Financial Statements of

ST. JOSEPH'S HEALTH CARE, LONDON

Year ended March 31, 2005

Management's Report

The accompanying financial statements of St. Joseph's Health Care, London have been prepared by Management, and approved by the Board of Directors at their meeting of May 30, 2005.

Management works with the Board of Directors to carry out its responsibility for the financial statements principally through its Audit Committee. Voting membership of this Committee is comprised solely of independent volunteers possessing a high degree of financial literacy. The Audit Committee meets with management and the internal and external auditors to review audit plans, and any significant accounting and auditing matters and discuss the results of audit examinations. The Audit Committee also reviews the financial statements and the external auditors' report and submits its findings to the Board of Directors for their consideration in approving the financial statements.

St. Joseph's Health Care, London maintains a system of internal accounting controls that is continually reviewed and improved to provide assurance that financial information is relevant and reliable, and that assets are properly accounted for and safe-guarded.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Cliff Nordal

Mr. Cliff Nordal, FCCHSE
President and CEO

Mr. Ron McRae, CA
Vice President, Chief Financial Officer

John Mockler

Mr. John Mockler, CMA, MBA
Director Finance

May 12, 2005

KPMG LLP
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AUDITORS' REPORT

To the Board of Directors

We have audited the statement of financial position of St. Joseph's Health Care, London as at March 31, 2005 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of St. Joseph's Health Care, London's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of St. Joseph's Health Care, London as at March 31, 2005 and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

London, Canada
May 12, 2005

ST. JOSEPH'S HEALTH CARE, LONDON

Statement of Financial Position

March 31, 2005, with comparative figures for March 31, 2004
(In thousands of dollars)

		2005	2004
Assets			
Current assets:			
Cash and short term investments	$	50,887	42,459
Accounts receivable (note 2)		29,711	23,767
Inventories and prepaid expenses		3,809	3,677
		84,407	69,903
Restricted investments (note 3)		143,692	156,195
Investment in joint ventures (note 15 (c)(d))		778	602
Research grant receivable		569	-
Capital assets (note 4)		206,098	185,732
		435,544	412,432
Liabilities, Deferred Contributions and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities		73,497	57,845
Current portion of long-term liabilities (note 6)		3,184	3,358
Current portion of obligation under capital lease (note 12)		1,131	657
		77,812	61,860
Long-term liabilities:			
Long-term liabilities (note 6)		3,850	2,912
Provision for demolition (note 11)		1,600	1,600
Obligation under capital lease (note 12)		1,777	1,206
		7,227	5,718
Deferred contributions (note 7):			
Unamortized capital contributions used to purchase assets		98,474	90,328
Unspent capital contributions		51,034	54,883
Expenses of future periods		8,481	7,967
		157,989	153,178
Net assets:			
Invested in capital assets (note 8)		102,058	90,563
Restricted (note 9)		84,177	93,345
Unrestricted		6,281	7,768
		192,516	191,676
Commitments and contingencies (note 10)			
	$	435,544	412,432

See accompanying notes to financial statements.

Ruthe-Anne Conyngham

Ruthe-Anne Conyngham, Chair Board of Directors

Leroy Innanen

Leroy Innanen, Chair Audit Committee

ST. JOSEPH'S HEALTH CARE, LONDON

Statement of Changes in Net Assets

Year ended March 31, 2005, with comparative figures for March 31, 2004
(In thousands of dollars)

	Invested in capital assets	Restricted	Unrestricted	2005 total	2004 total
	(note 8)	(note 9)			
Balance, beginning of year	$ 90,563	93,345	7,768	191,676	174,072
Excess of revenues over expenses	(9,708)	14	10,534	840	17,604
Net change in investment in capital assets	21,203	(21,967)	764	-	-
Transfers to restricted	-	12,785	(12,785)	-	-
Balance, end of year	$ 102,058	84,177	6,281	192,516	191,676

