

**ASX ANNOUNCEMENT**

31 August 2010

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

Via electronic lodgement

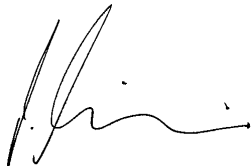
Dear Sir/Madam

**Preliminary Final Report**

Please find following the preliminary financial report of Global Health Limited for the year ended 30 June 2010.

Yours faithfully,

Global Health Limited



Peter Curigliano  
Chief Financial Officer and Company Secretary

## **GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

Your Directors submit their report for financial year ended 30 June 2010.

### **External Market Environment**

The Company's operations have been focused on the emerging e-health market in Australia over the last 5 years. This is a highly sensitive market especially from a political perspective. The pace of reform in Australia however, has been a major barrier to market activity.

Following the 2007 federal election, the Australian Government established the National Health and Hospitals Reform Commission (NHHRC) which issued their report 16 months later, in June 2009. The final report (A Healthier Future for All Australians) made 123 recommendations of which 10 (recommendations 13 and 115-123) emphasised e-health as a vital enabler.

This has been followed by the on-going establishment of technical standards to ensure that the foundations for e-health can be implemented by vendors in a market-driven fashion.

The first standard covered the area of Secure Message Delivery to achieve interconnectivity across healthcare providers. This was published by Standards Australia in March 2010 (ATS 5822-2010). In April, the Company's ReferralNet platform was the only intermediary to achieve compliance as both a sending and receiving intermediary at the IHE Connectathon – an event run by IHE Australia for the Department of Health and Ageing with the participation of NEHTA, MSIA and Standards Australia IT14-6:.

ReferralNet is also displayed in the NeHTA "Model Health Community" designed to demonstrate the benefits of e-health as an enabler for the NHHRC Agenda.

In the May 2010 Federal Budget, the Government allocated \$467M to e-health over a 2 year period. The budget also allocated major funding to Mental Health Services. These initiatives represent a further advance on the commitment to e-health by the Australian Government.

In June 2010, the Australian Parliament passed the Health Identifiers Bill to enable Individual Patients, Individual Health Providers and Health Organisations to be allocated unique identifiers. This is an essential foundation for a national e-health system.

The events of the last 12 months represent a rush of important "enabling" milestones in the Company's ambitions.

### **Operational Activity**

In anticipation of the increasing focus on the implementation of e-health, the Company raised \$1.8m net of transaction cost in June 2009, with \$1.2m of this amount allocated to the development of the appropriate online infrastructure to enhance the e-marketing, e-commerce and online deployment of the Company's e-health solutions to the wider health community.

By March 2010, the Company was in a position to soft launch our online channel for end-to-end procurement – from demand generation, payment, fulfillment, product registration and renewals. This investment has provided a mechanism for the Company's products to be effectively marketed and deployed at the appropriate price point to maximize market share and scalability. In particular, the focus is on our MasterCare EMR for Mental Health and ReferralNet – products aligning with current national priorities.

Historically, the Company's revenues were derived from approximately 150 enterprise clients, in the acute sector, with larger average sale and servicing values. The e-health market potential involves much smaller

## **GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

contract values over a much larger client base – there are an estimated 100,000 health provider organisations employing over 700,000 individual health providers servicing 21 million health consumers.

The online business channel is now showing encouraging levels of sales and deployment now conducted online with the Company increasing our client base by over 80% to just under 300 clients while reducing our Support, Implementation and Administration expenses by 17%.

The Company has transitioned our infrastructure for the mass markets but at a short term cost, as reflected in the financial statements for the year.

### **Financial Performance**

Group revenue was down \$1,766,771 to \$5,086,485.

The decline in revenue was due to:

1. General weakness in the market over the last two years through the uncertainty around the health reform agenda resulting in major delays in new enterprise opportunities - new sales were down \$392,374 from the previous corresponding period;
2. Recurring revenue was down \$418,926 from the previous corresponding period largely due to loss of acute enterprise clients who had been acquired or transitioned to group-wide standard systems (Vic Health, WA Health, Ramsay, Healthscope) as reported in the December 2009 half-year report;
3. Low order book levels from the Global Financial Crisis downturn and the lack of new sales had a flow-on effect on net 3<sup>rd</sup> Party revenue, professional services and other income for the balance of the revenue decline totalling approximately \$955,471.

