

ASX ANNOUNCEMENT

18 August 2009

Company Announcements Office
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir/Madam

Preliminary Final Report

Please find following the preliminary financial report of Global Health Limited for the year ended 30 June 2009.

Yours faithfully,

Global Health Limited



Peter Curigliano
Chief Financial Officer and Company Secretary

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Your Directors submit their report for financial year ended 30 June 2009.

Financial Performance Highlights

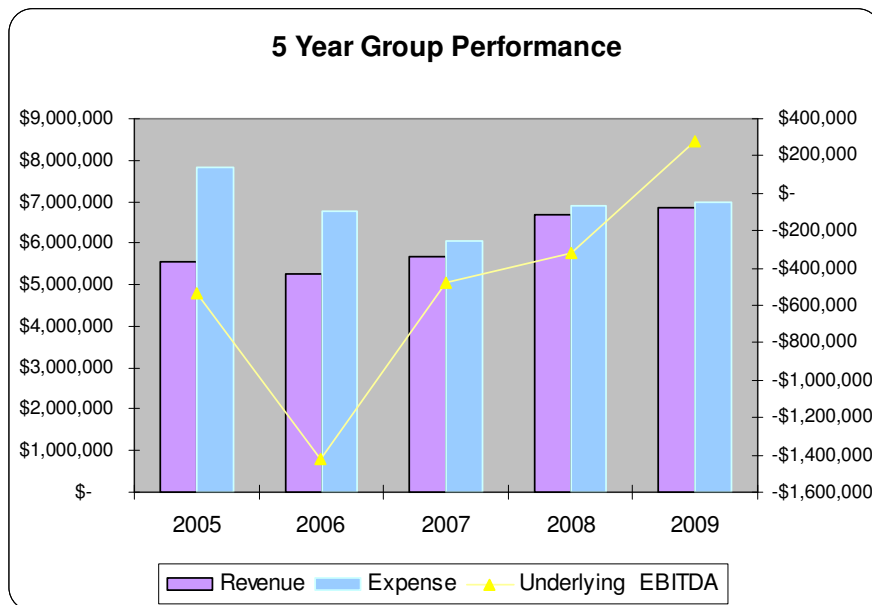
✓	Group revenue	up \$152,014	(+2%)	to	\$6,853,256
✓	Group EBITDA	up \$186,835	(+59%)	to	(\$129,458)
✓	Underlying EBITDA	up \$594,929	(+214%)	to	\$278,635
✓	Operating EBITDA	up \$602,720	(+35%)	to	\$2,341,808
✓	Net Profit after Tax	up \$220,859	(+42%)	to	(\$301,237)
✓	Earnings per Share	up 0.22 cents per share	(+88%)	to	(0.245) cents per share.

The full year EBITDA of (\$129,458) represents a 59% improvement in Group EBITDA over the previous 12 months. This includes \$408,093 of non-recurring, one-off expenses related to previous period write-backs and staff termination expenses incurred over the first six months.

In the second six months of the financial year, the Company achieved a positive EBITDA result of \$324,715 compared to the December Half Year EBITDA result of (\$454,173).

Underlying Group EBITDA for the financial year was \$278,635 (excluding one-off expenses).

The Company completed a 1 for 1 rights issue, which was fully underwritten by Bell Potter, in June 2009, raising \$1.8M, net of transaction costs. The capital raising means that the Company now has a much stronger balance sheet with cash reserves of \$2.2M as at 30 June 2009 – the highest closing cash position since 2002.

