

## Appendix 4D Half Year Report

**Name of entity**

<b>GLOBAL HEALTH LIMITED</b>
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ABN                      Half yearly    Preliminary final    Half Year ended

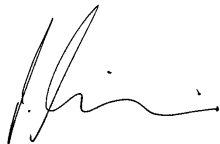
75 091 377 892	<input checked="" type="checkbox"/>	<input type="checkbox"/>	31 December 2010
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**Results for announcement to the market**

The information in this report should be read in conjunction with the most recent annual financial report.

Revenues from ordinary activities	up	1.5%	to	\$2.63M
Loss from ordinary activities after tax	up	8.4%	to	\$528k
Net loss for the period attributable to members	up	6.2%	to	\$511k
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend				
Interim dividend	Nil ¢		Nil ¢	
Previous corresponding period	Nil ¢		Nil ¢	
Net Tangible Asset backing	Current period		Previous corresponding period	
Net Tangible Assets per ordinary security	(0.1695)c		(0.0305)c	

Signed by:



Print name: Peter Curigliano  
Company Secretary

Date: 21 February 2011

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2010**

## DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2010.

### Directors

The names and details of the Company's directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Steven Leigh Pynt  
LLB, BBus, MBA, MTax (Non Executive Chairman)

Nathan Pinskiar  
MBBS, Dip Prac Man, FAAPM, FAAQHC (Non Executive Director)

Mathew Cherian  
BBus (IS/IT), MACS, MAICD (Executive Director/Chief Executive Officer)

Bruce Higgins (*resigned 29 November 2010*)  
FAICD, MBA, B.E. (Non Executive Director)

### Principal Activities

During the year the principal activities of the consolidated entity consisted of the development, licensing, implementation and provision of IT services to the healthcare industry.

### Consolidated Results

The loss of the consolidated entity for the half year was \$528,883 before income tax (2009 – \$487,518 loss) and after income tax and outside equity interest, \$511,525 (2009 – \$481,212 loss).

### Dividends

No dividends have been declared or paid on the ordinary shares for the half year ended 31 December 2010.

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

## **Operating Result**

The Previous Corresponding Period (PCP) for this report is the six months to December 2009.

### **Revenue**

The Company's core operational revenue derived from the sale of healthcare application licences and services increased by \$304,284 (+13.3%) to \$2,587,224 (2009: \$2,282,940).

The core healthcare revenue is derived from two major customer segments:

1. The acute sector comprising revenue largely derived from the supply of enterprise systems to hospitals, and,
2. The non-acute sector comprising revenue largely derived from the supply of e-health systems to primary, community and allied health providers.

Revenue from enterprise sales to the acute sector increased by 11% to \$1,429,385.

Revenue from e-health sales to the non-acute sector increased by 21% to \$1,031,721.

However, the reported group revenue was an increase of only 1.5% due to a \$263,902 reduction in 'Other Revenue'.

The reduction in 'Other Revenue' was largely a result of the Company's sub-lessee's lease terms expiring in Perth, with no renewal sought. This then became a factor in the Company's decision to not seek renewal of its Perth office lease in November 2010. The majority of the Perth office space had been sub-let with a contribution of approximately \$190,920 reflected as 'Other Income' in the PCP.

A reduction in interest received and a delay in receipt of the Company's Export Market Development Grant (EMDG) were the other contributors to the lower revenue from 'Other Income'.

### **Operating Expenses**

Over the reporting period, the Company has kept overall expenses at constant levels despite approximately \$250K in one-off expenses. These related largely to the closure of the Perth office, staff termination / replacement costs and independent valuation reports commissioned by the Directors.

The Company continues to seek a lower cost base through an active program of cost containment.

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

**Earnings**

The Company continues to improve operating margins with the group reporting a 20% improvement in EBITDA resulting in a loss of \$228,950 (2009: loss \$288,144).

Revenues and EBITDA margins from sales of the Company's core healthcare licences and services improved by 15% and 10% respectively for the half year.

The strength of the Australian dollar resulted in a foreign exchange loss of \$261,508 (2009: \$141,811) over the period following revaluation of the Company's loan accounts in overseas subsidiaries. These foreign exchange transactions relate to loans between the parent and subsidiaries with no cash implications.

The resultant net loss attributable to members was \$511,525 (2009:\$481,212).

**Balance Sheet**

Over the reporting period, the Company raised \$687,602 through the issue of 40,447,159 shares exercised at \$0.017 under the terms of the June 2009 Renounceable Rights Issue.

At 31 December 2010, the group had cash equivalents of \$727,202, net receivables of \$285,801 and additional credit facilities of \$300,000 available.

