



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 six months ended July 31, 2012.

Net income for the six months was \$171,000 or \$0.02 cents per share compared to \$0.11 cents per share for the same period last year. Total patient days are down 7.9% largely in the critical care area, and represent a decline in gross revenue of \$614,000. While net revenue has increased by \$435,000 it is offset by a direct expense to outside medical services.

Total expenses increased by \$1,333,000 , or 6.2%, over the same six month period; 47% of this increase is in direct medical supplies and services, 21% is in increased Salaries and Benefits. Costs attributable to readying the western facility for re-opening represent a onetime expense accounting for an additional 15%.

Increases in costs, which have been necessary to maintain our high quality of patient care, and an ongoing weakness in the local economy, continue to be our biggest challenges. Although cash flow continues to remain strong new opportunities to improve revenue are being pursued.

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

Joseph Krukowski
Chairman
September 5, 2012

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

July 31, 2012 with comparative figures at January 31, 2012
(Expressed in thousands of Bahamian dollars)

	July 31, 2012	January 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,470	6,911
Accounts receivable—patients, net (note 2)	644	752
Accounts receivable—third party payors, net (note 2)	4,255	4,247
Inventories	1,504	1,395
Other assets	913	636
	13,786	13,941
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,278	1,541
Investment property	4,140	4,214
Property, plant and equipment	11,966	11,313
	17,845	17,529
Total assets	\$ 31,631	31,470
Liabilities and Shareholders’ Equity		
Current liabilities:		
Accounts payable and other liabilities	\$ 3,546	3,157
Total liabilities	\$ 3,546	3,157
Shareholders’ equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (July 31, 2012 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (July 31, 2012– 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,328	15,556
	28,085	28,313
Total liabilities and shareholders’ equity	\$ 31,631	31,470

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2012 with comparative figures for the three months ended July 31, 2011
(Expressed in thousands of Bahamian dollars)

	July 31, 2012	July 31, 2011
Revenues		
Patient service revenue, net	\$ 11,225	10,715
Other	350	310
Total revenues	11,575	11,025
Expenses		
Salaries and benefits	4,645	4,439
Medical supplies and services	3,368	2,947
Depreciation and amortization	801	810
Other operating	625	530
Utilities	442	393
Bad debt expense, net of recoveries	539	587
Government taxes and fees	239	247
Insurance	216	183
Outside services	280	171
Repairs and maintenance	120	233
Rent	98	105
Dietary expenses	124	97
Legal expenses	29	62
Total expenses	11,526	10,804
Net income for the period	\$ 49	221
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.00	0.02

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Six months ended July 31, 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	-	-	-	171
Dividends paid				(399)
Balance at July 31, 2012	9,971,634	\$ 399	\$ 12,358	\$ 15,328

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2012 with comparative figures for the six months ended July 31, 2011
(Expressed in thousands of Bahamian dollars)

	July 31, 2012	July 31, 2011
Revenues		
Patient service revenue, net	\$ 22,199	21,867
Other	698	595
Total revenues	22,897	22,462
Expenses		
Salaries and benefits	9,254	8,973
Medical supplies and services	6,661	6,032
Depreciation and amortization	1,596	1,560
Other operating	1,125	1,107
Bad debt expense, net of recoveries	961	863
Utilities	814	758
Government taxes and fees	515	495
Insurance	431	363
Outside services	531	356
Repairs and maintenance	337	369
Dietary expenses	238	193
Rent	197	211
Legal expenses	66	115
Total expenses	22,726	21,395
Net income for the period	\$ 171	1,067
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.02	0.11

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Six months ended July 31, 2012 with comparative figures for the six months ended July 31, 2011
(Expressed in thousands of Bahamian dollars)

	July 31, 2012	July 31, 2011
Cash flows from operating activities		
Net income	\$ 171	1,067
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,596	1,560
Provision for doubtful accounts	961	863
Loss on disposal of property, plant and equipment	-	-
	2,728	3,490
Changes in operating assets and liabilities:		
Increase in accounts receivable	(861)	(1,061)
Increase in inventories	(109)	(207)
Increase in prepaid expenses and other assets	(277)	(27)
Increase in accounts payable and other liabilities	389	6
Cash provided by operating activities	1,870	2,201
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,881)	(1,861)
Purchase of intangible assets	(31)	(28)
Proceeds from disposal of property, plant and equipment	-	-
Cash used in investing activities	(1,912)	(1,889)
Cash flows from financing activities		
Repayment of long-term debt	-	-
Dividends paid to shareholders	(399)	(199)
Cash used in financing activities	(399)	(199)
Increase (decrease) in cash and cash equivalents	(441)	113
Cash and cash equivalents at beginning of period	6,911	5,483
Cash and cash equivalents at end of period	\$ 6,470	5,596

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

Notes to Interim Consolidated Financial Statements

Six months ended July 31, 2012

- 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.
- Accounts receivable**
Accounts receivable are stated net of provisions for doubtful accounts of \$3.2 million
- Dividends paid**
Declared and paid on ordinary shares \$0.04

