



Pethealth Inc. Announces Record Quarterly Net Income of \$1,675,000 and its full results for the Quarter and Six Months Ended June 30, 2009.

OAKVILLE, ON, August 12, 2009. (TSX: PTZ) Pethealth Inc. ("Pethealth" or "the Company") today announced its financial results for the three and six months ended June 30, 2009.

Financial Highlights

Quarter ended June 30, 2009

- Total revenue for the quarter ended June 30, 2009 was \$8.66 million, up 52% over Q2 2008.
- Net income for Q2 2009 was a record \$1,675,000 (\$0.059 per share) inclusive of a non-cash accounting gain of \$541,878 related to the translation of \$US denominated long-term debt, compared to net income of \$359,000 (\$0.013 per share) for the same period in the prior year.
- EBITDA for Q2 2009 was \$2.1 million, inclusive of a non-cash \$542,000 accounting gain related to the translation of \$US denominated long-term debt, compared to an EBITDA of \$557,000 for the same period in the prior year.
- Operating cash flow (EBITDA plus stock option expenses and adjusted for non-cash foreign currency accounting translation gains and losses) was \$1.6 million for the quarter, a 164% increase from the same period in the prior year.
- The Company has now become the second most popular destination on the internet for adoptable pet search in terms of unique visitors where over 600,000 were recorded for the month of July 2009 alone.

On May 6, 2009, the Company announced that it had launched Petango.com, its new and technologically advanced adoptable search site for pet owners looking to adopt a dog or cat. Today, over 1,200 animal welfare organizations representing over 725,000 adoptions annually can have their adoptable animals made available through Petango.

Six months ended June 30, 2009

- Total revenue for the six months ended June 30, 2009 was \$17.4 million, up 55% from the six months ended June 30, 2008.
- EBITDA for the six months ended June 30, 2009 was \$3.5 million inclusive of a non-cash accounting gain of \$332,689 related to the translation of \$US denominated long-term debt, compared to an EBITDA of \$1.5 million for the same period in the prior year.
- Operating cash flow was \$3.2 million for the six months ended June 30, 2009, a 102% increase over the same period in the prior year.
- Net income for the six months ended June 30, 2009 was \$2,576,286 (\$0.069 per share after giving effect to the \$600,000 dividend payment made in the first quarter of 2009) inclusive of a non-cash accounting gain of \$332,689 resulting from the translation of \$US denominated long-term debt related to the Company's Pet Protect acquisition, compared to the prior year's net income of \$1,083,288 (\$0.016 per share after giving effect to the \$600,000 dividend payment made in the first quarter of 2008).
- Year to date loss ratio for the aggregate U.S. / U.K. core pet insurance book of business underwritten by QBE Insurance Group subsidiaries ("QBE") was 44.3%. The Company participates in a portion of its programs' U.S. / U.K. core policy underwriting results for those policies underwritten by QBE.
- Administration costs were 10.5% as a percentage of earned premiums.

Results of Operations

Pethealth Inc. reports its financial results in two reportable segments, its insurance operations and its non-insurance operations. The insurance operations currently consist of the distribution and administration of the PetCare, Pet Protect, petPals, ShelterCare, QuickCare, CherryBlue and other co-branded, white labelled or private labelled pet insurance programs while non-insurance operations are made up of its 24PetWatch manufacturer-neutral pet registry and recovery service, the distribution of RFID microchip technology, the development and distribution of PetPoint, its animal shelter management software program and the operation of Petango, it's on-line adoptable pet search site. The following table details the operational results from each segment:

	For the Three Months Ended					
	June 30, 2009			June 30, 2008		
	Insurance	Non-Insurance	Total	Insurance	Non-Insurance	Total
Operating revenue	\$6,794,130	\$1,858,247	\$8,652,377	\$4,415,011	1,247,123	\$5,662,134
Interest and other income	9,735	-	9,735	25,903	-	25,903
Total revenue	\$6,803,865	\$1,858,247	\$8,662,112	\$4,440,914	\$1,247,123	\$5,688,037
Employment	1,595,350	760,115	2,355,465	1,033,930	595,945	1,629,875
Marketing	1,532,554	168,607	1,701,161	1,439,463	120,561	1,560,024
General & administration	1,456,552	281,229	1,737,781	868,657	202,020	1,070,677
Cost of sales	-	1,196,553	1,196,553	-	801,816	801,816
Interest Expense on L/T Debt	69,997	-	69,997	-	-	-
Foreign exchange	(486,078)	-	(486,078)	12,691	-	12,691
Other	252,180	160,339	412,519	131,282	122,895	254,177
Total expenses	\$4,420,555	\$2,566,843	\$6,987,398	\$3,486,023	\$1,843,237	\$5,329,260
Operating income (loss)	\$2,383,310	\$(708,596)	\$ 1,674,714	\$954,891	\$(596,114)	\$358,377
Add:						
Capital asset amortization	210,180	160,339	370,519	75,310	122,895	198,205
Interest Expense on L/T Debt	69,997	-	69,997	-	-	-
Operating EBITDA	\$2,663,487	\$(548,257)	\$2,115,230	\$1,030,201	\$(473,219)	\$556,982
Add:						
Stock option expense	42,000	-	42,000	55,972	-	55,972
Non operating f/x*	(541,878)	-	(541,878)	-	-	-
Operating cash flow	2,163,609	(548,257)	1,615,352	1,086,173	(473,219)	612,954

For the Six Months Ended						
	June 30, 2009			June 30, 2008		
	Insurance	Non-Insurance	Total	Insurance	Non-Insurance	Total
Operating revenue	\$13,659,748	\$3,709,007	\$17,368,755	\$8,704,171	\$2,472,582	\$11,176,753
Interest and other income	24,794	-	24,794	55,806	-	55,806
Total revenue	\$13,684,542	\$3,709,007	\$17,393,549	\$8,759,977	\$2,472,582	\$11,232,559
Employment	3,110,828	1,466,388	4,577,216	2,101,579	1,079,000	3,180,579
Marketing	3,385,116	315,947	3,701,063	2,488,290	279,141	2,767,431
General & administration	2,835,555	566,069	3,401,624	1,608,978	391,939	2,000,917
Cost of sales	-	2,408,109	2,408,109	-	1,680,656	1,680,656
Interest Expense on L/T Debt	152,446	-	152,446	-	-	-
Foreign exchange	(232,668)	-	(232,668)	12,192	-	12,192
Other	500,255	309,218	809,473	270,747	236,749	507,496
Total expenses	\$9,751,532	\$5,065,731	\$14,817,263	\$6,481,786	\$3,667,485	\$10,149,271
Operating income (loss)	\$3,933,010	\$(1,356,724)	\$ 2,576,286	\$2,278,191	\$(1,194,903)	\$1,083,288
Add:						
Capital asset amortization	416,129	309,218	725,347	149,774	236,749	386,523
Interest Expense on L/T Debt	152,446	-	152,446	-	-	-
Operating EBITDA	\$4,501,585	\$(1,047,506)	\$3,454,079	\$2,427,965	\$(958,154)	\$1,469,811
Add:						
Stock option expense	84,126	-	84,126	120,973	-	120,973
Non operating f/x*	(332,689)	-	(332,689)	-	-	-
Operating cash flow	4,253,022	(1,047,506)	3,205,516	2,548,938	(958,154)	1,590,784

* Non operating f/x is the accounting loss (gain) associated with the translation of the Company's long term debt denominated in United States dollars.

