

# **Doctors Hospital Health System Limited**

*Interim report*  
*Quarter ended July 31, 2011*

**Chairman's Report**  
**Doctors Hospital Health System Limited**

Dear Shareholder,

For the six months ended July 31, 2011 the Hospital reports consolidated net income of \$1.1million or \$0.11 cents per share compared to \$0.11 cents per share for the same period last year.

Net revenue over the six month period increased by \$1.4 million or 6.7% compared to the same period last year. The second quarter compared with the same three months last year saw an increase of \$0.7 million or 7.3%. Patient days are 5,767 compared to 5,208 last year or a 10.7% increase. Total expenses increased by \$1.5 million, or 7.5%, over the same six month period.

The continued weakness in the local economy and increasing expenses remains a challenge for the Hospital. While cash-flow remains strong, we remain vigilant in monitoring expenses and continue to look for opportunities to improve service and revenue.

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

Joseph Krukowski

Chairman

September 5, 2011

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

July 31, 2011 with comparative figures at January 31, 2011  
 (Expressed in thousands of Bahamian dollars)

	July 31, 2011	January 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,596	5,483
Accounts receivable—patients, net (note 2)	958	503
Accounts receivable—third party payors, net (note 2)	3,929	4,187
Inventories	1,526	1,319
Other assets	843	815
	<b>12,852</b>	12,307
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,492	1,738
Investment property	4,291	4,373
Property, plant and equipment	11,969	11,312
	<b>18,213</b>	17,884
Total assets	<b>\$ 31,065</b>	30,191
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 2,921	2,915
Total liabilities	<b>\$ 2,921</b>	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	15,387	14,519
	<b>28,144</b>	27,276
Total liabilities and shareholders' equity	<b>\$ 31,065</b>	30,191

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2011 with comparative figures for the three months ended July 31, 2010  
 (Expressed in thousands of Bahamian dollars)

	July 31, 2011	July 31, 2010
<b>Revenues</b>		
Patient service revenue, net	\$ 10,715	9,920
Other	310	357
<b>Total revenues</b>	<b>11,025</b>	10,277
<b>Expenses</b>		
Salaries and benefits	4,439	4,319
Medical supplies and services	2,947	2,814
Depreciation and amortization	810	744
Other operating	530	495
Utilities	393	325
Bad debt expense, net of recoveries	587	256
Government taxes and fees	247	287
Insurance	183	180
Outside services	171	206
Repairs and maintenance	233	266
Rent	105	101
Dietary expenses	97	94
Legal expenses	62	26
<b>Total expenses</b>	<b>10,804</b>	10,113
Income before interest	221	164
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ 221</b>	164
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.02	0.02

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2011 with comparative figures for the six months ended July 31, 2010  
 (Expressed in thousands of Bahamian dollars)

	<b>July 31, 2011</b>	<b>July 31, 2010</b>
<b>Revenues</b>		
Patient service revenue, net	\$ 21,867	20,300
Other	595	747
<b>Total revenues</b>	<b>22,462</b>	<b>21,047</b>
<b>Expenses</b>		
Salaries and benefits	8,973	8,509
Medical supplies and services	6,032	5,738
Depreciation and amortization	1,560	1,420
Other operating	1,107	1,037
Bad debt expense, net of recoveries	863	370
Utilities	758	643
Government taxes and fees	495	586
Insurance	363	361
Outside services	356	394
Repairs and maintenance	369	406
Dietary expenses	193	177
Rent	211	199
Legal expenses	115	67
<b>Total expenses</b>	<b>21,395</b>	<b>19,907</b>
Income before interest	1,067	1,140
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ 1,067</b>	<b>1,140</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.11	0.11

**(Unaudited)**

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Six months ended July 31, 2011 with comparative figures for the six months ended July 31, 2010  
 (Expressed in thousands of Bahamian dollars)

	July 31, 2011	July 31, 2010
<b>Cash flows from operating activities</b>		
Net income	\$ 1,067	1,140
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,560	1,420
Provision for doubtful accounts	863	370
Loss on disposal of property, plant and equipment	-	(17)
	<b>3,490</b>	2,913
Changes in operating assets and liabilities:		
(Acrease) decrease in accounts receivable	(1,061)	(220)
Increase in inventories	(207)	(85)
Increase in prepaid expenses and other assets	(27)	(206)
Increase (decrease) in accounts payable and other liabilities	6	(144)
Cash provided by operating activities	<b>2,201</b>	2,258
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,861)	(2,445)
Purchase of intangible assets	(28)	(513)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	<b>(1,889)</b>	(2,958)
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(199)	(399)
Cash used in financing activities	<b>(199)</b>	(399)
Increase (decrease) in cash and cash equivalents	<b>113</b>	(1,099)
Cash and cash equivalents at beginning of period	<b>5,483</b>	6,352
Cash and cash equivalents at end of period	<b>\$ 5,596</b>	5,253

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

**(Unaudited)**

**DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

## Consolidated Statement of Changes in Equity

Six months ended July 31, 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	-	-	-	1,067
Dividends paid				(199)
<b>Balance at July 31, 2011</b>	<b>9,971,634</b>	<b>\$ 399</b>	<b>\$ 12,358</b>	<b>\$ 15,387</b>

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2011

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## **1. Significant accounting policies**

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

## **2. Accounts receivable**

Accounts receivable are stated net of provisions for doubtful accounts of \$2.9 million.

## **3. Dividends paid**

Declared and paid on ordinary shares \$0.02