



NAVIGATING COVID-19:

PLANNING, PREPARATION AND POSITIONING



2021
ANNUAL
REPORT

ABOUT DOCTORS HOSPITAL HEALTH SYSTEM



MISSION



Doctors Hospital Health System exists to provide a network of healthcare facilities which meet and exceed the healthcare needs and expectations of our patients, provides an enriching and rewarding professional work environment for our Associates and Physicians, makes a positive contribution to the advancement of healthcare in the Region, and provides increasing value to our shareholders.



VISION

Doctors Hospital Health System will be the best healthcare provider in the Region.



STRATEGIC PRIORITIES

Using the acronym G.L.O.W. (see below) and outlined in the G.L.O.W. Vision 2025 and beyond, Doctors Hospital has focused its strategic priorities to produce enhanced growth and development within the health system.

THE GLOW TENETS REPRESENT:

- G** - GROWING
- L** - LEARNING
- O** - OUTREACHING
- W** - WOW!



OUR CORE VALUES

The phrase “We Care” is more than just a slogan to us, it is an acronym for the behaviors we believe are essential to our business:

- W** - WELCOMING
- E** - EMPATHETIC
- C** - COMMITTED
- A** - ACCOUNTABLE
- R** - RESPECTFUL
- E** - EXCELLENT



OUR BRAND PROMISE

To provide a safe, high-touch, high-tech, high quality and upscale healthcare experience.



WORDS WE OWN

Trusted and Best Care Now, Isn't Your Health Worth It?

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NAVIGATING THE PANDEMIC


EARLY STAGES



In December of 2019, the Wuhan Municipal Health Commission, China, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified. Between December 2019 and March 2020 the novel coronavirus eventually identified as SARS-CoV-2 and later COVID-19, began spreading around the world ultimately culminating in being declared a pandemic on March 11th. As the pandemic arrived in The Bahamas, Emergency Orders, lockdowns, masks and social distancing became the norm.

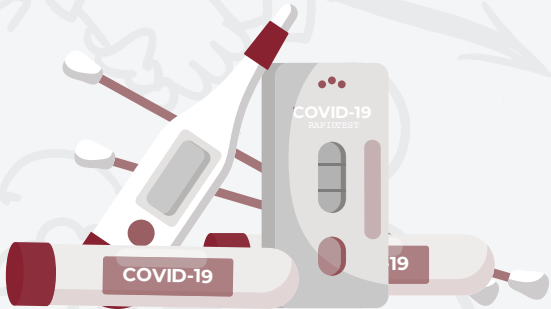
Doctors Hospital responded quickly by implementing COVID-19 protocols which included the closure of the Shirley Street entrance, placing hand and feet sanitizing stations at the main entrance, screening Associates, patients and visitors upon entry for fever and other symptoms and the temporary suspension of in-room visitors to the hospital. During this time, the hospital also began identifying opportunities to diversify its offerings as inpatient and outpatient visits declined.

DH WEST



As The Bahamas fully entered its first wave of cases, Doctors Hospital entered into a form of public-private partnership for the use of our Doctors Hospital West facility on Blake Road. This location was to be used for the accommodation and treatment of moderately to severely ill COVID-19 patients. As at January 31, 2021 Doctors Hospital West has treated 220 COVID-19 patients. This partnership continued into FYE 2022.

TESTING



As the medical community around the world learned more about the virus, testing became a critical component of managing the spread. Doctors Hospital entered this space by first offering the gold standard, confirmatory, Real-Time Reverse Transcription Polymerase Chain Reaction (RT-PCR) and eventually the Rapid Antigen (RA) test.

Throughout the remainder of FYE 2021 Doctors Hospital expanded its testing to include drive through locations at Doctors Hospital West, Town Centre Mall and Baha Mar (for guests and patrons) and a variety of other private businesses across the country. As at January 31, 2020 Doctors Hospital had administered nearly 200,000 COVID-19 tests.

Doctors Hospital continued to explore avenues for the expansion of testing and related services as it entered FYE 2022.

RE-OPENING & THE NEW NORMAL



Towards the end of summer, as the first wave of cases was coming to an end, The Government of The Bahamas began easing certain restrictions in the country leading to the re-opening of many businesses. At this time Doctors Hospital began offering screening and Rapid Antigen Testing services to business to assist in transitioning to a new normal. The most common of these services was the creation and adaptation of COVID-19 screening forms for staff, patrons, students and vendors of a variety of business, resorts and other institutions

THE ROAD AHEAD



At each turn of the COVID-19 pandemic Doctors Hospital has planned, prepared and positioned itself to thrive and to provide Trusted and Best Care. Doctors Hospital clearly remains integral in the treatment of serious and severe COVID-19 illness at our DH West facility. Our massive (>1000/day) testing initiative has led us into the hospitality industry with fixed partners like Baha Mar, Atlantis and floating partners like the cruise ships. The Health System remains committed to working as a partner with The Government of The Bahamas as evidenced by its work on the booking platform for the COVID-19 vaccine. Doctors Hospital is also poised to continue its diversification of services and plans exist to extend the Health System's footprint both in New Providence and around the country.

COVID-19 TIMELINE

31 DEC 2019

First cluster of cases identified in Wuhan

11 MAR 2020

COVID-19 declared a pandemic by the World Health Organization

15 MAR 2020

Doctors Hospital West on Blake Road is converted to a COVID-19 Treatment Center

20 MAR 2020

Prime Minister Dr. Hubert Minnis calls for the first in a series of lockdowns and national curfews to combat COVID-19.

2 APR 2020

Confirmed cases of COVID-19 top 1 million worldwide

8 JUL 2020

Doctors Hospital Seegene Nimbus device goes live to launching our RT-PCR COVID testing

13 JUL 2020

Doctors Hospital launches drive thru COVID testing at Doctors Hospital West

7 SEP 2020

Doctors Hospital Starlet PCR Device goes live to enhance and expand COVID-testing capacity

COVID-19 TIMELINE

12 OCT 2020

Doctors Hospital begins offering Rapid Antigen COVID testing

17 OCT 2020

Doctors Hospital introduces Town Centre Mall location for drive thru COVID testing.

1 NOV 2020

Doctors Hospital launches Elite Care Services at Albany inclusive of on-site COVID testing.

6 NOV 2020

Doctors Hospital begins on-site COVID testing for Baha Mar staff

14 NOV 2020

Doctors Hospital begins on-site COVID testing for Atlantis staff

2 DEC 2020

UK becomes the first country to approve the Pfizer/BioNTech COVID-19 vaccine

11 DEC 2020

Pfizer vaccine becomes first COVID-19 vaccine to receive EUA in the U.S

17 DEC 2020

Doctors Hospital begins on-site COVID testing for Baha Mar guests and resort patrons

CHAIRMAN'S REPORT



FELIX STUBBS
CHAIRMAN OF THE BOARD

2020 will stand out as a defining year in the history of Doctors Hospital. As the world battled the COVID-19 pandemic, I am grateful for being appointed to continue to lead the Board of Directors for Doctors Hospital Health System.

The early days of the COVID-19 pandemic with the threat to the safety of our healthcare workers and the tragic loss of Dr. Judson Eneas, nephrologist are unforgettable DHHS memories.

A pioneering nephrologist at Doctors Hospital, Dr. Eneas was the exemplary physician specialist. Accomplished, compassionate, caring, devoted and entrepreneurial.

He was a gentleman—developing gentlemen, and a Man of God.

Dr. Judson Frazier Eneas, May His Soul Rest in Peace.

It is impossible to look back at 2020 and not consider COVID-19. As the virus and pandemic evolved, our tremendous team at Doctors Hospital managed the multi-faceted task of surviving and thriving in the pandemic while maintaining our GLOW (Grow, Learn, Outreach, Wow) vision. I congratulate our Executive team for navigating the Health System through this and to another strong Net Profit position. Our team of Dr. Charles Diggiss (President and Chief Executive Officer, as of 26th March 2021), Mr. Charles Sealy (CEO through March 26th, 2021), Dr. Sheena Antonio-Collie (Chief Medical Officer), and Mr. Dennis Deveaux (CFO) exemplified the agility in leadership required to thrive in uncertain times. This leadership allowed the hospital to once again increase the value of investment to our shareholders. On behalf of the Board, I extend full support. We welcomed our Chief Legal Counsel, Mr. Randol Dorsett in October 2020 who

immediately brought value with a complete review of the Board of Directors Charter documents. I would also like to thank our former CEO, Mr. Charles Sealy for 22 years of dedicated service in various leadership positions in the Health System. His contributions are innumerable and we continue to wish him all the best in the next phase of his career.

I am especially proud of our entire Board of Directors who despite the challenges raised ourselves to success with the Caribbean Governance and Training Institute's Chartered Director (C. Dir) program. Another step in our President's ongoing initiative for DHHS: Becoming the 'Best' Board of Directors.

Due to the pandemic the Health System saw decreases in non-COVID inpatient and outpatient activity across the board. Despite these decreases, the explosion in the COVID-19 testing space and our severe and serious COVID-19 treatment services at DH West not only covered but bolstered our revenues to far surpass those of FYE 2020. In this regard we recognize the efforts of all those involved in this process including but not limited to Dennis Deveaux, Ramon Gibson, Sherzel Smith, Harriet Lundy, Marisa Ginton and the entire team of specimen collectors across the Health System. Within the hospital environment our team of clinical staff, physicians, non-clinical and administrative Associates continued to ensure the best quality and safest care for our patients. We recognize that our patients, their families and loved ones are all our customers and we remain honored to provide care for them.