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE, LONDON

Statement of Operations

Year ended March 31, 2005, with comparative figures for March 31, 2004
(In thousands of dollars)

		2005	2004
Revenues:			
Ministry of Health and Long-Term Care	$	316,318	318,675
Veterans Affairs Canada		24,873	23,722
Patient services		37,156	36,735
Other revenue		29,477	25,632
Amortization of deferred contributions		9,970	8,162
		417,794	412,926
Expenses:			
Salaries and benefits		306,236	295,595
Supplies		94,408	87,854
Amortization of capital assets		19,678	16,869
		420,322	400,318
Excess (shortfall) of revenues over expenses from operations		(2,528)	12,608
Health Services Restructuring:			
Current expenditures		(5,801)	(3,809)
Ministry of Health and Long-Term Care funding		4,980	167
Investment income		4,189	8,636
Excess of revenues over expenses	$	840	17,602

See accompanying notes to financial statements.

ST. JOSEPH'S HEALTH CARE, LONDON

Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for March 31, 2004
(In thousands of dollars)

		2005	2004
Cash provided by (used for):			
Operating activities:			
Excess of revenues over expenses	$	840	17,602
Items not involving cash:			
Amortization of capital assets		19,678	16,869
Amortization of deferred contributions related to capital assets		(9,970)	(8,162)
Change in non-cash operating working capital		9,876	5,939
Increase in research grant receivable		(569)	-
Net increase (decrease) in deferred contributions related to expenses of future periods		514	47
		20,369	32,295
Financing activities:			
Increase in long-term liabilities		938	1,868
Increase in obligation under capital lease		571	1,206
Deferred contributions related to capital assets		14,267	14,169
		15,776	17,243
Investing activities:			
Purchase of capital assets		(40,081)	(18,392)
Proceeds on sale of capital assets		37	60
Net change in restricted investments		12,503	(23,645)
Net change in investment in joint ventures		(176)	75
		(27,717)	(41,902)
Net increase in cash		8,428	7,636
Cash and short term investments, beginning of year		42,459	34,823
Cash and short term investments, end of year	$	50,887	42,459

See accompanying notes to financial statements

ST. JOSEPH’S HEALTH CARE, LONDON

Notes to Financial Statements

Year ended March 31, 2005
(In thousands of dollars)

The accompanying financial statements of St. Joseph’s Health Care, London include: St. Joseph's Hospital; Mount Hope Centre for Long-Term Care; Parkwood Hospital; Western Counties Wing; Regional Mental Health Care, London and St. Thomas; Lawson Research Institute; St. Joseph’s Health Centre Auxiliary; and various joint ventures as described in the notes to the financial statements.

St. Joseph’s Health Care, London is funded primarily by the Province of Ontario in accordance with funding policies established by the Ontario Ministry of Health and Long-Term Care (“MoHLTC”). Any excess of revenue over expenses earned during a fiscal year may be retained by the Hospital. The MoHLTC’s stated policy is that deficits incurred by the Hospital will not be funded, and this policy has been consistently followed. Therefore, to the extent that deficits are incurred and not funded, future operations may be affected.

1. Accounting policies:

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Significant accounting policies adopted by St. Joseph’s Health Care, London are summarized as follows:

(a) Revenue recognition:

The deferral method of accounting for contributions is followed.

Unrestricted contributions are recognized as revenue if the amount to be received can be estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

(b) Investments:

Investments in joint ventures over which St. Joseph’s Health Care, London has significant influence or joint control, are accounted for using the equity method.

Investments in marketable securities are recorded at cost. If a decline in the market value of investments below cost occurs and is considered to be other than temporary, a write-down in the carrying value of investments is recorded.

Investment income on unspent deferred capital contributions, if externally restricted for future use, is deferred as a component of such contributions. All other investment income is recognized as revenue when earned.

