ALEGRO HEALTH CORP.

Quarter Ended March 31,

2009

With comparative figures for the quarter ended March 31, 2008

First Quarter Report

These statements are unaudited and have not been reviewed by the Company's auditors.

ALEGRO HEALTH CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

The following is a discussion of the consolidated financial position and the results of operations of Alegro Health Corp. (the "Company") for the three months ended March 31, 2009 and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operation. This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the three months ended March 31, 2009.

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for financial statements and all amounts are presented in Canadian dollars. The following MD&A, as at May 15, 2009, is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee. The Audit Committee has reviewed and approved the disclosure. The Company's common shares trade on the TSX Venture Exchange under the symbol AGO. Its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the internet at www.sedar.com

Forward Looking Statements and Caution

Certain statements in this MD&A constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements made under the headings "*Business Outlook and Subsequent Events*" and "*Risks and Uncertainties*" and other statements concerning the Company's 2009 objectives, strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include the highly competitive nature of the Company's industry, government regulation and funding and other such risk factors described from time to time in the reports and disclosure documents filed by the Company with Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward looking statements. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This MD&A shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under applicable securities laws of any such jurisdiction.

Recent Developments

(i) Acquisition of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc. Businesses and Related Debt and Equity Financings

On May 4, 2009, the Company entered into an asset purchase agreement to acquire essentially all of the non-cash operating assets (net of assumed liabilities) of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc., privately held companies that specialize in the provision of physiotherapy and other rehabilitation services (the "Acquired Businesses").

Pursuant to the terms of the asset purchase agreement, the cost of the acquisition, excluding transaction costs and working capital adjustments as defined in the agreement, will be $20.2 million, consisting of $19.2 million in cash and 3,333,333 common shares of the Company valued at $0.30 per share. It is estimated that the working capital adjustment (payable in cash subsequent to closing) and transaction costs will approximate $2.5 million.

The cost of the acquisition of the Acquired Businesses will be allocated to the identifiable tangible and intangible net assets acquired based on their fair values with the amount of the purchase price in excess of the fair value of the identifiable net assets allocated to goodwill. Based on the January 31, 2009 combined balance sheets of the Acquired Businesses, the Company expects that a significant portion of the purchase price will be allocated to goodwill.

Pursuant to a subscription agreement entered into in May 2009, contemporaneously with the acquisition, GHIS (see Note 4 to the Company's December 31, 2008 consolidated financial statements) will invest $6,765,000 to purchase 20.5 million units of the Company at a price of $0.33 per unit. Each unit will comprise one common share of the Company and one common share purchase warrant entitling the holder to acquire one common share at an exercise price of $0.33 per share. The warrants will expire on the fifth anniversary of issuance. Conditions precedent in the subscription agreement are that the Company will have secured the debt financing described below prior to the completion of the unit purchase and that the proceeds will be used to fund the acquisition of the Acquired Businesses.

Following the issuance of the units, GHIS and entities controlled by the shareholders of GHIS will own approximately 53% of the Company's issued and outstanding common shares on an undiluted basis and 65% assuming exercise of the warrants.

In April 2009, the Company entered into a loan agreement with a major Canadian bank whereby it will borrow $11,000,000 under a five-year floating rate term facility (the "Term Facility"). The Term Facility will be secured by a first charge on all of the Company's assets as well as the assets of the Acquired Businesses. The Company will have the ability under the Term Facility to fix the interest rate on all or any portion of the loan amount outstanding. One of the disbursement conditions in the loan agreement is that the loan proceeds will be used to fund the acquisition of the Acquired Businesses. The loan agreement also provides for a revolving operating facility to a maximum of $4,000,000, including letters of credit and letters of guarantee. The new operating credit facility will replace the Company's existing $1,000,000 operating facility, will bear interest at the rate of prime plus 0.50% per annum and will be secured on the same basis as the Term Facility.

(ii) Repayment of Convertible Debentures and Amendments to the Consulting Agreement with GHIS

In May, 2009, the Company entered into various agreements whereby the Company and GHIS Capital (see Note 4 to the Company's December 31, 2008 consolidated financial statements) agreed to the repayment of $750,000 convertible debentures issued to GHIS Capital (which debentures are shown on the consolidated balance sheets as non-controlling interest as explained in Note 9 to the Company's December 31, 2008 consolidated financial statements) concurrent with the closing of the acquisition of the Acquired Businesses referred to in (a) above. The Company also agreed to issue to GHIS Capital warrants entitling it to acquire 25% of AHP upon the payment of $33,000. The existing consulting agreement with GHIS has been amended. Under the terms of the amended consulting agreement which has an initial term of three years renewable annually thereafter, the monthly consulting fee will be increased from $15,000 to $20,000. In addition, a performance fee component has been added whereby GHIS will be entitled to an annual fee of 1% of the Company's market capitalization (computed on a trailing twelve month weighted average basis) provided the market capitalization exceeds a minimum threshold amount of $20 million. Other aspects of the contractual arrangements between the Company, GHIS and GHIS Capital will remain essentially unchanged including the agreement that AHP will be the entity that would pursue and conduct all new business opportunities in the healthcare sector distinct from the Company's current rehabilitation, medical assessment and related activities.

Highlights for the Quarter Ended March 31, 2009

The financial highlights were as follows:

- Revenue has increased by 14.5% over the quarter ended March 2008
- EBIDTA[1] has increased to in excess of $587,000 compared with $370,993 for the comparable quarter in 2008 even allowing for onetime expenses
- Earnings per share increased to $0.009 from $0.005
- At March 31, 2009 the Company had cash of $3,566,000

Company Overview

Alegro and its subsidiaries (collectively the "Group") are leading providers of medical and surgical services, medical assessment, multidisciplinary rehabilitation, case management and drug trial administration services to an extensive and diverse customer base. Alegro's current operational subsidiary holdings include Alegro Health Partners Inc. ("AHP"), Work Able Centres Inc. ("Work Able"), Direct Health Solutions Inc. ("Direct Health") and Don Mills Surgical Unit ("DMSU").

In 2003, Alegro acquired 100% of the outstanding common shares of Work Able in a reverse takeover transaction.

In 2004, the Company entered into a 25 year management services contract covering all aspects of the operations of DMSU. Shortly thereafter the management services contract was cancelled with the simultaneous acquisition of all the outstanding shares of DMSU.

In late 2005, through Direct Health, the Company completed the acquisition of certain assets and contracts of the Canadian division of Concentra Integrated Services of Burlington, Massachusetts. This transaction increased the scope of Alegro's disability and case management operations in Ontario and Atlantic Canada.