"Q2 represented another outstanding performance by the Pethealth team," said Mark Warren, President and Chief Executive Officer of Pethealth. "While I think the numbers largely speak for themselves, two parts of the business deserve special mention. Our acquisition of Pet Protect in the U.K. continues to meet or exceed expectations and is representative of the strength of our current operations. Our successful launch of Petango.com which in July, in only its second full month of existence, was visited by over 630,000 unique visitors. This speaks well of the company's future as we begin to monetise our non-insurance platform which is without question the broadest and most integrated in animal welfare."

Insurance Operations:

Results

The Company is North America's number two provider of pet insurance operating in Canada, the United States and the United Kingdom. Pet insurance revenues are earned primarily through commissions and fees generated from the placement of pet insurance policies at a blended commission rate of approximately 37% in the United States, 35% in Canada and 27% in the United Kingdom (see discussion related to U.K. commissions and fees below). For the quarter ended June 30, 2009, the Company achieved commission and fee revenue \$6.79 million, an increase of 54% over the same period in the prior year.

The pet insurance operations contributed operating income of \$2,383,310 to the consolidated net income during the quarter and \$3,933,010 for the six month period as compared to a contributed operating income of \$954,891 and \$2,278,191 respectively in the prior year. In each case, the current year operating results include non-cash foreign exchange gain associated with the accounting translation of the long term debt of \$541,878 for the quarter and \$332,689 for the six months year to date.

Administration costs, consisting of claims adjudication, medical underwriting, billing, and customer service but excluding corporate expenses, are measured on a percentage of premium basis. For the six months ended June 30, 2009, administration costs represented 10.5% of earned premiums earned by the Company's carriers inclusive of Pet Protect which is consistent with past periods when adjusted for f/x moves. The Company believes that its administrative costs as a percentage of premiums continue to be the best in the industry. All marketing costs are expensed when incurred.

The pet insurance operations achieved operating cash flow (EBITDA plus stock option expense and accounting translation of foreign currency gains and losses) of \$2,163,609 for the quarter and \$4,253,022 for the six months ended June 30, 2009 compared to operating cash flow of \$1,086,173 and \$2,548,938 for the same periods in the prior year.

2008 United Kingdom Acquisition

On July 28, 2008, the Company completed its acquisition of Pet Protect, a pet insurance intermediary operating in the United Kingdom, from Domestic and General Insurance Group ("D&G"). Under the terms of the agreement, Pethealth acquired 100% of Pet Protect for a purchase price of £3.5-million (\$7.1-million) in cash. The purchase price represented 27% of fiscal 2007 gross written premiums placed by Pet Protect or approximately £63.59 (\$127) per policy based on 55,041 paid policies in force at closing. The Pet Protect business currently constitutes approximately 3% of the pet insurance market in the United Kingdom. Policies in the U.K. are currently sold under the Pet Protect and the petPals brands.

QBE Insurance (Europe) Limited ("**QBE (Europe)**"), a subsidiary of QBE Insurance Group Limited, acts as the underwriter for the Pet Protect business on a renewals basis. As the Pet Protect policies have annual renewals, D&G will continue to act as an underwriter on a declining basis until September 2009 when it is expected that existing policies will have been renewed by QBE (Europe). Pet Protect earns commission and fee revenues representing approximately 17% of earned premiums for those policies underwritten by D&G and 33% for those policies underwritten by QBE (Europe), plus or minus 2.5% depending on underwriting profitability as described below. The following table outlines the expected blended commission rates which the Company expects to earn from renewal business, in the U.K., during the transition from D&G to QBE (Europe):

Period	Expected split of renewal premium by Carrier		Expected Blended Commission
	QBE (Europe)	D&G	
Q3 - 2008	0%	100%	17%
Q4 - 2008	12.5%	87.5%	19%
Q1 - 2009	37.5%	62.5%	23%
Q2 - 2009	62.5%	37.5%	27%
Q3 - 2009	87.5%	12.5%	31%
Q4 - 2009 and thereafter	100%	0%	33%

Beginning on August 16, 2008, all new policy sales in the United Kingdom were placed with QBE (Europe) earning base commissions and management fees of 33%.