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements - continued

Year ended March 31, 2005
(In thousands of dollars)

1. Accounting policies continued:

(c) Capital assets:

Capital assets are recorded at original cost. Amortization of original cost and any corresponding deferred contributions are calculated on a straight-line basis using the following annual rates:

Asset	Rate
Land improvements	2 – 10.0%
Buildings	2 – 12.5%
Building service equipment	2 – 10.0%
Major equipment	5 – 33.0%

Construction in progress comprises construction and development costs and capitalized interest. No amortization is recorded until construction is substantially complete and the assets are ready for productive use.

(d) Impairment of long-lived assets:

Long-lived assets, including capital asets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flow, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The asset and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

(e) Interest rate swap:

St. Joseph's Health Care, London entered into an interest rate swap agreement as at March 31, 2005 terminating December 15, 2011, to convert variable interest rates on unsecured banker's acceptances to a fixed interest rate. Effective April 1, 2004, the Hospital assessed its hedging policy and documentation process according to Accounting Guideline 13, *Hedging Relationships*, and determined that it did not meet the standard to apply hedge accounting.

ST. JOSEPH'S HEALTH CARE, LONDON
Notes to Financial Statements - continued

Year ended March 31, 2005
(In thousands of dollars)

1. Accounting policies continued:

(e) Interest rate swap continued:

Accordingly, the interest rate swap contract is marked to market with the gain or loss recorded in the income statement.

(f) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. Accounts receivable:

		2005	2004
Ministry of Health and Long-Term Care	$	13,035	10,809
Veterans Affairs Canada		4,872	2,179
Patient and other		11,804	10,779
	$	29,711	23,767

3. Restricted investments:

		2005		2004	
		Cost	Market Value	Cost	Market value
Cash and cash equivalents	$	26,857	26,857	46,526	46,526
Government bonds		63,953	64,153	68,512	69,594
Debentures and other fixed income securities		43,409	43,824	31,039	31,064
Equities		9,473	11,049	10,118	10,661
	$	143,692	145,883	156,195	157,845

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

3. Restricted investments continued:

Restricted investments represent the investment of unspent deferred contributions for expenses of future periods and capital assets, including the Unconditional Grant Initiative (note 10(c)), and other grants provided by the Ministry of Health and Long-Term Care, as well as amounts designated by the Board for future costs contained in restricted net assets, including capital projects to support restructuring, and investments in joint ventures.

4. Capital assets:

		Cost	Accumulated amortization	2005 Net book value	2004 Net book value
Land	$	8,028	-	8,028	8,028
Land improvements		3,530	1,925	1,605	672
Buildings		260,400	102,991	157,409	133,167
Equipment		160,894	121,838	39,056	43,865
	$	432,852	226,754	206,098	185,732

5. Credit facilities:

The credit facilities established for St. Joseph's Health Care, London consist of an operating line of $20,000, non-revolving demand installment loans of $2,840, and a revolving capital expenditure credit of $10,000. Amounts were drawn on these facilities as described in note 6.

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

6. Long-term liabilities:

(a)

		2005	2004
Mortgage bearing interest at bank prime rate less .5%, principal to be reduced by $2 per month with the balance becoming due March 1, 2007	$	56	84
Unsecured banker's acceptances payable on demand, and subject to an interest rate swap agreement (d); the principal outstanding is renewable monthly and is to be reduced by $24 per month through to December 15, 2011		2,784	3,074
Equipment financing bearing interest at banker's acceptance plus 2%, principal paid in monthly installments of $13, maturing January 21, 2010		748	-
		3,588	3,158
Employee future benefits (note 13(b))		2,538	2,008
Accumulated sick leave entitlement (c)		908	1,104
		7,034	6,270
Less current portion		3,184	3,358
	$	3,850	2,912

Interest on long-term liabilities was $164 (2004, $177).

(b) Principal payments due under various debt agreements are as follows:

2006	$	468
2007		468
2008		444
2009		456
2010		400
Thereafter		1,352
	$	3,588

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

6. Long-term liabilities continued:

(c) The accumulated sick leave entitlement reflects the remaining liability from a former plan, with changes during the year representing changes in wage rates and payouts to employees upon retirement or departure.

