

ANNUAL REPORT
2010



DOCTORS HOSPITAL
Health For Life

VISION

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

MISSION

Doctors Hospital exists to operate a quality acute care hospital that: meets and exceeds the healthcare needs and expectations of our patients; provides an enriching rewarding professional 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.

VALUES

We Care is more than just a slogan to us, it is an acronym for the qualities we believe are essential to our business:

W - Welcome

E - Enthusiasm

C - Compassion

A - Accountability

R - Respect

E - Excellence



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CHAIRMAN'S REPORT



DESPITE A STEADY SLOWING OF THE ECONOMY THE COMPANY HAD A STRONG YEAR.

JOE W.P. KRUKOWSKI
Chairman

clinical processes and where necessary implement patient safety initiatives to continue the improvement of care and patient safety. This Quality Council has been responsible for guiding our review and improvement of patient health care and safety policies and practices. We are preparing for an inspection by JCI which will include three inspectors, a doctor, a nurse and an administrator. They will review our daily practices in depth and provide us with any suggestions they may have.

Associates Education and Training

One of our greatest strengths continues to be our Associates. They care for you and support you and your family. They also share in the joy of bringing new life into the world. Our relationship to our patients is one of our greatest responsibilities. For this reason we invest a great deal of energy and expense in attracting and retaining the best people we can find. We invest heavily in training and education.

Through the Organizational Learning Department Associates have engaged in a wide variety of educational and training courses. Educational courses are also offered to external medical professionals including physicians. The Company also provides an opportunity for students to fulfill their community service obligations. To this end, students completed 12,146 hours of community service.

Continuing education and mandatory sessions required Associates to attend the College of The Bahamas Nursing Program, the Nova University Management Program as well as courses in Basic Communication Skills, Grief Counseling and Patient Relations, Professional Development, Supervisory Workshops, Team Building Workshops, Management Workshops to name just a few.

Community Outreach

As a healthcare provider we are committed to your care during an emergency or illness, but as a community partner we believe in doing much more. We continue to invest in community outreach programs promoting health, prevention and wellness. Programs include free screenings, educational classes, public lectures and collaborating with other non profit health related organizations.

DEAR SHAREHOLDER

On behalf of the Board of Directors, I am pleased to report on the Company's financial results for the year ending January 31, 2010. We shall comment on some of the Company's activities and accomplishments over the past fiscal period. Despite a steady slowing of the economy the Company had a strong year.

As a consequence of the financial progress the Company was in a position to maintain its dividend policy and paid dividends of .04 cents per share during the year. In addition it paid extraordinary dividends totaling .07 cents per share for a total of .11 cents per share in dividends for the year. A positive cash flow, due to diligent work by the finance team, enabled the Company to liquidate its significant long term debt.

Quality and Patient Safety

Doctors Hospital remains committed to providing the best possible patient care and overall quality of service. To this end it has used the Joint Commission International (JCI) as its guide and benchmark for "best practices" regarding quality and patient safety. JCI represents standards in the United States to which hospitals must adhere in order to maintain a documented standard of care that is comparable to the best hospitals. This accreditation is not given easily and when achieved speaks to the high standard of overall healthcare being provided by the institution. It is subject to periodic review.

Our Quality Council which is made up of a cross section of clinical leaders meet regularly throughout the Hospital to evaluate all

During the past year we contributed over a quarter of a million dollars to charitable programs, primarily scholarships. As the cost of healthcare education continues to rise we encourage you to join us in supporting the Dr. Meyer Rassin Foundation which is active in providing Doctor's Hospital scholarships in the many fields of healthcare.

Future

The provisions of healthcare is a complex balance of medical training, establishment of critical support structures, new technology, bricks and mortar, administration and effective community outreach. As a Company we are also enjoying financial strength and a cautious optimism for the future due to our long range planning, effective administrative management and responsible capital management.

We are being responsible in keeping quality healthcare close to home where it can be affordable, professional and where it belongs. We must remain vigilant and prepared to react positively, effectively and rapidly to the changing landscape of healthcare as it plays out globally. Our team of professionals is working hard and effectively to retain and reinforce your confidence and trust.

Medical Tourism is a program with which we are intimately familiar. Its opportunities receive our ongoing attention and planning. With Joint Commission (JCI) Accreditation, we intend to vigorously pursue the opportunities this very important international recognition can afford.

Finally, but as importantly, increasing shareholder value remains a priority for the Company. As the economy begins to improve both locally and abroad and as tourism rebounds we look to growth as a result. In the interim, we remain focused on improving our competitiveness and the quality of healthcare.

On behalf of the Board, I wish to express our appreciation to the shareholders, physicians and Associates for their continued support and loyalty.

JOE W.P. KRUKOWSKI
Chairman

DR. LARRY CARROLL - CHIEF RADIOLOGIST



MANAGEMENT'S DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENTS

FISCAL 2010 RESULTS OF OPERATIONS

Net income totaled \$4.886 million, or \$0.49 per share, for the year ended January 31, 2010, compared to \$3,814 million, or \$0.38 per share, for the year ended January 31, 2009.

Patient service revenues increased \$3.05 million, or 7.3%, over the prior year.

Revenue/Volume Trends

For the year ended January 31, 2010, adult patient days decreased by 2.4% from the previous year. Total patient days of 12,875 represented the lowest since 2007. The Hospital expects this trend to continue through fiscal 2011. The average daily census decreased to 35 patients per days from 36 in the previous year.

Total admissions to the facility were 4,241 in fiscal 2010, representing a 1.6% decrease over the prior year.

Notable areas for 2010

- ICU increased patient days by 1.8%. The trend of the last quarter of fiscal 2009 and the first half of fiscal 2010, where admissions increased 50.4%, reversed during the last half of fiscal 2010, where admissions decreased by 24.5% over the previous year.
- IMCU increased patient days by 5.5% during fiscal 2010.
- The Medical Surgical Unit patient days dropped for the first time in seven years by 6.7% to 6,802 from 7,292.
- Operating Room hours increased by 15.6%, the increase was generally spread throughout the year.
- MRI procedures increased by 15.2%.

Expenses

Total expenses increased by \$2.3 million, or 5.9%. As a percentage of total revenue, expenses decreased slightly from 90.2% in fiscal 2009 to 89.0% in fiscal 2010. The principal costs and expenses are discussed as follows:

Salaries and Benefits

Salaries and benefits, as a percentage of patient service revenues decreased slightly to 38.0% from 38.9% in the previous year. The Hospital target is to keep salaries below 39% of patient service revenue which is better than comparable hospitals. These expenses increased by \$0.8 million, or 5%, over the previous year. The increase in expenses for fiscal 2010, relative to 2009 reflects increased activity in the Hospital and increased benefit expenses.

Medical Supplies and Services

Medical supplies and services as a percentage of patient service revenues had a marginal increase to 26.1% in fiscal 2010 from 25.6% in fiscal 2009. In total, these expenses increased by \$1.0 million, or 9.3% in fiscal 2010 over the previous year. The increase in this area is directly associated with increased revenue and a small increase in costs of goods.

Other Operating Expenses

Other operating expenses consist primarily of general and administrative costs such as training and education, marketing, collection fees, general supplies, bank charges, accounting fees and donations. These expenses increased 18.2% over the previous year. Donations accounted for 72% of the increase as the hospital augmented its support to an educational fund which assists students studying in the medical field, especially nurses. As a percentage of net patient service revenues other operating expenses increased to 5.3% from 4.8%.

AR Management and Provision for Doubtful Accounts

Bad debt expense as a percentage of patient service revenues rose to 4.8% in the year ended January 31, 2010, compared to 3.8% the previous year. This represented an increase of \$0.6 million, or 36.1%. The increase is attributable to one payor with whom the Hospital is working diligently to recover.



JANET EDGECOMBE, RN,
WITH PATIENT - MED. SURG.

MANAGEMENT'S DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENTS

CONTINUED/...



| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|--------|--------|--------|--------|--------|--------|
| Net Patient Revenues | 32,020 | 37,563 | 38,098 | 40,889 | 41,789 | 44,842 |
| Average Daily Census | 29.1 | 34.1 | 34 | 37 | 36 | 35.3 |
| Adult Patient Days | 10,647 | 12,415 | 12,346 | 13,401 | 13,188 | 12,875 |
| Basic Earnings Per Share | 0.26 | 0.35 | 0.23 | 0.34 | 0.38 | 0.49 |
| Book Value Per Share | 1.08 | 1.43 | 1.66 | 1.99 | 2.33 | 2.71 |
| Total Assets | 26,562 | 28,623 | 29,018 | 31,255 | 31,801 | 29,990 |
| Days Revenue in AR | 66 | 74 | 66 | 56 | 60 | 38 |
| Net Receivable as % of Patient Revenue | 18% | 20% | 17% | 15% | 16% | 10% |
| Salaries & Benefits - DHB | 12,090 | 13,810 | 14,396 | 15,338 | 16,264 | 17,062 |
| Salaries & Benefits as % of Net Patient Revenues | 38% | 37% | 38% | 38% | 39% | 38% |

The percentage of receivables from insurers represents 85% of total receivables compared to 75% last year, the percentage due from self-pay accounts dropped to 11% from 15% and the percentage due from National Insurance dropped to 4% from 10% last year.

The number of days revenue in accounts receivable (AR Days) for fiscal 2010 decreased, and is now at 38 days from 60 days in fiscal 2009. The resulting decrease in net accounts receivable was 33.7%. The majority of the decrease is in the 3rd party payor category.

Total recoveries for the year ended January 31, 2010 from accounts written off were \$408,000 (2009 - \$232,000). As in previous years, the amount of recoveries is deducted from the bad debt expense charged in the Statement of Comprehensive Income.