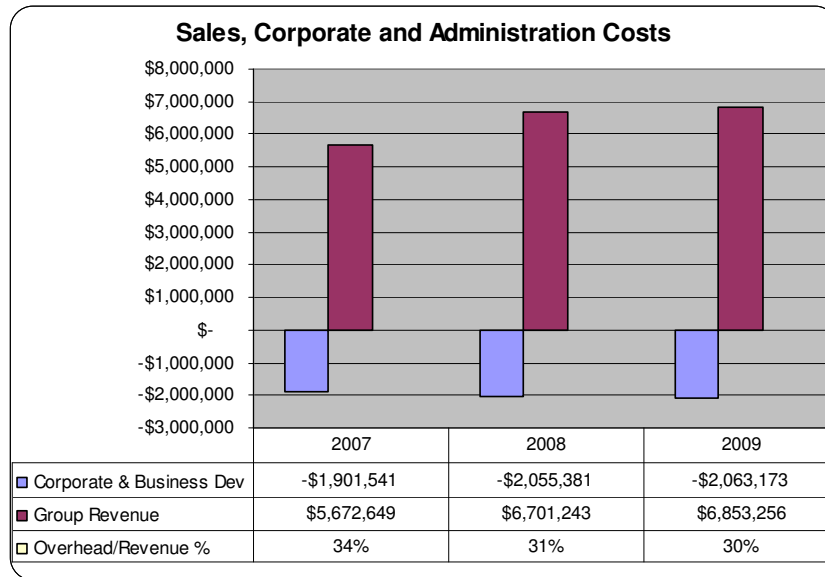


FY ended 30 June	2005	2006	2007	2008	2009
Revenue	\$ 9,008,440	\$ 5,239,863	\$ 5,672,649	\$ 6,701,243	\$ 6,853,256
Operating Expenses	\$ 7,816,355	\$ 8,297,150	\$ 6,071,444	\$ 6,883,987	\$ 6,982,714
Reported EBITDA	\$ 1,192,085	(\$ 3,057,287)	(\$ 477,820)	(\$ 316,294)	(\$ 129,458)
One-Offs	(\$ 1,725,625)	\$ 1,631,606	\$ -	\$ -	\$ 408,093
Underlying EBITDA	(\$ 533,540)	(\$ 1,425,681)	(\$ 477,820)	(\$ 316,294)	\$ 278,635

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Sales, Corporate and Administration Overhead

The fixed operating overhead for the Group consists of business development, sales, marketing, administration, occupancy, infrastructure and all other corporate expenses not directly related to the operating business units.



Note: Sub-tenant rental income has been reclassified to gross revenue in FY2009 and in the comparative FY2008

In the reporting period, the Company incurred \$408,093 in significant one-off items comprising:

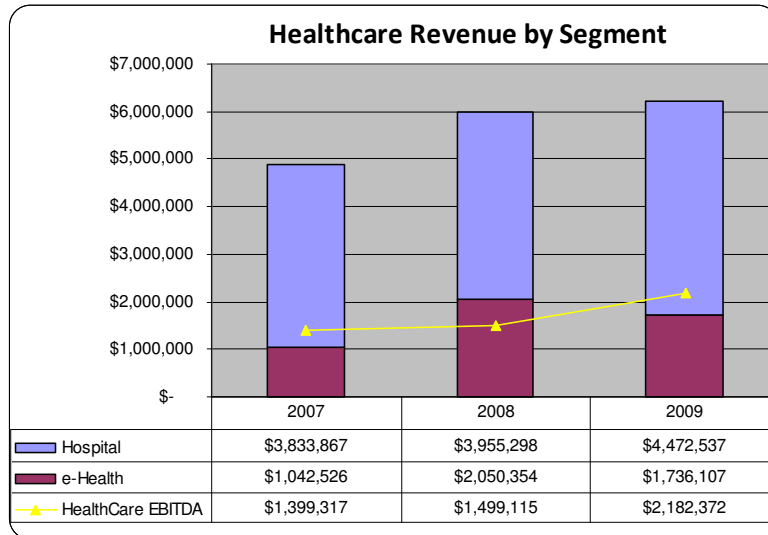
- ❖ \$244,662 in staff rationalisation expenses comprising redundancies and payouts;
- ❖ \$107,039 of a total of \$158,664 for FY 2009 in bad debt write-offs which historically have been well under \$50,000. Bad debts in 2007 & 2008 were zero.
- ❖ \$56,392 write-down of pre-acquisition costs capitalized in the previous period;

In terms of recurring overheads, the Company maintained previous year levels of around \$2M p.a. further reducing the overhead expense as a percentage of revenue to 30%.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Healthcare Operations

Healthcare revenue (comprising Hospitals, Day Surgeries and e-Health) increased by 3.4% to \$6,208,644. Operating margins improved 40% resulting in a 46% increase in Healthcare EBITDA to a record \$2,182,372.