(d) St. Joseph's Health Care, London has entered into an interest rate swap agreement on a notional principal of $2,784 as at March 31, 2005 terminating December 15, 2011. This agreement has effectively converted variable interest rates on unsecured banker's acceptances to an effective fixed interest rate (including stamping fee) of 6.315%.

(e) The Canadian Institute of Chartered Accountants recommendations contained within EIC 122, *Balance Sheet Classification of Callable Debt Obligations and Debt Obligations Expected to be Refinanced* have resulted in the classification of demand installment loans where the creditor has the unilateral right to demand immediate repayment of any portion of the debt under any provision of the agreement as current liabilities.

7. Deferred contributions:

(a) Capital assets:

Deferred capital contributions related to capital assets represent both the unamortized amount of grants already spent, and the unspent amount of donations and grants received for the future purchase of capital assets.

During 2001, $33,600 was received as a restricted unconditional grant from the Ministry of Health and Long-Term Care (note 10(c)). To-date interest earned of $7,668 has been credited to unspent contributions.

(b) Expenses of future periods:

Deferred contributions related to future periods represent unspent restricted grants and donations for research and other purposes.

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements - continued

Year ended March 31, 2005
(In thousands of dollars)

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

		2005	2004
Capital assets	$	206,098	185,732
Amounts financed by:			
Deferred contributions		(98,474)	(90,328)
Deferred Contributions receivable		930	180
Mortgage, banker's acceptance and equipment financing		(3,588)	(3,158)
Obligation under capital lease		(2,908)	(1,863)
	$	102,058	90,563

9. Restrictions on net assets:

The Board of Directors of St. Joseph's Health Care, London, have placed certain restrictions on funds to reflect the wishes of donors or to meet future needs as identified by the Board.

		2005	2004
Restricted net assets:			
Research	$	1,000	1,000
Accumulated sick leave entitlement		908	1,104
Employee future benefits		2,538	2,008
Provision for demolition		1,600	1,600
Capital lease obligation		1,777	-
Mental Health		22,926	26,026
Provision for future equipment and capital redevelopment		53,428	61,607
		84,177	93,345
Deferred contributions:			
Expenses of future periods		8,481	7,967
Unspent contributions		51,034	54,883
	$	143,692	156,195

ST. JOSEPH'S HEALTH CARE, LONDON
Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

10. Commitments and contingencies:

(a) Pursuant to the directives of the Ontario Health Services Restructuring Commission "HSRC", St. Joseph's Health Care, London assumed management of the mental health programs and services being provided by the St. Thomas and London Psychiatric Hospitals on January 22, 2001 and February 19, 2001, respectively.

i. St. Joseph's Health Care, London has entered into a five-year lease with the Ontario Realty Corporation at nominal value to utilize the existing London and St. Thomas Psychiatric Hospital sites for Regional Mental Health Services until new facilities can be constructed, and services decanted to other communities as directed by the HSRC.

ii. On October 25, 1999 and October 26, 1999, the St. Joseph's Health Care, London and London Health Sciences Centre Boards of Directors respectively endorsed a land transfer to enable the relocation of specialized mental health services to the Parkwood Hospital site.

(b) The HSRC directives also call for the majority of acute in-patient services to be transferred to London Health Sciences Centre, such that St. Joseph's Health Care, London will become the focal point in London and region for certain ambulatory care, day surgery, rehabilitation, complex care, long-term and veterans care, and tertiary and specialized mental health services. This restructuring process will continue to be implemented in phases over a number of years.

Future capital investment to renovate the St. Joseph's Hospital is estimated to be $111,145. The Ministry has committed to provide related future capital funding of $42,710, St. Joseph's Health Care, London has committed to provide funding of $37,335, and the source of the remaining funding has not been fully identified.