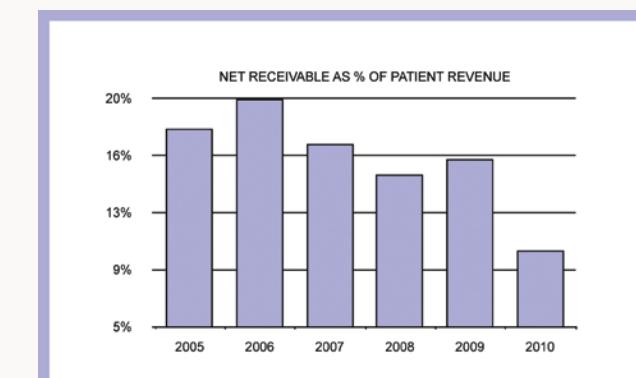
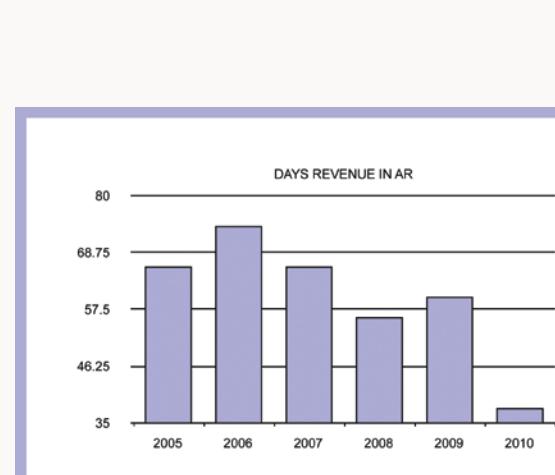
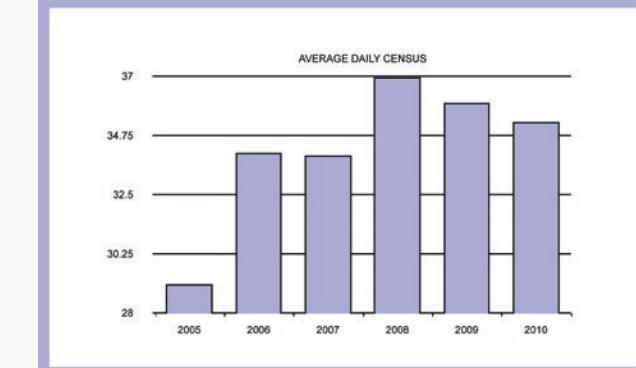
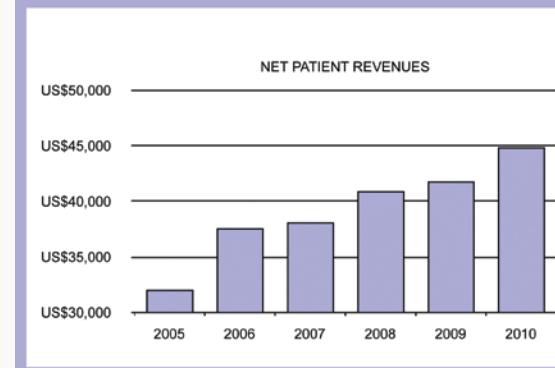
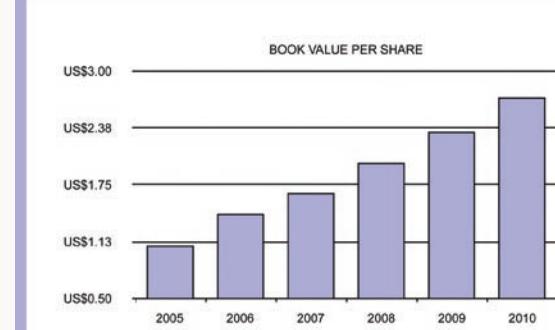
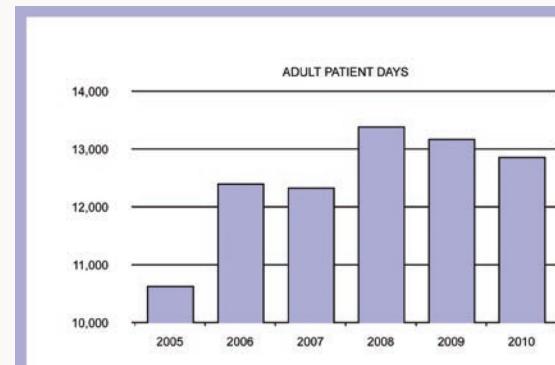
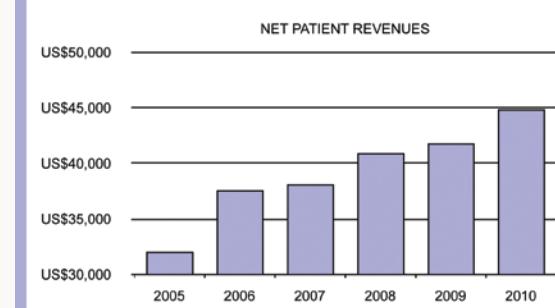
Patient Service Revenues increased \$3.05 million, or 7.3%, over the year.

Utilities

Utility costs decreased 22.2% over the previous year or \$0.4 million. The principal reason for the decrease was the reduction in electricity charges.

Interest Costs

For the fiscal year ended January 31, 2010, total interest expense was 57.3% lower than that recorded for the previous year or \$0.2 million, and is due to the liquidation of our loans.



MANAGEMENT'S DISCUSSION & ANALYSIS OF THE FINANCIAL STATEMENTS

CONTINUED/...

| | Year Ended January 31, 2010 | Year Ended January 31, 2009 |
|---|--------------------------------|--------------------------------|
| Information Technology | \$ 96,000 | \$ 130,000 |
| MRI equipment | - | 2,250,000 |
| Medical equipment | 1,146,000 | 930,000 |
| General equipment and improvements | 395,000 | 590,000 |
| Patient area upgrades | 33,000 | 30,000 |
| Total intangibles, plant and equipment | \$ 1,670,000 | \$ 3,930,000 |

Liquidity and Capital Resources

Investing Activities

Net cash used was \$1.7 million compared to net cash used of \$3.9 million in the previous year, a decrease of \$2.3 million. All funds were used for purchases of property, plant, equipment and intangibles. As with the previous year, all investing activities for this year were funded from internally-generated cash flows. An analysis of the additions to intangibles, plant and equipment as reported in Note 12 and 14 to the Financial Statements is shown in the table above.

It was estimated the Hospital would require \$3.0 million in capital purchases for fiscal 2010, but \$1.3 million was deferred. The capital purchase estimate for fiscal 2011 is \$4.5 million. This will include the purchase of a digital mammogram machine, a new x-ray machine, operating room equipment and significant upgrades to our data center equipment. The Hospital has also engaged architects to produce preliminary draw-

ings for the expansion of the existing facility. The expansion is currently planned to include an energy center, additional clinical areas and new parking facilities along with needed space for support services.

Financing Activities

Cash used in financing activities was \$6.2 million compared to \$3.3 million in the prior year. Debt repayment accounted for \$5.1 million as all remaining debt to the bank was liquidated.

Four dividends were paid during the year totaling \$0.11 per share or \$1.1 million.

Western Medical Plaza

DHHS continues to pursue the sale of the Plaza and to secure additional tenants in the interim. There has been an increase in interest in purchasing one or both of the two buildings at the Western Medical Plaza during recent months.



DR N'TARI DARVILLE & NOVA TAYLOR, RN,
READING CRITICAL ICU INFORMATION



ANDIN EDWARDS PERFORMING
A LIFE SAVING MAMMOGRAM TEST



DOCTOR CHECKING A YOUNG PATIENT'S BLOOD PRESSURE

Deloitte

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To the Shareholders of Doctors Hospital Health System Limited:

We have audited the consolidated financial statements of Doctors Hospital Health System Limited (the "Company"), which comprise the consolidated statement of financial position as at January 31, 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated financial statements of the Company for the year ended January 31, 2009 were audited by another auditor, whose report dated April 6, 2009 expressed an unqualified opinion on those consolidated financial statements.

Management's Responsibility for The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "Deloitte & Touche".

April 26, 2010

A member firm of
Deloitte Touche Tohmatsu

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JANUARY 31, 2010

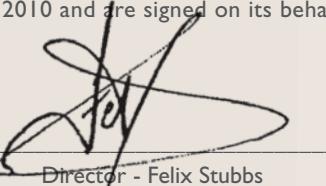
(Expressed in Bahamian dollars)

| | 2010 | 2009 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents (Note 7) | \$ 6,351,639 | \$ 5,327,632 |
| Accounts receivable-patients, net (Note 8) | 515,227 | 1,003,039 |
| Accounts receivable-third-party payors, net (Note 8) | 4,010,194 | 5,825,996 |
| Inventories (Note 9) | 1,287,041 | 1,153,428 |
| Other assets (Note 10) | 862,960 | 573,932 |
| Total current assets | <u>13,027,061</u> | <u>13,884,027</u> |
| NON-CURRENT ASSETS: | | |
| Investment | 30,000 | 30,000 |
| Goodwill, net (Note 11) | 430,902 | 430,902 |
| Other intangible assets (Note 12) | 1,670,594 | 2,013,831 |
| Investment property (Note 13) | 4,538,438 | 4,703,294 |
| Fixed assets (Note 14) | 10,292,891 | 10,738,716 |
| Total non-current assets | <u>16,962,825</u> | <u>17,916,743</u> |
| TOTAL ASSETS | <u>\$ 29,989,886</u> | <u>\$ 31,800,770</u> |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and other liabilities (Note 15) | \$ 2,981,214 | \$ 3,515,664 |
| Long-term debt, current portion (Note 16) | - | 942,120 |
| Total current liabilities | <u>2,981,214</u> | <u>4,457,784</u> |
| NON-CURRENT LIABILITIES: | | |
| Long-term debt (Note 16) | - | 4,123,414 |
| Total liabilities | <u>2,981,214</u> | <u>8,581,198</u> |
| EQUITY | | |
| Share capital: | | |
| Authorized 12,500,000 Common shares at par value of \$0.04 (2009 - 12,500,000) issued and fully paid 9,971,634 (2009 - 9,971,634) | 398,865 | 398,865 |
| Contributed surplus | 12,358,030 | 12,358,030 |
| Retained earnings | 14,251,777 | 10,462,677 |
| Total equity | <u>27,008,672</u> | <u>23,219,572</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 29,989,886</u> | <u>\$ 31,800,770</u> |

These financial statements were approved by the Board of Directors on April 26, 2010 and are signed on its behalf by:


Chairman - Joe W.P. Krukowski

See notes to consolidated financial statements.


