

**Doctors Hospital Health System Limited**

*Interim report*

*Quarter ended April 30, 2006*

**Chairman's Report**  
**Doctors Hospital Health System Limited**

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present the financial results for the first quarter ending April 30, 2006. Our company continues to realize profitability; this is underpinned by strong physician and customer support. We earned ten cents per share this quarter, and the rest of the fiscal year continues to look very promising.

The sustained profitability of the last few years has provided a level of stability that has enabled us to make significant investments for long-term growth. As these financial statements reflect, we continue to use free cash flows to purchase medical and information technology that will both strengthen our core business and expand our capacity to serve patient needs into the future.

We thank you for your continued loyalty to the Hospital, and extend an invitation for you to join us at our company's Annual General Meeting on June 21 at Doctors Hospital, Collins Avenue.

Joseph Krukowski  
Chairman  
May 30, 2006

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Balance Sheet

April 30, 2006 with comparative figures at January 31, 2006

(Expressed in thousands of Bahamian dollars)

	April 30, 2006	January 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	1,257
Accounts receivable—patients, net	957	1,069
Accounts receivable—third party payors, net	8,058	6,566
Inventories	1,216	1,150
Other assets	316	509
Assets classified as held for sale (note 2)	5,562	5,597
	<b>16,109</b>	<b>16,148</b>
Non-current assets:		
Goodwill, net	431	431
Investments	30	30
Investment property	1,022	1,022
Property, plant and equipment	11,717	10,992
	<b>13,200</b>	<b>12,475</b>
Total assets	\$ <b>29,309</b>	<b>28,623</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Bank indebtedness	\$ 724	-
Accounts payable and other liabilities	2,801	3,071
Long-term debt, current portion	1,682	1,653
Liabilities directly associated with assets classified as held for sale (note 2)	5,724	5,933
	<b>10,931</b>	<b>10,656</b>
Non-current liabilities		
Long-term debt	2,688	3,117
Total liabilities	<b>13,619</b>	<b>13,774</b>
Shareholders' equity:		
Share capital:		
Authorized 12,500,000 common shares at par value of B\$0.04 each (January 31, 2006 – 12,500,000 shares)		
Issued and fully paid 9,971,634 shares (January 31, 2006 – 9,971,634 shares)	399	399
Contributed surplus	12,358	12,358
Retained earnings	2,933	2,092
	<b>15,690</b>	<b>14,849</b>
Total liabilities and shareholders' equity	\$ <b>29,309</b>	<b>28,623</b>

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Income

Three months ended April 30, 2006 with comparative figures for the three months ended April 30, 2005  
(Expressed in thousands of Bahamian dollars)

	April 30, 2006	April 30, 2005
<b>CONTINUING OPERATIONS</b>		
<b>Revenues</b>		
Patient service revenue, net	\$ 8,609	8,900
Other	128	101
Total revenues (note 3)	8,737	9,001
<b>Expenses</b>		
Salaries and benefits	3,545	3,215
Medical supplies and services	1,364	1,457
Other operating	925	746
Provision for doubtful accounts	599	273
Depreciation and amortization	507	423
Utilities	257	221
Government taxes and fees	203	166
Repairs and maintenance	220	63
Total expenses	7,620	6,564
Income from continuing operations before interest	1,117	2,437
Interest expense	(88)	(119)
<b>Income from continuing operations</b>	<b>1,029</b>	<b>2,318</b>
<b>Discontinued operations</b>		
Revenue	24	15
Expenses	(212)	(203)
Loss from discontinued operations	(188)	(188)
<b>Net income for the period</b>	<b>\$ 841</b>	<b>2,130</b>
Earnings per common share (expressed in Bahamian dollars):		
Basic and fully diluted	\$ 0.08	0.21

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Cash Flows

Three months ended April 30, 2006 with comparative figures for the three months ended April 30, 2005  
(Expressed in thousands of Bahamian dollars)

	April 30, 2006	April 30, 2005
Cash and cash equivalents provided by (used in):		
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 841	2,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	507	423
Provision for doubtful accounts	599	249
	<b>1,947</b>	<b>2,802</b>
Increase in accounts receivable	(1,960)	(1,754)
Increase in inventories	(67)	(39)
Decrease in other assets	182	11
Decrease in accounts payable and other liabilities	(262)	(633)
Cash and cash equivalents provided by (used in) operating activities	<b>(160)</b>	<b>387</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(1,231)	(526)
Cash and cash equivalents used in investing activities	<b>(1,231)</b>	<b>(526)</b>
<b>FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(602)	(393)
Cash and cash equivalents used in financing activities	<b>(602)</b>	<b>(393)</b>
Decrease in cash and cash equivalents	<b>(1,993)</b>	<b>(532)</b>
Cash and cash equivalents at beginning of period	<b>1,284</b>	<b>3,199</b>
Cash and cash equivalents at end of period	\$ <b>(709)</b>	<b>2,667</b>

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

(Unaudited)

# DOCTORS HOSPITAL HEALTH SYSTEM LIMITED

## Consolidated Statement of Changes in Equity

Three months ended April 30, 2006

(Expressed in thousands of Bahamian dollars)

	Number of shares	Share capital	Contributed surplus	Deficit
Balance at January 31, 2006	9,971,634	\$ 399	\$ 12,358	\$ 2,092
Net income for the period	-	-	-	841
Balance at April 30, 2006	9,971,634	\$ 399	\$ 12,358	\$ 2,933

(Unaudited)

## **DOCTORS HOSPITAL HEALTH SYSTEM LIMITED**

### Notes to Interim Consolidated Financial Statements

Three months ended April 30, 2006

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#### **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, 2006 audited consolidated financial statements.

#### **2. Discontinuing operations**

For the period ended April 30, 2006, total assets and liabilities of companies which have been discontinued and for which there is a commitment for disposition are reported in the balance sheet as "held for sale." Operating results for these segments are reported in the statement of income "Discontinued operations." These include Western Medical Plaza and Imaging Equipment Limited.

#### **3. Net patient service revenue/medical supplies and services**

Net patient service revenue and medical supplies and services are recorded on a net basis. Physician fees earned in the emergency and imaging departments and sessional clinics aggregate to \$0.995 million and have been deducted from patient service revenue and medical supplies and services in the statement of income to reflect only the portion earned by the Hospital.