

Doctors Hospital Health System Limited

Interim report

Quarter ended July 31, 2015

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, 2015.

Consolidated net profit for the six months was 1,208,792 or \$0.12 cents per share compared to a loss of \$(624,661) or \$(0.06) cents per share for the same period last year. Doctors Hospital (Bahamas) Limited's profit was \$1,705,820 compared with \$78,540, and Bahamas Medical Center's loss was \$(497,029) compared with \$(703,200).

Consolidated net patient revenue increased \$1,958,160 or 8.5%. Total inpatient days for the six months are up 13% primarily in the critical care areas. Second quarter patient days were up over last year by 19% compared to the first quarter which was up by 7.5%.

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

Joseph Krukowski
Chairman
August 31, 2015

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

July 31, 2015 with comparative figures at January 31, 2015

(Expressed in thousands of Bahamian dollars)

	July 31, 2015	January 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,867	4,525
Accounts receivable—patients, net (note 2)	654	648
Accounts receivable—third party payors, net (note 2)	4,639	5,025
Inventories	1,973	1,835
Other assets	1,065	1,044
	15,198	13,077
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	477	566
Property, plant and equipment	16,320	16,562
	17,258	17,589
Total assets	\$ 32,456	30,666
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,229	3,647
Total liabilities	\$ 4,229	3,647
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (July 31, 2015 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (Jan 31, 2015– 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,470	14,262
	28,227	27,019
Total liabilities and shareholders' equity	\$ 32,456	30,666

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Three months ended July 31, 2015 with comparative figures for the three months ended July 31, 2014
(Expressed in thousands of Bahamian dollars)

	July 31, 2015	July 31, 2014
Revenues		
Patient service revenue, net	\$ 12,382	11,295
Other	434	444
Total revenues	12,816	11,739
Expenses		
Salaries and benefits	5,572	5,247
Medical supplies	1,874	1,658
Medical services	1,558	2,009
Depreciation and amortization	788	793
Other operating	500	558
Utilities	442	464
Bad debt expense, net of recoveries	256	300
Government taxes and fees	283	321
Insurance	208	226
Outside services	236	230
Repairs and maintenance	206	268
Rent	91	88
Dietary expenses	142	149
Legal expenses	43	(5)
Total expenses	12,199	12,306
Net income for the period	\$ 617	(567)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$.06	(0.06)

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2015 with comparative figures for the six months ended July 31, 2014

(Expressed in thousands of Bahamian dollars)

	July 31, 2015	July 31, 2014
Revenues		
Patient service revenue, net	\$ 25,050	23,091
Other	870	854
Total revenues	25,920	23,945
Expenses		
Salaries and benefits	11,064	10,270
Medical supplies	3,732	3,401
Medical services	3,300	3,954
Depreciation and amortization	1,606	1,578
Other operating	1,033	1,101
Bad debt expense, net of recoveries	671	750
Utilities	850	867
Government taxes and fees	598	711
Insurance	459	454
Outside services	473	466
Repairs and maintenance	378	485
Dietary expenses	288	297
Rent	179	172
Legal expenses	80	64
Total expenses	24,711	24,570
Net Loss/Income for the period	\$ 1,209	(625)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.12	(0.06)

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Six months ended July 31, 2015 with comparative figures for the six months ended July 31, 2014
(Expressed in thousands of Bahamian dollars)

	July 31, 2015	July 31, 2014
Cash flows from operating activities		
Net income	\$ 1,209	(625)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,606	1,578
Provision for doubtful accounts	671	750
Loss on disposal of property, plant and equipment	-	-
	3,486	1,703
Changes in operating assets and liabilities:		
Increase in accounts receivable	(292)	(836)
Increase in inventories	(138)	(182)
Increase in prepaid expenses and other assets	(21)	(217)
Increase in accounts payable and other liabilities	581	480
Cash provided by operating activities	3,616	948
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,250)	(951)
Purchase of intangible assets	(24)	(2)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(1,274)	(953)
Cash flows from financing activities		
Dividends paid to shareholders	-	-
Cash used in financing activities	-	-
Increase (decrease) in cash and cash equivalents	2,342	(5)
Cash and cash equivalents at beginning of period	4,525	6,047
Cash and cash equivalents at end of period	\$ 6,867	6,042

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, 2015

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2015	9,971,634	\$ 399	\$ 12,358	\$ 14,261
Net income for the period	-	-	-	1,209
Balance at July 31, 2015	9,971,634	\$ 399	\$ 12,358	\$ 15,470

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2015

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, 2015 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$5.7 million