

health corporation Limited

ACN 116 800 269

14 February 2011

Jill Hewitt
Senior Advisor, Issuers (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Jill

In response to your Health Corporation Ltd Appendix 4C query on 9 February, we advise as follows;

1. There are other factors that need to be taken into account.

The Board undertook a strategic review of the Companies businesses during 2010, resulting in the sale of the most significant loss making subsidiaries in December after shareholder approval was granted in November. As such, much of the negative operating cashflow have been removed from the Company.

The Company is currently addressing its working capital position and is planning a capital raising to address its funding requirements.

2. No, the Company does not consider it will have negative operating cashflows similar to that reported in the Appendix 4C for the quarter ended 31 December 2010 for the reasons outlined in point 1.
3. The Company's actual revenues and expenses in the December 2010 quarter were very close to those forecast.
4. N/A
5. The review of the Companies operations that commenced in May 2010 continues. This review brought about the disposal of some of the Companies loss making and non-core assets, and includes a strategy to review and potentially acquire new complimentary opportunities.
6. The Company confirms that it is in compliance with the listing rules and in particular listing rule 3.1.
7. The Board believes that the Company is in full compliance with listing rule 12.2, and specifically with respect to the composition of its balance sheet and the size of liabilities to assets following the recent restructure and disposal of some of its loss making businesses.

Importantly, the Company retains very secure access to new working capital through a key supportive investor group.

Regards



Jason Davis
Chairman



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9 February 2011

Ms R Jelleff
Company Secretary
Health Corporation Limited
Level 21 Allendale Square
77 St George's Terrace
PERTH WA 6000

By Email: rachelj@ver.com.au

Dear Rachel,

Health Corporation Limited (the "Company")

I refer to Health Corporation Limited's ("Company") Appendix 4C for the period ended 31 December 2010 released to ASX Limited ("ASX") on 31 January 2011 ("Appendix 4C").

ASX notes that the Appendix 4C has reported the following:

1. Receipts from customers of \$296,000.
2. Net negative cash flows of \$67,000.
3. Cash at end of quarter of \$52,000.

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 not have sufficient cash to fund its activities for the next quarter. 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. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. 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.


This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number 9221 2020**. 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 3:00pm WST on Monday, 14 February 2011**.

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

If you have any queries regarding any of the above, please contact me on 9224 0013.

Yours sincerely



Jill Hewitt
Senior Adviser, Issuers (Perth)