

# ParagonCare

20<sup>th</sup> October 2011

Australian Securities Exchange  
Company Announcements Office

## **PARAGON CARE LIMITED (ASX: PGC) APPENDIX 4C – QUARTERLY REPORT**

The Directors of Paragon Care (ASX: PGC) are pleased to report that the company achieved record cash receipts of \$6.1 million for the September 2011 quarter. Net operating cash flow for the quarter was also a record at \$858K.

The key contributors to the result were the consolidation of GM Medical as from the 1<sup>st</sup> July 2011 and the completion of the supply contract to Royal Children's Hospital (Melbourne) which saw the company delivering more than 1,600 products spanning over 66 product groups. The sale of Lifetime Planning and Tender Living Care to Equity Trustees was also completed on the 1<sup>st</sup> August 2011.

At the end of September 2011, the company had gross debt (excluding convertible notes) of \$4.0 million which was partially offset by cash reserves of \$2.9 million.

Paragon Care CEO, Mark Simari said

“Paragon Care came of age in the September quarter with the RCH contract demonstrating the full capabilities of the company and our expansive product range. The recently won contract to supply 400 Volker beds to St Vincent's Hospital in Melbourne is a further demonstration of our capabilities and reflects the premium quality of our products.”

Internal initiatives continue to be pursued that will drive performance. The relocation of Rapini, Iona Medical and Volker Australia to the Axishealth site in Nunawading and the wider roll-out of the SAP business system are delivering significant benefits. The addition of a new sales representative in Sydney has also boosted the company's presence in the NSW market.

In addition to the strong focus on organic growth, the company has identified a number of acquisition opportunities and is at various stages of discussion and investigation. An announcement will be made at an appropriate time should any of these progress to a firm agreement.”

### **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 five operating businesses: Axishealth, Iona Medical, Volker Australia, Rapini and GM Medical who combined supply durable medical equipment to hospitals, medical centres and aged care facilities.*

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

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### **PARAGON CARE LIMITED**

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# Appendix 4C

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

Name of entity

**PARAGON CARE LIMITED**

ABN

76 064 551 426

Quarter ended ("current quarter")

30 September 2011

### STATEMENT OF CASH FLOWS

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers & GST refunds	6,081	6,081
1.2 Payments for		
(a) staff costs	(1,281)	(1,281)
(b) sales and marketing costs	(121)	(121)
(c) corporate costs	(128)	(128)
(d) leased assets	-	-
(e) Other working capital	171	171
(f) Other expenses (incl COGS)	(3,595)	(3,595)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	6
1.5 Interest and other costs of finance paid	(276)	(276)
1.6 Income taxes paid	-	-
1.7 Other (Export Grant received)	-	-
<b>Net operating cash flows</b>	<b>857</b>	<b>857</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for acquisition of:		
(a) businesses (item 5)	(1,823)	(1,823)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(108)	(108)
(e) other non-current assets	-	-
1.9 Proceeds from disposal of:		
(a) businesses (item 5)	1,385	1,385
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	7	7
(e) other non-current assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – security deposit	-	-
1.13 <b>Net investing cash flows</b>	<b>(539)</b>	<b>(539)</b>
<b>Total operating and investing cash flows</b>	<b>318</b>	<b>318</b>

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	4	4
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	116	116
1.17	Repayment of borrowings	(541)	(541)
1.18	Dividends paid	-	-
1.19	Other (Share issue expenses)	-	-
<b>Net financing cash flows</b>		<b>(421)</b>	<b>(421)</b>
<b>Net Increase (Decrease) in cash held</b>		<b>(103)</b>	<b>(103)</b>
1.20	Cash at beginning of quarter/year to date	2,992	2,992
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>2,889</b>	<b>2,889</b>

### Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	223
1.24	Aggregate amount of loans to the parties included in item 1.11	Nil

### 1.25 Explanation necessary for an understanding of the transactions

Director's fees and Consulting fees for the September Quarter 2011.  
Rental of Paragon Health Care premises for the September Quarter 2011.

### 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

Not applicable

#### 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

Not applicable

### 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 and credit standby arrangements	4,834	4,478
3.2	Credit standby arrangements	900	444

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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	2,889	2,852
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	(1)
4.4 Other (bank guarantees and terms deposits)	-	-
Total: cash at end of quarter (item 1.22)	2,889	2,851

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.8(a)) A'000	Disposals (Item 1.9(a))
5.1 Name of entity	GM Medical Pty Ltd	Lifetime Planning Pty Ltd Tender Living Care Australia Pty Ltd
5.2 Place of incorporation or registration	Victoria	Victoria
5.3 Consideration for acquisition or disposal	1,823	1,385
5.4 Total net assets	350	1,100
5.5 Nature of business	Manufacturing	Aged Care Services

## 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.

Signed: Darryl Levin  
(Company Secretary)

Date: 20 October 2011