On May 23, 2007, Alegro entered into an agreement with Cincero Inc. ("Cincero") to form a clinical site management division operating as CanAm Research Corp. ("CanAm"). Alegro held 60% of CanAm with Cincero holding the remainder of the common shares. On November 15, 2008, the Company sold its 60% interest in CanAm. The sale of CanAm was for a nominal consideration. In addition, the Company is to receive 3% of the gross revenue of CanAm for a period of twenty years.

[1] EBIDTA is included in this MD&A because this statistic is a key performance indicator that management uses to monitor performance. Management uses this statistic to assess how well the Company is performing compared to plan and to assess the overall effectiveness and efficiency of its operations. Management believes that the inclusion of this statistic in this MD&A helps an investor to assess performance "through the eyes of management" and that certain investors use this statistic to assess the Company's performance. This performance measure does not have a meaning within GAAP and, therefore, amounts presented may not be comparable to similar data from other health care companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

On July 13, 2007, Alegro concluded a significant strategic alliance with GHIS as detailed in news releases of May and July, 2007. GHIS has committed to assist Alegro in achieving its goal of rapid expansion and significant growth. Under the terms of the strategic alliance, GHIS provides both corporate finance expertise and M&A advisory services to Alegro.

Recent Management Addition

On May 14, 2009, the Company announced the appointment of Peter Walkey to the position of Chief Financial Officer.

Mr. Walkey joins Alegro with over 15 years of senior financial management and merger and acquisition experience. Mr. Walkey was previously Chief Financial Officer of TSX listed Priszm Income Fund, prior to which he was Chief Financial Officer of Yum! Restaurants Canada. Throughout his career, Mr. Walkey has held various executive financial management positions. Mr. Walkey is a Certified General Accountant, attended the Queen's University Leadership Development program and holds a Bachelor's of Commerce degree from the University of Toronto.

Subsidiary Overview

The operational subsidiaries have the following functions:

(i) Work Able and Direct Health

Work Able provides specialized medical assessment and rehabilitation services to individuals disabled as a result of work-related or motor vehicle injuries, as well as those suffering short and long- term disabilities that affect their ability to function and work.

Work Able has positioned itself as a premier provider of disability management services. Work Able pioneered the use of work-simulated facilities in Canada to support functional recovery and promote return to work and over the past three years has created a formidable catastrophic injury assessment division. Work Able presently has four facilities currently occupying a total of 28,795 square feet of leased space in Toronto, Barrie and Mississauga, Ontario as well as Halifax, Nova Scotia. The facilities are equipped with state of the art assessment, rehabilitation and work simulation tools and systems.

Direct Health provides medical assessment and rehabilitation services to the insurance industry and employers primarily in Ontario and Eastern Canada. It maintains leased offices in Halifax, Nova Scotia, Fredericton, New Brunswick and Toronto, Ontario. Direct Health will continue to provide vocational assessment and rehabilitation services and expand its client base of insurance, corporate and government entities in its current localities.

Work Able and Direct Health employ approximately 300 full-time staff and consultants including physicians from across a number of speciality practice areas, psychologists, occupational health nurses, physiotherapists, occupational therapists, cognitive behavioural therapists, kinesiologists and vocational evaluators.

(ii) DMSU

DMSU is an accredited, Toronto-based hospital operating since 1966 under Ontario's Private Hospitals Act and licensed by the Ontario Ministry of Health and Long-Term Care ("MOH").

As at March 31, 2009, DMSU specialized in a mix of ambulatory surgical services including:

- Ophthalmology – cataract extraction and lens implants;
- Orthopaedics – arthroscopic procedures on knees, rotator cuff repair and forefoot reconstruction;
- Plastic Surgery – reconstructive and cosmetic surgeries.

Affiliated surgeons maintain active practices within their specialty areas and are members of the Royal College of Physicians and Surgeons. DMSU provides services from a 7,381 square foot Toronto-based facility that includes two fully equipped operating theatres, 1 procedure room, 20 overnight stay beds, a central nursing station and physicians` offices. DMSU retains full-time, part-time and casual nursing and administrative staff of 21 people.

DMSU services are funded in three ways:

- Government – money received from the MOH as part of global funding to perform surgical procedures covered by the Ontario Health Insurance Plan ("OHIP");
- Third party – surgical procedures and services paid for by corporations and insurance companies that do not fall under the Canada Health Act, such as Workers Compensation Board;
- Direct pay – surgical procedures and services not covered by OHIP and paid for by Ontario residents and surgical procedures and services paid for by residents of national and international jurisdictions.

(iii) CanAm

On November 15, 2008, the Company divested itself of CanAm. CanAm had no revenues in 2008 prior to the disposition. The sale of CanAm was for a nominal consideration. In addition, the Company is to receive 3% of the gross revenue of CanAm for a period of twenty years.

Financial Results

Quarter Ended March 31, 2009 Compared to Quarter Ended March 31, 2008

	2009	2008
Revenue	$ 4,268,763	$ 3,728,723
Expenses	$ 3,728,678	$ 3,408,691
Income Before Income Taxes	$ 540,145	$ 320,032
Basic and Diluted earnings per Share	$ 0.009	$ 0.005
Total Assets	$ 9,170,259	$ 8,973,712

(i) Overall performance

The current period has again been extremely successful for the Company. Profitability has grown in very competitive market conditions over the prior period as follows:

- Revenue has increased by 14.5 % to $4,268,763 in the three months ended March 31, 2009 from $3,728,723 in the same period in the prior year.
- Expense to revenue ratios have fallen from 91% to 87% .
- Income before income taxes increased by 68% to $540,145 from $320,032 the in 2008 period.

The balance sheet has continued to strengthen as a result of the improved performance. The Company remains debt free.

(a) Disability Management

While operating as distinct business units given market purchasing preferences and unique mandates, the Division continued its organic and synergistic growth in the Canadian disability management sector.

The Division recorded a 17% increase in revenue to $3,936,047 in the current period from $3,356,937 in the 2008 comparative period through maintaining and increasing market share in the various areas of business. Despite fee capitations and a change in industry purchasing preferences resulting in a shift in business mix, the Division maintained a solid average file value across business units.

Continuing in 2009, Work Able provided facility-based medical assessment and multidisciplinary rehabilitation and return-to-work services in Ontario and Nova Scotia. Direct Health extended Alegro's disability management service capacity through the provision of community based medical and vocational assessment and rehabilitation services across Canada. These business units maintained and expanded their national roster of highly qualified regulated health professional and disability management experts across disciplines in response to the increased demand for disability management services.

The Division's revenue continued to be distributed across its traditional customer base of, *inter alia*, automobile insurers, workers' compensation boards, disability insurers and public and private employers as follows:

- 95% of revenue through medical and multidisciplinary assessment services secured under preferred provider and service agreements
- 4% of revenue from multidisciplinary treatment and return to work programming
- 1% of revenue through vocational assessment and rehabilitation.

