



***Pethealth Inc. Announces Quarterly Net Income of \$1,056,799 and its full results for the Quarter and Nine Months Ended September 30, 2009.***

OAKVILLE, ON, November 16, 2009. (TSX: PTZ) Pethealth Inc. ("Pethealth" or "the Company") today announced its financial results for the three and nine months ended September 30, 2009.

**Financial Highlights**

***Quarter ended September 30, 2009***

- Total revenue for the quarter ended September 30, 2009 was \$8.97 million, up 30% over Q3 2008.
- Net income for Q3 2009 was \$1.06 million (\$0.04 per share) inclusive of a non-cash accounting gain of \$442,000 related to the translation of \$US denominated long-term debt, compared to net income of \$106,000 (\$0.004 per share), which included a non-cash accounting loss of \$268,000 for the same period in the prior year.
- EBITDA (see definition on page 3) for Q3 2009 was \$1.5 million compared to an EBITDA of \$440,000 for the same period in the prior year.
- Operating cash flow (see definition on page 3) was \$1.11 million for the quarter, a 46% 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 755,000 were recorded for the month of October 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.

***Nine months ended September 30, 2009***

- Total revenue for the nine months ended September 30, 2009 was \$26.4 million, up 45% from the nine months ended September 30, 2008.
- Net income for the nine months ended September 30, 2009 was \$3.63 million (\$0.11 per share after giving effect to the \$600,000 dividend payment made in the first quarter of 2009) inclusive of a \$774,000 non-cash accounting gain 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 \$1.2 million (\$0.02 per share after giving effect to the \$600,000 dividend payment made in the first quarter of 2008) inclusive of an accounting translation loss of \$268,000.
- EBITDA for the nine months ended June 30, 2009 was \$4.96 compared to an EBITDA of \$1.9 million for the same period in the prior year.
- Operating cash flow was \$4.3 million for the nine months ended September 30, 2009, an 84% increase over the same period in the prior year.
- 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 45.2%. 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 11.1% 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 and PetProtect 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, its on-line adoptable pet search site. The following table details the operational results from each segment:

	For the Three Months Ended					
	September 30, 2009			September 30, 2008		
	Insurance	Non-Insurance	Total	Insurance	Non-Insurance	Total
Operating revenue	\$7,007,827	\$1,949,373	\$8,957,200	\$5,446,072	\$1,425,101	\$6,871,173
Interest and other income	9,169	-	9,169	25,821	-	25,821
Total revenue	\$7,016,996	\$1,949,373	\$8,966,369	\$5,471,893	\$1,425,101	\$6,896,994
Employment	1,626,845	796,889	2,423,734	1,403,140	553,826	1,956,966
Marketing	1,900,123	196,507	2,096,630	1,775,404	101,991	1,877,395
General & administration	1,647,469	307,429	1,954,898	1,098,548	251,632	1,350,180
Cost of sales	-	1,246,398	1,246,398	-	935,145	935,145
Interest Expense on L/T Debt	59,490	-	59,490	56,311	-	56,311
Foreign exchange	(309,613)	-	(309,613)	283,740	-	283,740
Other	257,417	180,616	438,033	199,169	132,486	331,655
Total expenses	5,181,731	2,727,839	7,909,570	4,816,312	1,975,080	6,791,392
Operating income (loss)	\$1,835,265	(\$778,466)	\$1,056,799	\$655,581	(\$549,979)	\$105,602
Add:						
Capital asset amortization	215,417	180,616	396,033	145,233	132,486	277,719
Interest Expense on L/T Debt	59,490	-	59,490	56,311	-	56,311
Operating EBITDA (1)	\$2,110,172	(\$597,850)	\$1,512,322	\$857,125	(\$417,493)	\$439,632
Add:						
Stock option expense	42,000	-	42,000	53,936	-	53,936
Non operating f/x (2)	(441,574)	-	(441,574)	267,612	-	267,612
Operating cash flow (3)	1,710,598	(\$597,850)	1,112,748	1,178,673	(\$417,493)	761,180

