

Doctors Hospital Health System Limited

Interim report
Quarter ended April 30, 2010

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, 2010.

We are all aware of the challenging economy over the last eighteen months. We have seen the effects of the economic downturn during the latter part of last year but the first quarter of this fiscal year has been the slowest activity in five years. In spite of this lower level of activity, profitability has been maintained for the first quarter of the fiscal year. This success has been achieved because of vigilance at all levels of the organization. Cost savings has been implemented where possible without affecting the quality of patient care.

Earnings per share were ten cents for the period, a decrease from twenty-three cents for the comparable period last year. Net income for the three months was \$0.98 million compared to \$2.3 million for the comparable period in fiscal 2010. The financial results show a decrease in patient service revenues to \$10.4 million from \$12.4 million in the prior year period, a decrease of 16.3%. Total patient days are down 32% over 1st quarter 2010.

Total expenses decreased \$0.6 million, or 5.5%, over the same period year. Direct patient care expenses, medical supplies and services and salaries and benefits decreased by 0.2M or 2.8%. Bad debt expense decreased by 0.37M and is attributable to recoveries provided for in the previous quarter.

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 17, 2010 at Doctors Hospital's Conference Center on Dowdeswell Street.

Joseph Krukowski
Chairman
May 31, 2010

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Financial Position

April 30, 2010 with comparative figures at January 31, 2010

(Expressed in thousands of Bahamian dollars)

	April 30, 2010	January 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,006	6,352
Accounts receivable—patients, net (note 2)	585	515
Accounts receivable—third party payors, net (note 2)	3,916	4,010
Inventories	1,371	1,287
Other assets	692	863
	12,570	13,027
Non-current assets:		
Investments	30	30
Goodwill, net	431	431
Other intangible assets	1,860	1,671
Investment property	4,497	4,538
Property, plant and equipment	11,471	10,293
	18,289	16,963
Total assets	\$ 30,859	29,990
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and other liabilities	2,874	2,981
	2,874	2,981
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2010 – 12,500, 000 shares)		
Issued and fully paid 9,971,634 shares (January 31, 2010 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	15,228	14,252
	27,985	27,009
Total liabilities and shareholders' equity	\$ 30,859	29,990

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Comprehensive Income

Three months ended April 30, 2010 with comparative figures for the three months ended April 30, 2009
(Expressed in thousands of Bahamian dollars)

	April 30, 2010	April 30, 2009
Revenues		
Patient service revenue, net	\$ 10,380	12,406
Other	390	351
Total revenues	10,770	12,757
Expenses		
Salaries and benefits	4,190	4,251
Medical supplies and services	2,924	3,069
Bad debt expense, net of recoveries	114	479
Depreciation and amortization	676	676
Other operating	541	615
Utilities	318	288
Government taxes and fees	299	275
Outside services	188	155
Insurance	181	183
Repairs and maintenance	141	92
Rent	98	94
Dietary expenses	83	100
Legal expenses	41	86
Total expenses	9,794	10,363
Income before interest	976	2,394
Interest expense		(86)
Net income for the period	\$ 976	2,308
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.10	0.23

(Unaudited)

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Consolidated Statement of Cash Flows

Three months ended April 30, 2010 with comparative figures for the three months ended April 30, 2009
(Expressed in thousands of Bahamian dollars)

	April 30, 2010	April 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 976	2,308
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	676	676
Provision for doubtful accounts	114	479
Gain on disposal of property, plant and equipment	-	-
Operating income before working capital changes	1,766	3,463
Increase in accounts receivable	(89)	(766)
Increase in inventories	(84)	(89)
Decrease (Increase) in prepaid expenses and other assets	171	(247)
Decrease in accounts payable and other liabilities	(108)	(335)
Increase in dividends payable to shareholders	-	399
Net cash from operating activities	1,656	2,425
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,701)	(276)
Purchase of intangible assets	(302)	-
Net cash used in investing activities	(2,003)	(276)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	-	(2,249)
Dividends paid to shareholders	-	(598)
Net cash used in financing activities	-	(2,847)
Decrease in cash and cash equivalents	(347)	(698)
Cash and cash equivalents at beginning of period	6,352	5,328
Cash and cash equivalents at end of period	\$ 6,005	4,630

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, 2010

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Retained earnings
Balance at January 31, 2010	9,971,634	\$ 399	\$ 12,358	\$ 14,252
Net income for the period	-	-	-	976
Balance at April 30, 2010	9,971,634	\$ 399	\$ 12,358	\$ 15,228

DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2010

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, 2010 audited consolidated financial statements.

2. Accounts receivable

Accounts receivable are stated net of provisions for doubtful accounts of \$3.7 million.