Director - Felix Stubbs

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

| | 2010 | 2009 |
|---|---------------------|---------------------|
| REVENUE: | | |
| Patient services revenue, net | \$ 44,842,314 | \$ 41,788,800 |
| Other revenue, net | <u>1,357,761</u> | <u>1,293,480</u> |
| Total revenues | <u>46,200,075</u> | <u>43,082,280</u> |
| EXPENSES: | | |
| Salaries and benefits (Note 17) | 17,062,395 | 16,264,447 |
| Medical supplies and services | 11,713,160 | 10,721,351 |
| Depreciation and amortization (Notes 12, 13 and 14) | 2,615,467 | 2,688,368 |
| Other operating | 2,391,908 | 2,022,969 |
| Bad debt expense, net of recoveries (Note 8) | 2,159,846 | 1,586,566 |
| Utilities | 1,277,683 | 1,641,442 |
| Government taxes and fees (Note 18) | 1,136,314 | 1,051,835 |
| Insurance | 733,640 | 723,297 |
| Outside services | 660,687 | 872,378 |
| Repairs and maintenance | 582,316 | 508,529 |
| Rent | 382,290 | 370,369 |
| Dietary expenses | 367,619 | 367,074 |
| Legal expenses | <u>51,098</u> | <u>29,143</u> |
| Total expenses | <u>41,134,423</u> | <u>38,847,768</u> |
| INCOME BEFORE INTEREST | 5,065,652 | 4,234,512 |
| INTEREST EXPENSE (Note 16) | <u>(179,672)</u> | <u>(420,883)</u> |
| PROFIT FOR THE YEAR AND COMPREHENSIVE INCOME | <u>\$ 4,885,980</u> | <u>\$ 3,813,629</u> |
| EARNINGS PER COMMON SHARE (Note 22): | | |
| Basic and fully diluted | <u>\$ 0.49</u> | <u>\$ 0.38</u> |

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

| | Number of shares | Share capital | Contributed surplus | Retained earnings | Total |
|-----------------------------|---------------------|-------------------|------------------------|----------------------|----------------------|
| Balance at January 31, 2008 | 9,971,634 | \$ 398,865 | \$ 12,358,030 | \$ 7,047,914 | \$ 19,804,809 |
| Comprehensive income | - | - | - | 3,813,629 | 3,813,629 |
| Dividends paid (Note 19) | - | - | - | (398,866) | (398,866) |
| Balance at January 31, 2009 | 9,971,634 | 398,865 | 12,358,030 | 10,462,677 | 23,219,572 |
| Comprehensive income | - | - | - | 4,885,980 | 4,885,980 |
| Dividends paid (Note 19) | - | - | - | (1,096,880) | (1,096,880) |
| Balance at January 31, 2010 | <u>9,971,634</u> | <u>\$ 398,865</u> | <u>\$ 12,358,030</u> | <u>\$ 14,251,777</u> | <u>\$ 27,008,672</u> |

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

| | 2010 | 2009 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 4,885,980 | \$ 3,813,629 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for doubtful accounts (Note 8) | 2,159,846 | 1,586,566 |
| Depreciation and amortization (Note 12, 13 & 14) | 2,615,467 | 2,688,368 |
| Loss on disposal of property, plant and equipment | 3,238 | - |
| Operating income before working capital changes | 9,664,531 | 8,088,563 |
| Decrease (increase) in accounts receivable | 143,768 | (2,358,353) |
| (Increase) decrease in inventories | (133,613) | 12,456 |
| (Increase) decrease in other assets | (289,028) | 154,922 |
| (Decrease) increase in accounts payable and other liabilities | (534,450) | 73,217 |
| Net cash from operating activities | 8,851,208 | 5,970,805 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of fixed assets (Note 14) | (1,571,775) | (3,920,529) |
| Purchase of intangible assets (Note 12) | (95,708) | (11,631) |
| Proceeds from disposal of fixed assets | 2,696 | - |
| Net cash used in investing activities | (1,664,787) | (3,932,160) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of long-term debt (Note 16) | (5,065,534) | (2,942,120) |
| Dividends paid to shareholders (Note 19) | (1,096,880) | (398,866) |
| Net cash used in financing activates | (6,162,414) | (3,340,986) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 5,327,632 | 6,629,973 |
| CASH AND CASH EQUIVALENTS, END OF YEAR (Note 7) | \$ 6,351,639 | \$ 5,327,632 |
| SUPPLEMENTAL INFORMATION: | | |
| Interest paid | \$ 179,672 | \$ 420,932 |
| Interest received | \$ 128,775 | \$ 118,958 |

See notes to consolidated financial statements.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

1. GENERAL

Doctors Hospital Health System Limited (“DHHS” or the “Company”) was incorporated under the laws of the Commonwealth of The Bahamas on July 1, 1998. Shares of The Company are publicly traded and listed on the Bahamas International Securities Exchange. The Company provides a broad range of healthcare services. The consolidated financial statements for the year ended January 31, 2010 comprise the Company and its subsidiaries. The Company’s registered office is located at Sassoona House, Shirley Street and Victoria Avenue, Nassau, Bahamas.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards adopted in the current year impacting the financial statements.

In the current year, the Company has adopted the following revised Standard issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting period beginning on January 1, 2009:

| | |
|--------|--|
| IAS 1 | Presentation of Financial Statements (revised 2007 and 2008). The Standard introduces terminology changes (including revised titles for certain financial statements) and changes in the format and content of the financial statements; |
| IFRS 7 | Financial Instruments: Disclosures (amended 2009). The Standard enhances disclosures on fair value and liquidity risk. |
| IFRS 8 | Operating Segments. The Standard requires disclosure of information about an entity's operating segments. |

Standards and Interpretations adopted in the current year with no material impact on the financial statements.

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IFRS 2 - Share-based Payment - Vesting Conditions and Cancellations: The amendments clarify the definition of vesting conditions, introduce the concept of non-vesting conditions and clarify the accounting treatment for cancellations. (Effective for financial periods beginning on or after January 1, 2009);
- IFRS 3 - Business Combinations: The Interpretation specifies the financial reporting by an entity when it acquires a business combination. (Effective for periods beginning on or after January 1, 2009);
- IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance: The amendment requires that the benefit of a government loan at a below-market rate of interest be treated as a government grant. (Effective for periods beginning on or after January 1, 2009);
- IAS 23 - Borrowing Costs: Requires the capitalization of borrowing costs when such costs relate to a qualifying asset. (Effective for financial reporting periods beginning on or after January 1, 2009);
- IAS 27 - Consolidated and Separate Financial Statements: The amendments to this Standard affect the accounting for transactions that result in the change of an entity's interest in its subsidiaries. (Effective for periods beginning on or after January 1, 2009);
- IAS 28 - Investments in Associates: This Standard addresses how an entity measures its investment in an associate company. (Effective for periods beginning on or after January 1, 2009);
- IAS 32 - Financial Instruments: Presentation: This Standard has been amended to allow puttable financial instruments to

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be classified as equity subject to certain criteria being met. (Effective for financial periods beginning on or after January 1, 2009);

- IAS 38 - Intangible Assets: This Standard has been amended to address when an entity is permitted to recognize prepayment of assets. (Effective for periods beginning January 1, 2009);
- IAS 39 - Financial Instruments: Recognition and Measurement - Eligible Hedge Items: The amendments provide clarification on identifying inflation as a hedge risk or portion and hedging with options. (Effective for periods commencing July 1, 2008);
- IAS 40 - Investment Property: This Standard was amended to include investment property under construction. (Effective for periods beginning on or after January 1, 2009);
- IFRIC 9 - Embedded Derivatives: The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the ‘fair value through profit and loss’ category. (Effective for periods ending on or after July 1, 2009);
- IFRIC 13 - Customer Loyalty Programmes: Addresses accounting by entities that grant loyalty award credits to customers who buy other goods and services. (Effective for periods beginning on or after July 1, 2008);
- IFRIC 15 - Agreements for the Construction of Real Estate: The interpretation addresses how entities should determine whether an agreement for construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized. (Effective for financial periods beginning on or after January 1, 2009);
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation: The interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations. (Effective for periods beginning on or after October 1, 2008);
- IFRIC 18 - Transfer of Assets from Customers: The interpretation addresses the accounting by recipients for transfers of property, plant and equipment from customers. (Effective for transfers received on or after July 1, 2009);
- Improvements to IFRSs (2008): In addition to the changes affecting the financial statements and those with no impact on the financial statements described above, the improvements have led to a number of changes to other Standards that had no material impact on the amounts reported. The majority of these amendments are effective from January 1, 2009.

Standards and Interpretations issued but not yet adopted.

