

Doctors Hospital Health System Limited

Interim report
Quarter ended April 30, 2011

Chairman's Report
Doctors Hospital Health System Limited

Dear Shareholder,

On behalf of the Board of Directors of Doctors Hospital Health System, I report on your company's financial results for the three months ended April 30, 2011.

Net income for the three months was \$0.85 million compared to \$0.98 million for the comparable period in fiscal 2011. The financial results record an increase in net patient service revenues of \$0.77 million or 7.4%. Total patient days are up by 11.7% over 1st quarter 2010.

Expenses increased \$0.80 million, or 8.1%, over the same period year. Direct patient care expenses, medical supplies and services and salaries and benefits increased by \$0.5 million or 7.1%.

Although our activity for the first quarter did increase over last year the depressed economic environment continues to be a challenge.

The Board joins me in thanking our valued shareholders, for your continued support and loyalty to the Hospital. We extend an invitation for you to join us at our Company's Annual General Meeting on June 23, 2011 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
June 7, 2011

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2011 with comparative figures at January 31, 2011

(Expressed in thousands of Bahamian dollars)

	April 30, 2011	January 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,823	5,483
Accounts receivable—patients, net (note 2)	832	503
Accounts receivable—third party payors, net (note 2)	4,409	4,187
Inventories	1,446	1,319
Other assets	882	815
	13,392	12,307
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,608	1,738
Investment property	4,332	4,373
Property, plant and equipment	11,639	11,312
	18,040	17,884
Total assets	\$ 31,432	30,191
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,509	2,915
	3,509	2,915
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2011 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (January 31, 2011 – 9,971,634 shares)		
	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,166	14,519
Total liabilities and shareholders' equity	\$ 31,432	30,191

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2011 with comparative figures for the three months ended April 30, 2010
(Expressed in thousands of Bahamian dollars)

	April 30, 2011	April 30, 2010
Revenues		
Patient service revenue, net	\$ 11,152	10,380
Other	285	390
Total revenues	11,437	10,770
Expenses		
Salaries and benefits	4,535	4,190
Medical supplies and services	3,085	2,924
Bad debt expense, net of recoveries	276	114
Depreciation and amortization	750	676
Other operating	577	541
Utilities	365	318
Government taxes and fees	248	299
Outside services	185	188
Insurance	180	181
Repairs and maintenance	136	141
Rent	106	98
Dietary expenses	95	83
Legal expenses	53	41
Total expenses	10,591	9,794
Income before interest	846	976
Interest expense		
Net income for the period	\$ 846	976
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.08	0.10

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2011 with comparative figures for the three months ended April 30, 2010
(Expressed in thousands of Bahamian dollars)

	April 30, 2011	April 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 846	976
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	750	676
Provision for doubtful accounts	276	114
Operating income before working capital changes	1,872	1,766
Increase in accounts receivable	(828)	(89)
Increase in inventories	(126)	(84)
(Increase) Decrease in prepaid expenses and other assets	(66)	171
Increase (Decrease) in accounts payable and other liabilities	594	(108)
Net cash from operating activities	1,446	1,656
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(899)	(1,701)
Purchase of intangible assets	(8)	(302)
Net cash used in investing activities	(907)	(2003)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(199)	-
Net cash used in financing activities	(199)	-
Increase (Decrease) in cash and cash equivalents	340	(347)
Cash and cash equivalents at beginning of period	5,483	6,352
Cash and cash equivalents at end of period	\$ 5,823	6,005

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less.

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Three months ended April 30, 2011

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2011	9,971,634	\$ 399	\$ 12,358	\$ 14,519
Net income for the period				846
Dividends Paid				(199)
Balance at April 30, 2011	9,971,634	\$ 399	\$ 12,358	\$ 15,166

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2011

1. Significant accounting policies

These interim financial statements have been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting, using the same accounting policies applied in the January 31, 2011 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$2.3 million.

3. Dividends paid

Declared and paid on ordinary shares \$0.02