	For the Nine Months Ended					
	September 30, 2009			September 30, 2008		
	Insurance	Non-Insurance	Total	Insurance	Non-Insurance	Total
Operating revenue	\$20,667,575	\$5,658,380	\$26,325,955	\$14,150,243	\$3,897,683	\$18,047,926
Interest and other income	33,963	-	33,963	81,627	-	81,627
<b>Total revenue</b>	<b>\$20,701,538</b>	<b>\$5,658,380</b>	<b>\$26,359,918</b>	<b>\$14,231,870</b>	<b>\$3,897,683</b>	<b>\$18,129,553</b>
Employment	4,737,673	2,263,277	7,000,950	3,504,719	1,632,826	5,137,545
Marketing	5,285,239	512,454	5,797,693	4,263,694	381,132	4,644,826
General & administration	4,483,024	873,498	5,356,522	2,707,526	643,571	3,351,097
Cost of sales	-	3,654,507	3,654,507	-	2,615,801	2,615,801
Interest Expense on L/T Debt	211,936	-	211,936	56,311	-	56,311
Foreign exchange	(542,281)	-	(542,281)	295,932	-	295,932
Other	757,672	489,834	1,247,506	469,916	369,235	839,151
<b>Total expenses</b>	<b>14,933,263</b>	<b>7,793,570</b>	<b>22,726,833</b>	<b>11,298,098</b>	<b>5,642,565</b>	<b>16,940,663</b>
<b>Operating income (loss)</b>	<b>\$5,768,275</b>	<b>(\$2,135,190)</b>	<b>\$3,633,085</b>	<b>\$2,933,772</b>	<b>(\$1,744,882)</b>	<b>\$1,188,890</b>
Add:						
Capital asset amortization	631,546	489,834	1,121,380	295,007	369,235	664,242
Interest Expense on L/T Debt	211,936	-	211,936	56,311	-	56,311
<b>Operating EBITDA (1)</b>	<b>\$6,611,757</b>	<b>(\$1,645,356)</b>	<b>\$4,966,401</b>	<b>\$3,285,090</b>	<b>(\$1,375,647)</b>	<b>\$1,909,443</b>
Add:						
Stock option expense	126,126	-	126,126	174,909	-	174,909
Non operating f/x (2)	(774,263)	-	(774,263)	267,612	-	267,612
<b>Operating cash flow (3)</b>	<b>5,963,620</b>	<b>(\$1,645,356)</b>	<b>4,318,264</b>	<b>3,727,611</b>	<b>(\$1,375,647)</b>	<b>2,351,964</b>

(1) EBITDA is Operating income plus Amortization plus Interest on long-term debt.

(2) 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.

(3) Operating cash flow is EBITDA plus stock option expenses and adjusted for non-cash foreign currency accounting translation gains and losses.

"I am pleased to report another great quarter for the company," said Mark Warren, President and Chief Executive Officer of Pethealth. "While quarterly sequential top line growth was compromised somewhat by the strength of the Canadian dollar and the corresponding weakness of the U.S. dollar and U.K. pound, year on year numbers continue to show robust growth in both our insurance and non-insurance platforms. We will continue to aggressively invest in our shelter platform. With leading pet specialty retailers placing a lifetime value of approximately \$7,000 per adoption, our SaaS-based PetPoint application, now used in nearly 1,300 animal welfare organisations, and which is on pace to generate nearly 700,000 adoptions in 2009 and over 900,000 in 2010, provides the company with significant earning potential. In this light, the future launch of ThePetangoStore.com should not only be positive for our own earnings in 2010, but will further validate our claim that the shelter platform we have created is the most integrated and robust platform for potential partners to access."

## 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 31% in the United Kingdom (see discussion related to U.K. commissions and fees below). For the quarter ended September 30, 2009, the Company achieved commission and fee revenue of \$7.0 million, an increase of 29% over the same period in the prior year.

The pet insurance operations contributed operating income of \$1.83 million to the consolidated net income during the quarter and \$5.77 million for the nine month period as compared to a contributed operating income of \$656,000 and \$2.93 million respectively in the prior year. In each case, the operating results for the insurance operations include a non-cash foreign exchange gain or loss associated with the accounting translation of the long term debt. For the current year, the company recorded a non-cash accounting translation gain of \$442,000 for the quarter and \$774,000 for the nine month period vs. a non-cash accounting translation loss of \$268,000 for both the three and nine month periods in the prior year.

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 nine months ended September 30, 2009, administration costs represented 11.1% of earned premiums earned by the Company's carriers inclusive of Pet Protect, which is consistent with past periods when adjusted for differences in foreign exchange rates. 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 \$1.71 million for the quarter and \$5.96 million for the nine months ended September 30, 2009 compared to operating cash flow of \$1.18 million and \$3.73 million 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 continued to act as an underwriter on a declining basis until September 30, 2009 when all existing policies had been renewed by QBE (Europe). Pet Protect earned 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 a maximum of 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 September 30, 2009, the loan had been reduced to US \$4,621,284.

#### 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 45.2% for the nine 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 nine months ended September 30, 2009, revenues of \$184,228 and \$705,754 respectively were recorded related to underwriting profitability participation as compared to \$149,992 and \$426,071 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 September 30, 2009, 1,250 animal welfare organisations had licensed the PetPoint application. For the first nine months of 2009, 1,392,779 animal intakes were completed, up 25% 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 1,850,000 intakes will occur during 2009. Similarly 493,282 adoptions were recorded through the PetPoint application during the first nine months of 2009, a 26% 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 690,000 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, 1,272 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 e-commerce, 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 1,272 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 Google Analytics, 755,000 were recorded for the month of October alone.