As at 31 December 2010, the group had a small net asset deficiency of \$176,986.

**Operations Review**

In the six months to 31 December 2010, the value of new orders signed was almost twice the value of the PCP. These are largely licence fees with recurring annual licence fees that should flow through to future periods.

These new sales were across 300+ new clients with smaller deal values.

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

## **Forward Outlook**

The Australian Department of Health and Aging (DoHA) in conjunction with the National e-Health Transition Authority (NeHTA) released tenders for the establishment of multiple Personally Controlled Electronic Healthcare Records (PCeHR) across the country. The Company was involved in a number of responses, the outcome of which will influence the Company's growth prospects in the short-term.

Notwithstanding the outcome of the government's e-Health agenda, the need to embrace e-Health as a key enabler for improved workflow and patient safety outcomes is increasingly recognised as a prudent investment for improved business efficiency.

In the longer term, the Company's growth will strongly co-relate to the general market demand for e-Health from consumers, providers and delivery organisations on pure market demands and commercial sustainability.

At this stage, the Company remains confident of achieving a positive EBITDA full year result by 30 June 2011.

## **Auditor's Independence Declaration**

In accordance with section 307C of the Corporations Act 2001, a Declaration of Independence was obtained from auditors Grant Thornton, a copy of which is attached and forms part of this report.

Any enquiries on the above can be directed to Mr Mathew Cherian, Chief Executive Officer, on +61 3 9675 0688 or alternatively by email to [mathew.cherian@global-health.com](mailto:mathew.cherian@global-health.com)

Signed in accordance with a resolution of Directors.

GLOBAL HEALTH LIMITED



Steven Leigh Pynt  
Non Executive Chairman



Mathew Cherian  
Chief Executive Officer

Melbourne, 21 February 2011

Grant Thornton Audit Pty Ltd  
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**Auditor's Independence Declaration  
To The Directors of Global Health Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Global Health Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M.A. Cunningham  
Director - Audit & Assurance Services

Melbourne, 21 February 2011

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
(ABN: 75 091 377 892)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Half Year	
	2010	2009
	\$	\$
Revenue from the sale of licenses and maintenance contracts	2,027,501	1,752,482
Revenue from professional services	559,723	530,458
Other revenues	42,417	306,319
<b>Total revenue from continuing operations</b>	<b>2,629,640</b>	<b>2,589,259</b>
Salaries and related costs	(1,849,844)	(2,107,318)
Direct external costs	(46,439)	(48,644)
General and administration costs	(962,307)	(721,441)
<b>Earnings before Interest, Tax, Depreciation and Amortisation (excluding foreign exchange movements)</b>	<b>(228,950)</b>	<b>(288,144)</b>
Finance costs	(12,964)	(12,273)
Depreciation	(5,299)	(45,290)
Amortisation	(20,162)	-
Non-operating foreign exchange gains/(losses)	(261,508)	(141,811)
<b>Loss before income tax</b>	<b>(528,883)</b>	<b>(487,518)</b>
Income tax benefit/(expense)	-	-
<b>Net loss for the period</b>	<b>(528,883)</b>	<b>(487,518)</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	220,877	135,577
<b>Total comprehensive loss for the period</b>	<b>(308,006)</b>	<b>(351,941)</b>
<b>Net (loss)/profit for the period attributable to:</b>		
Owners of the parent	(511,525)	(481,212)
Minority interest	(17,358)	(6,306)
	<b>(528,883)</b>	<b>(487,518)</b>
<b>Total comprehensive (loss)/income attributable to</b>		
Owners of the parent	(298,598)	(343,821)
Minority interest	(9,408)	(8,120)
	<b>(308,006)</b>	<b>(351,941)</b>
Basic earnings per share (cents per share)	(0.224)	(0.211)
Diluted earning per share (cents per share)	(0.224)	(0.211)

