

# health corporation Limited

ACN 116 800 269

## Chairman's Report 2009

### To shareholders and members,

I am pleased to welcome you to the 2009 Annual General Meeting of Health Corporation Limited.

This year has been challenging for Health Corporation Limited, as it has for small business throughout Australia and indeed, throughout the world. The impact of the Global Financial Crisis has been and still is, unprecedented for most people in business today, but especially in the small business sector. The lessons learnt from the Great Depression and its long-drawn aftermath were not enough to pre-empt and prevent the serious effects of the Global Financial Crisis.

Indeed, after the Second World War as nations were re-building and re-adjusting, the mentality that 'Greed is Good' grew. We are all experiencing the consequences of this mentality and will continue to, for some considerable period of time despite the early signs that the seeds of recovery have been sewn.

For local small businesses and companies, private and public, credit dried up. It became virtually impossible to raise funds by any means, or to re-finance through traditional banking corridors. This situation is still evident as banks have re-written their lending criteria. As always, the smaller end of the business spectrum has been most severely affected.

Health Corporation's losses being no exception over the past year were not entirely anticipated. Primarily, this result is attributable to final provisioning outlays for the subsidiary financing arm of the Company, Leverage Finance.

I am pleased to report that restructuring and employment issues have now been resolved satisfactorily. This has resulted in creating a stable and focussed environment from which to continue and promote development of the company into the recovery phase of the market ahead of us.

Significant resources have been applied to the research and development of our Chemconsult<sup>®</sup> web-based patient counselling and compliance program, which we believe has a profitable and expanding role to play in community health, lifestyle and public health savings and, importantly, has international applications.

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The same community health problems are universal world-wide and “Chemconsult” is an ideal good fit for the public health sector in all developed economies, opening up valuable world-wide market potential to the Company. Extensive testing has shown Chemconsult<sup>®</sup> can provide potential savings to the Australian health system of up to \$1.8 billion and release up to 1.4 million bed days in hospitals, per annum.

“Chemconsult<sup>®</sup> is a pharmacist consultation program which detects and prevents medication errors and issues. It is 100 per cent owned by Health Corporation. It has been embraced by international drug manufacturers. It is PTC patented world-wide. The Company currently has licensing and sponsorship agreements with Australian suppliers Alphapharm, Sanofi-Aventis Consumer Healthcare, Healthworld Ltd. and Abbott Consumer Healthcare assuring the program a bright future.

The board is confident that this program, now patented world-wide, will quickly assist the Company to transition into profitability in the coming year and become a mainstay of growth and profitability into the future. Negotiations are ongoing with Federal Government, Health Funds and with the Pharmacy Guild of Australia to promote it to a front-line tool in community health. The board is confident that it has the potential to become an international industry standard in prescription dispensing.

Our Company has pursued continued pharmacy franchise expansion and further development using a robust management model for large pharmacies. This is proving to be popular with larger pharmacy businesses and provides a secure and profitable exit strategy for retiring pharmacists. It is also a profit centre for the Company.

This year was undeniably challenging. The Company weathered unanticipated setbacks at the worst possible time of world economic turmoil. The Health Corporation board has been severely pragmatic in dealing with all of these hardships and we look forward to the coming year with renewed optimism and vigour.

My thanks go to our untiring and inspirational CEO, Ken Lee and his team, for their determined efforts on behalf of shareholders, the Company and the health and welfare of all Australians.

Thank you.

Graham Dunkley  
Ph.C; M.A.C.P.P.  
Chairman  
Health Corporation Limited.

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