The 2009 revenue growth is attributed to:

- Effective divisional marketing and customer service strategies that promoted new and repeat business relationships
- Successful competitive tendering and business presentations that extended the number and scope of divisional preferred provider arrangements and service agreements
- Expanded geographic coverage and medical assessor affiliations that extended the Division's market presence and service capacity in Central and Atlantic Canada
- Focus on specialized assessment and treatment services including catastrophic and complex injury assessment and chronic pain programming
- Commitment to the highest quality clinical and administrative services through investments in qualified and experienced personnel
- Strategic business partnerships and synergies.

(b) DMSU

DMSU had reduced revenue from last year with the elimination of the Ablatherm program.

The global funding from MOH remained static over the prior year.

(c) CanAm and AHP

CanAm did not generate any revenue in the current period. It was sold November 2008.

AHP provided minimal interest income to the Group from the cash injection of $750,000 via convertible debenture as discussed below.

(iii) Expenses

Consolidated expenses for the current quarter increased by $319,928 compared to the prior year comparative period's consolidated expenses of $3,728,618. In addition to the divisional analysis of expenditure increases below, head office increases were due to increases in consulting fees, legal expenses and stock-based compensation charges.

(a) Disability Management

The Division's direct cost remained the same of a percentage of revenue. This is significant given the increase in administrative overhead associated with preferred provider requirements, increased administrative and clinical rate pressures. In addition, it indicates the efficiencies gained in the increased volumes through the Division.

Cost control targets were achieved through:

- Introduction of new business process and information system efficiencies
- Stability in occupancy, lease and general and administrative overhead
- Rigorous risk management systems
- A dynamic human resource model that maximized shared staffing allocation across the Division.

(b) DMSU

Costs decreased over the prior quarter in line with the elimination of the Ablatherm program.

(c) CanAm and AHP

CanAm had minimal expenses in the current quarter which related mainly to consulting fees.

Although the debenture in AHP attracted interest, in the consolidated financial statements, the interest paid was shown as a reduction in the non-controlling interest in line with the accounting treatment of the debenture as further explained under the "Liquidity and Capital Resources" below.

Amortization Expense

Amortization expense amounted to $47,151 for the current quarter as compared to $50,961 recorded in the 2008 quarter.

Liquidity and Capital Resources

With respect to liquidity, the cash generated by operations and the implementation of the transaction with GHIS and GHIS Capital, has resulted in the Company cash resources being in excess of $3.5 million at March 31, 2009. These cash resources will be required for improvements to operating capacity, business development activities and future investments. Management believes that the cash generated by existing operations will be sufficient in the short to medium term for existing general corporate expenditures and working capital purposes.

The improvement in liquidity mentioned above, together with the improved business activity, has resulted in an improved current ratio of 4.02 (2008: 2.68).

Deferred acquisition costs relate to legal and other costs incurred prior to March 31, 2009 with respect to certain acquisitions referred to previously. These costs will be included in the cost of acquisitions upon the closing of these acquisitions or expensed if the acquisitions are not concluded.

The convertible debenture provided by GHIS Capital into AHP has been reflected in the non-controlling interest as the conversion option is available to both GHIS Capital as well as Alegro. For the current period, $13,125 of the interest paid on the convertible debenture has been treated as a reduction in non-controlling interest.

Summary of Quarterly Results

Selected financial information for each of the last nine quarters ended March 31, 2009 is as follows:

	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Fiscal year 2009				
Revenue and other income				$ 4,268,763
Net income				$ 338,416
Income per share – basic and diluted				$ 0.009
Fiscal year 2008				
Revenue and other income	$ 4,594,751[1]	$ 3,635,347	$ 3,836,405	$ 3,728,723
Net income	$ 263,851	$ 225,162	$ 258,841	$ 204,332
Income per share – basic and diluted	$ 0.007	$ 0.006	$ 0.007	$ 0.005
Fiscal year 2007				
Revenue and other income	$ 4,195,999	$ 3,219,228	$ 3,308,053	$ 3,527,765
Net income	$ 141,710	$ 98,726	$ 249,605	$ 264,645
Income per share – basic and diluted	$ 0.005	$ 0.003	$ 0.099	$ 0.010

[1] Includes a GST liability reversal of $422,000.

Business Outlook and Recent Developments

The board of directors has initiated a strategic review process primarily aimed at enhancing the current business units, diversifying income streams within the healthcare industry and proceeding with the securities offering to Doctors and Dentists in Canada in order to fund strategic expansion opportunities.

As discussed under recent developments, the Company announced that the first major venture arising out of its 2007 strategic alliance with Global Healthcare Investments & Solutions ("GHIS") will be the acquisition of essentially all of the non-cash operating assets and operations (net of assumed liabilities) of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc., privately held companies that specialize in the provision of high quality physiotherapy and other rehabilitation services. These services are complementary to Alegro's current core businesses of providing multidisciplinary rehabilitation and assessment services through its Work Able Centres and Direct Health Solutions divisions.

The acquisition will more than double Alegro's annual revenues and is expected to be accretive to earnings per share in the first year. The acquisition of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc. will be a transformative event for Alegro. It gives it the critical mass, earnings and cash flow it needs to further its growth strategies. There is considerable synergy and commonality between the two operations with both providing, high quality and caring rehabilitation assessment and services for both government-funded and privately insured clients. Staff complements in both operations are expected to remain unchanged in the short term. In the long-term, the Company expects to recruit additional staff as the scope and range of services is expanded.

(i) Disability Management

Revenue and business referrals are expected to continue to increase as a result of maintaining and extending preferred service provider relationships with national insurers. The Division is examining opportunities to expand the Company's geographic scope to better service customer requirements as well as maintaining innovation in growing revenue and the Company's roster of consultants.

As a result of changes in sales mix in the industry, volumes have increased dramatically and are expected to continue to do so albeit at a slower rate. Consequently, during 2009, an investment in further human resources and operating capacity will be required in order to continue the growth shown in prior years.

Margins in the Division are expected to reduce unless growth in revenue matches these additional expenditures.

(ii) DMSU

In January 2008, a strategic decision was made to terminate the agreement to provide facilities in respect of Ablatherm prostate cancer treatments three months prior to the expiry of the contract. Consequently, there was minimal revenue from this venture in 2008. In addition, DMSU expects global funding from the Ministry of Health to remain relatively similar to the amount received in fiscal 2008.

As part of the strategic process referred to above, management is continuing to pursue additional opportunities to provide innovative services to supplement the existing revenue and further diversify its revenue streams.

(iii) CanAm

As noted previously, the Company divested its 60% interest in this unit in November 2008.

(iv) AHP

With the implementation of the strategic partnership, management from both companies is working diligently to move the agenda of growth and synergistic partnerships forward. The GHIS alliance has enabled Alegro to partner with individuals who have a proven track record of success in a broad range of healthcare sectors.