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	Note	31 December 2010 \$	30 June 2010 \$
<b>Current Assets</b>			
Cash & cash equivalents		727,202	782,141
Receivables		826,606	798,568
Other		77,989	102,694
<b>Total Current Assets</b>		<b>1,631,798</b>	<b>1,683,403</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		24,210	24,662
Net intangibles	6	283,981	-
<b>Total Non-Current Assets</b>		<b>308,191</b>	<b>24,662</b>
<b>Total Assets</b>		<b>1,939,989</b>	<b>1,708,065</b>
<b>Current Liabilities</b>			
Payables		540,805	577,398
Interest bearing liabilities		21,862	64,275
Provisions		207,124	223,466
Unearned income		1,128,345	1,190,840
<b>Total Current Liabilities</b>		<b>1,898,136</b>	<b>2,055,979</b>
<b>Non-Current Liabilities</b>			
Provisions		218,839	208,668
<b>Total Non-Current Liabilities</b>		<b>218,839</b>	<b>208,668</b>
<b>Total Liabilities</b>		<b>2,116,975</b>	<b>2,264,647</b>
<b>Net Assets</b>		<b>(176,986)</b>	<b>(556,582)</b>
<b>Equity</b>			
Contributed equity	5	19,949,898	19,262,296
Reserves		236,390	23,464
Accumulated Losses		(20,208,007)	(19,696,483)
<b>Total Parent Entity Interest</b>		<b>(21,719)</b>	<b>(410,723)</b>
Minority interest		(155,267)	(145,859)
<b>Total Equity</b>		<b>(176,986)</b>	<b>(556,582)</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
(ABN: 75 091 377 892)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Issued capital ordinary	Option reserve	Currency translation reserve	Retained earnings	Total attributable to owners of the parent	Minority interest	Total equity
<b>Balance 1 July 2009</b>	19,278,506	28,348	18,143	(18,886,883)	438,114	(140,696)	297,418
Dividends	-	-	-	-	-	-	-
Share buyback from minority interest	(16,210)	-	-	-	(16,210)	-	(16,210)
<b>Transactions with owners</b>	(16,210)	-	-	-	(16,210)	-	(16,210)
(Loss)/ profit for the period	-	-	-	(481,212)	(481,212)	(6,306)	(487,518)
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	-	137,391	-	137,391	(1,814)	135,577
<b>Total comprehensive (loss)/income for the period</b>	-	-	137,391	(481,212)	(343,821)	(8,120)	(351,941)
<b>Balance 31 December 2009</b>	<u>19,262,296</u>	<u>28,348</u>	<u>155,534</u>	<u>(19,368,095)</u>	<u>78,083</u>	<u>(148,816)</u>	<u>(70,733)</u>
<b>Balance 1 July 2010</b>	19,262,296	28,348	(4,884)	(19,696,483)	(410,723)	(145,859)	(556,582)
Dividends	-	-	-	-	-	-	-
Issue of share capital - exercise of options	687,602	-	-	-	687,602	-	687,602
<b>Transactions with owners</b>	687,602	-	-	-	687,602	-	687,602
Loss for the period	-	-	-	(511,525)	(511,525)	(17,358)	(528,883)
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	-	212,927	-	212,927	7,950	220,877
<b>Total comprehensive (loss)/income for the period</b>	-	-	212,927	(511,525)	(298,598)	(9,408)	(308,006)
<b>Balance 31 December 2010</b>	<u>19,949,898</u>	<u>28,348</u>	<u>208,043</u>	<u>(20,208,008)</u>	<u>(21,719)</u>	<u>(155,267)</u>	<u>(176,986)</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Note	Half Year	
		2010	2009
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		2,585,735	3,131,501
Payments to suppliers and employees		(3,273,949)	(3,792,948)
		(688,214)	(661,447)
Interest received		5,741	23,722
Interest and finance costs paid		(12,964)	(83,040)
Net cash outflow from operating activities		(695,437)	(720,765)
<b>Cash Flows from Investing Activities</b>			
Proceed from sale of plant and equipment		1,625	300
Purchase of property, plant & equipment		(6,317)	(13,790)
Net cash outflow from investing activities		(4,692)	(13,490)
<b>Cash Flows from Financing Activities</b>			
Proceeds from options exercised to issue new shares		687,602	-
Costs in relation to rights issue		-	(170,814)
Repayment of borrowings		(42,413)	(42,064)
Net cash inflow/(outflow) from financing activities		645,189	(212,878)
Net decrease in cash & cash equivalents held		(54,939)	(947,133)
Cash & cash equivalents at the beginning of the financial period		782,141	2,206,623
<b>Cash &amp; cash equivalents at the end of the financial period</b>		<b>727,202</b>	<b>1,259,490</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

**1. Statement of Significant Accounting Policies**

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Global Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The financial report covers the consolidated entity of Global Health Limited and controlled entities. Global Health Limited is a listed public company, incorporated and domiciled in Australia.

