Appendix 4E
Preliminary final report
For the year ended 30 June 2009

PEARL HEALTHCARE LIMITED and its controlled entities
ABN 58 009 259 189

1 Reporting periods

	Financial year ended ("Current period")	Financial year ended ("Previous corresponding period")
	30-Jun-09	30-Jun-08

2 Results for announcement to the market

2.1	Revenue from ordinary activities	Up	1.3% from $13,822,626 to $14,008,397
2.2	Profit/(loss) from ordinary activities after tax attributable to members	*Down*	55% from ($1,133,888) to ($509,463)
2.3	Net profit/(loss) for the period after tax attributable to members	*Down*	55% from ($1,133,888) to ($509,463)

2.4 Dividend
It is not proposed to pay a dividend

2.5 Recording date for dividend
N/A

2.6 Brief explanation of figures from 2.1 to 2.4

Review of Financial Condition

This report should be read in conjunction with the most recent annual financial reports.

For the year in review Pearl Healthcare Limited ("PHL") achieved the following key results:

- Revenue increased by 1.3% from $13.82 million to $14 million. Revenue growth was constrained by the sale of our Newcastle laboratory in January 2009.
- Gross Profit increased by 11% from $4.33 million to $4.81 million.
- Gross Margin increased by 3.1% from 31.3% of Revenue to 34.4% of Revenue. The gross margin improvement reflects a reduction in our two main input costs, labour and supplies as a percentage of costs.
- EBITDA increased from a loss of $0.005 million to a profit of $0.511 million.
- Overall Loss reduced by 55% from $1.13 million to $0.51 million.
- Net Operating Cash Flow improved by $1.06 million from an outflow of $0.88 million to an inflow of $0.19 million.
- Shareholder equity increased by $0.76 million from negative $0.55 million to positive $0.21 million, aided by a one for one share issue in November 2009 which raised $1.32 million before costs.
- The year end ratio of Current Assets to Current Liabilities is 1.02 times.

The group generates revenue from five major product groups, Crown and Bridge, Chrome, Prosthetics, Orthodontics and Prosthetist Clinic work.

Crown & Bridge revenue declined significantly during the year primarily due to the sale of our Newcastle Crown & Bridge laboratory during the year. We expect this decline to reverse during the 2009/10 year due to the improving sales being experienced in Perth following the acquisition of a boutique Crown & Bridge laboratory.

Our Chrome revenues have continued to increase. The growth has been strong in each of our Chrome laboratories. Investments have been made in each facility to help ensure this trend is maintained.

Prosthetics revenue continued to grow in each State. A Sydney prosthetist clinic was purchased in May 2009 and has performed strongly since purchase. Pearl will enjoy the full benefit of an expected above budget performance during the next financial year.

Finally, Orthodontics revenue declined marginally during the year.

2.6 Brief explanation of figures from 2.1 to 2.4 (continued)

Review of Financial Condition (Continued)

Investments for Future Performance

Pearl has recently employed a national Technical Manager. This position has been created to ensure the Group is able to keep up to date with technical change occurring in the industry and adopt the appropriate technology within the group's laboratories to ensure the most advanced and up to date manufacturing techniques are maintained. Pearl has invested in a variety of advanced dental laboratory machinery during the year in a number of laboratories.

Pearl has now had "Labtrac" installed in its major laboratories for a further financial year. The group has continued to monitor and update the information this laboratory tracking system is able to capture. It is this detailed information provided on a product by product level that has helped the Group increase gross profits achieved in each of the major product categories. With labour being the single biggest cost of production the group will continue to focus on updating and fine tuning the information within Labtrac which will assist in further improvements in Gross Profits being achieved.

Two small acquisitions were made during the year, a small crown and bridge business in Perth and a prosthetist practice in Sydney. Both acquisitions are performing above our expectations and Pearl management is striving to demonstrate the full potential of these acquisitions. Pearl will continue to consider any further acquisition possibilities which are consistent with our strategy.