Outstanding Share Data

As at March 31, 2009, the Company had 36,581,762 common shares issued and outstanding compared to 36,524,762 common shares issued and outstanding at March 31, 2008.

As at May 15, 2009, there were a total of 3,650,000 options outstanding to purchase an equivalent number of common shares at an average exercise price of $0.31, expiring at various dates until 2014. For further information on the options, shareholders are referred to Note 12 in the annual consolidated financial statements for the year ended December 31, 2008.

Transactions with Related Parties

The Company's related party transactions in 2008 are as follows:

- For the three months ended March 31, 2009, the Company incurred management fees of $90,000 and $nil respectively (2008 – $80,000 and $30,000). The management services were provided by Brenras Holdings Inc. and The Disability Management Group Inc. ("DMG"), wholly-owned corporations controlled by Ms. Rasmussen, a shareholder, officer and director of the Company.
- For the quarter ended March 31, 2009 and 2008, the Company incurred $45,000 and $13,125 in consulting fees and interest owing to GHIS and GHIS Capital, respectively.

Accounting Policies

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as of the date of the financial statements. Each of these required estimates varies in regard to the level of judgment involved and its potential impact on the Company's reported financial results. Estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial condition, changes in financial condition or results of operations.

New Accounting Policies

The Company adopted the following standards on January 1, 2009. The initial impact of the application of these changes is not expected to have a significant effect on the Company's consolidated financial statements.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces Sections 1581 and 1601, "Consolidated Financial Statements", and establishes new standards for accounting for business combinations. This standard is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Non-controlling Interests

Also in January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This standard is effective for fiscal years beginning on or after January 2011.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The Company does not expect that this guidance will have any material impact on its consolidated financial statements.

Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs", establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, "Revenues and Expenses" during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production for new operations. The new standard is effective for the Company on January 1, 2009. The Company does not expect that this standard will have any material impact on its consolidated financial statements.

Future Accounting Changes

International Financial Reporting Standards

The CICA plans to transition Canadian GAAP for publicly oriented enterprises to International Financial Reporting Standards ("IFRS"). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined. In order to accommodate the transition to IFRS, planning and training are currently in progress.

Disclosure Controls and Procedures

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators requires Chief Executive Officers ("CEOs") and Chief Financial Officers ("CFOs") to certify that they are responsible for establishing and maintaining disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer. Under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the design of the Company's disclosure controls and procedures as at March 31, 2009 and have concluded that those disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Internal Controls over Financial Reporting

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. There were no changes in internal controls during the three months ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Off-Balance Sheet Arrangements

As at March 31, 2009, the Company had no off-balance sheet arrangements.

Risks and Uncertainties

A potential investor should carefully consider the risk factors set forth in deciding whether to invest in the securities of the Company. An investment in the securities of the Company is suitable only to those investors who are willing to risk the loss of their entire investment. The following discussion of certain risk factors relating to the business of the Group is qualified in its entirety by reference to, and must be read in conjunction with, information appearing elsewhere in the financial statements for the quarter ended March 31, 2009.

(i) Competition

The markets for Work Able and Direct Health's products are intensely competitive, subject to rapid change and significantly affected by market activities of other industry participants.

There is little, other than the relationships with the insurance companies, to prevent the entrance into the Disability Management sector for those wishing to provide similar services to those provided by Work Able and Direct Health. Work Able and Direct Health also compete for the provision of consulting services from independent healthcare professionals. Competitors with greater capital and/or experience may enter the market or compete for referrals from insurance companies and the services of available health care professionals. There can be no assurance that Work Able and Direct Health will be able to compete effectively for these referrals and healthcare professionals, that additional competitors will not enter the market, that such competition will not make it more difficult or expensive to provide disability management services or that competitive pressures in the provision of these services in a geographic region will not otherwise adversely affect Alegro.

(ii) Government Regulation and Funding

Work Able and Direct Health's business operates in an environment in which insurance regulation, policy and funding decisions play a key role. Regulatory and insurance policy related to medical and rehabilitation benefits are largely beyond Work Able and Direct Health's control. Changes in regulation and funding structures related to third party disability management services, or their interpretation and application, could adversely affect the business, financial condition and results of operation of the Division.

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, DMSU's business operates in an environment in which government regulations play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the

DMSU's control. Any change in governmental regulation and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations of the Group.

(iii) Acquisition and Integration

The Group hopes to make acquisitions of various sizes that fit particular niches within Alegro's overall corporate strategy. There is no assurance that it will be able to acquire businesses on satisfactory terms or at all. These acquisitions will involve the commitment of capital and other resources, and these acquisitions could have a major financial impact in the year of acquisition and beyond. The speed and effectiveness with which Alegro integrates these acquired companies into its existing businesses can have a significant short-term impact on Alegro's ability to achieve its growth and profitability targets.

The successful integration and management of acquired businesses involves numerous risks that could adversely affect Alegro's growth and profitability, including that:

(a) Management may not be able to manage successfully the acquired operations and the integration may place significant demands on management, thereby diverting its attention from existing operations;

(b) Operational, financial and management systems may be incompatible with or inadequate to integrate effectively and to manage acquired systems;

(c) Acquisitions may require substantial financial resources that could otherwise be used in the development of other aspects of the business;

(d) Acquisitions may result in liabilities and contingencies which could be significant to the operations; and

(e) Personnel from Alegro's acquisitions and its existing businesses may not be integrated as efficiently or at the rate foreseen

The acquisition of healthcare-related companies or assets involves a long cost recovery cycle. The sales processes for the products that these companies offer are often subject to lengthy customer approval processes that typically accompany significant capital expenditures. Failures by the Group in achieving signed contracts after the investment of significant time and effort in the sales process could have an adverse impact on the Group's operating results.

(iv) Referrals

The success of the Division is currently dependent upon insurance company referrals of patients for assessment and rehabilitation procedures. These referrals come through preferred provider and other service agreements established through competitive tendering processes. If a sufficiently large number of service agreements were discontinued, the business, financial condition and results of operations of Alegro could be adversely affected.

In addition, at DMSU the patient referrals are dependent on the surgical practitioners affiliated thereto. Surgical practitioners have no contractual obligation or economic incentive to refer patients to the hospital. Should surgical practitioners discontinue referring patients or performing operations at DMSU, the business, financial condition and results of operations of Alegro could be adversely affected.

(v) Shortage of Physicians and Nurses

As DMSU expands its operations, it may encounter difficulty in securing the necessary professional medical and support staff to support its expanding operations. There is currently a shortage of certain medical specialty physicians and nurses in Canada and this may affect DMSU's ability to hire physicians and nurses in adequate numbers to support its growth plans, which may adversely affect the business, financial condition and results of operations of Alegro.