The all cash transaction was financed through a 3-year loan agreement with a recognised financial institution at a fixed interest rate of 4.52%. The loan is repayable in equal monthly instalments over the term. The Company has posted the policy renewals on its U.S. pet insurance portfolio, which is underwritten by the Praetorian Financial Group ("Praetorian") a subsidiary of QBE Insurance Group Limited, as security. The terms of the loan restrict the Company from paying dividends other than to holders of the Company's Series I 6% convertible preferred shares. As of June 30, 2009, the loan had been reduced to US \$5,130,042.

Participation in U.S./U.K Underwriting Results:

The underwriting risk associated with the Company's pet insurance policies was borne entirely by its carriers prior to February 9, 2006. The Company announced on February 9, 2006, that it had added Praetorian as an underwriter for its pet insurance policies in the United States. Under the terms of the agreement, the Company participates in a portion of the underwriting results for the policies placed with Praetorian.

The Pet Protect business began to transition, on a renewals basis, to QBE (Europe) over a period of twelve months, on October 1, 2008. Under the terms of the agreement with Praetorian, the U.S. and the U.K. underwriting profitability underwritten by Praetorian and QBE (Europe) is aggregated and the Company participates in the underwriting profitability on the same terms as have been in place on its U.S. portfolio, on a consolidated basis.

The U.S. and U.K. core underwriting results for policies underwritten by Praetorian and QBE (Europe) in aggregate was 44.3% for the six months to date. The Company participates positively in the aggregate underwriting results for policies underwritten by Praetorian and QBE (Europe) when the actual weighted average accident year loss ratio for those policies placed with these entities is less than 50% and negatively when the actual accident year loss ratio for policies placed with these entities exceeds 50%. For the three and six months ended June 30, 2009, revenues of \$250,705 and \$521,526 respectively were recorded related to underwriting profitability participation as compared to \$137,690 and \$273,509 respectively for the same period in the prior year.

Non-Insurance Operations:

Non-insurance revenues are earned from the sale of microchip technology, media and advertising and database and information services leveraging the Company's PetPoint, 24PetWatch, Petango, PawsConnect and EVE infrastructures. To date, the Company's non-insurance business has been focused on building out its technology platforms, which, in and of themselves, were not designed to operate as stand alone sources of revenue. Instead, these platforms are used to deliver database and information services from which the Company expects to generate significant business at margins greater than those that can be expected to be earned from the insurance operations.

As of June 30, 2009, 1,180 animal welfare organisations had licensed the PetPoint application. For the first six months of 2009, 868,305 animal intakes were completed, up 28% over those recorded in for the same period in the prior year. Assuming the same year on year growth rate, year to date intakes suggest that 1,900,000 intakes will occur during 2009. Similarly 315,464 adoptions were recorded through the PetPoint application during the first six months of 2009, a 29% increase from the same period in the prior year. Assuming the same year on year growth rate, year to date adoption numbers suggest that over 700,000 total adoptions will be completed during 2009, making PetPoint the most widely used animal management software in North America. As of the date of this release, 1,202 animal welfare organisations had licensed the application. The Company estimates that annualized adoptions completed by animal welfare organizations who have licensed PetPoint represent better than 50% of the total adoption market.

The distribution model for PetPoint is relatively new, but not unique. PetPoint is provided free to those animal welfare organisations that are using the Company's 24PetWatch microchip program and agree to also promote its ShelterCare insurance program to their adopters. As a hosted solution, PetPoint provides the Company with the ability to deliver messaging to the pet adopter at the point of adoption. Through this "virtual pipeline", the Company believes that it is able to not only inform adopters about the products and services that are available, but also to influence where they will purchase these products and services. Thus, the Company believes it will be able to develop several revenue streams from PetPoint through the offering of retail products and services to adopters.