Doctors Hospital's Elite Care @ Albany launched in October 2020 and featured a 24/7 EMT Ambulance Services together with a Clinic Service within that community. A robust Covid-19 testing service was also launched.

We commend Dr. James Iferenta our Vice President Medical Affairs and the team of physicians and nurse providers who meet the urgent and primary care needs of the Albany Community at this clinic facility.

Pursuing our President and CEO's mandate to 'create capacity' we obtained a consultant's (Nelson) evaluation of our main facility DHE in September 2020 and thereafter put in motion a schedule of repair, renovation and change-outs which will see this facility and the health system revise to single rooms with a sixty (60) in-patient capacity.

CHAIRMAN'S REPORT

Doctors Hospital West (DHW) building (A) and (B) was developed to accommodate up to thirty three (33) patients. Doctors Hospital Harbourside (DHH) is being developed for thirty (30) in-patients downstairs at the completion of Phase I.

By the end of fiscal 2022 DHHS will have developed itself into a 123 in-patient capacity organization.

Despite the impact of COVID-19, the Health System made great strides towards its goals of physical expansion and making the hospital more accessible. To this end we were able to launch a new facility at Centreville Medical Centre(CMC) offering PrimeCare, Specialist Clinic, the newly launched Bariatric Clinic and more services to come (including ambulatory surgery). PrimeCare continues to evolve under the leadership of Dr. Juana Rodgers and her team and we are proud of their efforts in this space.

In FYE 2021, we also saw the expanded rollout out of the Doctors Hospital Loyalty Advantage Membership Program (LAMP). This included the creation of a dedicated space at the former volunteer desk and team leadership in Rashann Symonette. As we find our footing in this new normal LAMP will remain a keen area of interest for further development as it opens the door for patients who previously thought the Health System to be inaccessible and unaffordable.

Any great organization is nothing without its human resources. This past year our President and CEO launched Cohort I of the 'GLOW-Journey to Best'. This initiative re-ignites the excitement, energy and enthusiasm of our Associates, reminding them of our WE CARE core values and launching them back into the environment to resonate this message to other Associates, patients, visitors and everyone in the hospital environment. Led by a multi-departmental team including HR, MIS, Marketing and consultant Candice Turnquest the curriculum's lead faculty are our President and CEO and, HR Manager, Annette Cash. This initiative has already shown tremendous results and has helped identify GLOW Champions through the Health System. The 'GLOW Journey to Best' series builds upon our new DHHS priority of "Associates First": then our Associates will keep our customers and our patients first.

In the education space, our Organizational Learning Department prepared itself for the transition into the Institute of Learning (IOL). Again led by our President and CEO the Institute offers a spectrum of clinical,



non-clinical and management training and credentialing programs.

In any other year the examination of Doctors Hospital's work would be incomplete without a mention of its community-minded efforts. In FYE 2021, this is especially true. Despite the suspension of many of the standard fundraising events we maintained our contributions to organizations such as The Cancer Society of The Bahamas, The AIDS Foundation, The Bahamas Heart Association and others. Likewise the Bridge to the Future program continued despite the need to shift to a wholly virtual experience. This program continues our goal to expose high school students to the expansive list of career opportunities in healthcare.

We were especially proud via Director Elma Garraway to invest \$45,000 in procuring e-learning devices for public school students. This presentation was deeply appreciated by the Minister of Education, Hon. Jeffrey Lloyd in December 2020.

I want to thank the entire Doctors Hospital Health System team for their tireless efforts in continuing to maintain the standard of excellence in service and care of our patients particularly in unprecedented times. Our Executive Team, managers, Physicians and Associates are to be commended for ensuring that we hit the mark of consistently offering Trusted and Best Care Now.

All of our indicators of value: revenue, net profits, share price and dividend payments continue to increase thanks to the effectiveness of our management and leadership teams.

On behalf of the board, I also want to thank you, our shareholders, for the opportunity to continue to lead such a dynamic and strong institution and team.

Sincerely

**FELIX
STUBBS**

CHAIRMAN OF THE BOARD

Doctors Hospital Health System Limited

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

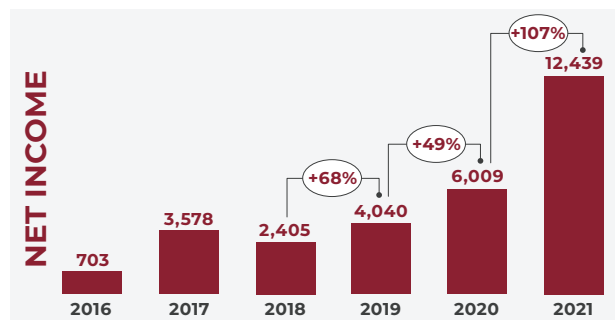
DIGEST OF FINANCIAL RESULTS FOR THE 12-MONTH PERIOD ENDING JANUARY 31, 2021

1. CONTEXT FOR FISCAL RESPONSE TO A GLOBAL CRISIS

Health systems globally sought to confront the challenge of responding to the SARS-2-COV (“COVID 19”) pandemic, which invariably also tested Doctors Hospital Health System’s (“DHHS” or “Doctors Hospital”) fiscal resiliency in the period concluded January 31, 2021 (“FYE 2021”). In April 2020, the month immediately following the World Health Organization’s formal declaration of COVID-19 as a pandemic, revenues declined by (44.2%) and were \$3,495,617, compared to \$6,268,119 the month prior. Reduced emergency room visits, outpatient services and non-emergency and elective procedures were core drivers of the sharp decline in revenues. The daily patient census which hovered around forty-five (45) admitted patients on a pre COVID-19 basis fell sharply to twenty (20) in the immediate aftermath of the onset of COVID-19.

For the month of April 2020, Doctors Hospital generated a consolidated loss, and thru the end of the three months ending April 2020 (“FYE 2021 Q1”), a sobering year-over-year decline in net income of (\$351,917) or (16.4%) on flat/to slightly declining revenues was reported. Management further contemplated that up to 30% future trade receivable balances from this new lower baseline of revenue could be from self-pay patients, posing future collection challenges and stressing working capital.

Figures in Thousands (Rounded)



2. KEY STRATEGIES AND RESULTING FISCAL PERFORMANCE

From a fiscal perspective, the response to COVID-19 involved a few core strategies, anchored with a focus on

fiscal resiliency and post crisis readiness and positioning for future growth.

1. Ensuring associates were protected and had a basic sense of economic security - Given the safety concerns and initial uncertainty around COVID-19 early on, Management’s immediate priority was to secure dedicated supply of personal protective equipment (“PPEs”) to ensure that front-line workers could safely engage suspected and confirmed COVID-19 patients. This involved establishing new supply chain lines in Canada and Southeast Asia and committing to up to sixty (60) days of inventory given the risk of shortages.

Beyond sureties around critical PPE supply, Management unveiled a COVID-19 workforce strategy. Firstly, for a period of three (3) months, full-time workforce levels were held. Secondly, for the same period, all full-time associates were guaranteed forty (40) hours of pay regardless of activity to provide a core sense of economic security considering broader macroeconomic calamities which were unfolding. Finally, hazard premiums and “hero bonuses” were paid to those involved with COVID-19 care, funded from voluntary management/executive salary deferrals of up to 30% and was voluntarily adopted by all eligible leaders.

Notwithstanding the fiscal challenges confronted in the year, Doctors Hospital ratified its profit sharing program in FYE 2021, recognizing the program’s importance of allowing associates to directly and tangibly participate in the Hospital’s financial success. In FYE 2021, Doctors Hospital paid 195.11 hours in profit sharing to every eligible full-time associate.

2. Mobilizing resources to fight COVID-19 - The spectrum of COVID-19 clinical response would clearly involve testing/detection to reduce transmission rates, and the treatment for those who once infected became critically ill.

Matching these needs, Doctors Hospital (Bahamas) Limited augmented its molecular biology laboratory to deliver critically needed RT-PCR and Rapid Antigen (“Ra”) COVID-19 testing capacity, on investments in excess of \$750,000 in capital equipment and laboratory renovations. Accordingly, in FYE 2021, COVID-19 testing revenues at Doctors Hospital (Bahamas) Limited were \$7,746,936, associated with the completion of 37,778 RT-PCR and 65,954 Ra tests, the overwhelming majority of which were performed on an outpatient basis and in support of large corporate clients as part of their

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

safe return to work strategies. Despite a COVID-19 related decline in outpatient services, emergency room visits, and elective procedures in the first quarter of FYE 2021, where revenues and inpatient days declined sharply, the profit structure of Doctors Hospital (Bahamas) Limited recovered robustly toward the end of FYE 2021. Net income for Doctors Hospital Bahamas Limited was \$6,858,075 for FYE 2021, a year over year (“YoY”) increase compared to FYE 2020 of \$344,144 or 5.3%.

Acting in concert with guidance from The Government of The Bahamas, Doctors Hospital converted its facility on Blake Road (“Doctors Hospital West” or “DHW”) to the National Centre for those critically ill with COVID-19. This process resulted in the expansion in capacity at DHW from eight (8) beds to thirty-one (31) beds, as well as the conversion of the six (6) outpatient dialysis centre to a COVID-19 dedicated unit. The facility was also outfitted in whole for telehealth enabled consultations and family visits. As a result of these strategic changes, Doctors Hospital West generated net income of \$5,580,795 in FYE 2021, compared to a net loss (\$504,245) in the prior year. Inpatient admissions at Doctors Hospital West for COVID-19 care were associated with \$7,731,733 in revenues in FYE 2021.

