

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

Health Corporation Limited

ABN or equivalent reference #

30 116 800 269

Reporting period

Financial Year ended 30/06/2009

**Previous corresponding
period**

***Financial Year ended
30/06/2008***

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from continuing operations	up	10.8%	to	\$ 2,110,860
(Loss) after income tax from continuing operations				\$ (1,945,590)
(Loss) for the period attributable to members				\$ (1,945,590)

Dividends per Share

Final

Interim

	Amount share	per	Franked amount per share at ...% tax
Final	n/a	cents	n/a cents
Interim	n/a	cents	n/a cents

Record date for determining entitlements to dividends **n/a**

Health Corporation Limited does not propose to pay dividends at this time

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2. COMMENT ON RESULTS

Directors

The names of directors who held office during or since the end of the financial year:

Graham Dunkley (Chairman)

Ken Lee (Managing Director)

Greg Albert

Matthew Abrahams

Review of Operations

Principal Activity

The principal activity of the consolidated group during the financial period was the provision of franchising services to pharmacies and providing finance to pharmacies new to the Health Information Pharmacy (HIP) group.

Health Corporation Limited is the owner of the Health Information Pharmacy ("HIP) franchise system. HIP was created by pharmacists as a profitable alternative franchise model to mass merchandising models or supermarkets. It is a core belief of Health Information Pharmacies that medication should not be treated as ordinary bulk consumable commodities. Instead, HIP Stores focus on providing health solutions and reducing medication problems.

During the financial period the group patented and commercialised its Patient Medication Counselling system, Chemconsult®. The company's vision is for Chemconsult® to become the gold standard in pharmaceutical consulting and will expand the program throughout Australia and internationally.

Also during the financial period the group developed a new management model whereby the industry unique model provides management services to pharmacies on behalf of pharmacists and has significant income and cash flow benefits for the group.

Apart from that mentioned above there were no significant change in the nature of the consolidated group's principal activities during the financial period.

Operating Results

The consolidated loss for the group after providing for income tax and eliminating minority equity interest amounted to \$1,945,590.

Dividends Paid or Recommended

No Dividends have been paid or declared for payment during the financial period.

Review of Operations

During the reporting period Health Corporation Limited has embarked upon a major restructure of its operations which is now yielding anticipated benefits and the network, operating under the banner of Health Information Pharmacy (HIP) continues to expand. During the year five new franchised stores were welcomed to the HIP group and three stores commenced under the management model one of which is new to the group and will become a flagship store for the company in Victoria.

The new management model has been finalised following significant investment, and is currently being realised in three Pharmacies, with the group currently performing due diligence on an additional two stores.

The group continues to work on a number of projects including the commercialisation of Chemconsult®, a pharmacist/patient consulting program, which will have a significant impact to the ongoing success of the business. The company has lodged a worldwide patent for Chemconsult®, and Health Corporation Limited has been able to secure a partnership agreement with a major pharmaceutical company together with payments for the holding company and member pharmacies on consultations. The partnership in

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2. COMMENT ON RESULTS

existence for the last financial year has now been extended and expanded to go beyond the HIP group and to include potentially all pharmacies in Australia. The group has projected a significant increase in revenue from Chemconsult® to occur over the 2010 to 2012 forecast period.

Health Corporation Limited is making good progress and we anticipate the ongoing support and patience of our shareholders during this period of restructure and growth of the business will be rewarded.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group in future financial years.

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3. CONDENSED CONSOLIDATED INCOME STATEMENT

	Consolidated Group	
	2009	2008
	\$	\$
Revenue	2,110,860	1,905,662
Other Income	155,015	27,966
Total income	2,265,875	1,933,628
Finance Costs	(573,537)	(11,341)
Professional and consultancy fees	(558,305)	(545,691)
Marketing expenses	(326,017)	(477,932)
Directors fees	(68,333)	(91,217)
Depreciation	(35,468)	(47,597)
Employee benefits expenses	(1,515,889)	(1,184,389)
Licensing expenses	(120,830)	(298,945)
Occupancy expenses	(116,632)	(111,184)
Provision for doubtful debts	(547,052)	(570,202)
Other expenses from ordinary activities	(349,402)	(229,369)
(Loss)/Profit before income tax	(1,945,590)	(1,634,239)
Income tax expense	-	(251,839)
(Loss)/Profit attributable to members of the parent entity	(1,945,590)	(1,886,078)
Overall Operations		
Basic earnings per share (cents per share)	(4.20)	(4.08)
Diluted earnings per share (cents per share)	(4.20)	(4.08)

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4. CONDENSED CONSOLIDATED BALANCE SHEET

	Consolidated Group	
	2009	2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	889,614	636,470
Trade and other receivables	936,000	454,472
Inventories	8,445	45,655
Other current assets	8,350	17,745
Tax refundable	-	12,268
TOTAL CURRENT ASSETS	1,842,409	1,166,610
NON-CURRENT ASSETS		
Trade and other receivables	277,006	892,983
Financial assets	13,778,073	-
Plant and equipment	151,754	160,362
Intangible assets	420,740	420,740
TOTAL NON-CURRENT ASSETS	14,627,573	1,474,085
TOTAL ASSETS	16,469,982	2,640,695
CURRENT LIABILITIES		
Trade and other payables	1,626,976	578,924
Bank Loans	1,449,564	-
Short-term financial liabilities	40,012	36,130
Short-term provisions	77,805	34,568
TOTAL CURRENT LIABILITIES	3,194,357	649,622
NON-CURRENT LIABILITIES		
Trade and other payables	4,576,187	-
Bank Loans	8,693,967	-
Long-term financial liabilities	14,271	54,283
TOTAL NON-CURRENT LIABILITIES	13,284,425	54,283
TOTAL LIABILITIES	16,478,782	703,905
NET ASSETS	(8,800)	1,936,790
EQUITY		
Issued capital	3,981,940	3,981,940
Retained earnings	(3,991,740)	(2,045,150)
TOTAL EQUITY	(8,800)	1,936,790