The Company's strategic advantage is that it is both able to make this connection with the adopter at the point of adoption and influence purchasing decisions prior to that adopter establishing his or her buying habits for their new dog or cat as well as the ability to maintain an on-going relationship based on the provision of various products and services, including pet insurance, on-line social networking and on-line adoptable search, which leverage the integration of the PetPoint and the 24PetWatch RFID microchip and pet recovery infrastructures.

In November, 2007 the Company launched PawsConnect.com, its on-line social network aimed at empowering the lives of pet owners by providing them with new and innovative ways to interact and learn more about the best way to care for their dogs and cats. The PawsConnect.com site remains in beta format as the Company continues to experiment with its design and with its functionality.

On May 5, 2009, the Company launched Petango, its on-line adoptable search site for pet owners looking to adopt a new cat or dog. The launch of Petango marks the completion of what is now the pet industry's only fully integrated advertising platform for those national brands, national retailers and local retailers looking to advertise their brand to adopters. Unlike any other adoptable pet search engine, Petango displays results in real time, a competitive

advantage made possible through its full integration with PetPoint. In addition to real time searches, the site also offers potential adopters many additional features including watch lists, e-mail alerts and on-line pet adoption applications. As of today's date, nearly 1,200 animal welfare organisations representing over 1 million adoptions annually can have their adoptable animals made available through Petango. Since launching Petango, the Company has become the number two destination for adoptable pet search in terms of unique visitors where, according to compete.com, 630,000 were recorded for the month of July alone.

For the quarter and six months ended June 30, 2009, the Company generated revenues of \$1,858,247 and \$3,709,007 respectively from its non-insurance businesses, an increase of 49% and 50% from the \$1,247,123 and \$2,472,582 generated for the same periods last year. In addition to the sale of microchip technology, the Company expects to continue to generate revenues from various non-insurance opportunities which it expects will include, amongst other things, the sale of products and services to the 24PetWatch database which, as of today's date, exceeds 2.7 million pet registrations, agency and sponsorship fees from manufacturers and retailers accessing PetPoint for distribution and from other third parties looking to improve their advertising and distribution capabilities to pet adopters.

For the quarter and six months ended June 30, 2009, the Company's non-insurance business reported an operating loss of (\$708,596) and (\$1,356,724) respectively as compared to an operating loss of (\$596,114) and (\$1,194,903) for the same periods in the prior year as the Company continues to invest in the significant build out its non-insurance platforms.

Foreign Exchange:

The Company operates in the Canadian, the United States and the United Kingdom markets and is exposed to unpredictable foreign exchange markets.

The United States subsidiaries generate 100% of their revenues in U.S. dollars while expending administrative costs in both U.S. and Canadian dollars. Similarly, Pet Protect earns 100% of its revenues in Pounds Sterling while expending its administrative expenses in both Pounds Sterling and Canadian dollars. The Company expects that as the Pet Protect business becomes developed within the Pethealth group the relative administrative expenses incurred in Canadian dollars as a percentage of the total will increase. At present, approximately 61% of the United States administrative costs and 30% of the United Kingdom administrative costs are incurred in Canadian dollars. As such, a reduction in the value of the Canadian dollar relative to the U.S. dollar or the Pound Sterling results in an increase in reported operating revenue and operating earnings as well as a realised increase in cash flow. The opposite is true with respect to an increase in the value of the Canadian dollar relative to its United States and United Kingdom counterparts, that is, operating income and cash flows are decreased.

The Canadian dollar depreciated by an average of 17% from June 30, 2008 to June 30, 2009. Adjusting the three months and six months ended June 30, 2009 to the average rate in effect for the same periods in the prior year, the Company would have reported decreases in operating revenue of approximately \$743,860 and \$1,871,799 and decreases in operating net income of approximately \$309,980 and \$754,360.

