

# Doctors Hospital Health System Limited

Interim report  
Quarter ended July 31, 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 positive financial results for the six months ended July 31, 2009.

Customer Satisfaction ratings continue to be strong and encouraging with positive results setting new records. Overall, our Associates have done an impressive job of responding to the new quality initiatives and dedication to patient and physician satisfaction.

For the six months ended July 31, 2009, the Hospital reports consolidated net income of \$4.0 million or \$0.41 cents per share compared to \$0.16 cents per share for the same period last year. Due to our positive results the Board of Directors has approved a dividend of \$0.02 per share to be paid by October, 2009.

Net revenue increased by 18.2% compared to the same period last year. The increased trend in business volumes has continued into the second quarter of the year with increases in ICU patient days of 47% and all other business sectors of the hospital have also shown positive growth year to date.

Total expenses increased by \$1.5 million, or 7.8%, over the same six month period. Salaries and benefits and medical supplies and services account for 92% of the increase and are a result of the increased activity. Government taxes and fees increased 10.7% over the same period last year, with work permits accounting for 90% of this increase.

The Western Medical Plaza continues to operate through lease agreements generating additional revenues while the Company is actively pursuing options for long term lease agreements and sale provision of the facility.

We continue to build on our brand loyalty and remain confident that financial success will continue through our focus on improving healthcare services, quality of patient care, and new service lines offered with additional medical specialists returning to the Bahamas.

Success does not come without the dedication, support and commitment of our Associates and physicians; I am truly appreciative of their continued commitment to our customers and the Company. On behalf of The Board of Directors, I would like to express my gratitude to our shareholders, Associates, physicians and volunteers, and thank them for their continued support and service to the community.

Joseph Krukowski  
Chairman  
September 1, 2009

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Balance Sheet

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

	July 31, 2009	January 31, 2009
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 6,650	5,328
Accounts receivable—patients, net (note 2)	704	1,003
Accounts receivable—third party payors, net (note 2)	5,649	5,826
Inventories	1,261	1,153
Other assets	1,000	574
	<b>15,264</b>	<b>13,884</b>
<b>Non-current assets:</b>		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,871	2,014
Investment property	4,621	4,703
Property, plant and equipment	10,320	10,739
	<b>17,273</b>	<b>17,917</b>
<b>Total assets</b>	<b>\$ 32,537</b>	<b>31,801</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	3,151	3,516
Long-term debt, current portion	388	942
	<b>3,539</b>	<b>4,458</b>
<b>Non-current liabilities</b>		
Long-term debt	2,331	4,123
<b>Total liabilities</b>	<b>5,870</b>	<b>8,581</b>
<b>Shareholders' equity:</b>		
<b>Share capital:</b>		
Authorized 12,500,000 common shares at par value of B\$0.04 each (July 31, 2009 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (July 31, 2009 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	13,910	10,463
	<b>26,667</b>	<b>23,220</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 32,537</b>	<b>31,801</b>

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2009 with comparative figures for the three months ended July 31, 2008  
(Expressed in thousands of Bahamian dollars)

	July 31, 2009	July 31, 2008
<b>Revenues</b>		
Patient service revenue, net	\$ 11,579	9,661
Other	322	330
<b>Total revenues</b>	<b>11,901</b>	<b>9,991</b>
<b>Expenses</b>		
Salaries and benefits	4,383	4,091
Medical supplies and services	2,910	2,481
Depreciation and amortization	631	651
Other operating	548	509
Utilities	333	426
Bad debt expense, net of recoveries	300	45
Government taxes and fees	287	257
Insurance	183	181
Outside services	182	235
Repairs and maintenance	130	145
Rent	97	88
Dietary expenses	94	94
Legal expenses	37	40
<b>Total expenses</b>	<b>10,115</b>	<b>9,243</b>
Income before interest	1,786	748
Interest expense	(49)	(99)
<b>Net income for the period</b>	<b>\$ 1,737</b>	<b>649</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ 0.17	0.07

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Revenue and Expenses

Six months ended July 31, 2009 with comparative figures for the six months ended July 31, 2008  
(Expressed in thousands of Bahamian dollars)

	July 31, 2009	July 31, 2008
<b>Revenues</b>		
Patient service revenue, net	\$ 23,985	20,194
Other	673	663
<b>Total revenues</b>	<b>24,658</b>	<b>20,857</b>
<b>Expenses</b>		
Salaries and benefits	8,634	8,106
Medical supplies and services	5,961	5,120
Depreciation and amortization	1,307	1,261
Other operating	1,163	1,020
Bad debt expense, net of recoveries	779	685
Utilities	621	771
Government taxes and fees	563	508
Insurance	366	362
Outside services	347	446
Repairs and maintenance	230	278
Dietary expenses	195	179
Rent	191	185
Legal expenses	122	74
<b>Total expenses</b>	<b>20,479</b>	<b>18,995</b>
Income before interest	4,179	1,862
Interest expense	(134)	(232)
<b>Net income for the period</b>	<b>\$ 4,045</b>	<b>1,630</b>
<b>Earnings per common share (expressed in Bahamian dollars):</b>		
Basic and fully diluted	\$ 0.41	0.16

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Six months ended July 31, 2009 with comparative figures for the six months ended July 31, 2008  
(Expressed in thousands of Bahamian dollars)

	July 31, 2009	July 31, 2008
<b>Cash flows from operating activities</b>		
Net income	\$ 4,045	1,630
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,307	1,261
Provision for doubtful accounts	779	685
Loss on disposal of property, plant and equipment	3	-
	<b>6,134</b>	<b>3,576</b>
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(286)	76
Increase in inventories	(107)	(152)
Increase in prepaid expenses and other assets	(444)	(256)
(Decrease) increase in accounts payable and other liabilities	(365)	224
<b>Cash provided by operating activities</b>	<b>4,932</b>	<b>3,468</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(598)	(2,799)
Purchase of intangible assets	(71)	(12)
Proceeds from disposal of property, plant and equipment	3	-
<b>Cash used in investing activities</b>	<b>(666)</b>	<b>(2,811)</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(2,346)	(2,471)
Dividends paid to shareholders	(598)	(199)
<b>Cash used in financing activities</b>	<b>(2,944)</b>	<b>(2,670)</b>
Increase (decrease) in cash and cash equivalents	1,322	(2,013)
Cash and cash equivalents at beginning of period	5,328	6,630
<b>Cash and cash equivalents at end of period</b>	<b>\$ 6,650</b>	<b>4,617</b>

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

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Changes in Equity

Six months ended July 31, 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	-	-	-	4,045
Dividends paid	-	-	-	(598)
<b>Balance at July 31, 2009</b>	<b>9,971,634</b>	<b>\$ 399</b>	<b>\$ 12,358</b>	<b>\$ 13,910</b>

### DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Six months ended July 31, 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 \$3.7million.

#### 3. Bank Borrowings

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

(Unaudited)

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