Note: Income and expenses from 3rd party hospital applications have been reclassified to healthcare in FY2009 and in the comparative FY2008.

Healthcare customers are segmented into two market segments:

1. Hospitals
2. e-Health

Hospital Market Segment

The Hospital market segment covers revenue derived from the sale of product licences and services to the acute care sector consisting of public, private and day hospitals. The size of this segment is relatively static comprising about 1245 health facilities with a few major customers controlling 80% of the market.

Revenue from this segment increased by 13% while the costs of servicing these clients were reduced as our Hospital product portfolio achieved a level of maturity and the Company undertook fewer new implementations.

This resulted in EBITDA margins improving by about 23%.

e-Health Market Segment

The e-health market segment covers revenue derived from the sale of product licences and services to specialists and primary care customers. This is a large market covering approximately 50,000 clinicians mostly operating as independent small businesses across 20,000 locations nationwide.

Revenue from the e-health business unit declined by 15% from the previous period as the industry postponed investment in e-health initiatives while standards and funding programs were reviewed by the National e-health Transition Authority (NehTA) - co-ordinated approach supported by the Federal government, State governments, industry and professional peak bodies.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Despite this small decline, e-health remains an emerging and substantial segment in the healthcare industry, promising the greatest growth potential. The Company invested over \$500K in product development into this sector, particularly into the ReferralNet secure messaging platform and the development of a web services infrastructure to support the emerging Software-As-A-Service (SaaS) business model.

Market share for the emerging e-health segment is aggressively pursued by a number of large and small vendors who understand the economic drivers and scale of the potential. Consequently high customer acquisition costs, on-going investment in product development and price sensitivity will be characteristics of this competitive segment along with a corresponding element of volatility in margins.

Forward Outlook

The Health and Wellness market is one of the largest in the world and growing rapidly. Health and Wellness is also relatively universal in practice and delivered consistently across jurisdictions – i.e. a global market.

Given the consequences of medical errors, the culture of the Healthcare industry is understandably one of caution. It is an industry where the typical life-cycle of product research, development, field trials (evidence) and adoption requires stamina.

Global Health has raised \$13M from investors over the last 9 years developing a Health and Wellness portfolio, and implementing successful field trials across a broad spectrum of Health and Wellness service providers. These pilots have consistently attracted recognition by independent experts and customers as best-in-class.

The final phase and ultimate measure of success is to secure profitable adoption of our solutions.

The challenge of longer life-spans, better medical technology and the growing incidence of chronic disease is now well documented and recognized as a major economic problem worldwide. The Company has recognized the global nature of the opportunity and has been developing indirect channels for international markets.

The commercial adoption of our products will be driven by a three-prong strategy:

- ❖ Direct and indirect sales channels to grow market share in the Australian market as e-health “talk” translates to action;
- ❖ Direct and indirect sales channels to develop new geographical markets to meet the global demand for e-health;
- ❖ As our capital structure permits, identifying and executing mergers and acquisitions of complementary businesses that will enhance our critical mass and competitive advantage.

The development of software platforms are characterized by their high initial development costs followed by high customer acquisition costs and positive cashflow as commercial adoption gathers momentum.

The achievement of a maiden underlying EBITDA positive result by Global Health represents a significant milestone.

The timing of this milestone coincides favourably with the increasing domestic and worldwide focus on capital investment in e-health. The Company’s stronger balance sheet and profitable underlying EBITDA provides the opportunity for more aggressive business development activity on developing new markets and increasing market share.

The combination of a high margin (software) business in a large and high growth market offers the prospect of lucrative potential returns if successful.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

It has been a challenging 18 months since September 2007 and the Company has emerged with market leading products, a broad base of customers and very strong cash reserves.

The Directors, executive and staff remain committed to delivering sustainable financial returns for our shareholders.