While the Company's commitment to the animal welfare community is that it will not sell shelters' data to third parties, the Company is nevertheless in a position, by virtue of its integrated internet platform, to communicate directly and regularly with pet owners on the merits of not only its own products and services but also those products and services offered by third parties. The Company is pursuing a business model which will generate both sponsorship and advertising based revenue which it expects will also include the syndication of its adoptable search content.

In addition to the development of its media and advertising platform, the Company is also developing a medical information and data publishing business. The Company believes that there is a growing need for quality online continuing education tied to quality epidemiological information – whether it be from pet owners with respect to the information they can gather on how best to manage the lives of their dogs and cats; animal welfare organisations looking to better train staff in achieving their goals of 100% pet adoption; veterinary clinic owners looking to better train staff to offer higher quality medical care; or product and service providers operating in the companion animal market looking to better target their customer base, and that the demand for this information is only set to continue. The Company is uniquely positioned to generate, on an on-going basis, quality medical and other data that it expects will satisfy much of this growing demand.

As evidence of this demand, the Company, on September 8, 2009, announced that it had signed a licensing agreement with PetSmart Charities Inc. ("PetSmart Charities") which grants PetSmart Charities access to the aggregated animal shelter data compiled by the Company. The non-exclusive license runs through until December 31, 2011 and will see PetSmart Charities pay the Company a minimum of US\$400,000.

The Company's platforms, including its ASP.NET applications, its RFID microchip registry and the considerable medical information it gathers as part of its pet insurance businesses, put it in a unique position to offer these services to a wide variety of entities operating in the companion animal marketplace.

On September 10, 2009, the Company announced that it had entered the U.K. companion animal microchip marketplace under its Pet Protect brand. The Company expects that the launch of its microchip operations in the U.K. will both complement and create additional synergies for the Company's North American 24PetWatch operations. Similar to the North American operation, the launch of the microchip program in the U.K. will help drive pet insurance sales and provide a platform for the sale of ancillary services to dog and cat owners. The Company distributes Allflex USA Inc.'s ISO and non-ISO microchips in the United States and Canada, and Allflex Europe S.A.'s ISO microchips in the United Kingdom on a non-exclusive basis.

For the quarter and nine months ended September 30, 2009, the Company generated revenues of \$1.95 million and \$5.66 million respectively from its non-insurance businesses, an increase of 37% and 45% from the \$1.42 million and \$3.9 million 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 2.9 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 nine months ended September 30, 2009, the Company's non-insurance business reported an operating loss of (\$778,466) and (\$2.14 million) respectively as compared to an operating loss of (\$549,979) and (\$1.74 million) for the same periods in the prior year as the Company continues to invest in the significant build out of its non-insurance platforms.

#### Foreign Exchange:

The Company operates in the Canadian, the United States and the United Kingdom markets and is exposed to 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 24% 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 13% against the US dollar and appreciated by 10% against the Pound Sterling from September 30, 2008 to September 30, 2009. Adjusting the three months and nine months ended September 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 \$77,000 and \$1,608,000. Similarly, the Company would have reported an increase in operating net income of approximately \$6,200 for the three months and a decrease of (\$707,000) for the nine months ended September 30, 2009.

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 September 30, 2009, the debt had been reduced to U.S. \$4,621,284. For the three months ended September 30, 2009 an accounting translation gain of \$441,574 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 \$1.06 million for the quarter and \$3.63 million for the nine months ended September 30, 2009, as compared to net income of \$105,602 and \$1.19 million for the prior year. Third quarter earnings per share were \$0.04 vs. \$0.004 for the third quarter of 2008. For the first nine months of 2009, earnings per share were \$0.11 vs. \$0.02 in the prior year after giving effect to the \$600,000 dividend payment made in the first quarter of each year. EBITDA was \$1.51 million for the quarter and \$4.96 million for the nine month period ended September 30, 2009 as compared to \$439,632 and \$1.9 million in the prior year. The Company's operating cash flow in the quarter was \$1.11 million and was \$4.3 million for the year to date after giving effect to the non cash accounting translation gains associated with the long term debt of \$442,000 and \$774,000 as compared to Operating cash flow of \$762,000 and \$2.35 million, a year ago inclusive of a non cash accounting translation loss of \$268,000 in both the three and nine month periods.

At September 30, 2009, the Company had total assets of \$17.9 million including unrestricted cash balances of \$2.89 million compared to assets of \$16.9 million including unrestricted cash balances of \$2.16 million at September 30, 2008.

