

Doctors Hospital Health System Limited

Interim report

Quarter ended April 30, 2009

Chairman's Report Doctors Hospital Health System Limited

Dear Shareholder,

On behalf of the Board of Directors of Doctors Hospital Health System, I am pleased to report on your company's financial results for the three months ended April 30, 2009.

We are satisfied our financial achievement is due in large measure to the hard work and commitment of our Associates, a loyal clientele that continues to repose confidence in our Hospital, and the invaluable support and patronage of our credentialed physicians.

The first quarter of fiscal 2010 has evidenced the continuation of a positive trend in business volumes. Earnings per share were twenty-three cents for the period. This reflects an increase from ten cents for the comparable period last year. Net income for the three months was \$2.3 million compared to \$1.0 million for the comparable period in 2008.

The financial results reflect growth in patient service revenues to \$12.4 million from \$10.5 million in the prior year period, an increase of 17.4%.

Total expenses increased \$0.6 million, or 6.3%, over the same period year. Medical supplies and services increased \$0.4M or 15.6% and salaries and benefits increased by 0.2M or 5.9%; both increases are a direct result of revenue growth and generally on budget.

Despite the uncertain economic climate we remain optimistic about prospects for the remainder of the year. 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 18, 2009 at Doctors Hospital's new Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 24, 2009

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

April 30, 2009 with comparative figures at January 31, 2009
(Expressed in thousands of Bahamian dollars)

	April 30, 2009	January 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,629	5,328
Accounts receivable—patients, net (note 2)	849	1,003
Accounts receivable—third party payors, net (note 2)	6,267	5,826
Inventories	1,243	1,153
Other assets	821	574
	13,809	13,884
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,909	2,014
Investment property	4,662	4,703
Property, plant and equipment	10,485	10,739
	17,517	17,917
Total assets	\$ 31,326	31,801
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	3,181	3,516
Dividends payable	399	-
Long-term debt, current portion	388	942
	3,968	4,458
Non-current liabilities		
Long-term debt	2,428	4,123
Total liabilities	6,396	8,581
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2007 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (January 31, 2007 – 9,971,634 shares)		
	399	399
Contributed surplus	12,358	12,358
Retained earnings	12,173	10,463
	24,930	23,220
Total liabilities and shareholders' equity	\$ 31,326	31,801

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Three months ended April 30, 2009 with comparative figures for the three months ended April 30, 2008
(Expressed in thousands of Bahamian dollars)

	April 30, 2009	April 30, 2008
Revenues		
Patient service revenue, net	\$ 12,406	10,533
Other	351	333
Total revenues	12,757	10,866
Expenses		
Salaries and benefits	4,251	4,015
Medical supplies and services	3,051	2,639
Bad debt expense, net of recoveries	479	639
Depreciation and amortization	676	610
Other operating	615	511
Utilities	288	345
Government taxes and fees	275	251
Outside services	165	211
Insurance	183	181
Repairs and maintenance	100	133
Rent	94	97
Dietary expenses	100	85
Legal expenses	86	35
Total expenses	10,363	9,752
Income before interest	2,394	1,114
Interest expense	(86)	(123)
Net income for the period	\$ 2,308	981
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.23	0.10

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2009 with comparative figures for the three months ended April 30, 2008
(Expressed in thousands of Bahamian dollars)

	April 30, 2009	April 30, 2008
Cash and cash equivalents provided by (used in):		
OPERATING ACTIVITIES:		
Net income	\$ 2,308	981
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	676	611
Provision for doubtful accounts	479	639
Gain on disposal of property, plant and equipment	-	-
	3,463	2,231
Increase in accounts receivable	(766)	27
Increase in inventories	(89)	(97)
Increase in prepaid expenses and other assets	(247)	(1,358)
Decrease in accounts payable and other liabilities	(335)	318
Increase in dividends payable to shareholders	399	-
Cash and cash equivalents provided by operating activities	2,425	1,121
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(276)	(809)
Purchase of intangible assets	-	(9)
Cash and cash equivalents provided by (used in) investing activities	(276)	(818)
FINANCING ACTIVITIES:		
Repayment of long-term debt	(2,249)	(2236)
Dividends paid to shareholders	(598)	(199)
Cash and cash equivalents used in financing activities	(2,847)	(2,435)
Increase (decrease) in cash and cash equivalents	(698)	(2,132)
Cash and cash equivalents at beginning of period	5,328	6,630
Cash and cash equivalents at end of period	\$ 4,630	4,498

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, 2009

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2009	9,971,634	\$ 399	\$ 12,358	\$ 10,463
Net income for the period	-	-	-	2,308
Dividends paid				(598)
Balance at April 30, 2009	9,971,634	\$ 399	\$ 12,358	\$ 12,173

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2009

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, 2009 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$3.4 million.

3. Bank Borrowings

In April 2009 the Company repaid the bank loan on investment property in the amount of \$ 2.0 million

4. Dividends Paid

The Board of Directors approved an extraordinary dividend on April 27, 2009 for \$0.04 per share for a total of \$0.4 million. This amount is recognized as a liability as at April 30, 2009.