The Company's reported financial results are also impacted by the non-cash accounting translation of its U.S. dollar denominated long term debt. On July 25, 2008, the Company borrowed directly U.S.\$ 7,098,480 to finance the acquisition of PetProtect Limited. Under Canadian Generally Accepted Accounting Principles, the U.S. dollar denominated loan is a foreign currency transaction and does not form part of the foreign operation. As a result, the foreign exchange accounting translation gains and losses, which result from the relative value of the exchange rate between the Canadian and U.S. dollar in place on the balance sheet date as compared to the exchange rate in place at the commencement of the loan, are recorded on the statement of income and other comprehensive income. The Company repays its U.S. denominated debt with cash generated from its U.S. business and as such does not experience a cash flow impact from holding U.S. dollar denominated debt. At June 30, 2009, the debt had been reduced to U.S. \$5,130,042. For the three months ended June 30, 2009 an accounting translation gain of \$541,878 related to the translation of the debt was recorded through the statement of income.

The Company does not employ a foreign currency derivative hedging program.

Consolidated Results

The Company had consolidated net income of \$1,674,714 for the quarter and \$2,576,286 for the six months ended June 30 as compared to net income of \$358,777 and \$1,083,288 for the prior year. Second quarter earnings per share were \$0.059 vs. \$0.013 for the second quarter of 2008. For the first six months of 2009, earnings per share were \$0.069 vs. \$0.016 in the prior year after giving effect to the \$600,000 dividend payment made in the first quarter of each year. EBITDA was \$2,115,230 for the quarter and \$3,454,079 for the six month period ended June 30, 2009 as compared to \$556,982 and \$1,469,811 in the prior year. The Company's operating cash flow in the quarter was \$1,615,352 and was \$3,205,516 for the year to date after giving effect to the non cash accounting translation gains associated with the long term debt of \$541,878 and 332,689 and stock option expense of \$42,000 and \$84,126 respectively as compared to Operating cash flow of \$612,954 and \$1,590,784, a year ago.

At June 30, 2009, the Company had total assets of \$17,999,952 including unrestricted cash balances of \$2,185,641 compared to assets of \$9,351,917 including unrestricted cash balances of \$2,007,046 at June 30, 2008.

The Company is hosting an investor conference call on Wednesday, August 12, 2009 at 4:30 PM (EST) which can be accessed at 1-877-323-2090. For those unable to participate, an instant replay of the call will be available for 7 days at 1-800-408-3053, passcode 65972.

CONSOLIDATED FINANCIAL HIGHLIGHTS:	For Quarter Ended		
	Jun 30, 2009	Jun 30, 2008	Change %
Insurance Commissions and Fees	\$6,794,130	\$4,415,011	54%
Microchip Technology and Non-insurance Revenue	1,858,247	1,247,123	49%
Interest and Other Income	9,735	25,903	(62%)
Total Revenue	8,662,112	5,688,037	52%
Cost of Sales – Microchip Technology	1,196,553	801,816	49%
Marketing Expenses	1,701,161	1,560,024	9%
Employment Expenses	2,355,465	1,629,875	45%
Stock Option Expense	42,000	55,972	(25%)
Administration Expenses	1,737,781	1,070,677	62%
Foreign Exchange (Gain) Loss	(486,078)	12,691	-
Interest Expense on Long Term Debt	69,997	-	-
Amortization of Capital, Intangible and Other Assets	370,519	198,205	87%
Net Income For the Period	\$1,674,714	\$358,777	367%
EPS – Basic *	0.059	0.013	
EPS – Diluted *	0.059	0.013	
Add Back: Amortization	370,519	198,205	87%
: Interest Expense on Long Term Debt	69,997	-	-
EBITDA**	\$2,115,230	\$556,982	280%
Stock Option Expense	42,000	55,972	(25%)
Foreign exchange translation loss on long term debt	(541,878)	-	-
Operating Cash Flow	1,615,352	612,954	164%
Gross Premiums Earned by Carriers	\$17,850,881	\$10,085,839	77%