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations: The amendment clarifies the measurement and presentation of non-current assets held for sale. (Effective for periods beginning January 1, 2010);
- IFRS 9 - Financial Instruments: The Standard introduces new requirements for classifying and measuring financial assets. (Effective for periods beginning on or after January 1, 2013);
- IAS 7 - Statement of Cash Flows: The amendment specifies that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities in the statement of cash flows. (Effective for periods beginning on or after January 1, 2010);
- IFRIC 17 - Distributions of Non-Cash Assets to Owners: The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholder. (Effective for periods beginning on or after July 1, 2009);
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments: The Interpretation provides guidance on the appropriate accounting by an entity that issues equity instruments in order to settle, in full or in part, a financial liability. (Effective for periods beginning on or after July 1, 2010);
- Improvements to IFRSs (2009): In addition to the changes described above, the improvements have led to a number of changes to other Standards. The majority of these amendments are effective from January 1, 2010.

The Directors anticipate that the Company will adopt these Standards and Interpretations in the relevant future periods. The Directors have not yet had an opportunity to consider the potential impact of the adoption of these Standards and Interpretations.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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").

Basis of preparation - The consolidated financial statements have been prepared on a historical cost basis except for financial assets and liabilities, which have been recorded at amortized cost.

Basis of consolidation - These consolidated financial statements include the accounts of the Company and its subsidiaries: Doctors Hospital (Bahamas) Limited ("DHB"), Doctors Hospital (East) Limited ("DHE"), Doctors Hospital (West) Limited ("DHW"), and Western Medical Plaza Limited ("WMP"). The Company and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas. The financial statements of the subsidiaries are prepared for the same reporting period as the parent using consistent accounting policies. These consolidated financial statements are expressed in Bahamian dollars, which is also the Company's functional currency.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. All inter-company accounts and transactions have been eliminated.

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.

Financial instrument - Financial assets within the scope of IAS 32 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

On initial recognition a financial asset or liability is measured at its fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset or liability. After initial recognition financial assets are classified as either financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; or available-for-sale; and are measured at their fair values without any deduction for transaction costs, except for the following financial assets:

- a) loans and receivables and held-to-maturity financial instruments are measured at amortized cost using the effective interest rate method;
- b) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

After initial recognition financial liabilities are measured at amortized 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 derecognized where:

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

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- the Company 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 Company 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 derecognized 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 recognized in the consolidated statement of comprehensive income.

Inventories - Inventories consist of pharmaceutical and medical supplies. Inventories are stated at the lower of cost and net realizable 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 realizable value is the estimated selling price less cost in the ordinary course of business.

Goodwill - Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company'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.

Intangible assets - Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization 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 Company's healthcare information system and are amortized using the straight-line method over a period of seven years.

Property, plant and equipment - Property, plant 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 plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized 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 improvement | 3 - 10 years |
| Equipment | 3 - 10 years |
| Furniture and fixtures | 3 - 5 years |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of property, plant

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and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the consolidated statement of comprehensive income.

An item of property, plant and equipment is derecognized 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 comprehensive income in the year the asset is derecognized.

Investment property - Investment properties include properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at cost, including transaction costs, less accumulated depreciation and accumulated impairment losses. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

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

| | |
|------------------------|--------------|
| Buildings | 40 years |
| Leasehold improvement | 10 years |
| Equipment | 5 - 10 years |
| Furniture and fixtures | 3 - 5 years |

Impairment of non-financial assets - The Company 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 Company 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 recognized 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

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

Goodwill

The Company 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 recognized.

Impairment losses relating to goodwill cannot be reversed in future periods. The Company performs its annual impairment test of goodwill as at 31 January.

Leases - Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

The determination of whether an arrangement is, or contains a lease at inception date is based on the substance of the arrangement of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the period of the lease and are included in rent expense.

Company as a lessor

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Revenue recognition - Net patient service revenue consists of patient service revenues that are recorded based upon established billing rates less allowances for contractual discounts. Revenues are recorded during the period the healthcare services are provided based on estimated amounts due from patients and third-party payors. 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.

Interest-bearing loans and borrowings - All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Borrowing costs are expensed as incurred.

Pension benefits - The Company has a defined contribution plan. Contributions under the plan are recorded as expense in the consolidated statement of comprehensive income. The company recognizes a liability for their portion and employee contributions withheld. There are no further obligations beyond the contribution.

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Earnings per share - Basic earnings and fully diluted earnings per common share is 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.

Income taxes - There are no income taxes imposed on the Company by the Commonwealth of The Bahamas.

Provisions - The Company accrues for estimated professional liability claims when the claims are probable and reasonably estimable.

Contingencies - A contingent liability is a possible obligation that 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 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 recognized in the consolidated financial statements. They are not disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that 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 entity. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the statement of financial position date - Post year-end events that provide additional information about the Company's position at the statement of financial position 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.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 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.

Provision for doubtful accounts

Additions to the allowance for doubtful accounts are made by means of the provision for doubtful accounts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for doubtful accounts is based on management's assessment of historical and expected net collections, business and economic conditions

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and other collection indicators. The provision for doubtful accounts and the allowance for doubtful accounts relate primarily to "uninsured" amounts (including copayments and deductible amounts from patients who have healthcare coverage) due directly from patients. Accounts are written off when all reasonable internal and external collection efforts have been performed. Adverse changes in general economic conditions, business office operations, payor mix, or trends in healthcare coverage could affect collection of accounts receivable, cash flows and results of operations.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows over a period of 5 years.

Contingencies

The Company is currently a defendant in a number of cases involving claims and disputes mainly related to medical practice. The Company'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 Company 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 Company's consolidated financial position and financial performance. 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

Adoption of IFRS 8 Operating Segments

The Company has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

For management purposes, the Company is organized into units based on patient type, and has three reportable operating segments as follows:

Inpatients - which include intensive care, intermediate care and medical/surgical care.

Outpatients - which include ambulatory surgical patients, imaging, laboratory, physical therapy and pharmaceutical services.

Emergency services - which include patients seen through the emergency department.

Support services such as dietary, environmental, security, engineering, and all administrative departments have been allocated to these segments based on revenue dollars, square footage and number of employees where appropriate.

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| | 2010 | | | | |
|-------------------------------------|---------------|--------------|--------------------|-------------|---------------|
| | In-Patient | Out-Patient | Emergency services | Unallocated | Consolidated |
| Patient services revenue, net | \$ 29,124,102 | \$ 7,858,985 | \$ 7,859,227 | \$ - | \$ 44,842,314 |
| Salaries | 11,147,409 | 2,901,856 | 3,013,130 | - | 17,062,395 |
| Med Supplies & services | 7,652,583 | 1,992,094 | 2,068,483 | - | 11,713,160 |
| Depreciation & amortization | 1,601,063 | 416,783 | 432,765 | - | 2,450,611 |
| Other operating | 1,562,455 | 406,733 | 422,330 | - | 2,391,518 |
| Utilities | 796,215 | 207,268 | 215,216 | - | 1,218,699 |
| Bad debt expense, net of recoveries | 1,411,096 | 367,332 | 381,418 | - | 2,159,846 |
| Government taxes and fees | 667,297 | 173,708 | 180,369 | - | 1,021,374 |
| Outside Services | 373,701 | 97,281 | 101,011 | - | 571,993 |
| Repairs & maintenance | 377,990 | 98,397 | 102,170 | - | 578,557 |
| Rent | 249,762 | 65,018 | 67,510 | - | 382,290 |
| Dietary expenses | 240,177 | 62,522 | 64,920 | - | 367,619 |
| Legal expenses | 32,143 | 8,367 | 8,688 | - | 49,198 |
| Total expenses | 26,111,891 | 6,797,359 | 7,058,010 | - | 39,967,260 |
| Segment profit | 3,012,211 | 1,061,626 | 801,217 | - | 4,875,054 |
| Other revenue | - | - | - | 1,357,761 | 1,357,761 |
| Interest expense | - | - | - | 179,672 | 179,672 |
| Insurance | - | - | - | 733,640 | 733,640 |
| Western Medical Plaza expenses | - | - | - | 433,523 | 433,523 |
| Unallocated sub total | - | - | - | 10,926 | 10,926 |
| Net income | \$ 3,012,211 | \$ 1,061,626 | \$ 801,217 | \$ 10,926 | \$ 4,885,980 |

| | 2009 | | | | |
|-------------------------------------|---------------|--------------|--------------------|--------------|---------------|
| | In-Patient | Out-Patient | Emergency services | Unallocated | Consolidated |
| Patient services revenue, net | \$ 27,925,403 | \$ 6,876,719 | \$ 6,986,678 | \$ - | \$ 41,788,800 |
| Salaries | 10,934,542 | 2,589,759 | 2,740,146 | - | 16,264,447 |
| Med Supplies & services | 7,207,934 | 1,707,141 | 1,806,276 | - | 10,721,351 |
| Depreciation & Amortization | 1,696,362 | 401,770 | 425,101 | - | 2,523,233 |
| Other operating | 1,359,033 | 321,876 | 340,568 | - | 2,021,477 |
| Utilities | 1,036,152 | 245,404 | 259,655 | - | 1,541,211 |
| Bad Debt expense, net of recoveries | 1,066,644 | 252,626 | 267,296 | - | 1,586,566 |
| Government taxes and fees | 629,872 | 149,180 | 157,843 | - | 936,895 |
| Outside Services | 546,768 | 129,498 | 137,018 | - | 813,284 |
| Repairs & Maintenance | 333,346 | 78,950 | 83,535 | - | 495,831 |
| Rent | 248,998 | 58,973 | 62,398 | - | 370,369 |
| Dietary expenses | 246,782 | 58,449 | 61,843 | - | 367,074 |
| Legal expenses | 19,593 | 4,640 | 4,910 | - | 29,143 |
| Total expenses | 25,326,026 | 5,998,266 | 6,346,589 | - | 37,670,881 |
| Segment profit | 2,599,377 | 878,453 | 640,089 | - | 4,117,919 |
| Other revenue | - | - | - | - | 1,293,480 |
| Interest expense | - | - | - | - | 420,883 |
| Insurance | - | - | - | - | 723,297 |
| Western Medical Plaza expenses | - | - | - | - | 453,590 |
| Unallocated sub total | - | - | - | - | (304,290) |
| Net income | \$ 2,599,377 | \$ 878,453 | \$ 640,089 | \$ (304,290) | \$ 3,813,629 |

The Company does not allocate assets and liabilities to reportable segments and this information is not reported to, or used by the chief operating decision maker in order to allocate resources to the segments.

