payable and other liabilities	119	877
Net cash from operating activities	678	1,712
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(568)	(803)
Purchase of intangible assets	-	(33)
Net cash used in investing activities	(568)	(836)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholders	-	-
Net cash used in financing activities	-	-
Increase in cash and cash equivalents	110	876
Cash and cash equivalents at beginning of period	6,047	6,130
Cash and cash equivalents at end of period	\$ 6,157	7,006

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, 2014

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2014	9,971,634	\$ 399	\$ 12,358	\$ 15,021
Net income for the period				(58)
Balance at April 30, 2014	9,971,634	\$ 399	\$ 12,358	\$ 14,963

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2014

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, 2014 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$4.5 million.