(c) Pursuant to the HSRC directives noted in (a) and (b) above, St. Joseph's Health Care, London has participated in the Unconditional Grant Initiative offered by the Ministry of Health and Long-Term Care for the redevelopment of St. Joseph's Hospital and Mental Health Services. The Ministry advanced a portion of the committed funds in fiscal 2001 for St. Joseph's Hospital and Mental Health Care of $11,800 and $21,800, respectively. These advances were discounted to reflect St. Joseph's Health Care, London's ability to earn investment income on the funds prior to their expenditure. As at March 31, 2005, the remaining funds, including accumulated interest are $14,493 and $26,775 for St. Joseph's Hospital and Mental Health, Care respectively.

ST. JOSEPH'S HEALTH CARE, LONDON
Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

10. Commitments and contingencies continued:

(d) St. Joseph's Health Care, London is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. In management's opinion, insurance coverage is sufficient to offset the cost of unfavourable settlements, if any, which may result from such claims.

11. Provision for demolition:

The former St. Mary's Hospital has been vacant since 1997 and is fully depreciated. In 2002 a provision for demolition of this property was recorded, as it was determined by the Board of Directors, that this building will no longer be used and will be torn down.

12. Obligation under capital lease:

St. Joseph's Health Care, London has entered into the following capital lease obligation for equipment, resulting from the sale/leaseback transaction with Hewlett Packard involving computer hardware:

		2005
Year ended March 31:		
2006	$	1,317
2007		1,082
2008		509
2009		157
Total minimum lease payments		3,065
Less amounts representing interest at 3.7% to 6.62%		157
Present value of net minimum capital lease payments		2,908
Current portion of obligation under capital lease		1,131
	$	1,777

Interest expense on the capital lease obligation in 2005 was $115.

13. Employee future benefits:

(a) Pension Plan

Substantially all full time employees of St. Joseph's Health Care, London are members of the Hospitals of Ontario Pension Plan. This Plan is a multi-employer, defined benefit pension plan.

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

13. Employee future benefits continued:

(a) Pension Plan continued

Employer contributions to the Plan on behalf of employees amounted to $18,266 (2004, $15,876). The most recent actuarial valuation of the Plan at December 31, 2004 indicates the Plan had a modest unfunded liability of 1% of total Plan liabilities.

(b) Other employee future benefits:

The non-pension post retirement benefit plan is a defined benefit plan funded on a cash basis by contributions from St. Joseph's Health Care, London.

The net expense for St. Joseph's Health Care, London's benefit plan, which is included in salaries and benefits expenses in the statement of operations is as follows:

	2005	2004
Current Service costs	$ 456	$ 261
Interest cost	115	110
Amortization of transitional obligation	43	43
Amortization of past service cost	140	140
Amortization of net actuarial (gain)	(42)	(60)
Net benefit plan expense	$ 712	$ 494

Information about St. Joseph's Health Care, London's accrued non-pension benefits liability as at March 31, 2005 is as follows:

	2005	2004
Accrued benefit obligation	$ (3,579)	$ (3,091)
Unamortized transitional obligation	431	474
Unamortized past service cost	1,238	1,378
Unamortized net actuarial (gain)	(628)	(769)
	(2,538)	(2,008)

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

13. Employee future benefits continued:

The current portion of employee future benefits is included in Accounts payable and current liabilities.

The significant actuarial assumptions adopted in measuring the St. Joseph's Health Care, London's accrued non-pension benefit obligations as of March 31, 2005 are as follows:

	2005	2004
Discount rate	6.00%	6.25%
Health cost trends:		
Initial rate	10.0%	10.0%
Ultimate rate	5.0%	5.0%
Year ultimate rate reached	2015	2014

Other information about St. Joseph's Health Care, London's non-pension defined benefit plans is as follows:

	2005	2004
Employer contributions	$ 173	$ 159
Employee contributions	-	-
Benefits paid	173	159

St. Joseph's Health Care, London has adopted a practice of tri-annual valuations, with extrapolation of results in the interim. The most recent actuarial valuation was completed as at March 31, 2004.

