

Doctors Hospital Health System Limited

Interim report

Quarter ended April 30, 2012

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, 2012.

Net income for the three months was \$121,000 compared to \$846,000 for the comparable period in fiscal 2012. Total patient days are down 9.4%, largely in the critical care area, and represent a decline in gross revenue of \$589,000. Outpatient services increased in gross revenue \$438,000. Net patient revenue declined \$178,000 over the 1st quarter last year.

Expenses increased \$610,000, or 5.8%, over the same period last year, 34% of which is attributable to direct patient care. The balance represents increases in operating costs and bad debts.

The economy continues to present a significant challenge for the hospital: patients continue to lose insurance coverage due to unemployment and employers are reducing benefits in group health plans to cut costs. An action plan is being developed should improvements not materialize in the near term. At the same time every effort will be made to ensure continued quality health care.

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 12, 2012 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 22, 2012

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2012 with comparative figures at January 31, 2012

(Expressed in thousands of Bahamian dollars)

	April 30, 2012	January 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,971	6,911
Accounts receivable—patients, net (note 2)	814	752
Accounts receivable—third party payors, net (note 2)	4,274	4,247
Inventories	1,495	1,395
Other assets	960	636
	14,514	13,941
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,411	1,541
Investment property	4,338	4,214
Property, plant and equipment	10,912	11,313
	17,122	17,529
Total assets	\$ 31,636	31,470
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,601	3,157
	3,601	3,157
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2012 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (January 31, 2012 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,278	15,556
Total liabilities and shareholders' equity	\$ 31,636	31,470

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2012 with comparative figures for the three months ended April 30, 2011
(Expressed in thousands of Bahamian dollars)

	April 30, 2012	April 30, 2011
Revenues		
Patient service revenue, net	\$ 10,974	11,152
Other	348	285
Total revenues	11,322	11,437
Expenses		
Salaries and benefits	4,609	4,535
Medical supplies and services	3,293	3,085
Bad debt expense, net of recoveries	422	276
Depreciation and amortization	795	750
Other operating	500	577
Utilities	372	365
Government taxes and fees	276	248
Outside services	251	185
Insurance	215	180
Repairs and maintenance	217	136
Rent	100	106
Dietary expenses	114	95
Legal expenses	37	53
Total expenses	11,201	10,591
Income before interest	121	846
Interest expense		
Net income for the period	\$ 121	846
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.01	0.08

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2012 with comparative figures for the three months ended April 30, 2011
(Expressed in thousands of Bahamian dollars)

	April 30, 2012	April 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 121	846
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	795	750
Provision for doubtful accounts	422	276
Operating income before working capital changes	1,338	1,872
Increase in accounts receivable	(511)	(828)
Increase in inventories	(100)	(126)
Increase in prepaid expenses and other assets	(325)	(66)
Increase in accounts payable and other liabilities	444	594
Net cash from operating activities	846	1,446
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(371)	(899)
Purchase of intangible assets	(16)	(8)
Net cash used in investing activities	(387)	(907)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholders	(399)	(199)
Net cash used in financing activities	(399)	(199)
Increase in cash and cash equivalents	60	340
Cash and cash equivalents at beginning of period	6,911	5,483
Cash and cash equivalents at end of period	\$ 6,971	5,823

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, 2012

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2012	9,971,634	\$ 399	\$ 12,358	\$ 15,556
Net income for the period				121
Dividends Paid				(399)
Balance at April 30, 2012	9,971,634	\$ 399	\$ 12,358	\$ 15,278

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2012

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, 2012 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$2.6 million.

3. Dividends paid

Declared and paid on ordinary shares \$0.04