6. INVESTMENTS IN SUBSIDIARIES

| Name | Country of incorporation | Percentage of equity interest | |
|------------------------------------|--------------------------|-------------------------------|------|
| | | 2010 | 2009 |
| Doctors Hospital (Bahamas) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (East) Limited | Bahamas | 100 | 100 |
| Doctors Hospital (West) Limited | Bahamas | 100 | 100 |
| Western Medical Plaza Limited | Bahamas | 100 | 100 |

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7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

| | 2010 | 2009 |
|--------------------------|----------------------------|----------------------------|
| Cash at bank and in hand | \$ 2,119,330 | \$ 2,220,893 |
| Short-term deposits | <u>4,232,309</u> | <u>3,106,739</u> |
| | <u>\$ 6,351,639</u> | <u>\$ 5,327,632</u> |

Short-term deposits are made for varying periods of between 30 days and 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

8. ACCOUNTS RECEIVABLE

Accounts receivable-patients represent amounts due primarily from self-pay patients and balances due from insured patients after settlements by their insurers. Receivable from third party payors represent amounts due from insurance companies.

| | 2010 | 2009 |
|--|----------------------------|----------------------------|
| Accounts receivable - patients | \$ 2,584,107 | \$ 2,797,210 |
| Accounts receivable - third-party payors | 5,556,719 | 6,839,100 |
| Allowance for doubtful accounts | <u>(3,615,405)</u> | <u>(2,807,275)</u> |
| | <u>\$ 4,525,421</u> | <u>\$ 6,829,035</u> |

Movement in the allowance for doubtful account was as follows:

| | 2010 | 2009 |
|--|----------------------------|----------------------------|
| Balance at beginning of the year | \$ 2,807,275 | \$ 6,152,468 |
| Bad debt expense for the year | 2,567,575 | 1,818,989 |
| Doubtful receivables written off in the year | <u>(1,759,445)</u> | <u>(5,164,182)</u> |
| | <u>\$ 3,615,405</u> | <u>\$ 2,807,275</u> |

Recoveries from accounts previously written off and other items were \$407,729 (2009:\$232,423).

At January 31, the aging analysis of patient and 3rd party receivables, net of provisions, were as follows:

| Patient | 2010 | 2009 |
|-----------|--------------------------|----------------------------|
| 0 - 30 | \$ 142,517 | \$ 327,054 |
| 31 - 90 | 152,236 | 233,574 |
| 91 - 180 | 86,098 | 234,012 |
| 181 - 270 | <u>134,376</u> | <u>208,399</u> |
| Total | <u>\$ 515,227</u> | <u>\$ 1,003,039</u> |

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3rd Party Payors

| | 2010 | 2009 |
|----------|------------------|---------------------|
| 0 - 30 | \$ 3,068,646 | \$ 4,289,051 |
| 31 - 90 | 536,625 | 1,026,461 |
| 91 - 180 | 404,923 | 510,484 |
| Total \$ | <u>4,010,194</u> | <u>\$ 5,825,996</u> |

9. INVENTORIES

Inventories are comprised of the following:

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Medical supplies | \$ 992,916 | \$ 868,464 |
| Pharmaceuticals | <u>294,125</u> | <u>284,964</u> |
| Total inventories at the lower of cost and net realizable value | <u>\$ 1,287,041</u> | <u>\$ 1,153,428</u> |

The amount of write-downs of inventories recognized as an expense is \$42,413 (2009:\$167,045) which is recognized in medical supplies and services on the consolidated statement of comprehensive income.

10. OTHER ASSETS

Other assets are comprised of the following:

| | 2010 | 2009 |
|---------------------------|--------------------------|--------------------------|
| Prepaid expenses | \$ 565,183 | \$ 289,579 |
| Security deposits | 151,265 | 151,265 |
| Advances and other assets | <u>146,512</u> | <u>133,088</u> |
| | <u>\$ 862,960</u> | <u>\$ 573,932</u> |

11. GOODWILL

The goodwill recorded relates to the Company's acquisition of imaging subsidiaries. The Company tests goodwill for impairment annually or more frequently if there are indications that goodwill may be impaired. The tests were performed at January 31 and no impairment was deemed necessary. Therefore, goodwill at January 31, 2010 and 2009 totaled \$430,902.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

12. OTHER INTANGIBLE ASSETS

Other intangible assets are comprised of the following:

| | 2010 | 2009 |
|----------------------------------|----------------------------|----------------------------|
| Cost: | | |
| Balance at beginning of year | \$ 3,087,193 | \$ 3,075,562 |
| Additions | <u>95,708</u> | <u>11,631</u> |
| Balance at end of year | <u><u>\$ 3,182,901</u></u> | <u><u>\$ 3,087,193</u></u> |
| Accumulated amortization: | | |
| Balance at beginning of year | \$ 1,073,362 | \$ 652,407 |
| Amortization for the year | <u>438,945</u> | <u>420,955</u> |
| Balance at end of year | <u><u>\$ 1,512,307</u></u> | <u><u>\$ 1,073,362</u></u> |
| Net book value | <u><u>\$ 1,670,594</u></u> | <u><u>\$ 2,013,831</u></u> |

Other intangible assets represent the core computer software application in the Company's healthcare information system. Amortization expense is included in the line item 'depreciation and amortization' in the consolidated statement of comprehensive income.

13. INVESTMENT PROPERTY

Investment property is comprised of the following:

| | Land and building | Leasehold improvements | Furniture and equipment | Total |
|--------------------------------------|----------------------------|---------------------------|----------------------------|----------------------------|
| COST: | | | | |
| Balance at January 31, 2008 | \$ 5,703,061 | \$ 153,812 | \$ 424,745 | \$ 6,281,618 |
| Disposal | - | - | - | - |
| Balance at January 31, 2009 | <u>5,703,061</u> | <u>153,812</u> | <u>424,745</u> | <u>6,281,618</u> |
| Disposal | - | - | <u>(5,659)</u> | <u>(5,659)</u> |
| Balance at January 31, 2010 | <u><u>\$ 5,703,061</u></u> | <u><u>\$ 153,812</u></u> | <u><u>\$ 419,086</u></u> | <u><u>\$ 6,275,959</u></u> |
| ACCUMULATED DEPRECIATION: | | | | |
| Balance at January 31, 2008 | \$ 971,632 | \$ 78,466 | \$ 363,091 | \$ 1,413,189 |
| Depreciation | <u>132,792</u> | <u>15,325</u> | <u>17,018</u> | <u>165,135</u> |
| Balance at January 31, 2009 | <u><u>1,104,424</u></u> | <u><u>93,791</u></u> | <u><u>380,109</u></u> | <u><u>1,578,324</u></u> |
| Depreciation | - | - | <u>(5,659)</u> | <u>(5,659)</u> |
| Disposal | - | - | - | - |
| Balance at January 31, 2010 | <u><u>\$ 1,237,216</u></u> | <u><u>\$ 109,116</u></u> | <u><u>\$ 391,189</u></u> | <u><u>\$ 1,737,521</u></u> |
| CARRYING AMOUNT: | | | | |
| At January 31, 2010 | <u><u>\$ 4,465,845</u></u> | <u><u>\$ 44,696</u></u> | <u><u>\$ 27,897</u></u> | <u><u>\$ 4,538,438</u></u> |
| At January 31, 2009 | <u><u>\$ 4,598,637</u></u> | <u><u>\$ 60,021</u></u> | <u><u>\$ 44,636</u></u> | <u><u>\$ 4,703,294</u></u> |

Investment property for fiscal 2010 comprises three acres of land and three buildings of approximately 33,000 square feet. The Company will continue to lease the property until a buyer can be found.

An independent valuation of the land and buildings was performed by Bahamas Realty Limited on March 26, 2010 for a total of \$7,300,000 (2009: \$7,500,000).

Rental income for fiscal 2010 was \$97,315 (2009: \$74,302). Expenses associated with rental income for fiscal 2010 was \$185,790 (2009: \$288,456).

The Company carried long-term debt directly associated with the investment property bearing interest at a rate of prime plus 1.5% per annum. During the year the balance of the loan was retired. Principal repayment during fiscal 2010 was \$2,151,998 (2009: \$2,553,620) with interest of \$35,953 (2009: \$201,618).