3 Income statements

	Note	Consolidated 2009 $	2008 $
Revenue	A	14,008,397	13,822,626
Cost of sales		(9,190,557)	(9,491,818)
Gross profit		4,817,840	4,330,808
Office administration expenses		(1,219,484)	(1,274,344)
Staff and consultancy expenditure		(2,116,504)	(1,980,104)
Technical		(187,021)	(206,825)
Financial/legal		(215,222)	(349,117)
Marketing/travel/corporate expenses		(300,115)	(310,500)
Impairment loss on goodwill		-	-
Depreciation expense		(719,128)	(776,629)
Other overhead		(140,923)	(84,462)
Result from operating activities		(80,557)	(651,173)
Financial income		6,881	11,361
Financial expense		(435,787)	(494,076)
Net financing costs		(428,906)	(482,715)
Profit/(loss) before tax		(509,463)	(1,133,888)
Income tax benefit/(expense)	B	-	-
Profit/(loss) for the year after tax		(509,463)	(1,133,888)
Profit/(loss) attributable to members of the parent entity		(509,463)	(1,133,888)
Earnings/(Loss) per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share from continuing operations		$ (0.05)	$ (0.18)
Diluted earnings/(loss) per share from continuing operations		$ (0.05)	$ (0.18)

A Revenue

	2009	2008
Sale of goods	13,959,495	13,704,023
Financial Income	6,881	11,361
Other	48,902	118,603
Total revenue	14,015,278	13,833,987

B Income tax expense/(benefit)

	Note	Consolidated 2009 $	2008 $
Major components of income tax expense for the years ended 30 June 2009 and 2008 are:			
Current income tax			
Current income tax charge		(152,719)	(356,387)
Deferred income tax			
Relating to origination and reversal of temporary differences not taken into account		152,719	356,387
Income tax reported in income statement		-	-
Statement of changes in equity			
Income tax benefit reported in equity		-	-
A reconciliation of income tax applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2009 and 2008 is as follows:			
Accounting profit/(loss) before income tax		(509,463)	(1,133,888)
At the statutory income tax rate of 30%		(152,839)	(340,166)
Expenditure not allowable for income tax purposes		120	261
Allowance on capital expenditure items		-	(16,482)
Current year tax losses not brought to account		55,048	32,089
Current year temporary differences not brought to account		97,671	324,298
At effective tax rate of 0% (2008:0%)		-	-

Tax consolidation

Pearl Healthcare Limited and its 100% Australian owned subsidiaries form part of a tax consolidated group.

In accordance with our accounting policy, deferred tax assets have not been recognised in respect of the above items.

4 Balance sheets

	Note	Consolidated 2009 $	2008 $
Current assets			
Cash assets	A	376,017	457,501
Trade and other receivables	B	1,540,358	1,532,651
Inventories	C	593,463	579,539
Total current assets		2,509,838	2,569,691
Non-current assets			
Plant & equipment	E	1,752,398	2,174,520
Intangible Assets	F	155,638	
Total non-current assets		1,908,036	2,174,520
Total assets		4,417,874	4,744,211
Current liabilities			
Trade and other payables	G	936,845	970,423
Interest bearing loans and borrowings	H	747,373	3,385,140
Employee benefits	I	784,722	469,363
Total current liabilities		2,468,940	4,824,926
Non-current liabilities			
Trade and other payables	G	63,871	-
Interest bearing loans and borrowings	H	1,574,928	48,642
Employee benefits	I	102,686	420,169
Total non-current liabilities		1,741,485	468,811
Total liabilities		4,210,425	5,293,737
Net assets/(deficiency in net assets)		207,449	(549,526)
Equity			
Issued capital		28,345,268	27,078,830
Retained profits/(accumulated losses)		(28,137,819)	(27,628,356)
Total equity/(deficiency in total equity)		207,449	(549,526)

A Cash and cash equivalents

Cash at bank and on hand	355,341	411,844
Bank short term deposits	20,676	45,657
	376,017	457,501

Cash at bank bears floating interest rates currently set at 0.01%
Short term deposits bear the interest rate of 7.4% per annum.