The Company continued to reduce staff headcount, trimming a further \$653,586 from actual salary cost. General and administration expenses were tightly controlled, resulting in a further \$319,274 expense reduction.

Internal resources from the reduced customer activity were applied on product and infrastructure refresh projects. In line with policy, these investments were expensed resulting in an overall total reduction in operating expenses of \$820,990.

The overall EBITDA result was a loss of \$722,868 and a Net Loss of \$812,789 after depreciation, finance costs and net foreign exchange gains.

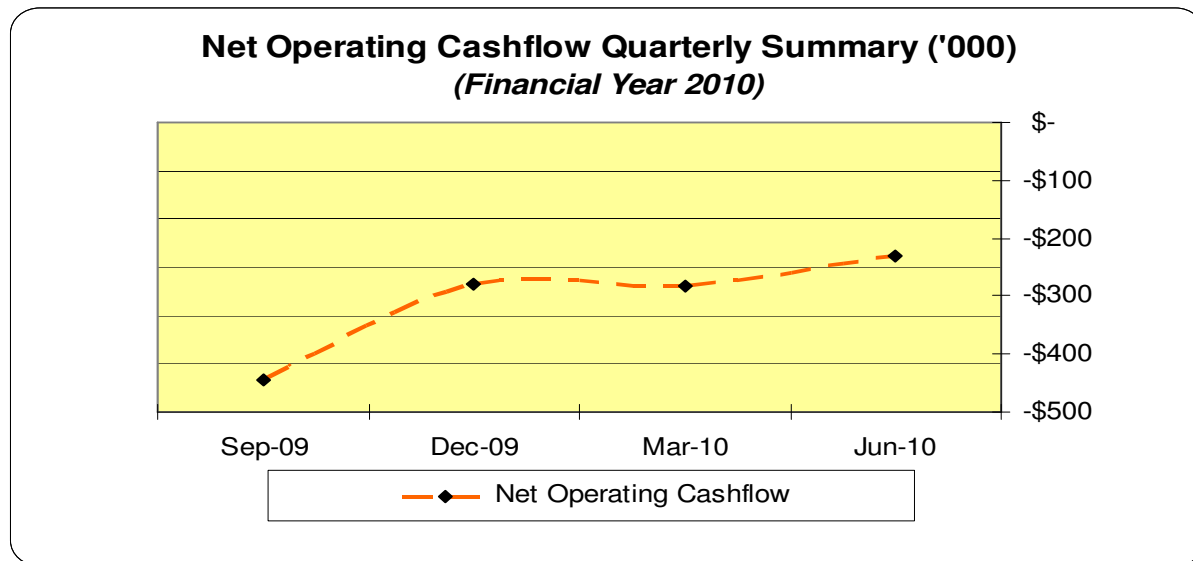
### **Financial Position**

Cash + Net Receivables were \$1,003,311 at balance date compared to \$1,945,301 at the start – a reduction in working capital of \$941,990.

In the first half to December 2009, working capital (Cash + Net Receivables) consumed was \$555,552; In the second half to June 2010, working capital (Cash + Net Receivables) consumed was \$386,438 for a full year reduction in working capital of \$941,990.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

The operating cashflow trend for the past four quarters is shown below and confirms the improvements during the year.



Aside from operating equipment leases and insurance premium funding, the Company has no interest bearing liabilities on its balance sheet.

**Forward Outlook**

The market opportunity for e-health is now positive, following the government activity of the last 12 months and the allocation of specific budgets for e-health.

Pleasingly, this is reflected in a much improved pipeline of qualified opportunities. The low opening order book means it is critical for the Company to win additional new business.

Our cost base has been trimmed to around \$5M with the investment in online and indirect channels in Australia and overseas. The immediate objective is to achieve sufficient scale to cover our cost base. This is expected to occur over the coming 12 months.

