

# health corporation Limited

ACN 116 800 269

31 January 2011

ASX Release

ASX Code: HEA

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## DECEMBER 2010 QUARTERLY ACTIVITY REPORT

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### Highlights

- Continued review of new complementary investments in companies or projects with world class assets and management teams in the medical/biotechnology sector.
- Shareholder approval for disposal of select non-core and loss making subsidiary companies.

### Sale of Selected Subsidiaries

On 3 May 2010, the Company announced a strategic decision to review the Company's existing operations, with a focus on:

- implementing cost cutting measures;
- reviewing non-core or loss making business; and
- seeking potential complimentary investment opportunities, including medical and biotechnology/science ventures.

As part of these stated Company objectives, and as announced to the market on 25 October 2010, the Company entered into a conditional agreement to dispose of selected subsidiary entities. The transaction was subsequently approved by shareholders at the Annual General Meeting and thereafter settled.

The Company's core business assets currently comprise of:

- Intramedics, a new business investment in the bioscience industry with potential applications in the cosmetics, plastic surgery and therapeutic drugs markets.;
- HIP MBA Pty Ltd, which provides accounting services to pharmacy businesses; and
- HEA Management Pty Ltd, being a company incorporated with the intention of providing management services to pharmacy businesses.

It is anticipated that disposal of the non-core assets during the December quarter, in conjunction with the previous acquisition of Intramedics, will provide greater opportunities for both organic and acquisitive expansion by retiring debt and removing loss-making investments, thereby improving the Company's foundation for growth through attracting new Company making assets and opportunities.

## **Review of New Investment Opportunities**

The Company has continued to review new complementary investment opportunities, primarily in the medical/biotechnology sector. At this stage, no decision to acquire, farm-in or joint venture into any project other than as announced has been made and the process of project review is continuing.

The Company is looking forward to an exciting future in 2011, following the changes made to the Board, management and business focus in 2010. The Company's strategic vision is to focus on value creation for shareholders through new complementary investments in companies or projects with world class assets and management teams, ideally in the medical/biotechnology sector.

*For and on behalf of the Board*

**Appendix 4C**

**Quarterly report**  
**for entities admitted**  
**on the basis of commitments**

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Health Corporation Ltd

ABN

30 116 800 269

Quarter ended

31 December 2010

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	296	504
1.2 Payments for		
(a) staff costs	(93)	(299)
(b) advertising and marketing	(10)	(36)
(c) research and development	-	-
(d) leased assets	(11)	(18)
(e) other working capital	(297)	(636)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	19
1.5 Interest and other costs of finance paid	(17)	(18)
1.6 TAX rebate for research and development	-	117
1.7 Other - Rebates	46	108
<b>Net operating cash flows</b>	<b>(67)</b>	<b>(259)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date \$A'000
1.8 Net operating cash flows (carried forward)	(67)	(259)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	(5)
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	(2)	(2)
1.12 Loans repaid by other entities	-	-
1.13 Other - cash disposed of on disposal of subsidiaries following shareholder approval	(47)	(47)
<b>Net investing cash flows</b>	<b>(49)</b>	<b>(54)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(116)</b>	<b>(313)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	266
1.16 Cost of share issue	(1)	(40)
1.17 Proceeds from borrowings	16	85
1.18 Repayment of borrowings	(5)	(5)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>10</b>	<b>306</b>
<b>Net increase (decrease) in cash held</b>	<b>(106)</b>	<b>(7)</b>
1.21 Cash at beginning of quarter/year to date	158	59
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>52</b>	<b>52</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the director**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	70
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Consulting fees, salary and superannuation paid to or on behalf of directors.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Following shareholder approval on 30 November 2010, the consolidated entity disposed of a number of subsidiaries for non-cash consideration. The sale was settled by the buyer assuming the debt of the parent incurred in relation to funding the operation of the disposed subsidiaries.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	52	59
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>52</b>	<b>59</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name:

Rachel Jelleff  
 Company Secretary

Date: 31 January 2011

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**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.