**Change in Accounting Policy**

The consolidated group changed its accounting policy in relation to the recognition of intangible assets, in particular, the capitalisation of development costs. Internal development costs were previously expensed in relation to particular products that were in an advanced stage of their development. However, the development costs of some products have been identified as being eligible for capitalisation under AASB 138 in the 6 months to 31 December 2010. Capitalisation of these costs and amortising them over a pre-determined period correctly reflects the life cycle stage that these products are in, thereby providing more reliable, accurate and relevant information in the group's financial statements. The aggregate effect of this change in accounting policy on the financial statements for the half year ended 31 December 2010 is as follows (no taxation effect results from these changes):

**Consolidated Group**

	Previous Policy \$	Adjustment \$	Revised Policy \$
<b>Statement of comprehensive income</b>			
Salaries and related costs	(2,153,987)	304,143	(1,849,844)
Amortisation	-	(20,162)	(20,162)
Net loss after tax	(812,864)	283,981	(528,883)
Basic earnings per share (cents per share)	(0.224)	(0.12)	(0.344)
Diluted earnings per share (cents per share)	(0.224)	(0.12)	(0.344)
<b>Statement of financial position</b>			
Net Intangibles	-	283,981	283,981
Retained earnings	(20,491,988)	283,981	(20,208,007)

The financial report of Global Health Limited was authorised for issue on XX February 2011.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

## **2. Segment Information**

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

### **Operating Segments**

Global Health Limited operates in the computer technology, software and services industry with particular emphasis on healthcare and associated professional services.

The consolidated entity comprises the following main operating segments:

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

### **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.

During the half year there were no changes in segment accounting policies that had a material effect on the segment information.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

**3. Segment Information (continued)**

Primary Reporting Business Segments	Half Year									
	Hospital/ Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>										
Sales to customers outside the consolidated entity	1,429,385	1,289,282	1,031,721	851,232	168,534	448,745			<u>2,629,640</u>	<u>2,589,259</u>
<b>Results</b>										
Segment EBITDA	751,469	728,638	211,247	145,153	32,260	153,479	(1,223,926)	(1,315,414)	<u>(228,950)</u>	<u>(288,144)</u>
Segment Result (after tax)	737,629	706,086	201,257	130,263	30,628	145,630	(1,498,397)	(1,469,497)	<u>(528,883)</u>	<u>(487,518)</u>
Income tax (expense)/benefit										-
Outside equity interests									17,358	6,306
<b>Net profit/(loss)</b>									<u>(511,525)</u>	<u>(481,212)</u>

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

**4. Related Party Transactions**

There were no services provided to the Company in the six months to 31 December 2010 by IT Admin Pty Ltd, a director related entity beneficially owned by Mr N Pinski (2009 - \$6,415).

There were no services provided to the Company in the six months to 31 December 2010 by MacDonald Pynt Commercial Lawyers, a director related entity beneficially owned by Mr S Pynt (2009 - \$2,544).

**5. Contributed Equity**

	<b>Consolidated Entity</b>			
	<b>31 December 2010 Number</b>	<b>30 June 2010 Number</b>	<b>31 December 2010 \$</b>	<b>30 June 2010 \$</b>
Issued and paid up capital	271,980,300	231,533,141	19,949,898	19,262,296
(a) Ordinary shares				
Opening balance	231,533,141	231,533,141	19,262,296	19,278,506
<i>Deduct:</i> Transaction cost as part of capital raising	-	-	-	(16,210)
<i>Add:</i> Shares issued as part of exercise of share options	40,447,159	-	687,602	-
<b>Total number of shares on issue</b>	<b>271,980,300</b>	<b>231,533,141</b>	<b>19,949,898</b>	<b>19,262,296</b>

(a) Options

In the six months to 31 December 2010, the Company issued 40,447,159 new shares for options exercised at 1.7 cents under the terms of the Company's Renounceable Rights Issue in June 2009.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

## 6. Intangibles

An intangible asset arising from the development phase of an internal project shall be recognised as an asset and amortised over a pre-determined period. The criteria contained in AASB 138 must be satisfied for the costs to be eligible to be capitalised and amortised accordingly. The Company has capitalised and amortised amounts in accordance with the requirements of AASB 138 as shown in the table below:

	<b>Half Year</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Development expenditures – at cost	304,143	-
Accumulated amortisation	(20,162)	-
	<u>283,981</u>	<u>-</u>

The Company commissioned an independent indicative valuation report on its' Intellectual Property (IP) which was completed in December 2010. The report valued the IP between \$2.6M and \$4.7M. Given that the IP currently generates annual revenues near \$3M and is anticipated to increase in future years, the directors have accepted the report and determined that a true and fair value for GLH's IP is \$3.4M.

## 7. Contingent Liabilities

There have been no changes in contingent assets or liabilities of the Company since the last reporting date.