CONSOLIDATED FINANCIAL HIGHLIGHTS:	For Six Month Ended		
	Jun 30, 2009	Jun 30, 2008	Change %
Insurance Commissions and Fees	\$13,659,748	\$8,704,171	57%
Microchip Technology and Non-insurance Revenue	3,709,007	2,472,582	50%
Interest and Other Income	24,794	55,806	(56%)
Total Revenue	\$17,393,549	\$11,232,559	55%
Cost of Sales – Microchip Technology	2,408,109	1,680,656	43%
Marketing Expenses	3,701,063	2,767,431	34%
Employment Expenses	4,577,216	3,180,579	44%
Stock Option Expense	84,126	120,973	(30%)
Administration Expenses	3,401,624	2,000,917	70%
Foreign Exchange (Gain) Loss	(232,668)	12,192	-
Interest Expense on Long Term Debt	152,446	-	-
Amortization of Capital, Intangible and Other Assets	725,347	386,523	88%
Net Income For the Period	\$2,576,286	\$1,083,288	138%
EPS – Basic *	0.069	0.016	
EPS – Diluted *	0.069	0.016	
Add Back: Amortization	725,347	386,523	88%
: Interest Expense on Long Term Debt	152,446	-	-
EBITDA**	\$3,454,079	\$1,469,811	135%
Stock Option Expense	84,126	120,973	(30%)
Foreign exchange translation loss on long term debt	(332,689)	-	-
Operating Cash Flow	3,205,516	1,590,784	102%
Gross Premiums Earned by Carriers	\$35,751,728	\$19,887,918	80%

* Basic and diluted earnings per share are adjusted to reflect the dividend payments made during the first quarter of 2009 and 2008. At June 30, 2009 the Company had weighted average basic common shares of 28,385,535 (2008 – 28,384,689) and fully diluted common shares of 28,505,535 (2008 – 28,647,485).

** The Company believes the presentation of EBITDA and Operating Cash Flow is a useful means of providing investors with additional information in reviewing and analyzing the Company's operating results. EBITDA and Operating Cash Flow are considered to be a non-GAAP

earnings measure and do not have any standardized meaning prescribed by GAAP. It is, therefore, unlikely to be comparable to similar measures presented by other issuers.

About Pethealth

Founded in 1998, Pethealth is the second largest provider of pet insurance to pet owners in North America, and the leading provider of pet related database management services to the North American companion animal industry. Pethealth offers a unique range of products and services for veterinarians, shelters and pet owners through a number of wholly owned subsidiaries using a range of brand names, including *PetCare*, *ShelterCare*, *QuickCare*, *24PetWatch*, *PetPoint*, *PawsConnect* and *Petango*. The Company is also a provider of pet health insurance in the United Kingdom through its *Pet Protect* and *petPals* brands.

Pethealth is based in Oakville, Ontario. To find out more about Pethealth, visit the website at www.pethealthinc.com

Forward-Looking Statements

This press release contains information that is forward-looking information within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts.

Forward-looking information by its nature necessarily involves risks and uncertainties including, without limitation, the difficulty of predicting the current regulatory and supervisory environment, the timing and conditions to obtaining any regulatory approval, reliance on insurance underwriters for pet insurance policies, market acceptance and demand for existing and new products and services, including PetPoint and EVE Software and the 24PetWatch microchip program, the Company's ability to maintain and service new and existing customers, the protection of intellectual property associated with its products and services, the impact of competition generally and new competitive products, currency and foreign exchange fluctuations, risks associated with the Company's customer care solutions facility, and related risks and uncertainties. Additional risks and uncertainties affecting the Company can be found in the Company's Annual Information Form available on SEDAR at www.sedar.com. If any of these risks or uncertainties were to materialize, or if the factors and assumptions underlying the forward-looking information were to prove incorrect, actual results could vary materially from those that are expressed or implied by the forward-looking information contained herein. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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