14. FIXED ASSETS

Fixed assets are comprised of the following:

| | Land and building | Leasehold improvements | Furniture and equipment | Total |
|-----------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|
| COST: | | | | |
| Balance at January 31, 2008 | \$ 10,037,790 | \$ 1,007,424 | \$ 14,110,669 | \$ 25,155,883 |
| Additions | - | 353,314 | 3,567,216 | 3,920,530 |
| Disposal | - | (31,076) | (2,065,999) | (2,097,075) |
| Balance at January 31, 2009 | <u>10,037,790</u> | <u>1,329,662</u> | <u>15,611,886</u> | <u>26,979,338</u> |
| Additions | - | 131,585 | 1,440,190 | 1,571,775 |
| Disposal | - | (4,760) | (504,435) | (509,195) |
| Balance at January 31, 2010 | <u><u>\$ 10,037,790</u></u> | <u><u>\$ 1,456,487</u></u> | <u><u>\$ 16,547,641</u></u> | <u><u>\$ 28,041,918</u></u> |

ACCUMULATED DEPRECIATION:

| | | | | |
|-----------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Balance at January 31, 2008 | \$ 6,171,311 | \$ 421,941 | \$ 9,642,167 | \$ 16,235,419 |
| Depreciation | 146,904 | 133,961 | 1,821,413 | 2,102,278 |
| Disposal | - | (31,076) | (2,065,999) | (2,097,075) |
| Balance at January 31, 2009 | <u>6,318,215</u> | <u>524,826</u> | <u>9,397,581</u> | <u>16,240,622</u> |
| Depreciation | 144,238 | 172,456 | 1,694,972 | 2,011,666 |
| Disposal | - | (4,760) | (498,501) | (503,261) |
| Balance at January 31, 2010 | <u><u>\$ 6,462,453</u></u> | <u><u>\$ 692,522</u></u> | <u><u>\$ 10,594,052</u></u> | <u><u>\$ 17,749,027</u></u> |

CARRYING AMOUNT:

| | | | | |
|---------------------|---------------------|-------------------|---------------------|----------------------|
| At January 31, 2010 | \$ 3,575,337 | \$ 763,965 | \$ 5,953,589 | \$ 10,292,891 |
| At January 31, 2009 | <u>\$ 3,719,575</u> | <u>\$ 804,836</u> | <u>\$ 6,214,305</u> | <u>\$ 10,738,716</u> |

During the year, fully depreciated assets of \$503,261 (2009: \$2,097,075) was retired from service. Included in leasehold improvements, furniture and equipment at January 31, 2010 are fully depreciated assets of \$5,255,048 (2009: \$5,259,258).

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities are comprised of the following:

| | 2010 | 2009 |
|---------------------------------|----------------------------|----------------------------|
| Accrued expenses | \$ 1,213,669 | \$ 878,409 |
| Accounts payable - trade | 1,173,469 | 1,086,611 |
| Other liabilities | 247,213 | 783,756 |
| Related party payable (Note 20) | 227,220 | 375,430 |
| Vacation benefit accrual | <u>119,643</u> | <u>391,458</u> |
| | <u><u>\$ 2,981,214</u></u> | <u><u>\$ 3,515,664</u></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.
- Vacation benefit accrual is non-interest bearing and employees are encouraged to take time due in the year it is earned.
- Other liabilities are non interest bearing and are normally settled throughout the financial year.
- Related party payable is non interest bearing and payable to Radiology Associates only when the corresponding amount in trade receivables is received by the Company. See Note 20 for further information.

16. BANK BORROWINGS

Bank borrowings are comprised of the following:

| | 2010 | 2009 |
|---|--------------------|----------------------------|
| Loans payable to bank in monthly installments | \$ - | \$ 5,065,534 |
| Less current portion | <u>-</u> | <u>(942,120)</u> |
| | <u><u>\$ -</u></u> | <u><u>\$ 4,123,414</u></u> |

The loans bear interest at a rate of prime plus 1.50% per annum. Repayment is in accordance with an established amortization schedule but is payable on demand at the discretion of the bank. During fiscal 2007, the Company restructured its loan portfolio. In addition to a reduction in rates, the amortization periods were extended to ten years. The loans were collateralized by property, plant and equipment, and a floating charge over all other assets of the Company. At January 31, 2010 all loans were repaid in full.

The Company also maintains an overdraft facility to finance working capital needs. The facility is secured by an assignment of accounts receivable. Interest is charged at the Bahamian dollar prime rate plus 1.25% per annum. At January 31, 2010, approximately \$2.7 million (2009: \$2.7 million) was undrawn and available.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

17. SALARIES AND BENEFITS EXPENSE

Salaries and benefits expense are comprised of the following:

| | 2010 | 2009 |
|--|-----------------------------|-----------------------------|
| Salaries and benefits (Note 20) | \$ 16,308,087 | \$ 15,541,060 |
| National insurance costs | 421,894 | 396,478 |
| Pension costs - defined contributions plan (Note 21) | <u>332,414</u> | <u>326,909</u> |
| | <u><u>\$ 17,062,395</u></u> | <u><u>\$ 16,264,447</u></u> |

18. GOVERNMENT TAXES AND FEES

Government taxes and fees are comprised of the following:

| | 2010 | 2009 |
|------------------|----------------------------|----------------------------|
| Business license | \$ 433,120 | \$ 422,863 |
| Work permit fees | 440,246 | 366,024 |
| Property taxes | <u>262,948</u> | <u>262,948</u> |
| | <u><u>\$ 1,136,314</u></u> | <u><u>\$ 1,051,835</u></u> |

19. DIVIDENDS PAID

Declared and paid in year:

Equity dividend on ordinary shares:
Final dividend for 2010 \$0.11 (2009: \$0.04)

| 2010 | 2009 |
|------------------|----------------|
| <u>1,096,880</u> | <u>398,866</u> |

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

20. 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 with significant influence over the Company | Year | Purchases from Related Parties | Amounts owed to Related Parties |
|--|------|--------------------------------|---------------------------------|
| Trauma and Emergency Medical Services Limited (TEMS) | 2010 | \$ 2,381,864 | \$ 108,295 |
| | 2009 | 2,239,893 | 116,858 |
| Radiology Associates Limited | 2010 | 1,887,041 | 299,902 |
| | 2009 | 1,794,649 | 375,430 |

| Key Management Personnel | Year | Purchases from Related Parties | Amounts owed to Related Parties |
|---------------------------|------|--------------------------------|---------------------------------|
| Rassin Holding Ltd. | 2010 | \$ 60,000 | \$ - |
| | 2009 | 60,000 | - |
| Barry and David Rassin | 2010 | 48,000 | - |
| | 2009 | 48,000 | - |
| Med Management Limited | 2010 | 48,300 | - |
| | 2009 | 48,300 | - |
| Other directors' interest | 2010 | 489,440 | 316,683 |
| | 2009 | 27,979 | - |

Entities with significant influence over the Company

Trauma and Emergency Medical Services Limited ("TEMS")

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

Radiology Associates Limited

One of the directors is a principal in Radiology Associates, the Company contracted to provide radiologist services in the Company's imaging department.

Other directors' interests

During the year, the Company made purchases totaling \$172,757 (2009: \$27,979) from IBM (Bahamas) Limited (IBM) and other international subsidiaries of IBM. One of the Company's Directors is a senior executive of IBM. At January 31, 2010, the Company signed an agreement to purchase hardware and software at a cost of \$487,004, a prepayment of \$170,521 was made in January 2010 with the balance of \$316,683 due February 2010.

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 year ended January 31, 2010 and 2009, the Company had no debts relating to amounts owed by related parties.

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

Transactions with other related parties

Compensation of key management personnel:

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Short-term employee benefits | \$ 1,593,346 | \$ 1,392,050 |
| Post-employment pension benefits | 115,432 | 107,752 |
| Total compensation paid to key management personnel | <u>\$ 1,708,778</u> | <u>\$ 1,499,802</u> |

21. PENSION PLAN

The Company has a defined contribution pension plan. Contributions to the plan amount to 10% of gross salaries of eligible Associates. The Company makes 100% of the 10% contribution for executive management personnel and matches all other Associate contributions up to 5% of gross salaries. Company and Associate contributions for the year ended January 31, 2010 amounted to \$611,430 (2009: \$568,223).

22. EARNING PER SHARE

Basic earnings and diluted earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Net income | <u>\$ 4,885,980</u> | <u>\$ 3,813,629</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> |
| Earning per share | <u>\$ 0.49</u> | <u>\$ 0.38</u> |

23. COMMITMENTS

Operating lease commitments

Rental expenses for facilities and parking lots were approximately \$380,831 (2009: \$376,219).

Future minimum lease rentals are as follows as of January 31:

| | 2010 | 2009 |
|---|---------------------|---------------------|
| Within one year | \$ 375,668 | \$ 380,831 |
| After one year but not more than five years | 1,364,150 | 630,019 |
| | <u>\$ 1,739,818</u> | <u>\$ 1,010,850</u> |

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JANUARY 31, 2010

(Expressed in Bahamian dollars)

During the year, the Company signed contracts for the purchase of the following:

I.B.M. - New hardware and software in the amount of \$487,204, a deposit of 35%, or \$170,521 was paid, which is included in other assets on the consolidated balance sheet. The Company will pay the remaining \$316,683, during fiscal 2011.

International Med-X - X-Ray machine in the amount of \$331,000, the Company will pay the full amount during fiscal 2011.

Medimax-RS - Digital mammography machine in the amount of \$263,000, the Company will pay the full amount during fiscal 2011.

24. CONTINGENCIES

The Company 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 Company, financial position, results of operation or cash flows.

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

25. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company's principal financial instruments consist of cash and cash equivalents and its various bank loans. The Company has other financial instruments such as accounts receivable and accounts payable, which arise directly from its operations. The Company does not enter into derivative transactions.

Financial risk management objectives and policies - The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Company 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 and quarterly reviews are undertaken to ensure that the Company's policy guidelines are adhered to.

Interest rate risk - The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations. All of the Company's bank loans have floating rates of interest. However, the interest rates are based on the Bahamian prime rate which, historically, has remained relatively stable, thus reducing the Company's exposure to changes in interest rate risk.

All of the Company's long term debt obligations were repaid during the current year therefore, there is no longer exposure to market risk for changes in interest rates.

