

health corporation Limited

ACN 116 800 269

6 February 2009

ASX Markets Supervision Pty Ltd
20 Bridge Street
Sydney NSW 2000

Attention: Joel Farina

Dear Joel,

I refer to your letter dated 4 February 2009 raising a number of questions relating to the Company's Quarterly Report in the form of an Appendix 4C for the period ended 31 December 2008.

In light of the information contained in the Appendix 4C I respond to each of the questions as follows

1. On the face of the Appendix 4C submitted to the ASX on 23 January 2009 the company appears to only have sufficient cash to fund its activities for less than two (2) quarters, however there are other factors that need to be taken into consideration in assessing the company's position. Firstly, the company is in the process of raising additional funding by way of Convertible Notes. Secondly, the company is developing additional revenue streams one being Chemconsult, and the other being the development of a unique pharmacy management model which involves the company providing management services to pharmacies in return for fees. Both these measures are designed to provide the company with additional working capital and revenue which will see the company expand in the future
2. The Company is forecasting negative operating cash flows over the next two quarters however they are not forecasted to be to the same extent as the negative operating cash flow experienced in the December quarter. The company is taking steps to ensure that it has sufficient funds by raising additional working capital via the placement of Convertible Notes.
3. The Company's actual revenue and expenses were substantially in accordance the Company's anticipated revenue and expenses for the December quarter. The company acquired two (2) new franchise stores during the quarter against a forecast of three(3) and have incurred higher than anticipated legal fees in defending an action brought by a former employee and development costs associated with the new management model.
4. The Company's actual revenue and expenses were substantially in accordance with the Company's anticipated revenue and expenses
5. The Company can confirm that at all times that it is in compliance with the listing rules and in particular listing rule 3.1 as it relates to continuous disclosure.
6. In relation to listing rule 12.2 relating to the Company's financial condition, the company can report that it is currently in the process of raising more working capital via the issuing of Convertible Notes which will be used to fund future expansion of the company activities. The company has been developing new

Suite 311, 33 Lexington Drive
Norwest Business Park
Baulkham Hills NSW 2153
Ph:- 02 9836 1116 Fax: 02 9836 1192

revenue streams and has recently announced to the market its unique and patented Chemconsult program which assists Pharmacists consulting and advising patients. The company is also in the final stages of development of a pharmacy management model which will provide additional fee revenue for the company.

I trust that the information supplied allows you to satisfy yourself as to the ongoing viability of the company, however if you have further questions please do not hesitate to contact me on (02) 9836 1116.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Sippel', written over a horizontal line.

Stephen Sippel
Chief Financial Officer
Health Corporation Limited

Suite 311, 33 Lexington Drive
Norwest Business Park
Baulkham Hills NSW 2153
Ph:- 02 9836 1116 Fax: 02 9836 1192



ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227 0892
Facsimile 61 2 9241 7620
www.asx.com.au

4 February 2009

Mr Stephen Sippel
Company Secretary
Health Corporation Limited
33 Lexington Drive
Baulkham Hills NSW 2153

By email

Dear Stephen

Health Corporation Limited (the "Company")

I refer to the Company's Quarterly Report in the form of an Appendix 4C for the period ended 31 December 2008 released to ASX Limited ("ASX") on 23 January 2009 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$408,000.
2. Net negative operating cash flows for the quarter of \$356,000; and
3. Cash at end of quarter of \$428,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than 2 quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
5. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

6. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Under listing rule 18.7A, a copy of this query and your response may be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email at joel.farina@asx.com.au or on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. **before 9.30 a.m. A.E.D.T.**) on Monday, 9 February 2009.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

Yours sincerely

[Sent electronically, without signature]

Joel Farina
Adviser, Issuers (Sydney)