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 3 9675 0600 or alternatively by email to [mathew.cherian@global-health.com](mailto:mathew.cherian@global-health.com).

For and on behalf of Global Health Limited

Mathew Cherian  
Chief Executive Officer and Managing Director

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

## Appendix 4E Preliminary Final Report

Name of entity:

<b>GLOBAL HEALTH LIMITED</b>
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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 2010	30 June 2009

*Results for announcement to the market*

	\$'000
<b>Revenues from ordinary activities</b>	down 26% to 5,086
<b>Loss from ordinary activities after tax attributable to members</b>	up 170% to (812)
<b>Loss for the period attributable to members</b>	up 169% to (809)

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

	Current period	Previous corresponding period
<b>Net Tangible Asset backing</b>		
Net tangible assets per ordinary security	(0.24)¢	0.12¢

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

<b>Other significant information:</b>
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**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**Commentary on the Results for the Period**

The earnings per security and the nature of any dilution aspects :	
Net Profit/(loss) after Tax	(\$809,600)
Calculation of EPS	
Total No. of Shares Used in Calc of Basic EPS	231,533,141
Basic EPS (cents)	(0.350)
Calculation of Diluted EPS	
Weighted Average No. of Shares	231,533,141
Effect of Dilutive Shares	<u>0</u>
Total No. of shares used in Calc of Diluted EPS	231,533,141
Diluted EPS (cents)	(0.350)
Returns to shareholders including distributions and buy backs:	N/A
<b>Significant features of operating performance:</b>	
<ul style="list-style-type: none"> <li>• Client base increase by over 80%</li> <li>• Completion of online infrastructure to enhance online deployment of the Company's e-health solutions</li> </ul>	
<b>The results of segments that are significant to an understanding of the business as a whole:</b>	
Licence and recurring revenue	\$3.5M (70% of total revenue)
Services and other revenue	\$1.5M (30% of total revenue)
<b>Discussion of trends in performance:</b> N/A	
<b>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:</b> N/A	


**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**Audit/Review Status**

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
<b>The accounts have been audited</b>		<b>The accounts have been subject to review</b>	
<b>The accounts are in the process of being audited or subject to review</b>	<input checked="" type="checkbox"/>	<b>The accounts have not yet been audited or reviewed</b>	
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

<b>Sign here</b>	
<b>Print name</b>	Mathew Cherian Director
<b>Date</b>	31 August 2010

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Consolidated Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Revenue from the sale of licenses and maintenance contracts	3,569,144	4,380,445
Revenue from professional services	1,109,916	2,002,867
Other revenues	407,425	469,944
<b>Total revenue from continuing operations</b>	<b>5,086,485</b>	<b>6,853,256</b>
Salaries and related costs	(4,001,497)	(4,503,213)
Direct external costs	(259,269)	(611,640)
General and administration costs	(1,548,587)	(1,867,861)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>(722,868)</b>	<b>(129,458)</b>
Finance costs	(26,998)	(165,376)
Depreciation	(96,120)	(111,602)
Non-operating foreign exchange gains/(losses)	33,197	105,130
<b>Loss before income tax</b>	<b>(812,789)</b>	<b>(301,306)</b>
Income tax benefit/(expense)	-	-
<b>Net loss for the period</b>	<b>(812,789)</b>	<b>(301,306)</b>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	(25,001)	(136,430)
<b>Total comprehensive loss for the period</b>	<b>(837,790)</b>	<b>(437,736)</b>
<b>Net (loss)/profit for the period attributable to:</b>		
Owners of the parent	(809,600)	(301,237)
Minority interest	(3,189)	(69)
	<b>(812,789)</b>	<b>(301,306)</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the parent	(832,627)	(437,679)
Minority interest	(5,163)	(57)
	<b>(837,790)</b>	<b>(437,736)</b>
<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share (cents per share)	(0.350)	(0.254)
Diluted Earning per share (cents per share)	(0.350)	(0.254)

