

Doctors Hospital Health System Limited

Interim report

Quarter ended October 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 nine months ended October 31, 2015.

Consolidated net profit of \$1,151,902 or \$0.12 cents per share compared to a loss of \$(1,266,935) or \$(0.13) cents per share in the previous year. Doctors Hospital (Bahamas) Limited's profit was \$2,002,857 compared with a loss of \$(193,079), and Bahamas Medical Center's loss was \$(850,956) compared with \$(1,073,856).

Consolidated net patient revenue increased \$2,826,583 or 8.3%. Total overall inpatient days for the nine months are up 14.2%; 31.7% in the critical care days and 6.4% in medical/surgical days.

Consolidated expenses increased \$428,045. Salaries increased \$1,311,262 while outside services medical decreased \$1,103,851; as a portion of the medical services previously outsourced are now on permanent staff. The balance of the increase in salaries and medical supplies are a direct result of increased census.

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

Joseph Krukowski
Chairman
November 26, 2015

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

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

(Expressed in thousands of Bahamian dollars)

	October 31, 2015	January 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,790	4,525
Accounts receivable—patients, net (note 2)	929	648
Accounts receivable—third party payors, net (note 2)	4,421	5,025
Inventories	1,948	1,835
Other assets	1,160	1,044
	14,248	13,077
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	546	566
Property, plant and equipment (note 4)	16,386	16,562
	17,393	17,589
Total assets	\$ 31,641	30,666
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,869	3,647
Total liabilities	\$ 3,869	3,647
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (October 31, 2015 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2015 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,015	14,262
	27,772	27,019
Total liabilities and shareholders' equity	\$ 31,641	30,666

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Three months ended October 31, 2015 with comparative figures for the three months ended October 31, 2014

(Expressed in thousands of Bahamian dollars)

	October 31, 2015	October 31, 2014
Revenues		
Patient service revenue, net	\$ 11,824	10,955
Other	420	417
Total revenues	12,244	11,372
Expenses		
Salaries and benefits	5,505	4,987
Medical supplies	1,836	1,760
Medical services	1,490	1,941
Depreciation and amortization	735	781
Other operating	575	562
Utilities	402	521
Bad debt expense, net of recoveries	437	161
Government taxes and fees	294	301
Insurance	216	228
Outside services	244	234
Repairs and maintenance	271	231
Rent	90	91
Dietary expenses	146	143
Legal expenses	60	73
Total expenses	12,301	12,014
Income before interest	(57)	(642)
Interest expense	-	-
Net income for the period	\$ (57)	(642)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ (0.01)	(0.06)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2015 with comparative figures for the nine months ended October 31, 2014
(Expressed in thousands of Bahamian dollars)

	October 31, 2015	October 31, 2014
Revenues		
Patient service revenue, net	\$ 36,873	34,047
Other	1,291	1,270
Total revenues	38,164	35,317
Expenses		
Salaries and benefits	16,568	15,257
Medical supplies	5,568	5,162
Medical services	4,790	5,894
Depreciation and amortization	2,341	2,359
Other operating	1,608	1,663
Bad debt expense, net of recoveries	1,109	911
Utilities	1,253	1,388
Government taxes and fees	892	1,012
Insurance	674	682
Outside services	717	700
Repairs and maintenance	649	716
Dietary expenses	434	440
Rent	269	263
Legal expenses	140	137
Total expenses	37,012	36,584
Income before interest	1,152	(1,267)
Interest expense	-	-
Net income for the period	\$ 1,152	(1,267)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.12	(0.13)

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Nine months ended October 31, 2015 with comparative figures for the nine months ended October 31, 2014
(Expressed in thousands of Bahamian dollars)

	October 31, 2015	October 31, 2014
Cash flows from operating activities		
Net income	\$ 1,152	(1,267)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,341	2,358
Provision for doubtful accounts	1,108	911
Loss on disposal of property, plant and equipment	-	-
	4,601	2,002
Changes in operating assets and liabilities:		
Increase in accounts receivable	(785)	(713)
Increase in inventories	(113)	(235)
Increase in prepaid expenses and other assets	(116)	(2)
Increase in accounts payable and other liabilities	222	3
Cash provided by operating activities	3,809	1,055
Cash flows from investing activities		
Purchase of property, plant and equipment (note 4)	(1,996)	(1,433)
Purchase of intangible assets	(149)	(21)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(2,145)	(1,454)
Cash flows from financing activities		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(399)	-
Cash used in financing activities	(399)	-
Increase (decrease) in cash and cash equivalents	1,265	(399)
Cash and cash equivalents at beginning of period	4,525	6,047
Cash and cash equivalents at end of period	\$ 5,790	5,648

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

Nine months ended October 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	\$ 14,262
Net income for the period	-	-	-	1,152
Dividends paid				(399)
Balance at October 31, 2015	9,971,634	\$ 399	\$ 12,358	\$ 15,015

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Nine months ended October 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 \$6.1 million.

3. Dividends Declared

The Board of Directors approved a dividend on August 31, 2015 for \$0.04 per share for a total of \$398,865 to shareholders of record September 15, 2015 and payable September 22, 2015.