

Doctors Hospital Health System Limited

Interim report
Quarter ended April 30, 2016

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, 2016.

Consolidated net profit for the three months was \$675,526 compared to a profit of \$591,338 for the comparable period in fiscal 2016. Doctors Hospital (Bahamas) Limited's profit was \$ 951,351 compared with \$836,347, and Bahamas Medical Center's loss was \$(275,825) compared with \$(245,009).

Consolidated net patient revenue increased \$420,312 or 3.3% over the 1st quarter last year. Total inpatient days are consistent with the same period last year.

Consolidated expenses increased \$379,878 or 3.0%, over the comparable period last year.

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 21, 2016 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 23, 2016

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2016 with comparative figures at January 31, 2016
 (Expressed in thousands of Bahamian dollars)

	April 30, 2016	January 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,299	5,353
Accounts receivable—patients, net (note 2)	766	933
Accounts receivable—third party payors, net (note 2)	5,767	4,842
Inventories	2,117	1,934
Other assets	1,349	1,079
	14,298	14,141
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	436	492
Property, plant and equipment	17,035	15,922
	17,932	16,875
Total assets	\$ 32,230	31,016

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and other liabilities	\$ 4,232	3,694
	4,232	3,694

Shareholders' equity:

Share capital:

Authorized 12,500,000 common shares at par value of B\$0.04 each (April 30, 2016 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (April 30, 2016 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,241	14,565
	27,610	27,322
Total liabilities and shareholders' equity	\$ 32,230	31,016

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2016 with comparative figures for the three months ended April 30, 2015
(Expressed in thousands of Bahamian dollars)

	April 30, 2016	April 30, 2015
Revenues		
Patient service revenue, net	\$ 13,088	12,668
Other	480	436
Total revenues	13,568	13,104
Expenses		
Salaries and benefits	5,704	5,492
Medical supplies	1,947	1,858
Medical services	1,718	1,743
Bad debt expense, net of recoveries	502	415
Depreciation and amortization	736	817
Other operating	621	534
Utilities	297	409
Government taxes and fees	368	314
Outside services	264	237
Insurance	275	251
Repairs and maintenance	223	172
Rent	83	88
Dietary expenses	108	146
Legal expenses	46	37
Total expenses	12,892	12,513
Net loss/income for the period	\$ 676	591
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.07	0.06

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2016 with comparative figures for the three months ended April 30, 2015
(Expressed in thousands of Bahamian dollars)

	April 30, 2016	April 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 676	591
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	736	817
Provision for doubtful accounts	502	415
Operating income before working capital changes	1,914	1,823
Increase in accounts receivable	(1,261)	(843)
Increase in inventories	(183)	(91)
Increase in prepaid expenses and other assets	(269)	(124)
Increase in accounts payable and other liabilities	538	12
Net cash from operating activities	739	777
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,793)	(647)
Purchase of intangible assets	-	-
Net cash used in investing activities	(1,793)	(647)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholders	-	-
Net cash used in financing activities	-	-
 Increase in cash and cash equivalents	 (1,054)	 130
Cash and cash equivalents at beginning of period	5,353	4,525
 Cash and cash equivalents at end of period	 \$ 4,299	 4,655

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, 2016

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2016	9,971,634	\$ 399	\$ 12,358	\$ 14,565
Net income for the period				676
Balance at April 30, 2016	9,971,634	\$ 399	\$ 12,358	\$ 15,241

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2016

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, 2016 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$6.2 million.