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	<b>Consolidated Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	782,141	2,206,623
Receivables	798,568	1,017,477
Other	102,694	102,355
<b>Total Current Assets</b>	<b>1,683,403</b>	<b>3,326,455</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	24,662	99,377
<b>Total Non-Current Assets</b>	<b>24,662</b>	<b>99,377</b>
<b>Total Assets</b>	<b>1,708,065</b>	<b>3,425,832</b>
<b>Current Liabilities</b>		
Payables	577,398	1,278,799
Interest bearing liabilities	64,275	63,515
Provisions	223,466	276,037
Unearned income	1,190,840	1,297,567
<b>Total Current Liabilities</b>	<b>2,055,979</b>	<b>2,915,918</b>
<b>Non-Current Liabilities</b>		
Provisions	208,668	212,496
<b>Total Non-Current Liabilities</b>	<b>208,668</b>	<b>212,496</b>
<b>Total Liabilities</b>	<b>2,264,647</b>	<b>3,128,414</b>
<b>Net Assets</b>	<b>(556,582)</b>	<b>297,418</b>
<b>Equity</b>		
Contributed equity	19,262,296	19,278,506
Reserves	23,464	46,491
Accumulated (Losses)	(19,696,483)	(18,886,883)
<b>Total Parent Entity Interest</b>	<b>(410,723)</b>	<b>438,114</b>
Minority Interest	(145,859)	(140,696)
<b>Total Equity</b>	<b>(556,582)</b>	<b>297,418</b>

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010**

<b>Consolidated Group</b>	<b>Issued capital ordinary</b>	<b>Option reserve</b>	<b>Currency translation reserve</b>	<b>Retained earnings</b>	<b>Total attributable to owners of the parent</b>	<b>Minority interest</b>	<b>Total equity</b>
<b>Balance 1 July 2008</b>	17,511,914	21,820	154,585	(18,585,646)	(897,327)	(108,043)	(1,005,370)
Share buyback from minority interest	-	-	-	-	-	(32,596)	(32,596)
Employee share plan	4,500	-	-	-	4,500	-	4,500
Employee share option	-	6,528	-	-	6,528	-	6,528
Issue of share capital	1,762,092	-	-	-	1,762,092	-	1,762,092
<b>Transactions with owners</b>	<b>1,766,592</b>	<b>6,528</b>	<b>-</b>	<b>-</b>	<b>1,773,120</b>	<b>(32,596)</b>	<b>1,740,524</b>
(Loss)/ profit for the period	-	-	-	(301,237)	(301,237)	(69)	(301,306)
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	-	(136,442)	-	(136,442)	12	(136,430)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>(136,442)</b>	<b>(301,237)</b>	<b>(437,679)</b>	<b>(57)</b>	<b>(437,736)</b>
<b>Balance 30 June 2009</b>	<b>19,278,506</b>	<b>28,348</b>	<b>18,143</b>	<b>(18,886,883)</b>	<b>438,114</b>	<b>(140,696)</b>	<b>297,418</b>
<b>Balance 1 July 2009</b>	19,278,506	28,348	18,143	(18,886,883)	438,114	(140,696)	297,418
Cost in relation to rights issue	(16,210)	-	-	-	(16,210)	-	(16,210)
<b>Transactions with owners</b>	<b>(16,210)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,210)</b>	<b>-</b>	<b>(16,210)</b>
Loss for the period	-	-	-	(809,600)	(809,600)	(3,189)	(812,789)
<b>Other comprehensive income:</b>							
Exchange difference on translation of foreign operations	-	-	(23,027)	-	(23,027)	(1,974)	(25,001)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>(23,027)</b>	<b>(809,600)</b>	<b>(832,627)</b>	<b>(5,163)</b>	<b>(837,790)</b>
<b>Balance 30 June 2010</b>	<b>19,262,296</b>	<b>28,348</b>	<b>(4,884)</b>	<b>(19,696,483)</b>	<b>(410,723)</b>	<b>(145,859)</b>	<b>(556,582)</b>