(vi) Confidentiality of Personal and Health Information

Alegro and its subsidiary employees have access, in the course of their duties, to personal information on clients of the Company and specifically their medical histories. There can be no assurance that the Group's existing policies, procedures and systems will be sufficient to address the privacy concerns of existing and future clients. If a client's privacy is violated, or if Alegro is found to have violated any law or regulation, it could be liable for damages or for criminal fines or penalties.

(vii) Information Technology Systems

Alegro's business (and in particular Work Able and Direct Health) depends, in part, on the continued and uninterrupted performance of its information technology systems. Sustained system failures or interruptions could disrupt the Group's ability to operate effectively, which in turn could adversely affect the business, results of operations and financial condition.

The Group's computer systems may be vulnerable to damage from a variety of sources, including physical or electronic break-ins, computer viruses and similar disruptive problems. Despite precautions taken, unanticipated problems affecting the information technology systems could cause interruptions for which Alegro's insurance policies may not provide adequate compensation.

(viii) Key Personnel

The Group believes that its future success will depend significantly upon its ability to attract, motivate and retain highly skilled executive management. In addition, the success of the Division and DMSU depends on employing or contracting, as the case may be, qualified healthcare professionals. Currently, there is a shortage of such qualified personnel in Canada. The loss of healthcare professionals or the inability to recruit these individuals in Alegro's markets could adversely affect Alegro's ability to operate its business efficiently and profitably.

(ix) Litigation and Insurance

In recent years, liability insurance coverage has become considerably more expensive and the availability of coverage has been reduced in certain cases. There is no assurance that the existing coverage will continue to be sufficient or that, in the future, policies will be available at adequate levels of insurance or at acceptable costs. Alegro maintains professional malpractice liability insurance, directors' and officers' and general liability insurance in amounts it believes are sufficient to cover potential claims arising out of its operations. Some claims, however, could exceed the scope of its coverage or the coverage of particular claims could be denied.

Due to the nature of the services provided by the Group, general liability and error and omissions claims may be asserted against Work Able and Direct Health with respect to disability management services and malpractice claims against DMSU with respect to healthcare services. Although Alegro carries insurance in amounts that management believes to be standard in Canada for the operation of healthcare facilities, there can be no assurance that Alegro will have obtained coverage of sufficient scope to satisfy any particular liability claim. Alegro believes that it will be able to obtain adequate insurance coverage in the future at acceptable costs, but there can be no assurance that it will be able to do so or that it will not incur significant liabilities in excess of policy limits. Any such claims that exceed the scope of coverage or applicable policy limits, or an inability to obtain adequate coverage, could have a material adverse effect on Alegro's business, financial condition and results of operations.

(x) Uncertainty of Liquidity and Capital Requirements

The future capital requirements of Alegro will depend on many factors, including the number and size of acquisitions consummated, rate of growth of its client base, the costs of expanding into new markets, the growth of the market for healthcare services and the costs of administering the Group. In order to meet such capital requirements, Alegro may consider additional public or private financing (including the incurrence of debt and the issuance of additional common shares) to fund all or a part of a particular venture, which could entail dilution of current investors' interest in the Company. There can be no assurance that additional funding will be available or, if available, that it will be available on acceptable terms. If adequate funds are not available, Alegro may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that Alegro will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Company to issue additional common shares or other securities exchangeable for or convertible into common shares to finance acquisitions may be restricted.

(xi) Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Company may face risks if there are deficiencies in its internal control over financial reporting and disclosure controls and procedures. The Board of Directors of the Company, in coordination with its audit committee, is responsible for assessing the progress and sufficiency of internal controls over financial reporting and disclosure controls and procedures and will make adjustments as necessary. However, these initiatives may not be effective at remedying any deficiencies in internal control over financial reporting and disclosure controls and procedures. Any deficiencies, if uncorrected, could result in the Company's financial statements being inaccurate and in future adjustments or restatements of its financial statements, which could adversely affect the price of the common shares and its business, financial condition and the results of operations.

(xii) Dependence on Work Able and Direct Health

The Group financial results are dependent upon the consolidated operations and assets of Work Able and Direct Health. The actual amount of cash flow will predominantly depend upon numerous factors, including profitability, determination of taxable income and taxes payable by Work Able and Direct Health, fluctuations in working capital, the sustainability of margins and capital expenditures. While management intends to diversify the income streams and cash flows of the Group through expansion into new markets and via acquisition, any material fluctuations in the performance of Work Able and Direct Health could adversely affect the price at which the common shares of Alegro trade.

(xiii) Unpredictability and Volatility of Share Price

Market prices for securities of healthcare services companies may be volatile. Factors such as announcements of new contracts, innovations, new commercial and medical products, patents, the development of proprietary rights by Alegro or others, regulatory actions, publications, quarterly financial results of the Group or of competitors of Alegro, public concerns over health, future sales of securities by the Company or by current shareholders and other factors could have a significant effect on the market price and volatility of the common shares of Alegro.

The securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Alegro shares.

(xiv) Leverage

The Group may borrow funds from third parties. The degree to which the Group is leveraged could significantly impact the amount of income to be generated and cash flow from operations. Should Alegro borrow, its ability to make scheduled payments of interest on, or to refinance, its indebtedness will depend on its future cash flow, which is subject to the operations of the business, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. These factors might inhibit Alegro from refinancing its indebtedness on favourable terms.

In July 2007, AHP issued convertible debentures which mature on December 31, 2011 and are convertible into common shares of AHP. The convertible debentures may be converted by GHIS Capital within 3 months before the maturity date and by AHP at the maturity date, into such number of common shares of AHP as would give GHIS Capital 25% of the issued and outstanding common shares of AHP. In the event of default, GHIS Capital may convert the convertible debentures into such number of common shares of

AHP as would give the holder 70% of the issued and outstanding shares of AHP. The conversion of the convertible debentures could result in AHP being held at between 30% and 75% by Alegro with the concomitant reduction in profits to the shareholders of Alegro. Notably, AHP is the entity through which business development in areas not already undertaken by Alegro will occur.

Information concerning the credit facilities and the convertible debentures is included in the Group's annual financial statements for the year ended December 31, 2008.

(xv) Capital Investment

The timing and amount of capital expenditures by the Group will be dependent upon the Group's ability to utilize credit facilities, cash generated from operations, working capital requirements and sell additional common shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Group for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated. Lack of these funds could limit the future growth of Alegro and its subsidiaries and their respective cash flow.

(xvi) Tax Related Risks

The income of Alegro and its subsidiaries must be computed and will be taxed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of earnings after tax and ultimately the value at which the Alegro common shares trade.