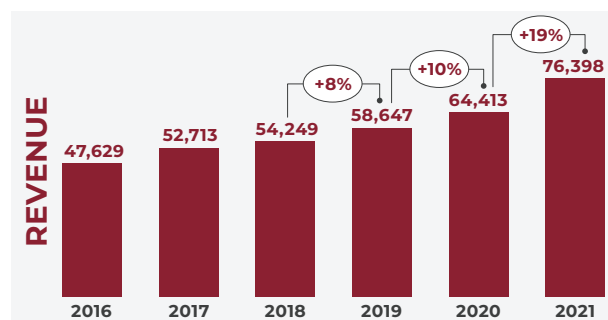
3. Expense management - Based on a reduction in inpatient days, Management reduced operating expenses not tied to patient care by as much as 46 percent in the months following the onset of COVID-19. Further actions were taken to re-size headcount levels, and 43 full-time / non-contract associates were idle pending opportunities for contract work, triggering severance expense.

Total expenses for the year were \$67,377,043 vs. \$60,740,078 in the prior year, an increase of \$6,636,965 or 10.9%. The key drivers of higher overall expenses were salaries and benefits (“staffing costs”) which were \$30,670,318 in FYE 2021 compared to \$27,327,365 in FYE 2020, an increase of \$3,342,953 or 12.2% YoY. Key drivers were:

- Profit sharing for associates involved an accrual of \$1,285,563 in FYE 2021 compared to \$619,555 in FYE 2020, an increase of \$666,008, approximately matching the growth rate of earnings;
- Staffing cost for COVID-19 testing were \$628,241, an expense which did not exist in FYE 2020, considering employment in the molecular lab at its peak rose 130+ contracted associates

- Expenses associate with COVID-19 restructuring and related actions concluded in FYE 2021 were \$771,057.

Net Patient Services Revenues - Figures in Thousands (Rounded)



3. POISED FOR GROWTH

Considering the above strategies, net patient services revenues increased in FYE 2021 by \$11,985,005 or 18.6% compared to the prior year and were \$76,398,365. Consolidated net profit totaled \$12,438,870 or \$1.25 per share for the year compared to a profit of \$6,009,685 or \$0.60 per share the year before. Net income grew year over year (“YoY”) by approximately 107% and reflects the third consecutive year of record financial performance. Organic revenues (not related to COVID-19) in the final two months of FYE 2021, averaged \$6,708,113, a noteworthy marker considering pre COVID-19 monthly revenues were \$6,372,825 (March 2020), an uptick vs. the comparison period of 5.3%.

Dividends in the year were paid in accordance with expectations. Cash and cash equivalents remained stable and stood at \$6,517,292 at period end. In addition to available cash and cash equivalents, investments were \$6,486,758. The group also maintained an overdraft facility in the amount of \$5,000,000. The facility at period end was undrawn. Further, no new borrowings were undertaken or judged necessary in FYE 2021.

New organic growth initiatives in FYE 2021 involved the establishment of an outpatient clinic at Centerville Medical Centre, and yet another in partnership with Albany Resort Operators Limited, indicating Management’s strategic resolve to make future investments in healthcare delivery in The Bahamas.

With future growth plans firmly on the horizon, the fiscal position of the company at January 31, 2021 remained strong.



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Doctors Hospital Health System Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Doctors Hospital Health System Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at January 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at January 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Expected credit losses on trade receivables	<p>At January 31, 2021, the Group has trade receivables of \$23,635,275 against which an expected credit loss (“ECL”) of \$3,605,760 was recorded (refer to Note 8 to the consolidated financial statements).</p> <p>The determination of ECL is considered to be a significant matter as it requires the application of judgment and use of subjective assumptions by management based on historical loss data adjusted for forward-looking information.</p>	<p>We reviewed the Group’s methodology for determining its ECL for trade receivables. We also tested the design and implementation of the controls surrounding the ECL provisioning process. We analyzed the key assumptions used in management’s analysis including historical loss data and forward-looking information and tested the data for accuracy and completeness. We recalculated the ECL using management’s methodology and performed a sensitivity analysis on management’s loss rate to identify the impact that a change in the rate would have on the expected credit loss and to assist in the determination of assumptions that require more attention.</p>
Recognition of Patient Service Revenue	<p>For the year ended January 31, 2021, the Group continues to recognize revenue in line with IFRS 15 Revenue from Contracts with Customers and its five-step model approach to revenue recognition. In determining whether a contract exists with patients, management assesses whether any classes of customers do not have the ability and intent to pay consideration when due, and this forms part of the revenue recognition criteria. This assessment requires significant judgment on the inclusion of certain classes of customers, based on patient demographics and historical payment patterns.</p>	<p>We assessed the reasonableness of management’s determination of classes of customers and individual customers. We reviewed information supporting the customers’ demographics, payment history, and other relevant factors to determine if a contract exists with the patients in the context of IFRS 15. We reviewed the historical bad debt write offs in order to identify whether any changes were necessary to the classes of patients whose revenue should not be recognized under the Group’s standard recognition model.</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is S. Tshombe Godet.



Nassau, Bahamas

May 31, 2021

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 7)	\$ 6,517,292	\$ 7,915,218
Trade receivable - patients, net (Note 8)	4,628,991	1,192,419
Trade receivable - third-party payors, net (Note 8)	15,400,525	8,060,440
Inventories (Note 9)	4,407,049	2,412,460
Other assets (Note 10)	4,437,253	2,249,504
Total current assets	<u>35,391,110</u>	<u>21,830,041</u>
NON-CURRENT ASSETS:		
Investments (Note 11)	6,486,758	5,226,758
Goodwill (Note 12)	430,902	430,902
Other intangible assets (Note 13)	234,281	289,750
Property and equipment (Note 14)	23,582,398	23,300,670
Right of use assets (Note 15)	1,701,177	2,101,183
Total non-current assets	<u>32,435,515</u>	<u>31,349,263</u>
TOTAL ASSETS	<u>\$ 67,826,626</u>	<u>\$ 53,179,304</u>

(Continued)

See notes to consolidated financial statements.

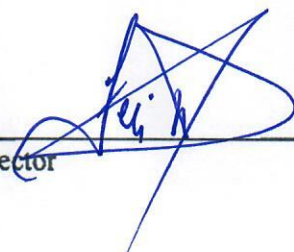
DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JANUARY 31, 2021***(Expressed in Bahamian dollars)*

	2021	2020
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and other liabilities (Notes 16 and 21)	\$ 9,670,385	\$ 6,267,269
Current portion of lease liabilities (Note 15)	322,148	360,935
Current portion of long-term debt (Note 17)	<u>226,749</u>	<u>213,927</u>
Total current liabilities	<u>10,219,282</u>	<u>6,842,131</u>
NON-CURRENT LIABILITIES:		
Lease liabilities (Note 15)	1,521,778	2,064,863
Long-term debt (Note 17)	<u>3,442,444</u>	<u>3,669,193</u>
Total non-current liabilities	<u>4,964,222</u>	<u>5,734,056</u>
TOTAL LIABILITIES	<u>15,183,504</u>	<u>12,576,187</u>
EQUITY		
Share capital:		
Authorized 12,500,000 common shares at par value of \$0.04 (2020: 12,500,000); issued and fully paid 9,971,634 (2020: 9,971,634)	398,865	398,865
Contributed surplus	12,358,030	12,358,030
Retained earnings	<u>39,886,227</u>	<u>27,846,222</u>
Total equity	<u>52,643,122</u>	<u>40,603,117</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 67,826,626</u>	<u>\$ 53,179,304</u>

(Concluded)

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on May 28, 2021, and are signed on its behalf by:



 Director



 Director

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JANUARY 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
REVENUE:		
Patient services revenue, net	\$ 76,398,365	\$ 64,413,360
Other revenue, net	<u>3,417,548</u>	<u>2,336,403</u>
Total revenue	<u>79,815,913</u>	<u>66,749,763</u>
EXPENSES:		
Salaries and benefits (Notes 18, 21 and 22)	30,670,318	27,327,365
Medical supplies (Note 9)	11,134,056	8,396,924
Medical services (Note 21)	7,103,308	8,316,898
Other operating expenses	2,969,459	3,054,356
Depreciation and amortization (Notes 13, 14 and 15)	3,290,467	3,505,469
Utilities	1,642,239	1,752,953
Government taxes and fees (Note 19)	1,861,761	1,767,708
Outside services	1,909,848	1,666,813
Repairs and maintenance	1,095,837	985,143
Insurance	870,523	916,693
Dietary expenses	559,397	702,104
Loss allowance (Note 8)	3,598,344	1,843,197
Rent	92,122	11,534
Interest expense	270,547	323,168
Loss on disposal of property and equipment	15,657	23,655
Legal expenses	<u>293,160</u>	<u>146,098</u>
Total expenses	<u>67,377,043</u>	<u>60,740,078</u>
PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 12,438,870</u>	<u>\$ 6,009,685</u>
EARNINGS PER SHARE (Note 23):		
Basic and fully diluted	<u>\$ 1.25</u>	<u>\$ 0.60</u>

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JANUARY 31, 2021***(Expressed in Bahamian dollars)*

	<u>Number of shares</u>	<u>Share capital</u>	<u>Contributed surplus</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 31, 2019	9,971,634	\$ 398,865	\$ 12,358,030	\$ 22,634,268	\$ 35,391,163
Total comprehensive income	-	-	-	6,009,685	6,009,685
Dividends paid					
(\$0.08 per share (Note 20))	-	-	-	(797,731)	(797,731)
Balance at January 31, 2020	9,971,634	398,865	12,358,030	27,846,222	40,603,117
Total comprehensive income	-	-	-	12,438,870	12,438,870
Dividends paid					
(\$0.04 per share (Note 20))	-	-	-	(398,865)	(398,865)
Balance at January 31, 2021	<u>9,971,634</u>	<u>\$ 398,865</u>	<u>\$ 12,358,030</u>	<u>\$ 39,886,227</u>	<u>\$ 52,643,122</u>

