

ParagonCare

2nd July 2014

Australian Securities Exchange
Company Announcements Office

TRADING PERFORMANCE

The Directors of Paragon Care Limited (ASX: PGC) are pleased to provide an update on the performance of the Company and comment as follows.

- At the Company's AGM and prior to the acquisition of LR Instruments and Richards Medical, guidance was provided that revenues for the 2013/14 financial year would be in the range of \$18m - \$19m and EBITDA would be in the range of \$1.7m - \$2m.
- The Company is extremely pleased with the first 6 months integration of the LR Instruments and Richards Medical acquisition. The buy-in from staff has been relatively seamless and several marketing and stock related initiatives have been implemented to facilitate future growth in the business. By December of this year, the business will also be operating on the same financial platform as the entire group.
- The Company has taken the opportunity to implement some strategic organisational changes within the group which has resulted in the Company incurring approximately \$400k of restructuring costs. The Board felt it was important to make these changes in order to provide an efficient platform moving forward. The Company does not foresee any further planned restructuring changes or expenses for the upcoming 2014/15 financial year associated with the current Paragon Care business.
- Based on unaudited management accounts, Paragon Care expects revenue for the 2013/14 financial year to be in the range of \$19m - \$20m which includes a six month contribution from LR Instruments/Richards Medical businesses. However, the current annualised revenues of the business are approximately \$23m once the full year of LR Instruments/Richards Medical is taken into account.
- Again, based on unaudited management accounts, Paragon Care expects the EBITDA for the 2013/14 financial year to be approximately \$1.7m after taking into account the restructuring costs noted above as well as a six month contribution from LR Instruments/Richards Medical businesses. However, the current annualised EBITDA of the business is approximately \$2.8m once the full year of LR Instruments/Richards Medical is taken into account.

NEW BANKING FACILITY

The Company is pleased to announce it has reached agreement with the Westpac Banking Corporation's Healthcare division for a new \$10m facility on favourable commercial terms. This will provide Paragon Care with a significant opportunity to develop and grow its business both organically and via further acquisitions. A portion of the facility has been utilised to refinance an existing loan of \$1.2m which has delivered a saving of over 400 basis points.

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ACQUISITION OPPORTUNITY

The company is in the advanced stages of a key acquisition and is currently undertaking final due diligence. This acquisition, if completed; will be funded through the new Westpac financing facility which in turn will mean the Company will not need to go to the market to raise funds. This acquisition will also deliver on the Company's previously stated plan of achieving annualised revenues in excess of \$30m for FY15.

A number of other potential acquisitions are at various stages of negotiations. The Company will keep the market informed as and when these opportunities develop further.

The Company is very excited about the future and goes into the 2014/15 financial year with much confidence. At this stage Paragon Care expects to announce its audited financial results by 31st August 2014.

Mark Simari

Managing Director and Company Secretary

About Paragon Care:

Paragon Care Limited (ASX: PGC) has a vision to be one of Australia's leading providers of integrated services to Australia's health and aged care markets. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. Paragon Care has seven operating businesses: Axishealth, Iona Medical, Volker Australia, Rapini, GM Medical, LR Instruments and Richard Medical who combined supply durable medical equipment and consumable medical product to hospitals, medical centres and aged care facilities.

For further information please contact Mark Simari, Managing Director (1300 369 559)