The short term deposits are with Westpac Banking Corporation. The deposits are held as security for Bank Guarantees provided to lessors

	Consolidated	
	2009	2008
	$	$

B Trade and other receivables

	2009 $	2008 $
Current		
Trade receivables	1,536,422	1,537,679
Less: Provision for doubtful debts	(48,208)	(63,466)
	1,488,214	1,474,213
Other trade receivables and prepayments	52,144	58,438
	1,540,358	1,532,651

The loans to controlled entities are unsecured and at call.

C Inventories

	2009 $	2008 $
Raw materials and stores - at cost	519,914	516,551
Work in progress - at cost	128,223	114,643
	648,137	631,194
Less: Provision for stock obsolescence	(54,674)	(51,655)
	593,463	579,539

D Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2009	2008
	$	$
Tax losses	2,959,010	2,861,339

The deductible tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from.

E Plant and equipment

Office equipment, at cost	355,133	341,791
Accumulated depreciation	(212,531)	(185,419)
	142,602	156,372
Computer hardware, at cost	565,049	886,382
Accumulated depreciation	(527,579)	(747,576)
	37,470	138,806
Motor vehicles, at cost	226,601	237,293
Accumulated depreciation	(141,272)	(120,527)
	85,329	116,766
Leasehold improvements, at cost	597,660	596,064
Accumulated depreciation	(550,845)	(440,812)
	46,815	155,252
Laboratory equipment, at cost	3,336,865	3,613,784
Accumulated depreciation	(1,896,683)	(2,006,460)
	1,440,182	1,607,324
Total plant and equipment at net book value	1,752,398	2,174,520

	Consolidated	
	2009	2008
	$	$

F Intangible assets

Goodwill, at cost	20,856,316	20,700,678
Accumulated amortisation and impairment losses	(20,700,678)	(20,700,678)
	155,638	-
Reconciliation of goodwill at cost		
Opening balance	20,700,678	20,700,678
Additions arising from acquisitions	155,638	-
Other	-	-
Closing balance	20,856,316	20,700,678
Reconciliation of amortisation and impairment losses		
Opening balance	20,700,678	20,700,678
Impairment charge	-	-
Closing balance	20,700,678	20,700,678

G Trade and other payables

Current		
Trade creditors	461,016	503,772
Other creditors and accruals	475,829	466,651
	936,845	970,423
Non-current		
Other	63,871	-

H Interest bearing loans and borrowings

This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings.

Current		
Invoice discounting facility	669,310	963,476
Other loans	-	2,277,000
Lease liabilities	78,063	144,664
	747,373	3,385,140
Non-current		
Other loans	1,514,919	-
Lease liabilities	60,009	48,642
	1,574,928	48,642

Invoice discounting facility

Financing facility	1,500,000	1,500,000
Facilities utilised at reporting date	(669,310)	(963,476)
Facilities not utilised at reporting date	830,690	536,524

The invoice discounting facility is with Bank of Queensland. Interest is charged monthly at the Cashflow Finance Base Rate Rate (currently 9.24%).

The above facility is secured by Invoice Discounting Agreements with all trading companies within the Pearl Healthcare Limited consolidated group ("Pearl Group") and First Ranking Deed of Charge over the assets of Pearl Healthcare Ltd and all related trading entities within the Pearl Group, including cross-guarantees from the trading entities.

Finance lease facility

The consolidated entity's lease liabilities are secured by the leased assets of $192,693 (2008: $342,178), as in the event of default, the leased assets revert to the lessor.

Other loans include loans from director related entities, details of which are as follows:

Loans from related parties

	Balance 1 July 2008	Balance 30 June 2009	Interest paid and payable in the reporting period	Highest balance in period
	$	$	$	$
Directors				
Mr Greg Plummer	1,968,500	1,514,920	177,243	2,108,500
Mr Louis Niederer	308,500	-	11,699	308,500
	2,277,000	1,514,920	188,942	2,417,000

The loans by the director related entities have been provided on the following basis:

- the loans are secured by a second registered debenture over the assets of the company
- interest is payable monthly and calculated at the Bank of Queensland Cashflow Finance Base Rate (currently 9.24%)

	Consolidated	
	2009	2008
	$	$

I Employee benefits

Current		
Employee benefits	784,722	469,363
Non-current		
Employee benefits	102,686	420,169