Enquiries can be directed to Mathew Cherian, Chief Executive Officer, on +61 409 099 788 or alternatively by email to mathew.cherian@global-health.com.

For and on behalf of,

GLOBAL HEALTH LIMITED



Mathew Cherian
Chief Executive Officer

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Appendix 4E Preliminary Final Report

Name of entity:

GLOBAL HEALTH LIMITED

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Financial year ended ('current period')	Financial year ended ('previous period')
75 091 377 892		✓	30 June 2009	30 June 2008

Results for announcement to the market

	\$'000
Revenues from ordinary activities	up 2% to 6,853
Loss from ordinary activities after tax attributable to members	down 42% to (301)
Loss for the period attributable to members	down 42% to (301)

	Amount per security	Franked amount per security
Dividends (distributions)		
Final dividend	Nil ¢	Nil ¢
Interim dividend		
Previous corresponding period	Nil ¢	Nil ¢

	Current period	Previous corresponding period
Net Tangible Asset backing		
Net tangible assets per ordinary security	0.12¢	(0.85)¢

Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Other significant information:

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects :	
Net Profit/(loss) after Tax	(\$301,237)
Calculation of EPS	
Total No. of Shares Used in Calc of Basic EPS	118,750,831
Basic EPS (cents)	(0.254)
Calculation of Diluted EPS	
Weighted Average No. of Shares	118,750,831
Effect of Dilutive Shares	<u>0</u>
Total No. of shares used in Calc of Diluted EPS	118,750,831
Diluted EPS (cents)	(0.254)
Returns to shareholders including distributions and buy backs:	N/A
Significant features of operating performance:	
<ul style="list-style-type: none"> ○ Increase in total revenues of 2.2% to 6.853m ○ Increase in Licence and maintenance revenue of 3.8% to \$4.38m 	
The results of segments that are significant to an understanding of the business as a whole:	
Licence and recurring revenue	\$4.3M (64% of total revenue)
Services and other revenue	\$2.5M (36% of total revenue)
Discussion of trends in performance: N/A	
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: N/A	

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	<input checked="" type="checkbox"/>	The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: N/A			

Attachments forming part of Appendix 4E

Attachment #	Details
1	Draft Financial Statements

Sign here	
Print name	Mathew Cherian Director
Date	18 August 2009

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue from the sale of licenses and maintenance contracts	4,380,445	4,219,364	3,292,029	2,204,892
Revenue from professional services	2,002,867	2,136,372	1,460,076	1,078,985
Other revenues (<i>Note 1</i>)	469,944	345,506	275,891	249,220
Total Revenue	6,853,256	6,701,242	5,027,996	3,533,097
Cost of goods sold	(611,640)	(243,731)	(463,620)	(132,153)
Salaries and related costs	(4,503,213)	(4,886,167)	(3,735,844)	(1,550,207)
General and administration costs	(1,867,861)	(1,887,637)	(1,127,133)	(2,594,909)
Earnings before Interest, Tax, Depreciation and Amortisation (excluding non-operating costs)	(129,458)	(316,293)	(298,601)	(744,172)
Finance costs	(165,376)	(26,712)	(163,075)	(23,753)
Depreciation	(111,602)	(132,103)	(21,089)	(24,822)
Non-operating foreign exchange gains/(losses)	105,130	(67,118)	51	(1,042)
Impairment of assets	-	-	(374,759)	(1,924,870)
Profit/(loss) before income tax	(301,306)	(542,226)	(857,473)	(2,718,659)
Income tax benefit/(expense)	-	-	-	-
Net profit/(loss)	(301,306)	(542,226)	(857,473)	(2,718,659)
Net loss attributable to minority interest	69	20,130	-	-
Profit/(loss) attributable to members of parent entity	(301,237)	(522,096)	(857,473)	(2,718,659)
Earnings per share	Cents	Cents		
Basic earnings per share (cents per share)	(0.254)	(0.478)		
Diluted Earning per share (cents per share)	(0.254)	(0.478)		

Notes:

1. Sub-tenant rental income has been reclassified to gross revenue in FY2009 and in the comparative FY2008.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**BALANCE SHEET
AS AT 30 JUNE 2009**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current Assets				
Cash and cash equivalents	2,206,623	775,470	2,066,959	761,065
Receivables	1,017,477	956,302	986,335	187,811
Other	102,355	131,171	83,899	75,690
Total Current Assets	3,326,455	1,862,943	3,137,193	1,024,566
Non-Current Assets				
Other financial assets	-	25,260	165,249	474,841
Property, plant and equipment	99,377	201,170	14,424	25,702
Total Non-Current Assets	99,377	226,430	179,673	500,543
Total Assets	3,425,832	2,089,373	3,316,866	1,525,109
Current Liabilities				
Payables	1,278,799	1,004,294	1,416,019	989,916
Interest bearing liabilities	63,515	84,767	63,515	84,767
Provisions	276,037	300,618	217,681	162,409
Unearned income	1,297,567	1,384,529	1,205,217	785,827
Total Current Liabilities	2,915,918	2,774,208	2,902,432	2,022,919
Non-Current Liabilities				
Provisions	212,496	320,535	189,337	192,740
Total Non-Current Liabilities	212,496	320,535	189,337	192,740
Total Liabilities	3,128,414	3,094,743	3,091,769	2,215,659
Net Assets	297,418	(1,005,370)	225,097	(690,550)
Equity				
Contributed equity	19,278,506	17,511,914	19,278,506	17,511,914
Reserves	46,491	176,405	28,348	21,820
Accumulated (Losses)	(18,886,883)	(18,585,646)	(19,081,757)	(18,224,284)
Total Parent Entity Interest	438,114	(897,327)	225,097	(690,550)
Minority Interest	(140,696)	(108,043)	-	-
Total Equity	297,418	(1,005,370)	225,097	(690,550)

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Total equity at the beginning of the year	(1,005,370)	(1,557,953)	(690,550)	985,445
Employee share options	6,528	(97,001)	6,528	(97,001)
Exchange (gain)/loss on translation of foreign operations	(136,430)	52,145	-	-
Profit/(loss) for the year	(301,306)	(542,226)	(857,473)	(2,718,659)
Contributions of equity, net of transaction costs	1,762,092	930,000	1,762,092	930,000
Share buy back from minority interest	(32,596)	-	-	-
Employee share plan	4,500	209,665	4,500	209,665
Total equity at the end of the year	297,418	(1,005,370)	225,097	(690,550)
Total recognised income & expense for the year is attributable to:				
- Members of Global Health Limited	(301,237)	(522,096)	(857,473)	(2,718,659)
- Minority interest	69	(20,130)	-	-
	(301,306)	(542,226)	(857,473)	(2,718,659)

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash Flows from Operating Activities				
Receipts from customers	7,125,773	6,716,484	5,060,776	3,541,245
Payments to suppliers and employees	(7,353,638)	(7,267,932)	(5,413,900)	(4,112,461)
	(227,865)	(551,448)	(353,124)	(571,216)
Interest received	13,552	28,012	13,552	28,012
Interest and finance costs paid	(150,808)	(15,147)	(150,808)	(15,147)
<i>Net cash inflow/(outflow) from operating activities</i>	<i>(365,121)</i>	<i>(538,583)</i>	<i>(490,380)</i>	<i>(558,351)</i>
Cash Flows from Investing Activities				
Proceeds from sale of plant and equipment	462	-	462	-
Purchase of property, plant & equipment	(9,908)	(50,764)	(9,908)	(23,050)
Purchase of Investments	(57,831)	(25,260)	(57,831)	(25,260)
Purchase of shares in controlled entity	(32,596)	-	(32,596)	-
Net cash inflow/(outflow) from investing activities	(99,873)	(76,024)	(99,873)	(48,310)
<i>Net Operating and Investing Activities</i>	<i>(464,994)</i>	<i>(614,607)</i>	<i>(590,253)</i>	<i>(606,661)</i>
Cash Flows from Financing Activities				
Repayment of Finance Leases	(15,595)	(34,849)	(15,595)	(34,849)
Proceeds from borrowings	584,128	84,575	584,128	84,575
Proceeds from issue of shares	1,916,695	1,013,333	1,916,695	1,013,333
Repayment of borrowings	(589,081)	(101,037)	(589,081)	(101,037)
<i>Net cash inflow/(outflow) from financing activities</i>	<i>1,896,147</i>	<i>962,022</i>	<i>1,896,147</i>	<i>962,022</i>
Net increase/(decrease) in cash and cash equivalents held	1,431,153	347,415	1,305,894	355,361
Cash and cash equivalents at the beginning of the financial year	775,470	428,055	761,065	405,704
Cash and cash equivalents at the end of the financial year	2,206,623	775,470	2,066,959	761,065