## 8. Events subsequent to reporting date

There were no significant events since the end of the half year that are expected to have a material effect on the results and state of affairs of the Company and its controlled entities.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

## **9. Going Concern**

As at 31 December 2010, the group has a small net asset deficiency and has also reported an operating loss and negative operating cash flow for the six months to that date.

### **Business Strategies**

The groups' wide ranging product suite affords it a unique position because of its' penetration into all sectors of the Healthcare market.

Recently, with the Australian Federal Governments' funding commitment of \$467M to the e-health sector announced in the May 2010 budget, the Company believes this will provide significant growth opportunities. This level of commitment and the Company's investment in the e-health sector continues to position the group as the major provider to connecting clinicians and consumers both within and beyond Australia.

### **Operational Strategies**

Management continues to implement a number of strategies to improve the financial performance of the group. The strategies are closely monitored to ensure the group's going concern status. These include the following:

- a) The Board continues to evaluate strategic alliances for its product suite both in Australia and overseas. Distribution agreements and re-seller arrangements are alliances that have been considered. Only those that have shown a clear strategic and financial advantage to the group's vision have been converted to agreements with the group.
- b) Detailed reviews of staff levels are frequently undertaken to align short to medium term projects to requisite staff levels;
- c) Day-to-day operational costs are regularly reviewed. Costs have been reduced considerably and contained over the last 18 months as the group extracts maximum benefits from its spend.

Management believes that these measures can contribute to positive group operating (EBITDA) results in future years.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

*Intellectual Property*

The value of the groups' Intellectual Property (IP) is not shown on the Statement of Financial Position either by way of Independent or Directors' valuation. However, the group recently commissioned an independent indicative valuation that valued the group's IP at 30 June 2010 at \$2.6M under a cost and market approach valuation and up to \$4.7M based on a 5 year discounted cash flow valuation method. The Directors have therefore resolved to accept the report and further determined that a true and fair value for GLH's IP is \$3.4M.

*Overdraft and Loan facilities*

Bank overdraft and related party loan facility arrangements for the group remain in place. These arrangements require periodic financial reporting to satisfy the advance, availability and access to these facilities. The Board is satisfied that the group is meeting these requirements.

*Unearned Revenue*

This represents the major liability of the group (\$1.12 million). It comprises annual subscriptions (licence to use, help desk telephone support, rights to enhancements and extended warranties) paid in advance but recognised monthly. These subscriptions in advance are not subject to refunds or cancellation but do incur an obligation by the Group to provide monthly help-desk and warranty services.

*Research and Development (R&D)*

Research costs are expensed when incurred under the guidelines of AASB 138 (Intangible Assets). Development costs however, can be capitalised and amortised over a pre-determined period provided certain criteria can be met. The Company has capitalised costs of development for products that are currently in the development stage of their life cycle, and these amounts are shown as Net Intangible Assets in the group's Statement of Financial Position in the 6 months to 31 December 2010.

*Accumulated Tax Losses*

The group has accumulated tax losses of nearly \$6 million as at 31 December 2010 not shown in the Statement of Financial Position.

Share options exercised under the terms of the June 2009 Renounceable Rights issue raised \$687,602 in the six months to 31 December 2010. This coupled with the current cash at bank and associated cash facility arrangements will enable the group to fund operations whilst also further investing in strategies to enable it to improve profitability in the long term. The Board have considered these factors and believe it is appropriate to prepare the financial statements on a going concern basis.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
(ABN: 75 091 377 892)**

**Notes to the Financial Statements  
for the half year ended 31 December 2010**

**Directors' Declaration**

In the opinion of the Directors of Global Health Limited:

(1). The financial statements and notes are in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows for the half - year ended on that date; and
- b. complying with Accounting Standards and Corporations Regulations 2001

(2). There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporation Act 2001.

Dated at Melbourne this 21<sup>st</sup> Day of February 2011

On behalf of the Board



Steven Leigh Pynt  
Non Executive Chairman

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

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### **Independent Auditor's Review Report To the Members of Global Health Limited**

We have reviewed the accompanying half-year financial report of Global Health Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising the Company and the entities it controlled at the half-year’s end.

#### **Directors’ responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### **Auditor’s responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2010 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Global Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Global Health Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

**Material uncertainty regarding continuation as a going concern**

Without qualifying the conclusion expressed above, we draw attention to Note 9 in the financial report which indicates that the consolidated entity incurred a net loss of \$528,883 during the period ended 31 December 2010 and, as of that date, the consolidated entity's total liabilities exceeded its total assets by \$176,986. These conditions, along with other matters as set forth in Note 9, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M.A. Cunningham  
Director - Audit & Assurance Services

Melbourne, 21 February 2011