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Consolidated Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	5,427,985	7,125,773
Payments to suppliers and employees	(6,691,874)	(7,353,638)
	<u>(1,263,889)</u>	<u>(227,865)</u>
Interest received	42,781	13,552
Interest and finance costs paid	(11,650)	(150,808)
<i>Net cash inflow/(outflow) from operating activities</i>	<u>(1,232,758)</u>	<u>(365,121)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of plant and equipment	300	462
Purchase of property, plant & equipment	(21,734)	(9,908)
Purchase of Investments	-	(57,831)
Purchase of shares in controlled entity	-	(32,596)
Net cash inflow/(outflow) from investing activities	-	(99,873)
<i>Net Operating and Investing Activities</i>	<u>(21,434)</u>	<u>(464,994)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of Finance Leases	-	(15,595)
Proceeds from borrowings	84,826	584,128
Proceeds from issue of shares	(170,814)	1,916,695
Repayment of borrowings	(84,302)	(589,081)
<i>Net cash inflow/(outflow) from financing activities</i>	<u>(170,290)</u>	<u>1,896,147</u>
Net increase/(decrease) in cash and cash equivalents held	(1,424,482)	1,431,153
Cash and cash equivalents at the beginning of the financial year	2,206,623	775,470
<b>Cash and cash equivalents at the end of the financial year</b>	<u><b>782,141</b></u>	<u><b>2,206,623</b></u>

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**1. Statement 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 statements cover Global Health Limited and its controlled entities as a consolidated entity ('Group').

The following is a summary of the material accounting policies adopted by the Group 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*

Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Global Health Limited and its controlled entities 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**

A controlled entity is any entity that Global Health Limited has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**Principles of Consolidation (continued)**

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss after the fair value of the acquired assets and liabilities have been reassessed.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets liabilities and contingent liabilities recognised.

**(c) Impairment of assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

**(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 – CONSOLIDATED ENTITY**

**Sales Revenue**

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

- **Licence Fees**  
Initial licence fees are brought to account on contract signing.
- **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.

**Grants**

Grant monies are recognised as revenue at the time of receipt.

**Rent recharge**

Revenue received from the sub-let of office premises is recognised monthly.

**Interest Income**

Interest income is recognised as it accrues based on the effective interest rate that applies at the time.

**Asset Sales**

The net profit on asset sales is included as revenue of the Group. 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.

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**(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 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***

Global Health Limited 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 Global Health Limited 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.

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**(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.

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.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

***Translation of controlled foreign entities (continued)***

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.

**(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 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.

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***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.

In determining the liability for long service leave, consideration has been given to future increases in wage and salary rates, and the Group'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 Group. The amounts are unsecured and are usually paid within 30 days of recognition.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**(o) Financial Instruments**

***Initial recognition and measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

***Effective interest rate method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

***Classification and subsequent measurement***

***Financial assets at fair value through profit or loss***

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

***Held-to-maturity investments***

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

***Financial liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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***Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment of financial assets***

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

***Financial Guarantees***

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118 Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a 12 month period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**(p) Investments**

***Controlled Entities***

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

**(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.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**(u) Going Concern**

*Financial Information*

As at 30 June 2010, the group has accumulated losses and posted an operating loss and negative operating cash flow for the twelve months to that date. These factors and ability to win new business and government regulation and rollout of e-health requirements represent uncertainty surrounding the group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The group has a net asset deficiency of \$556,582. Nearly \$1.2m of unearned revenue is recognised as a liability on the Group's Statement of Financial Position, which negatively impacts the net asset position. 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 are in advance and incur an obligation to provide monthly help-desk and warranty services.

The value of the groups' Intellectual Property is not shown on the Balance Sheet either by way of Independent or Directors' valuation. However, the Directors' believe the groups' Intellectual Property represents significant value due to it generating annual recurring revenue.

*Operational Strategies*

The company continues to meet its debts as and when they fall due and is in compliance with all regulatory requirements.

Management has completed a number of strategies to improve the financial performance of the group. Actions have been implemented and are in progress 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. The alliances that have been considered include distribution agreements and re-seller arrangements. 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) The group will not renew the lease of its Perth office beyond its expiry in late September 2010. Arrangements are being made to relocate affected staff. These significant savings will flow through to the group's operating expenses.
- c) Detailed reviews of staff levels are frequently undertaken to align short to medium term projects to requisite staff levels.
- d) Day to day operational costs are reviewed in order to extract the best possible value for the group's spending.
- e) Actions to win new business to increase revenues and gross profits.