Holding company and subsidiary company structures generally involve a significant amount of intercompany transactions, which serve to reduce earnings in one company and increase earnings in another and therefore income tax payable can increase and decrease. There can be no assurance that taxation authorities will not seek to challenge the amount and nature of these transactions. If such a challenge were to succeed against any of the Group companies, it could materially adversely affect the value at which the Alegro common shares trade.

Management of the Group believes that these transactions are supportable and reasonable in light of the commercial relationships between the group companies.

Although the Group is of the view that all expenses to be claimed by Alegro and its subsidiaries will be reasonable and deductible and that the cost amount and capital cost allowance claims of such entities' depreciable assets will have been correctly determined, there can be no assurance that the Canadian Revenue Authorities ("CRA") will agree. If CRA successfully challenges the deductibility of such expenses or the correctness of such cost amounts or capital cost allowance claims, the return to shareholders may be adversely affected.

(xvii) Dilution

The By Laws authorize the Company, in certain circumstances, to issue an unlimited number of common shares for the consideration and on those terms and conditions as are established by the directors without the approval of any shareholders. Any further issuance of common shares will dilute the interests of existing shareholders.

(xviii) Significant Shareholders

There are significant shareholders of Alegro that may be long-term holders of the common shares in the Company. As such, the trading volumes in the common shares of the Company and liquidity may be low. In addition, relatively low liquidity may adversely affect the price at which the common shares of Alegro trades on the listed market.

Alegro Health Corp.

Interim Consolidated Balance Sheets

	March 31, 2009 (unaudited)	December 31, 2008
Assets		
Current Assets		
Cash	**$ 3,566,291**	$ 4,002,255
Accounts receivable	**2,158,066**	2,101,561
Accrued receivables	**1,227,129**	872,815
Prepaid expenses	**85,559**	47,682
	7,037,045	7,024,313
Property and equipment	**314,372**	330,557
Goodwill	**46,863**	46,863
Intangible asset *(note 6)*	**1,146,815**	1,146,815
Future income taxes	**55,466**	55,466
Deferred acquisition costs *(note 7)*	**569,698**	369,698
	$ 9,170,259	$ 8,973,712
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 1,710,639**	$ 1,820,321
Income taxes payable	**22,186**	66,475
Future income taxes	**16,967**	16,967
	1,749,792	1,903,763
Non-Controlling Interest *(note 8)*	**600,269**	613,394
Shareholders' Equity		
Share capital *(note 9)*	**3,928,050**	3,928,050
Contributed surplus	**1,401,418**	1,401,418
Deferred stock-based compensation	**(107,888)**	(133,115)
Retained earnings	**1,598,618**	1,260,202
	6,820,198	6,456,555
	$ 9,170,259	$ 8,973,712

The accompanying notes are an integral part of these consolidated financial statements.

Alegro Health Corp.

Interim Consolidated Statements of Operations, Comprehensive Income and Retained Earnings

for the three months ended March 31,
(unaudited)

	2009	2008
Revenue	**$ 4,268,763**	$ 3,728,723
Expenses		
Direct costs	**2,264,707**	2,031,247
General and administrative *(note 5)*	**1,391,533**	1,312,527
Stock-based compensation	**25,227**	13,956
Amortization	**47,151**	50,961
	3,728,618	3,408,691
Income before provision for income taxes	**540,145**	320,032
Provision for income taxes	**201,729**	115,700
Net income and comprehensive income for the period	**338,416**	204,332
Retained earnings, beginning of period	**1,260,202**	308,016
Retained earnings, end of period	**$ 1,598,618**	$ 512,348
Basic and diluted earnings per common share *(note 9)*	**$ 0.009**	$ 0.005

The accompanying notes are an integral part of these consolidated financial statements.

Interim Consolidated Statements of Cash Flows
for the three months ended March 31,
(unaudited)

	2009	2008
Cash flow from operating activities		
Net income for the period	**$ 338,416**	$ 204,332
Items not affecting cash		
Amortization	**47,151**	50,961
Stock-based compensation	**25,227**	13,956
Changes in non-cash working capital items		
Accounts receivable	**(56,505)**	(553,429)
Accrued receivables	**(354,314)**	(173,496)
Prepaid expenses	**(37,877)**	(102,491)
Accounts payable and accrued liabilities	**(109,682)**	(156,214)
Income taxes payable	**(44,289)**	115,700
	(191,873)	(600,681)
Cash flow from investing activities		
Purchase of property and equipment	**(30,966)**	–
Proceeds from sale of property and equipment	**–**	30,170
Increase in deferred acquisition costs	**(200,000)**	–
	(230,966)	30,170
Cash flow from financing activities		
Increase in deferred financing costs	**–**	(17,209)
Decrease in non-controlling interest	**(13,125)**	(8,751)
	(13,125)	(25,960)
Decrease in cash	**(435,964)**	(596,471)
Cash, beginning of period	**4,002,255**	4,028,927
Cash, end of period	**$ 3,566,291**	$ 3,432,456
Supplemental cash flow information:		
Income taxes paid	**$ 246,018**	$ –
Interest paid	**$ 13,125**	$ 8,751

The accompanying notes are an integral part of these consolidated financial statements.

1. Business of the Company

Alegro Health Corp. ("the Company") is incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange ("TSX-V"). The Company's principal business is providing health care services to its customers.

2. Basis of Presentation

Basis of presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements. With the exception of the new accounting policies set out in note 3 below, these interim consolidated financial statements follow the same significant accounting policies as the Company's audited annual consolidated financial statements for the year ended December 31, 2008 and accordingly, should be read in conjunction with those annual financial statements and the notes thereto. All amounts disclosed are in Canadian dollars, unless otherwise stated.

The accompanying unaudited interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. The results of operations and cash flows for the current period as presented are not necessarily indicative of the results to be expected for the full year.

3. Significant Accounting Policies

New Accounting Policies

The Company adopted the following standards on January 1, 2009.

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1582, "Business Combinations", which replaces Section 1581 and establishes new standards for accounting for business combinations. This standard is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Should the Company engage in a future business combination, it would consider early adoption to coincide with the adoption of IFRS.

Non-controlling Interests

Also in January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests", to provide guidance on accounting for non-controlling interests subsequent to a business combination. This standard is effective for fiscal years beginning on or after January 2011.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. The Company does not expect that this guidance will have any material impact on its consolidated financial statements.

3. Significant Accounting Policies - continued

Goodwill and Intangible Assets

Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production for new operations. The new standard is effective for the Company on January 1, 2009. The Company does not expect that this standard will have any material impact on its consolidated financial statements.

Future Accounting Changes

International Financial Reporting Standards

The CICA plans to transition Canadian GAAP for publicly accountable profit oriented enterprises to International Financial Reporting Standards (“IFRS”). The effective changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact of the transition to IFRS on the Company's consolidated financial statements has not yet been determined.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2008 amounts have been reclassified to conform to the current period’s presentation.

4. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the continuation and expansion of its operations. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company defines capital to include share capital and the stock option component of its shareholders’ equity as well as its operating credit facilities (see note 10). In order to maintain or adjust its capital structure, the Company may seek additional financing through the issuance of new equity securities, the exercise of outstanding stock options or the issuance of debt instruments such as operating or term loans.

Management reviews its capital management requirements on an ongoing basis and believes this approach, given the relative size of the Company, is reasonable. There were no changes to the Company’s approach to capital management during the three months ended March 31, 2009.

As at March 31, 2009, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

5. Related Party Transactions and Balances

In the normal course of operations, the Company has entered into certain related party transactions which have been measured at the respective exchange amounts, being the consideration established and agreed by the related parties.

A summary of balances and transactions with related parties as at and for the three months ended of March 31 are as follows:

	2009	2008
Amount due from related party:		
Disability Management (i)	**$ —**	$ 40,000
General and administrative expenses:		
Brenras (i)	**$ 90,000**	$ 80,000
Disability Management (i)	**—**	30,000
GHIS (ii)	**45,000**	45,000
	$ 135,000	$ 155,000
Interest incurred on the GHIS Capital debenture (iii)	**$ 13,125**	$ 13,125

The amount due from related party was non-interest bearing with no fixed terms of repayment.

(i) Brenras Holdings Inc. (“Brenras”) and The Disability Management Group Inc. (“Disability Management”) are wholly-owned by a significant shareholder and director of the Company. Brenras and Disability Management provided management services to the Company during the quarters ended March 31, 2009 and 2008.

(ii) Global Healthcare Investments & Solutions, Inc. (“GHIS”) and entities controlled be the shareholders of GHIS own approximately 31% of the issued and outstanding common shares of the Company as at March 31, 2009. GHIS provided strategic and business development consulting services to the Company for the quarters ended March 31, 2009 and 2008.

(iii) GHIS Capital Inc. (“GHIS Capital”) is related to GHIS by common control. During the first quarters of 2009 and 2008, the Company incurred interest of $13,125 on the convertible debenture issued to GHIS Capital (see note 8).

6. Intangible Asset

The intangible asset represents the private hospital licence held by Don Mills Surgical Unit Ltd., the Company’s wholly-owned subsidiary. This licence has an indefinite useful life.

7. Deferred Acquisition Costs

Deferred acquisition costs relate to legal and other costs (including a $200,000 non-refundable deposit paid to the vendor) incurred prior to March 31, 2009 with respect to the acquisition of the operations of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc. (see note 14). These costs will be included in the cost of the acquisition upon closing.

8. Non-Controlling Interest

Non-controlling interest represents a $750,000 convertible debenture issued to GHIS Capital by Alegro Health Partners Inc. ("AHP") bearing interest at 7% per annum and due December 31, 2011. The debenture may be converted by GHIS Capital within three months before the maturity date and by AHP at the maturity date into such number of common shares of AHP, a wholly owned subsidiary, as would give GHIS Capital 25% of the issued and outstanding shares of AHP. As a result, the debenture has been accounted for as equity by AHP which results in a non-controlling interest upon consolidation. Interest incurred on the convertible debenture during the quarters ended March 31, 2009 and 2008 has been treated as a distribution of equity which results in a reduction of the non-controlling interest upon consolidation of AHP.

Subsequent to the quarter ended March 31, 2009, the Company and GHIS Capital agreed to the repayment of the $750,000 debenture (see note 14).

9. Share Capital

Common shares

Authorized share capital consists of an unlimited number of common shares. The number of common shares issued and outstanding is as follows:

	Number of Shares	Amount
Issued and outstanding, December 31, 2007	36,524,762	$ 3,914,050
Bonus shares issued in 2008	57,000	14,000
Issued and outstanding, December 31, 2008 and March 31, 2009	**36,581,762**	$ 3,928,050

(i) In 2008, bonus shares were issued to certain employees and consultants depending upon length of service. These ranged between 500 and 1,000 common shares at issue prices between $0.15 and $0.25 per share.

9. Share Capital - continued

Earnings per share

Earnings per share for the three month period ended March 31, 2009 and 2008 have been calculated on the basis of net income for each period divided by the weighted average number of common shares outstanding during each period. Diluted earnings per share, for both periods presented, were calculated using the weighted average number of common shares outstanding during each period as follows:

	2009	2008
Basic weighted average number of common shares outstanding	**36,554,863**	36,554,863
Dilutive effect of stock options	**426,425**	426,425
Diluted weighted average number of common shares outstanding	**36,981,288**	36,981,288

10. Credit Facilities

The Company maintains a revolving operating credit facility to a maximum of $1,000,000, including letters of guarantee to a maximum of $250,000. Interest on the borrowing options available is at prime plus 0.5% and 2% per annum, respectively, with interest paid monthly. The credit facilities are collateralized by a general security agreement on the Company's assets.

As at March 31, 2009 and December 31, 2008, the Company had not drawn on these credit facilities.

11. Employee Benefit Plans

Certain employees of a subsidiary are members of HOOPP, which is a multi-employer, defined benefit pension plan. The Company, as an employer of HOOPP members, is required to make monthly contributions based on a percentage of qualifying salaries. Contributions made to HOOPP during the quarter ended March 31, 2009 amounted to $4,386 (2008 - $6,482).

12. Financial Instruments

The Company’s financial instruments consist of cash, accounts receivable, accrued receivables and accounts payable and accrued liabilities.

Fair value

Due to their short-term maturities, the fair value of financial instruments approximates their carrying value.

Credit risk

The Company is exposed to credit risk to the extent that its clients become unable to meet their payment obligations. The Company's exposure to concentrations of credit risk is limited. Accounts receivable and accrued receivables are from the Workplace Safety and Insurance Board, government agencies, employers and insurance companies.

12. Financial Instruments - continued

The Company's cash is held through large Canadian Banks. The Company is not exposed to significant credit risk arising from their financial instruments and it has had minimal bad debt expense.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity by assuring that there is sufficient capital to meet short and long-term business requirements after taking into account cash flows from operations and the Company's holding of cash. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances.

Management forecasts cash flows for its current and subsequent fiscal years to protect future financial requirements. At March 31, 2009, the Company had $3,566,291 (December 31, 2008 - $4,002,255) of cash and no short-term or long-term debt.

Interest Rate Risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. The Company has a revolving operating facility of $1,000,000 which has a variable interest rate based on prime. As at March 31, 2009 and December 31, 2008, the Company had not drawn on the facility, and accordingly has limited exposure to interest rate risk.