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Global Health Limited (the 'Company') as an individual entity and the consolidated entity consisting of the Company and its subsidiaries.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report.

(a) Basis of preparation

This preliminary financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Global Health Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical Accounting Estimates & Judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates. The accounting policy detailed in Note 1 provides details of these estimates, judgements and assumptions.

(b) Principles of Consolidation

Controlled Entities

The financial statements of subsidiaries are prepared for the same accounting period as that of the parent company, using consistent accounting policies.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2009 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Refer to Note 1 (l) for further information.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence recoverable amount impairment.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discount and allowances) from the provision of products or services to entities outside the consolidated entity. Sales revenue is categorised and recognised as follows:

- **Licence Fees**
Initial licence fees are brought to account on the signing of a contract.
- **Maintenance Fees**
Maintenance fees are a non-refundable deferred revenue stream. Clients subscribe to their licences in advance – ranging from quarterly, half-yearly to annual payments. They are proportionally accrued in arrears, at the end of each month. These entitle the customer to a usage licence, help desk telephone support and rights to extended warranty and product enhancements.
- **Professional Services**
Professional services are brought to account on the issue of invoice on completion of work that may be performed on a time and materials or a project milestone basis. This includes work done in the health and non-health segments.

Interest Income

Interest income is recognised as it accrues.

Asset Sales

The net profit on asset sales is included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flow.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

the assets are recovered or liabilities are settled, based on those tax rates which are substantially enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts directly in equity are also recognised directly in equity.

Tax consolidation legislation

The Company and its wholly-owned Australian entities have implemented the tax consolidation legislation. These were formally adopted on lodgement of the 2004 income tax returns.

On forming a tax consolidated group, the Company is now responsible for recognising the deferred tax assets relating to tax losses for the Tax Consolidated Group. The Tax Consolidated Group has entered into a tax-sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the Tax Consolidated Group.

(g) Intangible assets

Goodwill

Goodwill, representing excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or business, is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

(h) Plant and Equipment

Cost and valuation

Plant and equipment are carried at cost.

Depreciation

Plant and equipment, leasehold improvements and furniture and fittings of the consolidated entity are depreciated on a straight-line and diminishing value basis. Rates of depreciation are calculated to allocate the cost or valuation, less estimated residual value at the end of the useful lives of the assets, against revenue over those estimated useful lives.

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate (%)	
	Straight Line	Diminishing Value
Leasehold Improvements	20 – 50	-
Plant & Equipment	17 – 27	13.5 – 40
Furniture and Fittings	13	20
Motor Vehicles	-	22.5

(i) Trade Debtors

Trade debtors to be settled within 60 days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(j) Foreign Currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Translation of controlled foreign entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments and amortised over the period the consolidated entity is expected to benefit from the use of the leased assets. Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating profit or loss in equal instalments over the lease term.

(l) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost of acquisition at the date of acquisition is measured as the fair value of the asset. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

When settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

(m) Employee Benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Wages, Salaries & Annual Leave

Liabilities arising in respect of wages, salaries, annual leave and other employee benefits expected to be settled within 12 months represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. Liabilities have been calculated at the amounts expected to apply at the time of settlement. On-costs are included in this amount.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

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In determining the liability for long service leave, consideration has been given to future increases in wage and salary rates, and the consolidated entity's experience with staff departures. Related on-costs have also been included in the liability.

