

ParagonCare

28th January 2015

Australian Securities Exchange
Company Announcements Office

PARAGON CARE LIMITED (ASX: PGC) APPENDIX 4C – QUARTLEY REPORT

The Directors of Paragon Care (ASX: PGC) are pleased to report another strong cash flow performance for the quarter ended December 31 2014. For the quarter the company generated an operating cash flow surplus of \$1.37m compared to a deficit of \$280,000 in the prior corresponding period. The improving trend in strong and stable cash flow generation is further illustrated on a half yearly basis. In the first half of FY15 operating cash flow was positive \$2.12m compared to negative \$627,000 in the first half of the last fiscal year.

Factors contributing to this pleasing performance include:

- A strong performance from the recently acquired Scanmedics business which became part of the Paragon Care Group on October 1st 2014. The directors of Paragon Care are very encouraged by the prospects for this business. In the coming months, Scanmedics will be moving to larger premises to facilitate growth opportunities for both it and the broader Paragon Care group in the key New South Wales market.
- Continuing improved performance from the existing capital and consumable businesses driven by ongoing contract wins.
- A strong focus on working capital management, in particular better matching of supplier payments with customer collections on an individual contract basis.

The company's cash balance at the end of the quarter totalled \$3.2m reflecting settlement of the Scanmedics acquisition at the beginning of the quarter. Paragon Care remain on track to deliver on its previous guidance of \$3.5m-\$4m EBITDA for FY 2015, representing strong growth over the previous financial year. Paragon Care expects to release its full half year results for the period ended 31 December 2014 in late February 2015.

Matthew Parker
Company Secretary

About Paragon Care:

Paragon Care Limited (ASX: PGC) is 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 seven operating businesses: Axishealth, Iona Medical, Volker Australia, Rapini, GM Medical, Richards Medical, LR Instruments and Scanmedics who combined supply durable medical equipment, devices and consumable medical products to hospitals, medical centres and aged care facilities.

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

PARAGON CARE LIMITED

ABN 76 064 551 426

Unit 1, 56 Norcal Road, Nunawading, Victoria, Australia 3131

Telephone: 1300 369 559 Facsimile: 61 3 8833 7890

www.paragoncare.com.au

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")

31 December 2014

STATEMENT OF CASH FLOWS

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers & GST refunds	6,321	11,942
1.2 Payments for		
(a) staff costs	(1,957)	(3,450)
(b) sales and marketing costs	(152)	(253)
(c) corporate costs	(162)	(248)
(d) leased assets	-	-
(e) Other working capital	-	-
(f) Other expenses (incl COGS)	(2,390)	(5,536)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	20
1.5 Interest and other costs of finance paid	(153)	(202)
1.6 Income taxes paid	(145)	(145)
1.7 Other (Export Grant received)	-	-
Net operating cash flows	1,371	2,128
Cash flows related to investing activities		
1.8 Payment for acquisition of:		
(a) businesses (item 5)	(5,903)	(5,903)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(146)	(568)
(e) other non-current assets	(135)	(135)
1.9 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	83
(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 Net investing cash flows	(6,184)	(6,523)
Total operating and investing cash flows	(4,813)	(4,395)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	5,351
1.17	Repayment of borrowings	(112)	(201)
1.18	Dividends paid	(413)	(413)
1.19	Other (Share issue expenses)	-	-
Net financing cash flows		(525)	4,737
Net Increase (Decrease) in cash held		(5,338)	342
1.20	Cash at beginning of quarter/year to date	8,500	2,820
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,162	3,162

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	159
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 December Quarter 2014.
Rental of Paragon Health Care premises for the December Quarter 2014.

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	12,330	11,898
3.2	Credit standby arrangements	3,600	3,258

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	3,162	8,500
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (bank guarantees and terms deposits)	-	-
Total: cash at end of quarter (item 1.22)	3,162	8,500

Acquisitions and disposals of business entities

	Acquisitions (Item 1.8(a)) A'000	Disposals (Item 1.9(a))
5.1 Name of entity	Scanmedics Pty Ltd	
5.2 Place of incorporation or registration	Chatswood, NSW	
5.3 Consideration for acquisition or disposal	5,903	
5.4 Total net assets	2,100	
5.5 Nature of business	Medical Devices sales, service and distribution	

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: Matthew Parker
(Company Secretary)

Date: 31 December 2014