5 **Statements of cash flows**

	Note	Consolidated 2009 $	Consolidated 2008 $
Cash flows from operating activities			
Receipts from customers		14,285,919	14,096,966
Payments to suppliers and employees		(13,803,154)	(14,633,550)
Interest received		6,881	11,361
Borrowing costs		(301,694)	(351,583)
Income taxes (paid)/refunded		-	-
Net cash provided by/(used in) operating activities		187,952	(876,806)
Cash flows from investing activities			
Acquisition of plant and equipment		(198,264)	(338,002)
Acquisition of business assets		(192,805)	-
Net cash provided by/(used in) investing activities		(391,069)	(338,002)
Cash flows from financing activities			
Proceeds from the issue of shares		1,266,438	344,760
Loans/(Repayment) from Shareholders		(762,081)	610,000
Proceeds/(Repayment) from finance leases		(55,234)	126,312
Repayment of bank loans		(327,490)	(274,843)
Net cash provided by/(used in) financing activities		121,633	806,229
Net increase/(decrease) in cash and cash equivalents		(81,484)	(408,579)
Cash and cash equivalents at 1 July		457,501	866,080
Cash and cash equivalents at 30 June		376,017	457,501

Reconciliation of cash flows from operating activities

	Note	Consolidated 2009 $	2008 $
Cash flows from operating activities			
Profit/(loss) for the period		(509,463)	(1,133,888)
Adjustments for:			
Depreciation		719,128	776,629
Impairment loss on goodwill		-	-
Loss on sale of non-current assets		7,876	34,700
(Increase)/decrease in income taxes receivable		-	-
Increase/(decrease) in deferred taxes liabilities		-	-
Operating profit before changes in working capital and provisions		217,541	(322,559)
(Increase)/decrease in trade and other receivables		(7,707)	36,012
(increase)/decrease in inventories		13,820	10,009
Increase/(decrease) in trade and other payables		(33,578)	(539,369)
Increase/(decrease) in employee benefits		(2,124)	(60,899)
Net cash provided by/(used in) operating activities		187,952	(876,806)

6 **Dividends**

There were no dividends declared during the year and the directors do not recommend that any dividend be paid.

7 **Dividend reinvestment plans**

N/A

8 **Statement of Accumulated Losses**

	Share capital $	Accumulated losses $	Total equity $
Consolidated			
Balance at 1 July 2008	27,078,830	(27,628,356)	(549,526)
Total recognised income and expense	-	(509,463)	(509,463)
Issued shares (net of costs)	1,266,438	-	1,266,438
Balance at 30 June 2009	28,345,268	(28,137,819)	207,449
Balance at 1 July 2007	26,734,070	(26,494,468)	239,602
Total recognised income and expense	-	(1,133,888)	(1,133,888)
Issued shares (net of costs)	344,760	-	344,760
Balance at 30 June 2008	27,078,830	(27,628,356)	(549,526)

9 Net tangible asset backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.004 Cents/share	-0.083 Cents/share

10 Entities over which control has been gained or lost
Nil

11 Associates and Joint Ventures
N/A

12 Other significant information
N/A

13 Foreign entities
N/A

14 Commentary
Refer to Note 2 for commentary on the results for the period

14.1 Basic earnings/(loss) per share & Diluted earnings/(loss) per share
30 June 2009 ($0.05)
30 June 2008 ($0.18)

14.2 Returns to shareholders
Nil

14.3 Significant features of operating performance
Refer section 2

14.4 Segment reporting
The consolidated entity operates in one segment being an operator of dental laboratories. The consolidated entity's business segment operates principally in Australia.

14.5 Discussion of trends in performance
Refer section 2

14.6 Other factors which have affected or likely to affect the results
Apart from issues already disclosed, nil

15 Compliance statement
The above report is based on accounts which are in the process of being audited. The report shows a reduced loss, and a surplus in total equity of $207,450. The company continues to receive funding support from a major shareholder.

16
N/A

17
N/A

Sign here: Print name: Greg Plummer

Date: 26 August 2009