The Company is hosting an investor conference call on Tuesday, November 17, 2009 at 10:00 AM (EST) which can be accessed at 1-866-226-1792. For those unable to participate, an instant replay of the call will be available for 7 days at 1-800-408-3053, passcode 3318336.

<b>CONSOLIDATED FINANCIAL HIGHLIGHTS:</b>	<b>For Quarter Ended</b>		
	<b>Sep 30, 2009</b>	<b>Sep 30, 2008</b>	<b>Change %</b>
Insurance Commissions and Fees	\$7,007,827	\$5,446,072	29%
Microchip Technology and Non-insurance Revenue	1,949,373	1,425,101	37%
Interest and Other Income	9,169	25,821	(64%)
<b>Total Revenue</b>	<b>8,966,369</b>	<b>6,896,994</b>	<b>30%</b>
Cost of Sales – Microchip Technology	1,246,398	935,145	33%
Marketing Expenses	2,096,630	1,877,395	12%
Employment Expenses	2,423,734	1,956,966	24%
Stock Option Expense	42,000	53,936	(22%)
Administration Expenses	1,954,898	1,350,180	45%
Foreign Exchange (Gain) Loss	(309,613)	283,740	(209%)
Interest Expense on Long Term Debt	59,490	56,311	6%
Amortization of Capital, Intangible and Other Assets	396,033	277,719	43%
Net Income For the Period	\$1,056,799	\$105,602	901%
EPS – Basic *	0.04	0.004	825%
EPS – Diluted *	0.04	0.004	825%
Add Back: Amortization	396,033	277,719	43%
: Interest Expense on Long Term Debt	59,490	56,311	6%
<b>EBITDA**</b>	<b>\$1,512,322</b>	<b>\$439,632</b>	<b>244%</b>
Stock Option Expense	42,000	53,936	(22%)
Foreign exchange translation loss on long term debt	(441,574)	267,612	(265%)
<b>Operating Cash Flow</b>	<b>1,112,748</b>	<b>761,180</b>	<b>46%</b>
Gross Premiums Earned by Carriers	\$16,969,744	\$15,002,871	13%

<b>CONSOLIDATED FINANCIAL HIGHLIGHTS:</b>	<b>For Nine Month Ended</b>		
	<b>Sep 30, 2009</b>	<b>Sep 30, 2008</b>	<b>Change %</b>
Insurance Commissions and Fees	\$20,667,575	\$14,150,243	46%
Microchip Technology and Non-insurance Revenue	5,658,380	3,897,683	45%
Interest and Other Income	33,963	81,627	(58%)
<b>Total Revenue</b>	<b>26,359,918</b>	<b>18,129,553</b>	<b>45%</b>
Cost of Sales – Microchip Technology	3,654,507	2,615,801	40%
Marketing Expenses	5,797,693	4,644,826	25%
Employment Expenses	7,000,950	5,137,545	36%
Stock Option Expense	126,126	174,909	(28%)
Administration Expenses	5,356,522	3,351,097	60%
Foreign Exchange (Gain) Loss	(542,281)	295,932	(283%)
Interest Expense on Long Term Debt	211,936	56,311	276%
Amortization of Capital, Intangible and Other Assets	1,121,380	664,242	69%
Net Income For the Period	\$3,633,085	\$1,188,890	206%
EPS – Basic *	0.11	0.02	430%
EPS – Diluted *	0.11	0.02	430%
Add Back: Amortization	1,121,380	664,242	69%
: Interest Expense on Long Term Debt	211,936	56,311	276%
<b>EBITDA**</b>	<b>\$4,966,401</b>	<b>\$1,909,443</b>	<b>160%</b>
Stock Option Expense	126,126	174,909	(28%)
Foreign exchange translation loss on long term debt	(774,263)	267,612	(389%)
<b>Operating Cash Flow</b>	<b>4,318,264</b>	<b>2,351,964</b>	<b>84%</b>
Gross Premiums Earned by Carriers	\$52,721,472	\$34,890,789	51%

\* Basic and diluted earnings per share are adjusted to reflect the dividend payments made during the first quarter of 2009 and 2008. At September 30, 2009 the Company had weighted average basic common shares of 28,385,535 (2008 – 28,384,948) and fully diluted common shares of 28,385,535 (2008 – 28,384,948).

\*\* 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

Pethealth is North America's second largest provider of medical insurance for dogs and cats to pet owners, operating in Canada, the United States and the United Kingdom. In addition, the Company is the leading provider of management software to North American animal welfare organisations through its SaaS program and is 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, 24PetWatch, Pet Protect, Petpals Direct, ShelterCare, PetPoint, PawsConnect and Petango.

Pethealth is based in Oakville, Ontario. To find out more about Pethealth, visit the website at [www.pethealthinc.com](http://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](http://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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