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 31, 2021*(Expressed in Bahamian dollars)*

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	\$ 12,438,870	\$ 6,009,685
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest expense	270,547	323,168
Loss on disposal of property and equipment	15,657	23,655
Loss allowance (Note 8)	3,598,344	1,843,197
Depreciation and amortization (Notes 13, 14 and 15)	<u>3,290,467</u>	<u>3,505,469</u>
Operating income before working capital changes	19,613,885	11,705,174
Increase in trade receivable	(14,375,002)	(3,478,971)
Increase in inventories	(1,994,589)	(187,431)
(Increase) decrease in other assets	(1,947,749)	216,217
Increase in accounts payable and other liabilities	<u>3,403,116</u>	<u>1,627,846</u>
Net cash from operating activities	<u>4,699,661</u>	<u>9,882,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment (Note 14)	(3,145,624)	(2,816,055)
Proceeds from the sale of property and equipment	-	56,720
Purchase of intangible assets (Note 13)	(35,723)	(57,432)
Purchase of investments (Note 11)	<u>(1,500,000)</u>	<u>(2,809,670)</u>
Net cash used in investing activities	<u>(4,681,347)</u>	<u>(5,626,437)</u>

(Continued)

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JANUARY 31, 2021

(Expressed in Bahamian dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayment of long-term debt (Note 17)	\$ (213,927)	\$ (205,162)
Interest paid	(185,336)	(195,113)
Payment of lease liabilities (Note 15)	(618,112)	(471,764)
Dividends paid to shareholders (Note 20)	<u>(398,865)</u>	<u>(797,731)</u>
Net cash used in financing activities	<u>(1,416,240)</u>	<u>(1,669,770)</u>
 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(1,397,926)	2,586,628
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>7,915,218</u>	<u>5,328,590</u>
END OF YEAR (Note 7)	<u>\$ 6,517,292</u>	<u>\$ 7,915,218</u>
 SUPPLEMENTAL INFORMATION:		
Interest received	<u>\$ 166,095</u>	<u>\$ 116,253</u>
 NON-CASH TRANSACTION:		
Reclass from investments to other assets	<u>\$ 240,000</u>	<u>\$ -</u>

(Concluded)

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED JANUARY 31, 2021

(Expressed in Bahamian dollars)

1. GENERAL

Doctors Hospital Health System Limited (“DHHS” or the “Group”) was incorporated under the laws of the Commonwealth of The Bahamas on July 1, 1986. Shares of the Group are publicly traded and listed on the Bahamas International Securities Exchange. The Group provides a broad range of healthcare services. The consolidated financial statements for the year ended January 31, 2021 comprise the Group and its subsidiaries as described in Note 6.

These consolidated financial statements are presented in Bahamian Dollars and are rounded to the nearest dollar.

The Group’s registered office is located at Sassoon House, Shirley Street and Victoria Avenue, Nassau, Bahamas.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current fiscal year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which were effective for annual reporting periods beginning on or after February 1, 2020. The adoption of these Standards and Interpretations has not led to any significant impact in the Group’s accounting policies, operations or financial statements.

a. Standards and Interpretations effective but not affecting the reported results or financial position

Impact of the initial application of Covid-19 Related Rent Concessions – Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- 1) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- 2) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
- 3) There is no substantive change to other terms and conditions of the lease.

The Group has not received nor given any rent concessions during the year ended January 31, 2021.

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Amendments to IFRS 9, IAS 39 and IFRS 7 In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

Amendments to References to the Conceptual Framework in IFRS Standards The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

Amendments to IAS 1 and IAS 8 - Definition of material

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

b. New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and amended Standards		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts - New standard	January 1, 2023
IFRS 10 and IAS 28	IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	(*)
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020		January 1, 2022

(*) The IASB decided in September 2014 to defer the effective date indefinitely; nevertheless, the amendments are available for earlier adoption.

At this time, management has not yet performed a comprehensive assessment but does not anticipate that the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. **Statement of compliance** - The consolidated financial statements of DHHS have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).
- b. **Basis of preparation** - The consolidated financial statements have been prepared on a historical cost basis except for financial assets and liabilities.
- c. **Basis of consolidation** - These consolidated financial statements incorporate the financial statements of the Parent Company, DHHS, and entities controlled by it which comprise: Doctors Hospital (Bahamas) Limited (“DHB”), Doctors Hospital (East) Limited (“DHE”), Doctors Hospital (West) Limited (“DHW”), Bahamas Medical Center Limited (“BMC”) and Doctors Hospital (Harbourside) Limited (“DHH”). The Company and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

The management accounts of the subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies. All intra-group transactions, balances, income and expenses and unrealised income and expense arising from inter-group transactions are eliminated in full upon consolidation.

- d. **Cash and cash equivalents** - Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.
- e. **Foreign currency translation** - These consolidated financial statements are measured using the currency of the primary economic environment in which the Group’s operates. The consolidated financial statements are presented in Bahamian dollars, which is the Group’s functional and presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

translated at the rates prevailing at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and carried at historical cost are translated at the rate prevailing at the date of the transaction.

- f. Financial instruments* - Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income or at amortised cost. Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Group determines the classification of its financial assets on initial recognition and reclassification of financial assets is only allowed if the Group changes its business model for managing financial assets. No reclassification of financial liabilities is allowed.

A financial asset is classified as at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Financial assets classified at amortised cost are carried at the amount at which the asset was measured upon initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any premium or discount, and minus any write-down for impairment or uncollectibility.

A financial asset is classified as at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristic of the asset. The three measurement categories are as noted above.

After initial recognition financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

- g. *Impairment of financial assets*** - The Group recognises loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost and measures impairment losses at amount equal to lifetime ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In determining whether a significant increase in credit risk has occurred since initial recognition, and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and forward-looking information.

The Group assesses at each reporting date whether any financial asset may be credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data: (1) significant financial difficulty of the debtor; (2) a breach of contract such as a default; (3) the restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider; or (4) it is probable that the debtor will enter bankruptcy or other financial reorganization. Impairment losses for financial assets measured at amortised cost are deducted from the gross carrying amount of assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group makes individual assessments with respect to the timing and amount of a write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

- h. *Inventories*** - Inventories consist of pharmaceutical and medical supplies. Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition (including freight and duty) are accounted for on a first-in-first-out basis. Net realisable value is the estimated selling price less cost to sell in the ordinary course of business.

- i. Goodwill* - Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment is assessed as indicated under impairment of non-financial assets.
- j. Intangible assets* - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Impairment is assessed as indicated under impairment of non-financial assets.

Intangible assets represent the core computer software application in the Group's healthcare information system and other related applications and are amortised using the straight-line method over a period of three to seven years.

- k. Property and equipment* - Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is stated at cost less accumulated impairment losses. Such cost includes the cost of replacing part of the fixed asset when that cost is incurred, if the recognition criteria are met.

Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied and the replaced asset is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Buildings	20 - 40 years
Leasehold improvements	3 - 10 years
Furniture and equipment	3 - 10 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

- l. Impairment of non-financial assets* - The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods. The Group performed its annual impairment test of goodwill as at January 31, 2021.

m. Leases – At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into on or after February 1, 2019.

a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use (“ROU”) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, the ROU asset is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the ROU asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Group has elected not to recognise ROU assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

b) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of other revenue, net in the consolidated

- n. Revenue recognition** - Net patient service revenue is recognised when healthcare services are delivered at established billing rates less any estimated variable consideration, which may be explicit or implicit as defined under IFRS 15, and adjusted for allowances for contractual discounts.

The delivery of care for each patient and medical episode is considered unique. There are many variables that are factored into the delivery of care as driven by clinicians in the healthcare environment i.e. diagnosis, co-morbidities, gender, blood type, disease stage, prognosis etc. Therefore, multiple treatments and/or interventions may be required and are administered during a single medical episode. As care is delivered, the items related to the delivery of care are considered fulfilled, and revenue is recognised day by day, as services are provided to patients for each medical episode.

- o. Other revenue** - Other income comprises of dividend income from investments which is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably), interest income which is recognised on an accrual basis, revenue recognised from leases is described in note 3(m), and income earned through agreements with third party contracted physicians.
- p. Pension benefits** - The Group has a defined contribution pension plan. Contributions under the plan are recorded as expense in the consolidated statement of profit or loss and other comprehensive income. The Group recognises a liability for their portion and employee contributions withheld which are unpaid at the reporting date. There are no further obligations beyond the contribution.
- q. Earnings per share** - Basic earnings and fully diluted earnings per common share are computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.
- r. Income taxes** - There are no income taxes imposed on the Group by the Commonwealth of The Bahamas.
- s. Value Added Tax (VAT)** - On January 1, 2015, the Government of The Bahamas implemented Value Added Tax (VAT). Output VAT relates to sales of goods and services is payable to the Government upon its delivery to customers. Input VAT on goods and services purchased is generally recoverable against output VAT. VAT related to sales / purchases and services provision / receipt which are outstanding at the consolidated statement of financial position date is recognised in the consolidated statement of financial position on a net basis and disclosed within current liabilities.
- t. Provisions** - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The estimate is based on the quantum as assessed by Management, based in part on internal and external legal advice, and considering if any other co-defendants are likely to be partially liable in a claim and the likely split between the Group and co-defendants.

Details of claims are not separately disclosed where sensitive in nature or where such disclosure may impact negotiations.

and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the consolidated financial statements. They are not disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be recovered, the recovery shall be recognised when, and only when, it is virtually certain that it will be received if the Group settles the obligation. Recoveries arising from a liability claim are recognised as a receivable.