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5. CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Issued Capital Ordinary	Retained Earnings	Total
	\$	\$	\$
Balance at 1.7.2008	3,973,190	(159,072)	3,814,118
Shares issued during period			
Costs of equity raising			
Share based payments	8,750	-	8,750
(Loss) attributable to members of parent entity	-	(1,886,078)	(1,886,078)
Balance at 30.6.2008	<u>3,981,940</u>	<u>(2,045,150)</u>	<u>1,936,790</u>
(Loss) attributable to members of parent entity	-	(1,945,590)	(1,945,590)
Balance at 30.6.2009	<u><u>3,981,940</u></u>	<u><u>(3,990,740)</u></u>	<u><u>(8,800)</u></u>

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6. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Consolidated Group	
	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,445,275	3,049,706
Payments to suppliers and employees	(3,077,739)	(3,511,734)
Interest received	8,507	27,966
Finance costs	(103,168)	(11,341)
income tax paid	15,276	(14,860)
Net cash (used in) operating activities	(711,849)	(460,263)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(124,469)	(41,765)
Loans repaid by franchisees	429,845	33,947
Provision of loans	(10,639,080)	-
Net cash (used in) investing activities	(10,333,704)	(7,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(386,428)	(54,053)
Repayment to related entities		(299,612)
Proceeds from borrowings	11,685,125	299,392
Net cash (used in) provided by financing activities	11,298,697	(54,273)
Net increase (decrease) in cash held	253,144	(522,354)
Cash at beginning of period	636,470	1,158,824
Cash at end of period	889,614	636,470

7. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

	2009	2008
	(0.93)	3.27

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: BASIS OF PREPARATION

The consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and the half-year financial report ended 31 December 2008 and any public announcements made by Health Corporation Limited and its controlled entities during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report and the December 2008 half-year financial report.

The preliminary final financial report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The preliminary final financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a.) *Going Concern*

As at 30 June 2009, the company incurred a loss of \$1,945,590. The Financial Report has been prepared on a going concern basis as the Directors believe that the company will be able to generate future profits based on its projections 2010 to 2012. In the event that the company will not be able to earn future profits as stated in its current projections, the Directors will consider a further capital raising.

NOTE 2: PROFIT FOR THE PERIOD

All significant revenue and expense items for the period are disclosed on the face of the Income Statement

NOTE 3: DIVIDENDS

There are no dividends paid or declared during the year

NOTE 4: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURING

The company acquired two subsidiaries during the reporting period as part of the group's ongoing business development and expansion. Chemconsult Australia Pty Limited was formed to handle the expansion of Chemconsult® an online pharmacist/patient consulting program. The subsidiary will allow the expanding business to develop as a separate organisation and be accounted for as a separate business segment. As at the reporting date Chemconsult Australia had not commenced trading.

The company also acquired and invested in Asset T1 Company Pty Limited a trustee company for Asset Trust 1 a Unit Trust established to finance independently owned Pharmacies. Other group companies will provide management services to the pharmacies in return for fees at competitive rates. The combination of the return on the investment in Asset T1 Company and the fees received for management services provide an expanded revenue stream for the company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

NOTE 5 SEGMENT INFORMATION

Primary reporting – Business Segments	Franchising Operations	Leverage Finance Operations	Total
	\$	\$	\$
2009			
External Revenue	1,802,408	463,467	2,265,875,
Total segment revenue	<u>1,802,408</u>	<u>463,467</u>	<u>2,265,875</u>
Unallocated revenue			-
Total revenue			<u>2,265,875</u>
Segment Result	(1,491,600)	(453,990)	(1,945,590)
Unallocated expenses net of unallocated revenue			-
(Loss) before income tax			<u>(1,945,590)</u>
Income tax expense			-
(Loss) after income tax			<u><u>(1,945,590)</u></u>

Primary reporting – Business Segments	Franchising Operations	Leverage Finance Operations	Total
	\$	\$	\$
2008			
External Revenue	1,657,356	276,272	1,933,628
Total segment revenue	<u>1,657,356</u>	<u>276,272</u>	<u>1,933,628</u>
Unallocated revenue			-
Total revenue			<u>1,933,628</u>
Segment Result	(1,740,217)	114,728	(1,625,489)
Unallocated expenses net of unallocated revenue			-
(Loss) before income tax			<u>(1,625,489)</u>
Income tax benefit			251,839
(Loss) after income tax			<u><u>(1,877,328)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 6: CONTINGENT LIABILITIES

The claim submitted by a former employee and reported in previous financial periods has now been finalised for in confidential settlement. There were no provisions made in the accounts for payment of compensation under this claim. The company does not expect to incur any further liability.

Apart for the above matter there were no known contingent liabilities or contingent assets at the balance date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no other subsequent events that would have a material impact on the financial report for the period ended 30 June 2009.

12. AUDIT STATUS

This report is based on Financial Statements which are in the process of being audited.