14. Fair value of financial instruments:

The fair values of investments have been determined based on quoted market values at the close of business on March 31, 2005. The investments consist of equity, government and corporate bonds with a minimum investment rating of A.

The fair market value of the interest rate swap agreement disclosed in Note 6(d), being the loss that would have been realized had the agreement been terminated on March 31, 2005, is $256 (2004, $344).

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

14. Fair value of financial instruments continued:

The fair values of all other monetary assets and liabilities approximate their carrying values in the balance sheet due to the short-term nature of the instruments, or due to the interest rate charged being similar to year-end market rates.

15. Related entities:

(a) Foundations:

St. Joseph's Health Care Foundation of London is incorporated without share capital under the laws of Ontario. The Foundation is independent, but exists to support designated programs and services within St. Joseph's Health Care, London. During the year ended March 31, 2005, the Foundation provided donations totaling $1,074 (2004, $1,589).

Parkwood Hospital Foundation of London, Ontario is incorporated without share capital under the laws of Ontario. The Foundation is independent, but exists to support designated programs and services within St. Joseph's Health Care, London. During the year ended March 31, 2005, the Foundation provided donations totaling $648 (2004, $722).

The net assets and results of operations of the Foundations are not included in these financial statements.

(b) Lawson Research Institute

The Lawson Research Institute ("LRI") is a wholly owned subsidiary of St. Joseph's Health Care, London. On June 26, 2000, the LRI entered into an agreement with St. Joseph's Health Care, London, London Health Sciences Centre, and the London Health Sciences Centre Research Inc., to form an alliance to conduct all research activities as the Lawson Health Research Institute. Each venture continues to account for their costs independently and as such, the LRI is consolidated in these statements.

(c) Healthcare Materials Management Services

St. Joseph's Health Care, London and London Health Sciences Centre are partners in an unincorporated joint venture, Healthcare Materials Management Services ("HMMS"). HMMS consolidates purchasing, warehousing, distribution and payment processing functions and provides similar services to other healthcare institutions. St. Joseph's Health Care, London accounts for its interest in the joint venture using the equity method of accounting.

ST. JOSEPH'S HEALTH CARE, LONDON

Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

15. Related entities continued:

The allocation of net operating costs for the year ended March 31, 2005 was as follows:

		2005	2004
St. Joseph's Health Care, London	$	1,090	1,037
London Health Sciences Centre		2,624	2,586
	$	3,714	3,623

HMMS incurred a loss of $513 (2004, $83) during the year, which is equal to the amortization of capital assets recorded during the year.

HMMS has activated bank credit facilities consisting of a $10,000 operating line of credit and a $686 term loan. As at March 31, 2005, HMMS had not drawn on its operating facility. St. Joseph's Health Care, London has provided a guarantee for up to $2,940 in support of these credit facilities.

The net investment in HMMS at March 31, 2005 is $444 (2004, $78).

(d) London Laboratory Services Group

On December 1, 2000, St. Joseph's Health Care, London and London Health Sciences Centre entered into a joint venture to consolidate all laboratory services under London Laboratory Services Group ("LLSG"). St. Joseph's Health Care, London accounts for its interest in the joint venture using the equity method of accounting.

The allocation of net operating costs of the joint venture as at March 31 was as follows:

		2005	2004
St. Joseph's Health Care, London	$	8,927	9,430
London Health Sciences Centre		32,750	30,971
	$	41,677	40,401

The LLSG incurred a loss of $838 (2004, $861) during the year, which is equal to the amortization of capital assets recorded during the year. During the year, St. Joseph's Health Care, London contributed $84 towards a capital equipment investment of $642.

The net investment in LLSG at March 31, 2005 is $334 (2004, $524).

ST. JOSEPH'S HEALTH CARE, LONDON
Notes to Financial Statements – continued

Year ended March 31, 2005
(In thousands of dollars)

16. Comparative amounts:

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.