

Doctors Hospital Health System Limited

Interim report

Quarter ended October 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 nine months ended October 31, 2016.

Consolidated net profit of \$2,409,735 or \$0.24 cents per share compared to profit of \$1,151,902 or \$0.12 cents per share in the previous year. Doctors Hospital (Bahamas) Limited's profit was \$3,302,079 compared with a profit of \$2,002,857, and Bahamas Medical Center's loss was \$(892,345) compared with \$(850,956).

Consolidated net patient revenue increased \$2,254,022 or 6.1%. Total overall inpatient days for the nine months are up 4.1%; 16.7% in the critical care days and 6.8% in medical/surgical days.

Consolidated expenses increased \$1,004,748. Salaries increased \$686,470 and medical supplies and services increased \$205,974 and are a direct result of increased patient days.

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

Joseph Krukowski
Chairman
December 5, 2016

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

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

(Expressed in thousands of Bahamian dollars)

	October 31, 2016	January 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,679	5,353
Accounts receivable—patients, net (note 2)	696	933
Accounts receivable—third party payors, net (note 2)	5,634	4,842
Inventories	2,267	1,934
Other assets	956	1,079
	16,232	14,141
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	439	492
Property, plant and equipment (note 4)	16,703	15,922
	17,603	16,875
Total assets	\$ 33,835	31,016
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 4,302	3,694
Total liabilities	\$ 4,302	3,694
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (October 31, 2016 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2016 – 9,971,634 shares)		
	399	399
Contributed surplus	12,358	12,358
Retained earnings	16,776	14,565
	29,533	27,322
Total liabilities and shareholders' equity	\$ 33,835	31,016

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Three months ended October 31, 2016 with comparative figures for the three months ended October 31, 2015

(Expressed in thousands of Bahamian dollars)

	October 31, 2016	October 31, 2015
Revenues		
Patient service revenue, net	\$ 12,600	11,824
Other	379	420
Total revenues	12,979	12,244
Expenses		
Salaries and benefits	5,617	5,505
Medical supplies	1,885	1,836
Medical services	1,491	1,490
Depreciation and amortization	649	735
Other operating	572	575
Utilities	404	402
Bad debt expense, net of recoveries	291	437
Government taxes and fees	343	294
Insurance	244	216
Outside services	262	244
Repairs and maintenance	185	271
Rent	80	90
Dietary expenses	155	146
Legal expenses	31	60
Total expenses	12,209	12,301
Income before interest	770	(57)
Interest expense	-	-
Net income for the period	\$ 770	(57)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.08	(0.01)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2016 with comparative figures for the nine months ended October 31, 2015
(Expressed in thousands of Bahamian dollars)

	October 31, 2016	October 31, 2015
Revenues		
Patient service revenue, net	\$ 39,128	36,873
Other	1,299	1,291
Total revenues	40,427	38,164
Expenses		
Salaries and benefits	17,255	16,568
Medical supplies	5,694	5,568
Medical services	4,871	4,790
Depreciation and amortization	2,045	2,341
Other operating	1,821	1,608
Bad debt expense, net of recoveries	1,222	1,109
Utilities	1,061	1,253
Government taxes and fees	1,059	892
Insurance	763	674
Outside services	817	717
Repairs and maintenance	640	649
Dietary expenses	413	434
Rent	244	269
Legal expenses	112	140
Total expenses	38,017	37,012
Income before interest	2,410	1,152
Interest expense	-	-
Net income for the period	\$ 2,410	1,152
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.24	0.12

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Nine months ended October 31, 2016 with comparative figures for the nine months ended October 31, 2015
(Expressed in thousands of Bahamian dollars)

	October 31, 2016	October 31, 2015
Cash flows from operating activities		
Net income	\$ 2,410	1,152
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,045	2,341
Provision for doubtful accounts	1,222	1,109
Loss on disposal of property, plant and equipment	-	-
	5,677	4,602
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1,777)	(786)
Increase in inventories	(333)	(113)
Decrease (increase) in prepaid expenses and other assets	123	(116)
Increase in accounts payable and other liabilities	608	222
Cash provided by operating activities	4,298	3,809
Cash flows from investing activities		
Purchase of property, plant and equipment (note 4)	(2,697)	(1,996)
Purchase of intangible assets	(76)	(149)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(2,773)	(2,145)
Cash flows from financing activities		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(199)	(399)
Cash used in financing activities	(199)	(399)
Increase (decrease) in cash and cash equivalents	1,326	1,265
Cash and cash equivalents at beginning of period	5,353	4,525
Cash and cash equivalents at end of period	\$ 6,679	5,790

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, 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	-	-	-	2,410
Dividends paid				(199)
Balance at October 31, 2016	9,971,634	\$ 399	\$ 12,358	\$ 16,776

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Nine months ended October 31, 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 \$7.6 million.

3. Dividends Declared

The Board of Directors approved a dividend on June 9, 2016 for \$0.02 per share for a total of \$199,433 to shareholders of record June 22, 2016 and payable June 29, 2016.