Share-based payments

Share-based compensation benefits are provided to employees via the Company's Employee Option Plan and an employee share scheme.

Share options vested after 1 July 2004

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(n) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Credit Risks

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognise financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheets and notes to the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors.

(p) Investments

Controlled Entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

(q) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

(r) Earnings Per Share

Basic earnings per share (EPS) is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities with three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(t) Dividends

No provision is made for dividends on or before the end of the year.

2. Segment Information

Segment information is provided in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure.

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Business Segments

The Company operates in the computer technology, software and services industry with particular emphasis on healthcare and professional services.

The consolidated entity comprises the following main business segments:

- *Hospitals/Day Surgeries* Information system applications for the hospital and day surgery market sector to deliver better and more integrated health care.
- *e-Health* Comprehensive suite of applications that provide the management of population outcomes for communities of common interest.
- *Other* This refers to products and services delivered to non-healthcare customers and includes revenues and expenses associated with third party products and cost recoveries from customers.
- *Corporate* This represents expenditure associated with Corporate, Sales and Marketing.

Segment accounting policies

The group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year there were no changes in segment accounting policies that had a material effect on the segment information.

Geographical Segments

Although the consolidated entity's divisions are managed on a global basis they operate in two main geographical areas:

Australia

This is the home country of the parent entity which is also the main operating entity. The corporate head office is based in Melbourne, Victoria whilst a secondary office providing professional services is based in Perth, Western Australia.

Malaysia

A wholly owned subsidiary office was set up in Kuala Lumpur, Malaysia in August 2005. This office is involved in providing support to the Southeast Asian clients of the consolidated entity.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

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Segment Information

Primary Reporting Business Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue										
Sales to customers outside the consolidated entity	4,472,537	3,955,298	1,736,107	2,050,354	644,612	695,591	-	-	6,853,256	6,701,242
Other revenues	-	-	-	-	-	-	-	-	-	-
Total segment revenue	4,472,537	3,955,298	1,736,107	2,050,354	644,612	695,591	-	-	6,853,256	6,701,242
Total consolidated revenue									6,853,256	6,701,242

Business Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Results										
Segment result	2,419,320	1,219,918	(338,053)	160,806	148,938	226,260	(2,531,512)	(2,149,211)	(301,306)	(542,226)
Income tax expense									-	-
Outside equity interests									69	20,130
Net profit/(loss)									(301,237)	(522,096)



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2. Segment Information (continued)

Business Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Assets										
Segment assets	2,235,749	1,233,218	867,852	639,278	322,231	216,878	-	-	3,425,832	2,089,373
Liabilities										
Segment liabilities	2,041,649	1,826,621	792,508	946,887	294,256	321,235	-	-	3,626,591	3,094,743
Cash Flow										
Cash flows from operating activities	(103,553)	(203,951)	(106,978)	(141,917)	(25,370)	(34,968)	(129,221)	(157,747)	(365,121)	(538,583)
Cash flows from investing activities	(28,325)	(28,789)	(29,262)	(20,032)	(6,939)	(4,936)	(35,346)	(22,267)	(99,873)	(76,024)
Cash flows from financing activities	537,770	364,300	555,558	253,494	131,749	62,460	671,069	281,769	1,896,147	962,022



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

2. Segment Information (continued)

Business Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Other segment information										
Acquisition of property, plant & equipment, intangible assets and other non-current assets	2,810	19,223	2,903	13,376	688	3,296	3,507	14,868	9,908	50,764
Depreciation	31,652	50,025	32,699	34,809	7,754	8,577	39,497	38,692	111,602	132,103

Secondary Reporting Geographical	Australia		International		Consolidated	
	2009	2008	2009	2008	2009	2008
Segment revenue	6,314,451	6,350,265	538,805	350,977	6,853,256	6,701,242
Segment assets	5,294,172	3,601,032	(1,868,340)	(1,511,659)	3,425,832	2,089,373
Other segment information:						
Acquisition of property, plant and equipment, intangible assets and other non-current assets	5,054	53,392	4,034	(2,628)	9,908	50,764