Credit risk - Credit risk arising from the inability of the counter party to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the counter parties obligations exceed the obligations of the Com-

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENT
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(Expressed in Bahamian dollars)

pany. It is the Company's policy to enter into financial instruments with a diversity of creditworthy counter parties.

Therefore, the Company does not expect to incur material credit losses on its risk management or other financial instruments. The Company's maximum exposure to credit risk in the event the counter parties fail to perform their obligations at January 31, 2010 in relation to each class of financial assets, is the carrying amount as indicated in the consolidated balance sheet.

Concentrations of credit risk - The Company grants credit without collateral to its patients, most of which are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third party payors at January 31 was as follows:

| | 2010 | 2009 |
|--------------------------|-------|-------|
| Patients | 11% | 15% |
| Third Party Payors | 85% | 75% |
| National Insurance Board | 04% | 10% |
| | <hr/> | <hr/> |
| | 100% | 100% |

Liquidity risk - The Company is exposed to liquidity risk in connection with its debt obligations, accounts payable and accrued expenses. Liquidity risk arises if the Company is unable to collect its receivables quickly at fair value, thereby affecting the Company's ability to repay its debts. The Company monitors its cash flows on a regular basis and has access to overdraft facilities as described in Note 16.

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 Company's management team. The Company'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.

Fair value of financial instruments - Financial instruments utilized by the Company include recorded assets and liabilities. All of the Company'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 Company's recorded assets and liabilities.

26. CAPITAL MANAGEMENT

The primary objective of the Company'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 maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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, 2010 or January 31, 2009.

MEDICAL SPECIALIST LIST

DR. CHARLES DIGGISS, Chief Medical Officer

DR. SAM MIKHAEL, Chairperson

ANESTHESIOLOGY/ PAIN THERAPY
Dr. Samuel Agubusim
Dr. Sharon Bascom Bruney
Dr. Graciela deCastro-Mackey
Dr. Pablo de Souza
Dr. Barrett McCartney
Dr. Leander Moncur
Dr. Reginald Neymour
Dr. Roberto Pastoral
Dr. Sy Pierre
Dr. Mark Weech

AUDIOLOGY
Kim Scriven

CARDIOLOGY
Dr. Conville Brown
Dr. Patrick Cargill
Dr. Zurina Salas
Dr. Dean Tseretopoulos

CARDIOTHORACIC/ VASCULAR SURGERY
Dr. Duane Sands
Dr. Paul Shridanth Rampal

INTERVENTIONAL CARDIOLOGY
Dr. Henry Coleman
Dr. Bimal Francis

CHIROPRACTIC
Dr. Milena Russell

DENTISTRY
Dr. Norman Cove
Dr. Melanie Halkitis
Dr. Renee Peet-Iferenta
Dr. Sidney Sweeting

DERMATOLOGY
Dr. Richelle Ramnarine-Knowles

DIETITIAN
Mrs. Julia Lee

EMERGENCY MEDICINE
Dr. Lynwood Lucius Brown
Dr. Colin Bullard

Dr. Sarah Friday
Dr. Alvery Hanna
Dr. James Iferenta
Dr. Nigel Johnson
Dr. Kendra Josey
Dr. Gaye Knowles
Dr. Philip Swann
Dr. Michelle Sweeting

ENDOCRINOLOGY
Dr. Sebastian Peter

FAMILY MEDICINE
Dr. Timothy Barrett
Dr. Tyrone Bartlette
Dr. Homer Bloomfield
Dr. Gregory Carey
Dr. Chinyere Carey-Bullard
Dr. Tyneil Cargill
Dr. Graham Cates
Dr. Jose Colaco
Dr. Kirtland Culmer
Dr. Leslie Culmer
Dr. Janet Davis-Dorsett
Dr. Agreta Eneas-Carey
Dr. Eleanor Fung-Chung Walkine
Dr. Carnille Farquharson-Deveaux

INTERVENTIONAL CARDIOLOGY
Dr. Cleeland Gooding
Dr. Rosetta Ingraham
Dr. Ian Kelly
Dr. Jason McCarroll
Dr. Andrew Pinder
Dr. Myles Poitier
Dr. Horizal Simmons
Dr. Patrice Smith
Dr. Lourdes Tionloc
Dr. Richard Van Tooren
Dr. Brian Tynes
Dr. Franklyn Walkine

GASTROENTEROLOGY
Dr. Eugene Cooper
Dr. Harold Munnings

GYNECOLOGIC ONCOLOGY
Dr. Raleigh Butler

HEMATOLOGY/ONCOLOGY
Dr. DuVaughn Curling

Dr. John Lunn
Dr. Theodore Turnquest

INFECTIOUS DISEASES
Dr. Perry Gomez

INTERNAL MEDICINE
Dr. Omala Ablack
Dr. Sheena Antonio-Collie
Dr. Floyd Carter
Dr. Christine Chin-Che
Dr. Dionne Dames
Dr. Michael N'tari Darville
Dr. Cherilyn Hanna-Mahase
Dr. Nevin Girgis
Dr. Osama Kellini
Dr. Angela Kunz
Dr. Bevertton Moxey
Dr. Charles Osazuwa
Dr. Daoud Vakoub Samaan
Dr. Frederick Smith

FAMILY MEDICINE
Dr. Sebastian Peter

ENDOCRINOLOGY
Dr. Timothy Barrett
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Dr. Chinyere Carey-Bullard
Dr. Tyneil Cargill
Dr. Graham Cates
Dr. Jose Colaco
Dr. Kirtland Culmer
Dr. Leslie Culmer
Dr. Janet Davis-Dorsett
Dr. Agreta Eneas-Carey
Dr. Eleanor Fung-Chung Walkine
Dr. Carnille Farquharson-Deveaux

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Dr. Rosetta Ingraham
Dr. Ian Kelly
Dr. Jason McCarroll
Dr. Andrew Pinder
Dr. Myles Poitier
Dr. Horizal Simmons
Dr. Patrice Smith
Dr. Lourdes Tionloc
Dr. Richard Van Tooren
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Dr. Laura Dupuch
Dr. Andrea Griffith Bowe
Dr. Mildred Hall-Watson
Dr. James Johnson
Dr. Ronald Knowles
Dr. Allan Lyons
Dr. Flora Mackay
Dr. Godfrey Major
Dr. Vanessa Lynne Miller
Dr. Hubert Minnis
Dr. Jamil Minnis
Dr. Bernard Nottage
Dr. Ronald Patterson
Dr. Julian Stewart
Dr. Sharon Thompson

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Dr. Sheena Antonio-Collie
Dr. Floyd Carter
Dr. Christine Chin-Che
Dr. Dionne Dames
Dr. Michael N'tari Darville
Dr. Cherilyn Hanna-Mahase
Dr. Nevin Girgis
Dr. Osama Kellini
Dr. Angela Kunz
Dr. Bevertton Moxey
Dr. Charles Osazuwa
Dr. Daoud Vakoub Samaan
Dr. Frederick Smith

OPHTHALMOLOGY
Dr. Juli Dean-Zanetta
Dr. Antonio Guerrero
Dr. Sam Mikhael
Dr. Jonathon Rodgers
Dr. Geoffrey Sweeting

NEONATOLOGY
Dr. Steve Lochan
Dr. Gwendolyn McDeigan
Dr. Carlos Thomas

NEPHROLOGY
Dr. Judson Eneas
Dr. Ilisa Grant-Taylor
Dr. Ronald Knowles
Dr. John Johnson
Dr. Adrian Sawyer

NEUROLOGY
Dr. Clyde Munnings
Dr. Charles Rahming

NEUROSURGERY
Dr. Jimmy Abubaker
Dr. Magnus Ekedede
Dr. Ian McDowell

OBSTETRICS/GYNECOLOGY
Dr. Shaminique Bodie
Dr. Anthony Carey
Dr. Baldwin Carey
Dr. Reginald Carey
Dr. Austin Davis
Dr. Leon Dupuch

PATHOLOGY
Dr. George Bruney
Dr. Dino Grammatico
Dr. Caryn Sands

PATHOLOGY
Dr. George Bruney
Dr. Dino Grammatico
Dr. Caryn Sands

CLINICAL DIRECTORS:

Dr. Barrett McCartney - Critical Care Audits, Clinical Data/
Research, Institutional Ethics & Organ Donation
Dr. Carlos Thomas - Child Health
Dr. Gwendolyn McDeigan - Neonatal Care
Dr. Theodore Turnquest - Laboratory
Dr. Sheena Antonio Collie - Med/Surg/Associate Health

Dr. Colin Bullard - Emergency Transport Services
Dr. Larry Carroll - Imaging Services
Dr. James Iferenta - Emergency Services
Dr. Flora Mackay - Obstetrics/Gynecology
Dr. Michael N'tari Darville - Pharmacy, CME, Code Blue

SURGERY
Dr. Williamson Chea
Dr. Charles Diggiss
Dr. Nicholas Hepburn
Dr. Reginald McKinney
Dr. Locksley Munroe

THORACIC SURGERY
Dr. Theodore Ferguson
Dr. Wesley Francis

UROLOGY
Dr. Joseph Evans
Dr. Robin Roberts

VASCULAR SURGERY
Dr. Delton Farquharson

LIFE SAVING SURGERY
AT DOCTORS HOSPITAL



ANNUAL AWARD WINNERS

Team of the Year
Imaging Department

Associate of the Year Award
Garnell Ritchie (Med. Surg.)

Norma Gaitor Leadership Award
Lynda Stewart (ICU/IMCU)

Supervisor of the Year Award
Erica Thompson (Nursing Adm.)

Physician of the Year Award
Dr. Williamson Chea

Rising Stars Award
Queenie Ferguson (OR)
Chico Johnson (OR)
Krisna Nesbitt (Maternity)

Special Service Award Winners
Vandessa Astwood (ICU/IMCU)
Tammie Etienne (Pat. Reg.)