A contingent asset arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

- v. ***Investment in associates and joint ventures*** – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group recognises investment in associated companies using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. The Group does not have any investments in associates or joint ventures.

- w. ***Events after the reporting date*** - Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Significant accounting judgments and estimates - The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities, income and expenses and disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments:

The following are the critical judgments, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

a. Revenue recognition

As part of the COVID-19 response, the Group agreed to assist the Government of The Bahamas ("Government") to provide accommodations to patients with COVID. Although there is no written contract, there is an agreement between the Group and the Government that the Government would reimburse certain costs. The Group has assessed the requirements for recognition of revenue under IFRS 15 and determined that the criteria to recognize revenue to the COVID-19 response has been met.

Estimates:

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. Revenue recognition

Revenue earned by third party contracted physicians is recognised in the consolidated financial statements. For accounting purposes in accordance with IFRS 15, the Group is classified as a principal, as it assumes the credit risk relative to trade receivable due from self-pay patients and third-party payors, which is recognised consistent with IFRS 9.

Under IFRS 15, the Group is required to assess where it is probable that it would collect the consideration to which it is entitled under the exchange, among other factors which would evidence the existence of a contract. Management primarily analysed collectability for self-pay patients, which comprise approximately 23% of net patient services revenue. Management then considered various patient demographic factors in its assessment of collectability, principally the age of the patient and nature of service rendered (critical vs. non-critical and outpatient care), and the country of origin (local vs. non-local) of the patient. Where a contract was not judged to exist, revenue was not recorded.

b. Contractual discounts

Estimates of contractual allowances are based upon the payment terms specified in the related contractual agreements. The estimated reimbursement amounts are subject to adjustment in subsequent periods as final settlements are determined based on detailed review of bills submitted for payment. Variable consideration, both explicit and implicit are considered in accordance with IFRS 15.

c. Provision for doubtful accounts

IFRS 9 replaced IAS 39 requiring the Group to provision for doubtful accounts using an expected credit loss (“ECL”) model, which no longer necessitates that a credit event occur before credit losses are recognised. The development of an ECL model requires that management apply judgement based on past experience especially for aged receivables and assumptions and estimations in the assessment of credit risk, which include the use of historical data on loss experience for self-pay patients and insurance patients, as well as a forecast of future economic conditions.

The Group assessed ECL for insurance patients, which account for approximately 77% of its revenue, and self-pay patients, separately. The assessment is based on three (3) years historical loss rates for each patient class, considering actual bad debt (credit) experience. Based on Management judgement and historical experience, any accounts with receivable balances aged greater than 365 days are fully provisioned.

d. Contingencies

The Group is currently a defendant in a number of cases involving claims and disputes mainly related to medical practice. The Group’s estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling defense in these matters and is based upon an analysis of potential results.

Management and its legal counsel believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group’s consolidated financial position and financial performance as stated. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

5. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management purposes, the Group is organized into units based on operating facility and has two reportable operating segments which are Doctors Hospital (Bahamas) Limited (“DHB”) and Bahamas Medical Center Limited. For management accounting purposes, included along with the activity of DHB are Doctors Hospital Health System (“DHHS”), Doctors Hospital (East) Limited (“DHE”) and Doctors Hospital (Harbourside) Limited (“DHH”). Doctors Hospital (West) Limited (“DHW”) and Bahamas Medical Center Limited (“BMC”) are included in the operating segment of BMC for management accounting purposes.

	2021			
	Doctors Hospital (Bahamas) Limited	Bahamas Medical Center Limited	Unallocated	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 6,484,315	\$ 32,977	\$ -	\$ 6,517,292
Accounts receivable, net	18,879,142	1,150,374	-	\$ 20,029,516
Inventories	4,369,980	37,069	-	\$ 4,407,049
Other assets	3,708,939	728,314	-	\$ 4,437,253
Total current assets	<u>33,442,376</u>	<u>1,948,734</u>	-	<u>35,391,110</u>
NON-CURRENT ASSETS:				
Investments	6,486,758	-	-	6,486,758
Goodwill, net	430,902	-	-	430,902
Other intangible assets	234,281	-	-	234,281
Property and equipment	19,396,853	4,185,545	-	23,582,398
Right of use assets	1,701,177	-	-	1,701,177
Total non-current assets	<u>28,249,971</u>	<u>4,185,545</u>	-	<u>32,435,516</u>
TOTAL ASSETS	<u>\$ 61,692,347</u>	<u>\$ 6,134,279</u>	<u>\$ -</u>	<u>\$ 67,826,626</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and other liabilities	\$ 9,581,845	\$ 88,540	\$ -	\$ 9,670,385
Current portion of lease liabilities	322,148	-	-	322,148
Current portion of long-term debt	226,749	-	-	226,749
Total current liabilities	<u>10,130,742</u>	<u>88,540</u>	-	<u>10,219,282</u>
NON-CURRENT LIABILITY:				
Lease liabilities	1,521,778	-	-	1,521,778
Long-term debt	3,442,444	-	-	3,442,444
TOTAL LIABILITIES	<u>\$ 15,094,964</u>	<u>\$ 88,540</u>	<u>\$ -</u>	<u>\$ 15,183,504</u>

	2020			
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	<u>Unallocated</u>	<u>Consolidated</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 7,689,476	\$ 225,742	\$ -	\$ 7,915,218
Accounts receivable, net	9,028,292	224,567	-	9,252,859
Inventories	2,381,437	31,023	-	2,412,460
Other assets	1,961,060	288,444	-	2,249,504
Total current assets	<u>21,060,265</u>	<u>769,776</u>	-	<u>21,830,041</u>
NON-CURRENT ASSETS:				
Investments	5,226,758	-	-	5,226,758
Goodwill, net	430,902	-	-	430,902
Other intangible assets	289,750	-	-	289,750
Property and equipment	19,414,944	3,885,726	-	23,300,670
Right of use assets	2,101,183	-	-	2,101,183
Total non-current assets	<u>27,463,537</u>	<u>3,885,726</u>	-	<u>31,349,263</u>
TOTAL ASSETS	<u>\$ 48,523,802</u>	<u>\$ 4,655,502</u>	<u>\$ -</u>	<u>\$ 53,179,304</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and other liabilities	\$ 6,161,813	\$ 105,456	\$ -	\$ 6,267,269
Current portion of lease liabilities	360,935	-	-	360,935
Current portion of long-term debt	213,927	-	-	213,927
Total current liabilities	<u>6,736,675</u>	<u>105,456</u>	-	<u>6,842,131</u>
NON-CURRENT LIABILITY:				
Lease liabilities	2,064,863	-	-	2,064,863
Long-term debt	3,669,193	-	-	3,669,193
TOTAL LIABILITIES	<u>\$ 12,470,731</u>	<u>\$ 105,456</u>	<u>\$ -</u>	<u>\$ 12,576,187</u>

(Continued)

	2021		
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	<u>Consolidated</u>
Patient services revenue, net	\$ 67,420,512	\$ 8,977,853	\$ 76,398,365
Salaries	28,951,598	1,718,720	30,670,318
Medical supplies	10,653,132	480,924	11,134,056
Medical services	6,937,545	165,763	7,103,308
Other operating expenses	2,831,074	138,385	2,969,459
Depreciation and amortisation	2,993,829	296,638	3,290,467
Utilities	1,369,887	272,352	1,642,239
Government taxes and fees	1,724,007	137,754	1,861,761
Outside services	1,704,510	205,338	1,909,848
Repairs and maintenance	864,095	231,742	1,095,837
Insurance	870,523	-	870,523
Dietary expenses	555,515	3,882	559,397
Loss allowance, net of recoveries	3,561,392	36,952	3,598,344
Rent	92,122	-	92,122
Interest expense	270,547	-	270,547
Loss on disposal of property and equipment	15,657	-	15,657
Legal expenses	290,623	2,537	293,160
Total expenses	<u>63,686,056</u>	<u>3,690,987</u>	<u>67,377,043</u>
Segment profit	3,734,456	5,286,866	9,021,322
Other revenue	<u>3,123,619</u>	<u>293,929</u>	<u>3,417,548</u>
Net income	<u>\$ 6,858,075</u>	<u>\$ 5,580,795</u>	<u>\$ 12,438,870</u>

(Continued)

	2020		
	Doctors Hospital (Bahamas) <u>Limited</u>	Bahamas Medical Center <u>Limited</u>	<u>Consolidated</u>
Patient services revenue, net	\$ 62,886,578	\$ 1,526,782	\$ 64,413,360
Salaries	26,601,009	726,356	27,327,365
Medical supplies	8,053,278	343,646	8,396,924
Medical services	8,114,669	202,228	8,316,897
Other operating expenses	3,017,873	36,483	3,054,356
Depreciation and amortisation	3,163,075	342,394	3,505,469
Utilities	1,539,115	213,838	1,752,953
Government taxes and fees	1,640,117	127,591	1,767,708
Outside services	1,540,259	126,554	1,666,813
Repairs and maintenance	873,320	111,823	985,143
Insurance	916,693	-	916,693
Dietary expenses	700,791	1,313	702,104
Loss allowance, net of recoveries	1,803,691	39,506	1,843,197
Rent	11,534	-	11,534
Interest expense	323,168	-	323,168
Loss on disposal of property and equipment	23,655	-	23,655
Legal expenses	141,898	4,200	146,098
Total expenses	<u>58,464,145</u>	<u>2,275,932</u>	<u>60,740,078</u>
Segment profit (loss)	4,422,433	(749,150)	3,673,282
Other revenue	<u>2,091,499</u>	<u>244,904</u>	<u>2,336,403</u>
Net income (loss)	<u>\$ 6,513,931</u>	<u>\$ (504,245)</u>	<u>\$ 6,009,685</u>

(Concluded)

6. INVESTMENTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest	
		2021	2020
Doctors Hospital (Bahamas) Limited	Bahamas	100	100
Bahamas Medical Center Limited	Bahamas	100	100
Doctors Hospital (East) Limited	Bahamas	100	100
Doctors Hospital (West) Limited	Bahamas	100	100
Doctors Hospital (Harbourside) Limited	Bahamas	100	100

Doctors Hospital (Bahamas) Limited - provides health care services inclusive of in-patient, out-patient and ambulatory services.

