

# **Doctors Hospital Health System Limited**

*Interim report*  
Quarter ended October 31, 2011

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

Dear Shareholder,

For the nine months ended October 31, 2011, the Hospital reports consolidated net income of \$1.4 million or \$0.14 cents per share compared to \$0.8 cents per share for the same period last year.

Net revenue over the nine month period increased by \$4.2 million or 14.3% compared to the same period last year. The third quarter compared with the same three months last year saw an increase of \$2.6 million or 29.5%.

Total expenses increased by \$3.5 million, or 11.9%, over the same nine month period, of which \$2.0 million is a direct cost of increased revenue. Bad debt expense is up \$1.1 million over the previous year. The prior year bad debt amount was lower due to a recovery of \$0.7 million, the balance of the increase \$0.4 million is attributable to an increase in the self-pay allowance.

The economic uncertainty continues to be a challenge but much work has and continues to be done exploring alternative income streams. The opportunity to expand international patient care is being carefully developed as our stamp of quality through Joint Commission Accreditation has opened many new markets.

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

Joseph Krukowski  
Chairman  
December 12, 2011

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

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

	October 31, 2011	January 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,593	5,483
Accounts receivable—patients, net (note 2)	1,050	503
Accounts receivable—third party payors, net (note 2)	4,262	4,187
Inventories	1,523	1,319
Other assets	693	815
	<b>14,121</b>	12,307
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,362	1,738
Investment property	4,251	4,373
Property, plant and equipment	11,567	11,312
	<b>17,641</b>	17,884
Total assets	<b>\$ 31,762</b>	30,191
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,454	2,915
Total liabilities	<b>\$ 3,454</b>	2,915
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (October 31, 2011 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (October 31, 2011 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,551	14,519
	<b>28,308</b>	27,276
Total liabilities and shareholders' equity	<b>\$ 31,762</b>	30,191

(Unaudited)

## DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

### Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2011 with comparative figures for the three months ended October 31, 2010

(Expressed in thousands of Bahamian dollars)

	October 31, 2011	October 31, 2010
<b>Revenues</b>		
Patient service revenue, net	\$ 11,523	8,901
Other	376	319
<b>Total revenues</b>	<b>11,899</b>	9,220
<b>Expenses</b>		
Salaries and benefits	4,657	4,107
Medical supplies and services	3,365	2,661
Depreciation and amortization	840	783
Other operating	520	471
Utilities	423	423
Bad debt expense, net of recoveries	731	150
Government taxes and fees	258	280
Insurance	189	187
Outside services	179	132
Repairs and maintenance	136	114
Rent	93	100
Dietary expenses	104	84
Legal expenses	41	35
<b>Total expenses</b>	<b>11,536</b>	9,527
Income before interest	363	(307)
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ 363</b>	(307)
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.04	(0.03)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Revenue and Expenses

Nine months ended October 31, 2011 with comparative figures for the nine months ended October 31, 2010  
(Expressed in thousands of Bahamian dollars)

	<b>October 31, 2011</b>	<b>October 31, 2010</b>
<b>Revenues</b>		
Patient service revenue, net	\$ 33,390	29,202
Other	971	1,066
<b>Total revenues</b>	<b>34,361</b>	30,268
<b>Expenses</b>		
Salaries and benefits	13,630	12,616
Medical supplies and services	9,397	8,399
Depreciation and amortization	2,400	2,204
Other operating	1,627	1,508
Bad debt expense, net of recoveries	1,594	519
Utilities	1,181	1,066
Government taxes and fees	752	865
Insurance	553	549
Outside services	535	526
Repairs and maintenance	505	521
Dietary expenses	297	261
Rent	303	299
Legal expenses	156	102
<b>Total expenses</b>	<b>32,930</b>	29,435
Income before interest	1,431	833
Interest expense	-	-
<b>Net income for the period</b>	<b>\$ 1,431</b>	833
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.14	0.08

(Unaudited)

## DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

### Consolidated Statement of Cash Flows

Nine months ended October 31, 2011 with comparative figures for the nine months ended October 31, 2010  
(Expressed in thousands of Bahamian dollars)

	October 31, 2011	October 31, 2010
<b>Cash flows from operating activities</b>		
Net income	\$ 1,431	833
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,400	2,203
Provision for doubtful accounts	1,594	519
Loss on disposal of property, plant and equipment	-	(17)
	<b>5,425</b>	<b>3,538</b>
Changes in operating assets and liabilities:		
Decrease in accounts receivable	(2,217)	117
Increase in inventories	(204)	(98)
Decrease in prepaid expenses and other assets	123	(62)
Increase (decrease) in accounts payable and other liabilities	539	36
Cash provided by operating activities	<b>3,666</b>	<b>3,531</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,043)	(2,719)
Purchase of intangible assets	(114)	(564)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	<b>(2,157)</b>	<b>(3,283)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(399)	(598)
Cash used in financing activities	<b>(399)</b>	<b>(598)</b>
Increase (decrease) in cash and cash equivalents	<b>1,110</b>	<b>(350)</b>
Cash and cash equivalents at beginning of period	<b>5,483</b>	<b>6,352</b>
Cash and cash equivalents at end of period	<b>\$ 6,593</b>	<b>6,002</b>

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

(Unaudited)

**DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

Consolidated Statement of Changes in Equity

Nine months ended October 31, 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	-	-	-	1,431
Dividends paid				(399)
Balance at October 31, 2011	9,971,634	\$ 399	\$ 12,358	\$ 15,551

# **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

Notes to Interim Consolidated Financial Statements

Nine months ended October 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 \$3.7 million.

## **3. Dividends Paid**

Declared and paid on ordinary shares \$0.04.