Should the Board determine that the foregoing activities are unlikely to provide the Group with the secure trading position it is seeking, it may enter into discussion with its investors to raise additional working capital.

In the short term, the current cash at bank enables the Group to fund operations whilst also investing in strategies and framework to enable it to improve profitability in the long term. The Board has considered these factors and believes it is appropriate to prepare the financial statements on a going concern basis.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**2. Segment Information**

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

**Operating Segments**

The Group operates in the computer technology, software and services industry with particular emphasis on healthcare and 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 health care.
- *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. It includes 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 financial year there were no changes in segment accounting policies that had a material effect on the segment information.

**Geographical Segments**

Although the group'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 and product development is based in Perth, Western Australia.

*Malaysia*

The Group has a presence in the ASEAN region with local resources employed to provide support to the Southeast Asian clients of the group.

**GLOBAL HEALTH LIMITED – CONSOLIDATED ENTITY**

**2. Segment Information (continued)**

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.

Primary Reporting Business Segments	Hospitals/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	2,820,568	4,472,537	1,575,670	1,736,107	690,248	644,612	-	-	5,086,485	6,853,256
Other revenues	-	-	-	-	-	-	-	-	-	-
Total segment revenue	2,820,568	4,472,537	1,575,670	1,736,107	690,248	644,612	-	-	5,086,485	6,853,256
Total consolidated revenue									5,086,485	6,853,256

Operating Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Results</b>										
Segment result	1,395,402	2,419,320	12,350	(338,053)	112,940	148,938	(2,333,481)	(2,531,512)	(812,789)	(301,306)
Income tax expense									-	-
Outside equity interests									3,189	69
Net profit/(loss)									(809,600)	(301,237)



**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**

**2. Segment Information (continued)**

Operating Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Assets</b>										
Segment assets	<b>947,160</b>	2,235,749	<b>529,117</b>	867,852	<b>231,788</b>	322,231	-	-	<b>1,708,065</b>	3,425,832
<b>Liabilities</b>										
Segment liabilities	<b>1,255,797</b>	2,041,649	<b>701,533</b>	792,508	<b>307,318</b>	294,256	-	-	<b>2,264,647</b>	3,626,591
<b>Cash Flow</b>										
Cash flows from operating activities	<b>(291,113)</b>	(103,553)	<b>(325,422)</b>	(106,978)	<b>(119,738)</b>	(25,370)	<b>(496,485)</b>	(129,221)	<b>(1,232,758)</b>	(365,121)
Cash flows from investing activities	<b>(5,062)</b>	(28,325)	<b>(5,658)</b>	(29,262)	<b>(2,082)</b>	(6,939)	<b>(8,632)</b>	(35,346)	<b>(21,434)</b>	(99,873)
Cash flows from financing activities	<b>(40,214)</b>	537,770	<b>(44,953)</b>	555,558	<b>(16,540)</b>	131,749	<b>(68,583)</b>	671,069	<b>(170,290)</b>	1,896,147

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**

**2. Segment Information (continued)**

Operating Segments	Hospitals/Day Surgeries		e-Health		Other		Corporate		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Other segment information</b>										
Acquisition of property, plant & equipment, intangible assets and other non-current assets	5,132	2,810	5,737	2,903	2,111	688	8,753	3,507	21,734	9,908
Depreciation	22,699	31,652	25,374	32,699	9,336	7,754	38,712	39,497	96,120	111,602

Secondary Reporting Geographical	Australia		International		Consolidated	
	2010	2009	2010	2009	2010	2009
<b>Segment revenue</b>	4,850,081	6,314,451	236,404	538,805	5,086,485	6,853,256
<b>Segment assets</b>	3,653,816	5,294,172	(1,945,751)	(1,868,340)	1,708,065	3,425,832
<b>Other segment information:</b>						
Acquisition of property, plant and equipment, intangible assets and other non-current assets	17,968	5,054	3,766	4,034	21,734	9,908