Currency Risk

Virtually all of the Company's transactions are denominated in Canadian dollars. At March 31, 2009, the Company held no financial instruments that were denominated in other than Canadian currency.

13. Segmented Reporting

The operations of the Company and its consolidated subsidiaries are comprised of three reportable operating segments referred to as Work Able, DMSU, and Direct. The general and administrative costs included in the "Other" column have not been allocated to the three reportable operating segments. Work Able provides specialized medical assessment and rehabilitation services to individuals disabled as a result of work-related or motor vehicle injuries. Direct Health provides medical assessment and rehabilitation services to the insurance industry and employers primarily in Ontario and Eastern Canada. DMSU is an accredited, Toronto-based hospital specializing in a mix of ambulatory and surgical services.

The Company's reportable segments are strategic business units that offer different products and services.

As at and for the quarter ended March 31, 2009:

	Work Able	DMSU	Direct	Other	Total
Revenue	$ 2,361,850	$ 332,299	$ 1,574,197	$ 416	**$ 4,268,763**
Direct costs	(1,318,257)	(87,600)	(858,850)	-	**(2,264,707)**
General and administrative	(363,530)	(176,255)	(64,884)	(786,865)	**(1,391,533)**
Stock-based compensation	-	-	-	(25,227)	**(25,227)**
Amortization	(22,776)	(21,372)	(1,014)	(1,989)	**(47,151)**
Income (loss) before income taxes	$ 657,287	$ 47,073	$ 649,450	$ (813,664)	**$ 540,145**
Total assets	$ 3,866,834	$ 1,667,922	$ 2,079,134	$ 1,556,369	**$ 9,170,259**

As at and for the quarter ended March 31, 2008:

	Work Able	DMSU	Direct	Other	Total
Revenue	$ 2,272,135	$ 357,441	$ 1,084,802	$ 14,344	**$ 3,728,723**
Direct costs	(1,191,967)	(192,341)	(646,939)	-	**(2,031,247)**
General and administrative	(344,858)	(215,258)	(65,290)	(687,122)	**(1,312,527)**
Stock-based compensation	-	-	-	(13,956)	**(13,956)**
Amortization	(35,536)	(12,670)	(2,755)	-	**(50,961)**
Income (loss) before income taxes	$ 699,774	$ (62,828)	$ 369,819	$ (686,733)	**$ 320,032**
Total assets	$ 3,213,253	$ 1,591,535	$ 1,236,729	$ 2,782,245	**$ 8,823,762**

14. Subsequent Events

(a) Acquisition of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc. Businesses and Related Debt and Equity Financings

On May 4, 2009, the Company entered into an asset purchase agreement to acquire essentially all of the non-cash operating assets (net of assumed liabilities) of The Brenda Rusnak Clinics Inc. and ACTIVE Health Management Inc., privately held companies that specialize in the provision of physiotherapy and other rehabilitation services (the "Acquired Businesses").

Pursuant to the terms of the asset purchase agreement, the cost of the acquisition, excluding transaction costs and working capital adjustments as defined in the agreement, will be $20.2 million, consisting of $19.2 million in cash and 3,333,333 common shares of the Company valued at $0.30 per share. It is estimated that the working capital adjustment (payable in cash subsequent to closing) and transaction costs will approximate $2.5 million.

The cost of the acquisition of the Acquired Businesses will be allocated to the identifiable tangible and intangible net assets acquired based on their fair values with the amount of the purchase price in excess of the fair value of the identifiable net assets allocated to goodwill. Based on the January 31, 2009 combined balance sheets of the Acquired Businesses, the Company expects that a significant portion of the purchase price will be allocated to goodwill.

Pursuant to a subscription agreement entered into in May 2009, contemporaneously with the acquisition, GHIS (see note 5) will invest $6,765,000 to purchase 20.5 million units of the Company at a price of $0.33 per unit. Each unit will comprise one common share of the Company and one common share purchase warrant entitling the holder to acquire one common share at an exercise price of $0.33 per share. The warrants will expire on the fifth anniversary of issuance. Conditions precedent in the subscription agreement are that the Company will have secured the debt financing described below prior to the completion of the unit purchase and that the proceeds will be used to fund the acquisition of the Acquired Businesses.

Following the issuance of the units, GHIS and entities controlled by the shareholders of GHIS will own approximately 53% of the Company's issued and outstanding common shares on an undiluted basis and 65% assuming exercise of the warrants.

In April 2009, the Company entered into a loan agreement with a major Canadian bank whereby it will borrow $11,000,000 under a five-year floating rate term facility (the "Term Facility"). The Term Facility will be secured by a first charge on all of the Company's assets as well as the assets of the Acquired Businesses. The Company will have the ability under the Term Facility to fix the interest rate on all or any portion of the loan amount outstanding. One of the disbursement conditions in the loan agreement is that the loan proceeds will be used to fund the acquisition of the Acquired Businesses. The loan agreement also provides for a revolving operating facility to a maximum of $4,000,000, including letters of credit and letters of guarantee. The new operating credit facility will replace the Company's existing $1,000,000 operating facility, will bear interest at the rate of prime plus 0.50% per annum and will be secured on the same basis as the Term Facility.

14. Subsequent Events - continued

(b) Repayment of Convertible Debentures and Amendments to the Consulting Agreement with GHIS

In May, 2009, the Company entered into various agreements whereby the Company and GHIS Capital (see note 5) agreed to the repayment of $750,000 convertible debentures issued to GHIS Capital (which debentures are shown on the consolidated balance sheets as non-controlling interest as explained in note 8) concurrent with the closing of the acquisition of the Acquired Businesses referred to in (a) above. The Company also agreed to issue to GHIS Capital warrants entitling it to acquire 25% of AHP upon the payment of $33,000. The existing consulting agreement with GHIS has been amended. Under the terms of the amended consulting agreement which has an initial term of three years renewable annually thereafter, the monthly consulting fee will be increased from $15,000 to $20,000. In addition, a performance fee component has been added whereby GHIS will be entitled to an annual fee of 1% of the Company's market capitalization (computed on a trailing twelve month weighted average basis) provided the market capitalization exceeds a minimum threshold amount of $20 million. Other aspects of the contractual arrangements between the Company, GHIS and GHIS Capital will remain essentially unchanged including the agreement that AHP will be the entity that would pursue and conduct all new business opportunities in the healthcare sector distinct from the Company's current rehabilitation, medical assessment and related activities.

(c) Issuance of Stock Options

On May 14, 2009, pursuant to the Company's 2008 Stock Option Plan, 500,000 stock options were issued to a newly appointed officer. These options were issued at an exercise price of $0.39 and expire on May 14, 2014. In addition, on May 7, 2009, 100,000 stock options were issued to an employee. These options were issued at an exercise price of $0.40 and expire on May 7, 2014.