

# **Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended July 31, 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 six months ended July 31, 2014.

Consolidated net loss for the six months was \$(624,661) or \$(0.06) cents per share compared to a profit of \$1,102,147 or \$0.11 cents per share for the same period last year. Doctors Hospital (Bahamas) Limited's profit was \$78,540 compared with \$1,872,667, and Bahamas Medical Center's loss was \$(703,200) compared with \$(770,520).

Consolidated net patient revenue decreased \$1,824,037 or 7.3% over the 2<sup>nd</sup> quarter last year. Total inpatient days for the six months are down 16.4% primarily in the critical care areas, Second quarter patient days were also down over last year by 14.2% compared to the first quarter which was down by 18.2%. As in the first quarter this continued decreased activity accounts for the decreased profits in Doctors Hospital (Bahamas) Limited.

Bahamas Medical Center continues to look for new business opportunities and are currently developing a couple of international programs that have great promise and will be started in the short term.

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

Joseph Krukowski  
Chairman  
September 4, 2014

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

July 31, 2014 with comparative figures at January 31, 2014

(Expressed in thousands of Bahamian dollars)

	July 31, 2014	January 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,042	6,047
Accounts receivable—patients, net (note 2)	429	619
Accounts receivable—third party payors, net (note 2)	3,792	3,516
Inventories	1,929	1,747
Other assets	1,159	942
	<b>13,351</b>	<b>12,871</b>
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	655	768
Property, plant and equipment	16,509	17,021
	<b>17,625</b>	<b>18,250</b>
Total assets	<b>\$ 30,976</b>	<b>31,121</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,823	3,343
Total liabilities	<b>\$ 3,823</b>	<b>3,343</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (July 31, 2014 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (July 31, 2014– 9,971,634 shares)		
	<b>399</b>	<b>399</b>
Contributed surplus	<b>12,358</b>	<b>12,358</b>
Retained earnings	<b>14,396</b>	<b>15,021</b>
	<b>27,153</b>	<b>27,778</b>
Total liabilities and shareholders' equity	<b>\$ 30,976</b>	<b>31,121</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Three months ended July 31, 2014 with comparative figures for the three months ended July 31, 2013  
(Expressed in thousands of Bahamian dollars)

	July 31, 2014	July 31, 2013
<b>Revenues</b>		
Patient service revenue, net	\$ 11,295	12,035
Other	444	387
Total revenues	11,739	12,422
<b>Expenses</b>		
Salaries and benefits	5,247	5,149
Medical supplies and services	3,667	3,620
Depreciation and amortization	793	776
Other operating	558	594
Utilities	464	451
Bad debt expense, net of recoveries	300	379
Government taxes and fees	321	225
Insurance	226	219
Outside services	230	318
Repairs and maintenance	268	184
Rent	88	102
Dietary expenses	149	147
Legal expenses	(5)	75
Total expenses	12,306	12,239
<b>Net income for the period</b>	\$ (567)	183
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ (0.06)	0.02

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2014 with comparative figures for the six months ended July 31, 2013

(Expressed in thousands of Bahamian dollars)

	July 31, 2014	July 31, 2013
<b>Revenues</b>		
Patient service revenue, net	\$ 23,091	24,916
Other	854	717
Total revenues	23,945	25,633
<b>Expenses</b>		
Salaries and benefits	10,270	10,328
Medical supplies and services	7,355	7,224
Depreciation and amortization	1,578	1,631
Other operating	1,101	1,129
Bad debt expense, net of recoveries	750	839
Utilities	867	914
Government taxes and fees	711	487
Insurance	454	439
Outside services	466	594
Repairs and maintenance	485	319
Dietary expenses	297	288
Rent	172	199
Legal expenses	64	140
Total expenses	24,570	24,531
<b>Net Loss/Income for the period</b>	\$ (625)	1,102
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ (0.06)	0.11

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Six months ended July 31, 2014 with comparative figures for the six months ended July 31, 2013

(Expressed in thousands of Bahamian dollars)

	July 31, 2014	July 31, 2013
<b>Cash flows from operating activities</b>		
Net income	\$ (625)	1,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,578	1,631
Provision for doubtful accounts	750	839
Loss on disposal of property, plant and equipment	-	-
	<b>1,703</b>	<b>3,572</b>
Changes in operating assets and liabilities:		
Increase in accounts receivable	(836)	(438)
Increase in inventories	(182)	(164)
Increase in prepaid expenses and other assets	(217)	(1,151)
Increase in accounts payable and other liabilities	480	618
Cash provided by operating activities	<b>948</b>	<b>2,437</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(951)	(2,013)
Purchase of intangible assets	(2)	(61)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	<b>(953)</b>	<b>(2,074)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	-	(598)
Cash used in financing activities	<b>-</b>	<b>(598)</b>
Increase (decrease) in cash and cash equivalents	<b>(5)</b>	<b>(235)</b>
Cash and cash equivalents at beginning of period	<b>6,047</b>	<b>6,130</b>
Cash and cash equivalents at end of period	<b>\$ 6,042</b>	<b>5,895</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

## Consolidated Statement of Changes in Equity

Six months ended July 31, 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 loss for the period	-	-	-	(625)
Balance at July 31, 2014	9,971,634	\$ 399	\$ 12,358	\$ 14,396

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

## Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2014

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### **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 \$4.9 million