Elizabeth Grant (Org. Learn.)
Ricardo Hall (MIS)

Debbie Hudson (Lab)
Sandra Mackey (Pharm.)

Shanti Medari (Med Surg)
Sylvia Miller (Enrv. Srv.)

Deon Nicholls (ER)
Stephanie Reid (Maternity)

Alice Seymour (Dietary)
Tina Wright (Q&S)



Education Award Winners

Non-Clinical

Stacy LaFleur/ 93 Hours

Clinical

Javinson Brown (ETS)/ 108 Hours

Physician CME Award

Dr. Vincent Nwosa/147 CME credits

Catch Me at My Best Nominees

Associate
Alexander Pierre
Alexander Sherman (Hall of Fame Inductee)
Alexo Saunders
Allan Miller (Hall of Fame Inductee)
Amy Trinquette (Hall of Fame Inductee)
Cheryl Williams
Cynthia Vrdoljak (Hall of Fame Inductee)
Darron Russell
Desiree Darling (Hall of Fame Inductee)
Dion Nicolls (Hall of Fame Inductee)

Doreen Amgao
Dr. Charles Diggiss
Frederica Gibson (Hall of Fame Inductee)
Garnell Ritchie
Gladys Palacous (Hall of Fame Inductee)

Inez Nixon (Hall of Fame Inductee)
Janet Bridgewater
Julie Albury (Hall of Fame Inductee)
Kathryn Neely
Kereen Sherwood (Hall of Fame Inductee)

Lashan Burrows (Hall of Fame Inductee)
Laval Lightbourne
Laverne Williams
Leon Wilchcombe

Livingston Grant
Lysle Lightbourne
Associate
Mary Owens
Melodie Walkine (Hall of Fame Inductee)
Michael Rolle
Natalie Jupp
Patricia Laing
Patricia Major (Hall of Fame Inductee)
Philip Armbister (Hall of Fame Inductee)
Rachael Deveaux (Hall of Fame Inductee)
Renee Knowles
Ricardo Wilson
Rico Miller (Hall of Fame Inductee)
Rochelle Sands (Hall of Fame Inductee)
Rochelle Symonette
Shane Stubbs
Shanell Jones (Hall of Fame Inductee)
Sheldon Prince (Hall of Fame Inductee)
Shenique McKinney (Hall of Fame Inductee)
Simone Rolle
Sonia Gibson
Stephanie Armstrong
Tabitha Butler (Hall of Fame Inductee)
Tamarah Knowles
Tammie Etienne (Hall of Fame Inductee)
Tiffany McGregor
Vandessa Astwood

Department
Environmental Services
Cashiers
Cashiers

Security
Rehabilitation Services
Imaging

Rehabilitation Services
Environmental Services
ICU/IMCU Unit (3rd Floor)

Emergency Room
Rehabilitation Services
Chief Medical Officer

Patient Registration
Med/Surg Unit (4th Floor)

Patient Registration
Credit & Collections
Med/Surg Unit (4th Floor)

Corporate Office
Utilization Nurse
Rehabilitation Services

Insurance Services
Dietary Services
Dietary Services

Security
Security
Cashiers

Department
Environmental Services
Reception Services
Cashiers

Emergency Room
Risk Management
Sessional Clinic

Credit & Collections
Patient Registration
Cashiers

Security
Patient Registration
Laboratory Services

Emergency Room
Security

Patient Registration
Rehabilitation Services
Patient Registration

Rehabilitation Services
Environmental Services
ICU/IMCU Unit (3rd Floor)

Patient Relations
Cashiers
Patient Registration

Environmental Services
ICU/IMCU Unit

Quality Superstars Nominees

Physicians

Dr. Sheena Antonio Collie (Hall of Fame Inductee)
Dr. Colin Bullard
Dr. Leon Dupuch
Dr. Magnus Ekedede
Dr. Flora Mackay
Dr. Bevertton Moxey
Dr. Clyde Munnings (Hall of Fame Inductee)
Dr. Charles Rahming (Hall of Fame Inductee)
Dr. Pablo de Souza (Hall of Fame Inductee)
Dr. Carlos Thomas (Hall of Fame Inductee)

Rehabilitation Services

Maria Barron
Karline Deveaux
Sheldon Prince (Hall of Fame Inductee)
Johnathan Sagaya (Hall of Fame Inductee)
Kereen Sherwood (Hall of Fame Inductee)
Estella Thompson (Hall of Fame Inductee)
Cynthia Vrdoljak (Hall of Fame Inductee)

Phlebotomy

Bolera Glinton (Hall of Fame Inductee)
Leschelle Gray
Raquel Saunders (Hall of Fame Inductee)

ECG/EKG-EEG

Zulena Rolle (Hall of Fame Inductee)

Emergency Services

Nora Brown
Asneth Lewis (Hall of Fame Inductee)

Dietary

Alice Seymour (Hall of Fame Inductee)

Patient Relations

Tabitha Butler (Hall of Fame Inductee)



3rd Floor

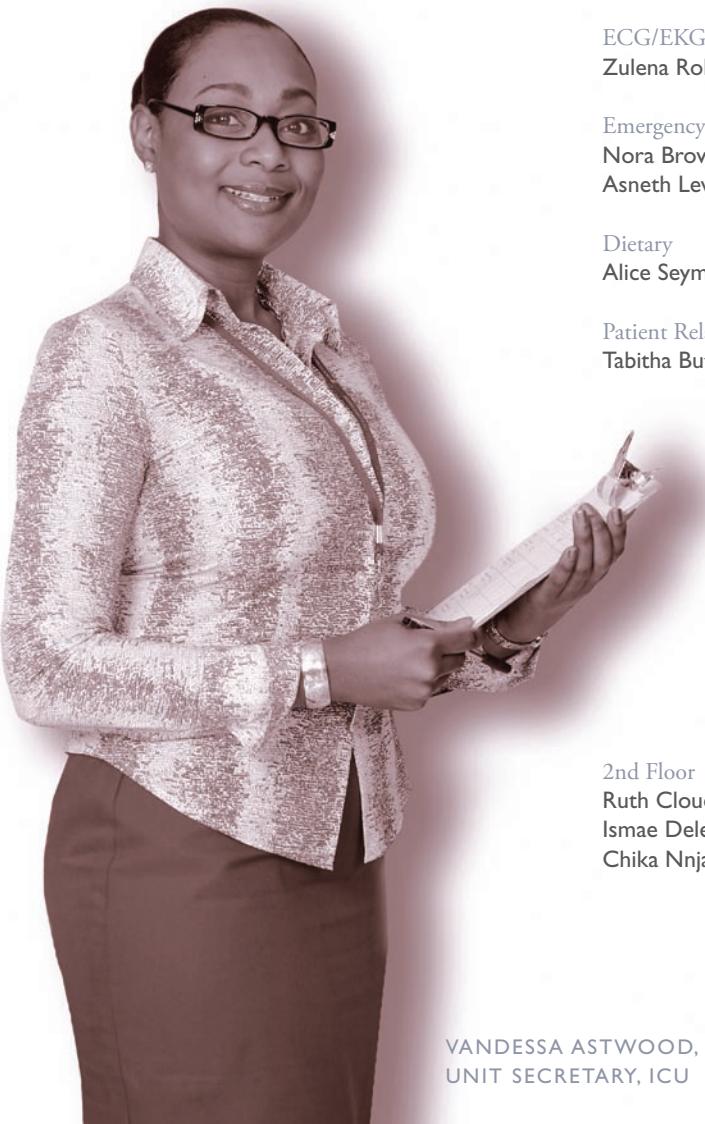
Vandessa Astwood (Hall of Fame Inductee)
Bernadita Cordova (Hall of Fame Inductee)
Desiree Darling (Hall of Fame Inductee)
Gladys David (Hall of Fame Inductee)
Sharell Davis (Hall of Fame Inductee)
TerryAnn Forbes (Hall of Fame Inductee)
Elizabeth Hanna (Hall of Fame Inductee)
Robertha Maynard
Marie Miller (Hall of Fame Inductee)
Kesha Obie
Tina Sands
Nova Taylor (Hall of Fame Inductee)

4th Floor

Janet Bridgewater (Hall of Fame Inductee)
Aruna Chetty (Hall of Fame Inductee)
Joana Coleby (Hall of Fame Inductee)
Rita Emenyonu
Samantha Evans
Veronica Frazier (Hall of Fame Inductee)
Karen Knowles (Hall of Fame Inductee)
Tanakae Ricketts (Hall of Fame Inductee)
Tamica Wood

Ruth Cloud (Hall of Fame Inductee)
Ismae Delevaux
Chika Nnjai (Hall of Fame Inductee)

2nd Floor



VANDESSA ASTWOOD,
UNIT SECRETARY, ICU

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Any other comments or inquiries should be addressed to:

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* Shareholders should refer specific questions regarding their share holdings to the listed Registrar & Transfer Agent.

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From left standing:

Mr. Chadwick Williamson, VP MIS, Ms. Michele Rassin, VP Operations/Support Services, Ms. Jasmine Davis, VP Patient Finance, Ms. Sabrina Walkine, VP Corporate Finance, Mrs. Dorcena Nixon, VP Patient Care, Mr. Paul Haven, VP Human Resources, Mrs. Cynthia Sawyers, VP Clinical Services

From left sitting:

Mrs. Joanne Lowe, CFO, Mr. Charles Sealy, CEO, Dr. Charles Diggiss, CMO, Mrs. Michaela Sumner-Budhi, Legal Counsel, Mrs. Marsha Sands, VP Quality & Patient Safety (not pictured)



DOCTORS HOSPITAL
Health For Life