Bahamas Medical Center Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, provides health care services inclusive of out-patient and ambulatory services.

Doctors Hospital (East) Limited - a holding company that has ownership of the land and building that facilitates the operations of Doctors Hospital (Bahamas) Limited.

Doctors Hospital (West) Limited - a holding company that has ownership of the land and building that facilitates the operations of Bahamas Medical Center Limited.

Doctors Hospital (Harbourside) Limited - a subsidiary of Doctors Hospital (Bahamas) Limited, established for the development of a skilled nursing facility and medical residence.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2021	2020
Cash at bank and in hand	\$ 6,357,316	\$ 7,898,060
Short-term deposits	<u>159,976</u>	<u>17,158</u>
	<u>\$ 6,517,292</u>	<u>\$ 7,915,218</u>

Short-term deposits are made for varying periods of between 30 days and 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The Group held short-term deposits in the amount of \$159,976 (2020: \$17,158) in the form of an externally managed treasury account, which is available upon demand within 7-10 business days without penalty to meet any operational cash requirements.

8. TRADE RECEIVABLE, NET

Trade receivable - patients represent amounts due primarily from self-pay patients and balances due from insured patients after settlements by their insurers. Trade receivable - third-party payors represent amounts due from insurance companies, Government of The Bahamas entities and other third-party entities for which guarantees of payments have been received.

	2021	2020
Trade receivable - third-party payors	\$ 16,974,891	\$ 8,862,632
Allowance for doubtful accounts	<u>(1,574,366)</u>	<u>(802,192)</u>
	<u>\$ 15,400,525</u>	<u>\$ 8,060,440</u>
Trade receivable - patients	6,660,385	2,668,725
Allowance for doubtful accounts	<u>(2,031,394)</u>	<u>(1,476,306)</u>
	<u>\$ 4,628,991</u>	<u>\$ 1,192,419</u>

Movement in the allowance for doubtful account was as follows:

	2021	2020
Balance at beginning of the year	\$ 2,278,498	\$ 1,792,644
Loss allowance recognized in the current year	3,598,344	1,843,197
Recoveries previously written off	348,050	551,080
Doubtful receivables written off in the year	<u>(2,619,132)</u>	<u>(1,908,423)</u>
Balance at end of the year	<u>\$ 3,605,760</u>	<u>\$ 2,278,498</u>

At January 31, the aging analysis of patient and third-party receivables, net of loss allowance, was as follows:

Patient	2021	2020
0-30	\$ 1,691,345	\$ 25,594
31-90	1,213,365	102,063
91-180	1,459,738	541,980
181-270	<u>264,543</u>	<u>522,782</u>
Total	<u>\$ 4,628,991</u>	<u>\$ 1,192,419</u>
Third-Party Payors	2021	2020
0-30	\$ 5,992,729	\$ 6,092,539
31-90	4,454,266	1,131,963
91-180	4,271,041	279,350
181-270	<u>682,489</u>	<u>556,588</u>
Total	<u>\$ 15,400,525</u>	<u>\$ 8,060,440</u>

Management considers trade receivable due from Patient totaling \$2,937,646 (2020: \$1,079,457) to be past due but not impaired, and trade receivable due from Third-Party Payors totaling \$9,407,796 (2020: \$1,967,901) to be past due but not impaired.

IFRS 9 requires an expected credit loss model be used versus an incurred credit loss model which was applicable under IAS 39. Management assessed expected credit loss rates for self-pay and third-party payor patients separately. The loss rates used to determine the loss allowance ranges between 1% to 100% for both self-pay and third-party payors in the relevant aging categories as at January 31, 2021 (2020: 1.44% to 100% for patient balances and 1.31% to 100% for third-party payors in the relevant aging categories). The Group considers that any receivable balance outstanding for more than 365 days is significantly impaired and a 100% provision is made against the balance unless the Group has reasonable and supportable information that demonstrates otherwise.

9. INVENTORIES

Inventories are comprised of the following:

	2021	2020
Medical supplies	\$ 3,785,923	\$ 1,934,167
Pharmaceuticals	<u>621,126</u>	<u>478,293</u>
Total inventories at the lower of cost and net realizable value	<u>\$ 4,407,049</u>	<u>\$ 2,412,460</u>

The amount of write-downs of inventories recognised as an expense is \$79,277 (2020: \$72,894), which is recognised in medical supplies on the consolidated statement of profit or loss and other comprehensive income. The cost of inventories recognised as an expense during the year was \$11,134,056 (2020: \$8,396,924).

10. OTHER ASSETS

Other assets are comprised of the following:

	2021	2020
Prepaid expenses	\$ 3,161,163	\$ 1,653,872
Advances and other assets	1,061,494	411,819
Security deposits	<u>214,596</u>	<u>183,813</u>
	<u>\$ 4,437,253</u>	<u>\$ 2,249,504</u>

11. INVESTMENTS

Total investments at January 31, 2021 is \$6,486,758 (2020: \$5,266,758), which includes both equity investments of \$30,000 (2020: \$270,000) and fixed income securities with maturities greater than three months in the amount of \$6,456,757 (2020: \$4,956,758). Fixed income securities are classified as financial assets at amortised cost.

	2021	2020
Equity investments	\$ 30,000	\$ 270,000
Fixed income investments	<u>6,456,758</u>	<u>4,956,758</u>
Total investments	<u>\$ 6,486,758</u>	<u>\$ 5,226,758</u>

Equity investments, which are classified as at fair value through other comprehensive income, of \$30,000 (2020: \$270,000) represents a 10% ownership stake in Nassau Laboratory Partners, which is carried at fair value as a level 2 investment. During the year the Group entered into an agreement with Greenrod Medical Limited (“Greenrod”) to sell its shares to Greenrod. Upon execution of the agreement the carrying value of the Greenrod shares were reclassified as a balance due from Greenrod and included in Other Assets, with no gain or loss being recognised on the reclassification.

Fixed income investments are classified as at amortised cost and have interest rates of 4.25% to 5.65% (2020: 4.2773% to 5.65%) and mature in three (3) to twenty-eight (28) years. The expected credit loss rate on the fixed income investments is 1% (2020:1%).

12. GOODWILL

Goodwill at January 31, 2021 is \$430,902 (2020: \$430,902). The goodwill recorded relates to the Group’s acquisition of imaging subsidiaries related to magnetic resonance imaging (“MRI”) and computerized tomography (“CT”) scan modalities. The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill may be impaired. The recoverable amount of the cash generating units (CGU) which includes the goodwill is based on a value in use calculation. The value in use has been determined by discounting the future cash flows generated from the continuing use of the CGU.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results for FYE 2021 as a baseline;
- Cash flows for the further five year period are projected using expected annual growth rates based on the five (5) year historical growth rate of the modalities; net of required capital expenditures; and
- A discount rate of 20% (2020: 20%) is used to estimate the present value of projected cash flow, as well as the present value of the terminal value.

The tests were performed at January 31 and no provision for impairment was deemed necessary.

13. OTHER INTANGIBLE ASSETS

Other intangible assets are comprised of the following:

	2021	2020
Cost:		
Balance at beginning of year	\$ 4,771,553	\$ 4,714,121
Transfers in	-	-
Additions	35,723	57,432
Disposals	<u>-</u>	<u>-</u>
Balance at end of year	<u>4,807,276</u>	<u>4,771,553</u>
Accumulated amortization:		
Balance at beginning of year	4,481,803	4,369,053
Amortisation for the year	91,192	112,750
Disposals	<u>-</u>	<u>-</u>
Balance at end of year	<u>4,572,995</u>	<u>4,481,803</u>
Net book value	<u>\$ 234,281</u>	<u>\$ 289,750</u>

Other intangible assets represent the core computer software application in the Group's healthcare information system. Amortisation expense is included in the line item 'depreciation and amortisation' in the consolidated statement of profit or loss and other comprehensive income. During the year, fully amortised intangibles of \$Nil (2020: \$Nil) were retired from service. Included as at January 31, 2021 are fully amortized assets of \$3,881,104 (2020: \$3,879,736).

14. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	Land and buildings	Work-in- Progress	Leasehold improvements	Furniture and equipment	Total
COST:					
Balance at January 31, 2019	\$ 23,784,645	\$ 761,355	\$ 3,640,843	\$ 26,767,498	\$ 54,954,341
Transfers (out) in	-	(357,467)	131,249	226,218	-
Additions	-	1,115,928	134,749	1,565,378	2,816,055
Disposals	-	-	(25,000)	(518,577)	(543,577)
Balance at January 31, 2020	23,784,645	1,519,816	3,881,841	28,040,517	57,226,819
Transfers (out) in	-	(624,862)	311,615	313,247	-
Additions	-	446,434	198,983	2,500,207	3,145,624
Disposals	-	-	(10,816)	(76,098)	(86,914)
Balance at January 31, 2021	<u>\$ 23,784,645</u>	<u>\$ 1,341,388</u>	<u>\$ 4,381,623</u>	<u>\$ 30,777,873</u>	<u>\$ 60,285,529</u>
ACCUMULATED					
DEPRECIATION:					
Balance at January 31, 2019	\$ 10,201,019	\$ -	\$ 1,907,938	\$ 19,296,869	\$ 31,405,826
Depreciation	417,912	-	371,675	2,193,938	2,983,525
Disposals	-	-	-	(463,202)	(463,202)
Balance at January 31, 2020	10,618,931	-	2,279,613	21,027,604	33,926,149
Depreciation	434,433	-	380,454	2,033,353	2,848,239
Disposals	-	-	(901)	(70,356)	(71,257)
Balance at January 31, 2021	<u>\$ 11,053,364</u>	<u>\$ -</u>	<u>\$ 2,659,166</u>	<u>\$ 22,990,602</u>	<u>\$ 36,703,131</u>
CARRYING AMOUNT:					
At January 31, 2021	<u>\$ 12,731,281</u>	<u>\$ 1,341,388</u>	<u>\$ 1,722,457</u>	<u>\$ 7,787,271</u>	<u>\$ 23,582,398</u>
At January 31, 2020	<u>\$ 13,165,714</u>	<u>\$ 1,519,816</u>	<u>\$ 1,602,228</u>	<u>\$ 7,012,913</u>	<u>\$ 23,300,670</u>

During the year, fully depreciated assets of \$86,914 (2020: \$301,204) were retired from service. Included in leasehold improvements, furniture and equipment at January 31, 2021 are fully depreciated assets of \$18,354,363 (2020: \$17,307,622).

15. RIGHT OF USE ASSETS AND LEASES

Right of use assets is comprised of land and buildings which are leased by the Group. The lease terms range from 5 to 10 years from inception of the leases. The ROU assets are depreciated over the respective lease terms.

	2021	2020
Cost:		
Balance at beginning of year	\$ 3,769,782	\$ 3,769,782
Additions	352,101	-
Derecognition	<u>(1,204,121)</u>	<u>-</u>
Balance at end of year	<u>2,917,762</u>	<u>3,769,782</u>
Accumulated amortization:		
Balance at beginning of year	1,668,599	1,259,405
Amortisation for the year	351,036	409,194
Derecognition	<u>(803,050)</u>	<u>-</u>
Balance at end of year	<u>1,216,585</u>	<u>1,668,599</u>
Net book value	<u>\$ 1,701,177</u>	<u>\$ 2,101,183</u>

Total lease payments for the year ended January 31, 2021 amounted to \$618,112 (2020: \$471,764). Interest expense charged on the lease liabilities for the year ended January 31, 2021 amounted to \$85,210 (2020: \$128,055).

Lease expense for the year ended January 31, 2021 relating to leases with low value amounted to \$4,000 (2020: \$4,000).

Leases with a net carrying value of \$401,072 were derecognised during the year (2020: \$Nil) as a result in changes in lease terms.

The following table shows the maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

	2021	2020
Within one year	\$ 401,042	\$ 360,935
After one year but not more than five years	1,273,584	1,218,828
Between five years and ten years	<u>435,392</u>	<u>846,035</u>
	<u>\$ 2,110,018</u>	<u>\$ 2,425,798</u>

16. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are comprised of the following:

	2021	2020
Accrued expenses	\$ 4,475,532	\$ 2,483,109
Accounts payable - trade	2,519,639	2,039,355
Other liabilities	1,813,956	1,126,813
Unearned revenue	23,161	-
Vacation benefit accrual	462,998	317,729
VAT payable	<u>375,099</u>	<u>300,263</u>
	<u>\$ 9,670,385</u>	<u>\$ 6,267,269</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 day terms.
- Accrued expenses are non-interest bearing and are settled throughout the financial year.
- Other liabilities are non-interest bearing and are normally settled throughout the financial year.
- Vacation benefit accrual is non-interest bearing and employees are encouraged to take time due in the year it is earned.
- VAT payable is paid monthly and is non-interest bearing if paid by the 21st of the following month.

17. BANK BORROWINGS

The Group maintains an overdraft facility to finance working capital needs. The facility is secured by an assignment of trade receivable. Interest is charged at the Bahamian dollar prime rate plus 1.25% per annum. At January 31, 2021 the entire facility of approximately \$5 million (2020: \$2.7 million) was undrawn and available.

Bank borrowings are comprised of the following:

	2021	2020
Secured term loan to be repaid over 15 years, plus interest at Bahamas Prime + 0.65% per annum	\$ 3,669,193	\$ 3,883,120
Less: current portion	<u>(226,749)</u>	<u>(213,927)</u>
Long-term portion	<u>\$ 3,442,444</u>	<u>\$ 3,669,193</u>

The Group pledged as collateral all fixed and floating assets owed by Doctors Hospital Bahamas Limited, Doctors Hospital (West) Limited and Bahamas Medical Center Limited.

18. SALARIES AND BENEFITS EXPENSE

Salaries and benefits expense are comprised of the following:

	2021	2020
Salaries and benefits	\$ 29,490,551	\$ 26,072,506
National Insurance costs	737,558	791,304
Pension costs - defined contributions pension plan	<u>442,209</u>	<u>463,555</u>
	<u>\$ 30,670,318</u>	<u>\$ 27,327,365</u>

19. GOVERNMENT TAXES AND FEES

Government taxes and fees are comprised of the following:

	2021	2020
Business license	\$ 840,373	\$ 779,466
Work permit fees	640,284	655,988
Property taxes	<u>381,104</u>	<u>332,254</u>
	<u>\$ 1,861,761</u>	<u>\$ 1,767,708</u>

20. DIVIDENDS PAID

Dividends paid are comprised of the following:

	2021	2020
Dividend on ordinary shares:		
Final dividend for 2021 (\$0.04 per share (2020: \$0.08 per share))	<u>\$ 398,865</u>	<u>\$ 797,731</u>

21. RELATED PARTY TRANSACTIONS AND BALANCES

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Entities and individuals with significant influence over the Group	Included in FS caption	Year	Purchases from Related Parties	Amounts owed to Related Parties
Trauma and Emergency Medical Services Limited (TEMS)				
	Medical services	2021	\$ 3,439,678	\$ -
	Medical services	2020	5,287,280	227,527
Barry Rassin				
	Lease payments	2021	48,000	-
	Lease payments	2020	48,000	4,000
Med Management Limited				
	Lease payments	2021	131,621	-
	Lease payments	2020	155,440	-
Critical Care Associates				
	Lease payments	2021	49,968	-
	Lease payments	2020	70,684	-

Entities and individuals with significant influence over the Group

Trauma and Emergency Medical Services Limited ("TEMS")

One of the directors is a principal in TEMS, the entity contracted to provide physician service in the Group's emergency department.

Critical Care Associates

One of the directors is a principal in Critical Care Associates, an entity contracted to provide physician service in the Group's intensive care department.

Med Management Limited

One of the directors is a principal in Med Management Limited, an entity from which the Group leases a building used as administrative offices.

Barry Rassin

The Group leases a building used for outpatient services from Barry Rassin, one of the directors.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended January 31, 2021 and 2020, the Group had no debts relating to amounts owed by related parties.

Transactions with other related parties

Compensation of key management personnel:

	2021	2020
Short-term employee benefits	\$ 3,735,833	\$ 2,422,564
Post-employment pension benefits	<u>129,632</u>	<u>133,567</u>
Total compensation paid to key management personnel	<u>\$ 3,865,465</u>	<u>\$ 2,556,131</u>

22. PENSION PLAN

The Group has a defined contribution pension plan. Contributions to the plan amount to 10% of gross salaries of eligible Associates. The Group makes 100% of the 10% contribution for executive management personnel and matches all other Associate contributions up to 5% of gross salaries. Group and Associate contributions for the year ended January 31, 2021 amounted to \$1,058,345 (2020: \$1,106,238).

23. EARNINGS PER SHARE

Basic earnings and diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There are no potentially dilutive financial instruments therefore diluted and basic earnings per share are the same.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the year ended January 31:

	2021	2020
Profit for the year	<u>\$ 12,438,870</u>	<u>\$ 6,009,685</u>
Weighted average number of ordinary shares on issue applicable to basic earnings per share	<u>9,971,634</u>	<u>9,971,634</u>
Earnings per share	<u>\$ 1.25</u>	<u>\$ 0.60</u>
Year over year increase (%)	107.0%	48.7%

24. COMMITMENTS*Lease commitments*

Rental income for the year ended January 31, 2021 was \$298,990 (2020: \$191,959).

Future expected rental income is \$393,340 (2020: \$703,215).

25. CONTINGENCIES

The Group is subject to claims and lawsuits in the ordinary course of business. The largest category of these relates to medical malpractice. The results of claims, lawsuits and investigations cannot be predicted, and it is possible that from time to time the ultimate resolution of such matters, individually or in the aggregate, may have a material adverse effect on the Group's financial position, financial performance or cash flows.

When necessary, the Group defends itself vigorously against claims and lawsuits. However, the Group recognises that, where appropriate, its interests may be best served by resolving certain matters without litigation. To that end, the Group consistently engages in service recovery initiatives to satisfy customer needs and expectations and to achieve a non-litigated resolution of patient concerns.

The Group records provisions for claims and lawsuits when they are probable and estimable. The accrued amounts for estimated professional liability claims, to the extent not covered by insurance, are included in accounts payable and other liabilities. Liabilities and corresponding recoveries arising from claims and lawsuits are recorded gross.

