

# **Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended July 31, 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 six months ended July 31, 2016.

Consolidated net profit for the six months was 1,639,894 or \$0.16 cents per share compared to \$1,208,791 or \$0.12 cents per share for the same period last year. Doctors Hospital (Bahamas) Limited's profit was \$2,292,555 compared with \$1,705,820 and Bahamas Medical Center's loss was \$(652,661) compared with \$(497,029).

Consolidated net patient revenue increased \$1,478,325 or 5.9%. Total inpatient days for the six months are up 3% primarily in the critical care areas. Second quarter patient days were up over last year by 5.8% compared to the first quarter which was up by 0.5%.

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

Joseph Krukowski  
Chairman  
August 31, 2016

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

July 31, 2016 with comparative figures at January 31, 2016

(Expressed in thousands of Bahamian dollars)

	July 31, 2016	January 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,607	5,353
Accounts receivable—patients, net (note 2)	402	933
Accounts receivable—third party payors, net (note 2)	5,953	4,842
Inventories	2,212	1,934
Other assets	1,272	1,079
	<b>15,446</b>	<b>14,141</b>
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	456	492
Property, plant and equipment	16,753	15,922
	<b>17,670</b>	<b>16,875</b>
Total assets	<b>\$ 33,116</b>	<b>31,016</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,353	3,694
Total liabilities	<b>\$ 4,353</b>	<b>3,694</b>
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 (July 31, 2016– 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	16,006	14,565
	<b>28,763</b>	<b>27,322</b>
Total liabilities and shareholders' equity	<b>\$ 33,116</b>	<b>31,016</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Three months ended July 31, 2016 with comparative figures for the three months ended July 31, 2015  
(Expressed in thousands of Bahamian dollars)

	July 31, 2016	July 31, 2015
<b>Revenues</b>		
Patient service revenue, net	\$ 13,440	12,382
Other	440	434
Total revenues	13,880	12,816
<b>Expenses</b>		
Salaries and benefits	5,933	5,572
Medical supplies	1,862	1,874
Medical services	1,662	1,558
Depreciation and amortization	659	788
Other operating	628	500
Utilities	361	442
Bad debt expense, net of recoveries	429	256
Government taxes and fees	348	283
Insurance	245	208
Outside services	291	236
Repairs and maintenance	232	206
Rent	80	91
Dietary expenses	151	142
Legal expenses	35	43
Total expenses	12,916	12,199
<b>Net income for the period</b>	\$ 964	617
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ .10	.06

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2016 with comparative figures for the six months ended July 31, 2015

(Expressed in thousands of Bahamian dollars)

	July 31, 2016	July 31, 2015
<b>Revenues</b>		
Patient service revenue, net	\$ 26,528	25,050
Other	920	870
Total revenues	27,448	25,920
<b>Expenses</b>		
Salaries and benefits	11,637	11,064
Medical supplies	3,809	3,732
Medical services	3,380	3,300
Depreciation and amortization	1,396	1,606
Other operating	1,249	1,033
Bad debt expense, net of recoveries	931	671
Utilities	658	850
Government taxes and fees	716	598
Insurance	519	459
Outside services	554	473
Repairs and maintenance	456	378
Dietary expenses	260	288
Rent	163	179
Legal expenses	80	80
Total expenses	25,808	24,711
<b>Net Loss/Income for the period</b>	<b>\$ 1,640</b>	<b>1,209</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ 0.16	0.12

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Six months ended July 31, 2016 with comparative figures for the six months ended July 31, 2015  
(Expressed in thousands of Bahamian dollars)

	July 31, 2016	July 31, 2015
<b>Cash flows from operating activities</b>		
Net income	\$ 1,640	1,209
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,396	1,606
Provision for doubtful accounts	931	671
Loss on disposal of property, plant and equipment	-	-
	3,967	3,486
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1,511)	(292)
Increase in inventories	(278)	(138)
Increase in prepaid expenses and other assets	(193)	(21)
Increase in accounts payable and other liabilities	658	581
Cash provided by operating activities	2,643	3,616
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,171)	(1,250)
Purchase of intangible assets	(19)	(24)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(2,190)	(1,274)
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(199)	-
Cash used in financing activities	(199)	-
Increase (decrease) in cash and cash equivalents	254	2,342
Cash and cash equivalents at beginning of period	5,353	4,525
Cash and cash equivalents at end of period	\$ 5,607	6,867

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, 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	-	-	-	1,640
Dividends				(199)
Balance at July 31, 2016	9,971,634	\$ 399	\$ 12,358	\$ 16,006

(Unaudited)

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

## Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2016

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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, 2016 audited consolidated financial statements.

### **2. Accounts receivable**

Accounts receivable are stated net of provisions for doubtful accounts of \$6.8 million