

health corporation Limited

ACN 116 800 269

12 March 2010

Mr Joel Farina
ASX Market Supervision Pty Ltd
20 Bridge Street
Sydney NSW 2000

By email

Dear Joel,

Re: Health Corporation Limited

I refer to your letter dated 11 March 2010 raising a number of questions relating to the Company's Half Year Report and Accounts and the Independent Auditor's Review Report for the half year ended 31 December 2010 and respond to the questions you have raised as follows:

1. The Company can confirm that it is able to meet its debts as and when they fall due.
2. The Company can confirm that in the directors' opinion the Company's Half Year Report:
 - a. compiles with the Australian Accounting Standards; and
 - b. gives a true and fair view of the financial position and performance of the company.

At the time of preparing the Company's Half Year Report the company was in negotiations with a number of potential investors. A number of proposals were put to the company and these were in broad terms discussed with the Auditors. The investor strategy had not been finalised at the time of lodgement of the Half Year Report. The Auditors qualified the accounts on a going concern basis while making note of that the company was in negotiations with various parties who are prepared to invest in the company.

3. The Company is pleased to announce that after careful consideration, negotiations on a Heads of Agreement with an sophisticated investor group are close to finalisation and believe a binding agreement will be reached soon. The investor group have indicated they will invest within a short timeframe. We will keep the market informed of our progress.
4. The Company is able to confirm that it has sufficient cash to fund its activities for the next two quarters and intends to strengthen its cash position further through the issue of convertible notes for the immediate future and subsequent capital raisings for the longer term funding of our business plans.

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 related to continuous disclosure, and listing rule 12.2 relating to the Company's financial condition.

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 Faithfully



Ken Lee
Director



11 March 2010

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

By email

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

Dear Stephen

RE: Health Corporation Limited (the "Company")

ASX Limited ("ASX") refers to the Company's Half Year Report and Accounts for the half year ended 31 December 2009 given to ASX on 1 March 2010 (the "HY Report") and in particular, the Independent Auditor's Review Report prepared by the Company's auditor Hall Chadwick Chartered Accountants & Business Advisers (the "Auditor") dated 26 February 2010 (the "Audit Review Report").

ASX notes that the Audit Review Report contains a Qualified Conclusion ("Qualified Conclusion") in which the Auditor states, amongst other things, the following:

Based on our review, which is not an audit, because of the omission of the information mentioned in the preceding paragraph, the half year financial report of Health Corporation Limited and Controlled Entities is not in accordance with the Corporations Act 2001 (Cth) and does not:

- a. *give a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and*
- b. *comply with Accounting Standard AASX 134 Interim Financial Reporting and the Corporations Regulations 2001.*

As outlined on page 16 of the HY Report the Basis for the Qualified Conclusion is as follows:

In Note 1 to the half year financial report, the directors state their opinion that the going concern basis used in the preparation of the half year financial report is appropriate. This opinion is based on projected profits and negotiations with various parties who are prepared to invest in the company. In our opinion these circumstances are unlikely to eventuate and indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Listing rule 19.11A(b) states as follows:

19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.

- (a)...
- (b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

In light of the above, please respond to the following:

1. Is the Company able to confirm that it is able to meet its debts as and when they fall due?
2. Is the Company able to confirm that in the directors' opinion the Company's HY Report:
 - a. complies with Australian accounting standards; and
 - b. gives a true and fair view of the financial position and performance of the Company?
3. Please update the market as to the status of the Company's proposed convertible note issue as outlined in its response to an ASX Appendix 4C Query Letter given to ASX on 3 February 2010.
4. Is the Company able to confirm that it has sufficient cash to fund its activities and operations for at least the next two quarters [i.e., until 30 June 2010] in the absence of a capital raising or does the Company's solvency depend entirely on it successfully raising funds under a capital raising?
5. Is the Company able to confirm that it is in compliance with the listing rules and, in particular, listing rules 3.1 and 12.2?

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. 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, 15 March 2010.

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
Senior Adviser, Issuers (Sydney)