For the period ended January 31, 2021, the Group discloses a contingent liability arising from a past lawsuit, which is still in a trial proceeding phase. The Group has not accepted any liability in the matter. The outcome of the trial, and any liability which may arise depends, on various factors which are not yet known, and thus cannot be accrued for by the Group.

26. RISK MANAGEMENT

The Group's principal financial instruments consist of cash and cash equivalents, trade receivables, investments, accounts payable, lease liabilities and long-term debt. The Group does not enter into derivative transactions.

Financial risk management objectives and policies - The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group has written risk management policies and guidelines which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control its financial instruments in a timely and accurate manner. Such written policies are reviewed annually by the Board of Directors.

Credit risk - Credit risk arising from the inability of the counterparty to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations at January 31, 2021 in relation to each class of financial assets, is the carrying amount as indicated in the consolidated statement of financial position. Credit risk on liquid funds is limited because counterparties are reputable banks.

Concentrations of credit risk - The Group grants credit without collateral to its patients, most of which are local residents and are insured under third-party payor agreements. The maximum percentage owed by any one third-party payor is 25.4% (2020: 23.5%).

was as follows:

	2021	2020
Patients	23%	13%
Third party payors	<u>77%</u>	<u>87%</u>
	<u>100%</u>	<u>100%</u>

The financial assets of the Group comprise mainly of cash and cash equivalents, receivables from patients and third-party payors and investments. The disclosure of the trade receivables' balances past due and impaired, and past due and not impaired is disclosed in Note 8. While cash and cash equivalents and investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk - The Group is exposed to liquidity risk in connection with its debt obligations, accounts payable and accrued expenses. Liquidity risk arises if the Group is unable to collect its receivables quickly at fair value, thereby affecting the Group's ability to repay its debts. The Group monitors its cash flows on a regular basis and has access to overdraft facilities as described in Note 17. The financial assets and liabilities are deemed to be current.

The following table summarises the carrying amount of financial assets and liabilities of the Group into relevant maturity groupings based on the remaining period to the contractual maturity dates as of the reporting date and represent undiscounted cash flows.

2021	Within 3				Total
	months	3 - 12 months	1 - 5 years	Over 5 years	
Assets					
Cash and cash equivalents	\$ 6,517,292	\$ -	\$ -	\$ -	\$ 6,517,292
Trade receivables	20,029,516	-	-	-	20,029,516
Investments	-	-	-	6,486,758	6,486,758
Total financial assets	\$ 26,546,808	\$ -	\$ -	\$ 6,486,758	\$ 33,033,566
Liabilities					
Accounts payable and other liabilities	\$ 9,670,385	\$ -	\$ -	\$ -	\$ 9,670,385
Lease liabilities	85,455	236,692	1,100,330	421,449	1,843,926
Long-term debt	57,114	169,635	1,024,118	2,418,327	3,669,193
Total financial liabilities	\$ 9,812,954	\$ 406,327	\$ 2,124,448	\$ 2,839,776	\$ 15,183,504
Net liquidity gap	\$ 16,733,854	\$ (406,327)	\$ (2,124,448)	\$ 3,646,982	\$ 17,850,062
2020					
	Within 3				
	months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	\$ 7,915,218	\$ -	\$ -	\$ -	\$ 7,915,218
Trade receivables	9,252,859	-	-	-	9,252,859
Investments	-	-	-	5,226,758	5,226,758
Total financial assets	\$ 17,168,077	\$ -	\$ -	\$ 5,226,758	\$ 22,394,835
Liabilities					
Accounts payable and other liabilities	\$ 6,267,269	\$ -	\$ -	\$ -	\$ 6,267,269
Lease liabilities	88,586	272,349	1,218,828	846,035	2,425,798
Long-term debt	53,005	161,932	974,922	2,693,261	3,883,120
Total financial liabilities	\$ 6,408,860	\$ 434,281	\$ 2,193,750	\$ 3,539,296	\$ 12,576,187
Net liquidity gap	\$ 10,759,217	\$ (434,281)	\$ (2,193,750)	\$ 1,687,462	\$ 9,818,648

Interest rate risk - Interest rate risk is the risk that future cash flows of fair value of a financial instrument will fluctuate because of changes in the market interest rates. The Group bears interest rate risk relating to interest received on bank deposits and fixed income securities and interest paid on bank borrowings. If interest rates increase/decrease by 50 basis points and all other variables remain constant, the Group's profit over the next 12 months is estimated to increase/decrease by \$15,037 (2020: \$6,359).

Operational risk - Operational risk is the risk that deficiencies in information systems or internal controls result in unexpected business, financial and operating losses. The identification and control of these risks is managed by the Group's management team. The Group's management team conducts regular reviews of all operational areas to ensure operational risks are being properly controlled and reported to the Finance/Audit Committee. Contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

Foreign currency risk - The Group is not exposed to any significant foreign currency risk.

Fair value of financial instruments - Financial instruments utilised by the Group include recorded assets and liabilities. Most of the Group's financial instruments are short-term in nature or have interest rates that reset to market on a regular basis.

Accordingly, the estimated fair value of the financial instruments is not materially different from the carrying value for each major category of the Group's recorded assets and liabilities.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management program is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group regards equity as capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended January 31, 2021 or January 31, 2020.

28. SUBSEQUENT EVENTS

On January 21, 2021, the Board of Directors voted to issue 2,000,000 of the Company's unissued and authorised common shares to a subsidiary of Fairfax Financial Holdings Limited of Toronto, Canada, ("Fairfax") at a subscription price of B\$6.75 per share. The transaction was publicly announced to the Bahamian public on February 27, 2021. Subsequent to approval by the Board of Directors, the transaction was approved by the Securities Commission of The Bahamas on March 19, 2021.

Proceeds from the private placement, estimated at B\$13,500,000 will be used to finance strategic growth, enabling the Group to explore new service opportunities in the outpatient area and to augment the delivery of critically needed healthcare services outside of New Providence. The proceeds are not intended to supplement working capital requirements or to retire debt, both which are adequately covered with existing cash flow. The position by Fairfax will constitute approximately a 17 percent ownership interest. No changes to board compensation are anticipated as a result of the transaction.

The Board of Directors, by resolution dated February 22, 2021, authorised an ordinary dividend of \$0.07 per share for all issued and outstanding shareholders of record as of March 5, 2021 and was paid on March 10, 2021.

On March 17, 2021 the Group entered into a contract, valued at \$821,860, to renovate one of its buildings.

For the period from the reporting date up to May 28, 2021, the date that the consolidated financial statements were approved for issuance, there were no other events occurring which required adjustment to or disclosure in the consolidated financial statements.

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BOARD OF DIRECTORS ANNUAL ATTESTATION

We, the Board of Directors of Doctors Hospital Health System Limited and its subsidiaries (“the Group”) are familiar with the contents of the Securities Industry Act, Regulations and Rules, as amended, which govern the operations of publicly traded companies licensed to do business in The Bahamas (herein after referred to as “the Guidelines”) and acknowledge our role and responsibilities under the Guidelines. We certify the following:

- a. We are performing our functions and fulfilling our responsibilities under the Guidelines;
- b. We have carefully considered the reporting of Senior Management and other information relevant to forming an opinion as to whether we are following the Guidelines;
- c. We are satisfied that the Group’s internal rules, circulars, guidelines and manuals are accurate and complete in all material respects and that the Group’s local internal audit function and review processes provide reasonable assurances of Regulatory Compliance;
- d. We are of the opinion that the Group is following the Guidelines, paying particular attention to the annual certification sections of the Guidelines. In that regard, based on the information reported by Senior Management, we are satisfied with the safety and soundness of the operations of the Group;
- e. The Group’s Independent Non-Executive directors continue to meet the requirements of independence as stated in our Board of Directors Charter;
- f. Routine Internal Audits are ongoing and all identified issues either have been addressed or are in the process of being addressed;
- g. We are satisfied that the Group has appropriate policies, procedures and controls in place to ensure that inherent business risks, where they exist, are effectively managed; and
- h. Further details of our Corporate Governance philosophy is contained in the Board of Directors Charter which can be found on www.doctorshosp.com. The Charter addresses, inter alia, –
 - (a) the composition of the board of directors and qualifications for membership on the board, including matters respecting the independence of members;
 - (b) the establishment of specified types of committees of the board of directors, the mandate, functioning and responsibilities of each committee, the composition of each committee and the qualifications for membership on the committee, including matters respecting the independence of members;
 - (c) the establishment and enforcement of a code of business conduct and ethics applicable to directors, officers and employees and applicable to persons or companies that are in a special relationship with companies within the Group; and
 - (d) procedures to regulate conflicts of interest between the interests of the companies within the Group and those of a director or officer of any such company.

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*Shareholders should refer specific questions regarding their shareholdings to the listed Register & Transfer Agent

EXECUTIVE TEAM



BOARD



DR CHARLES
DIGGI
President &
Chief Executive Officer



DR SHEENA
ANTONIO-COLLIE
Chief Medical Officer



FELIX
STUBBS
Chair



WAYDE
CHRISTIE
Vice Chair



DENNIS
DEVEAUX
Chief Financial Officer



RANDOL
DORSETT
Chief Legal Officer



DR CHARLES
DIGGI



DR BARRETT
MCCARTNEY



PATRICE
ANTONIO
VP of Corporate Finance



MICHAELA
SUMNER-BUDHI
Legal Counsel



LEROY
ARCHER



BARRY
RASSIN



DR JAMES
IFERENTA
VP Medical Affairs



PAUL
HAVEN
VP Human Resources



COLIN
HIGGS



NATHANIEL
BENEBY



BRIDGETTE
SHERMAN
Sr. VP of Patient Care Services



KAREN
CAREY



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