

# health corporation Limited

ACN 116 800 269

Market Update – 16 June 2010

# Outline

1. New Strategic Investor Group
2. New Opportunities
3. Change in Management
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# New Strategic Investor Group

- Company has secured financial, management and strategic support from a professional investor group.
- Financial support:
  - A placement within the 15% capacity for \$52,050 was conducted on 27<sup>th</sup> May.
  - A rights issue is being finalised, underwritten by the investor group to raise a further \$199,750.
  - Together, these raisings provide some short term financial support for the company to establish a clear path forward.
  - Further funding options will be considered as required to fund its future operations and investments.

# New Strategic Investor Group cont.

- Management support:
  - Two representatives of the investor group have been appointed to the board of directors.
- Strategic Support:
  - Cost cutting measures have been implemented.
  - All operations of the Company are being reviewed and, if deemed appropriate, the Company may seek to reduce its exposure to non-core, or loss making activities.
  - With the help of its new strategic shareholders, the Company will actively review new complimentary opportunities to create shareholder value.

# New Opportunities

- The company has continued to review potential opportunities complimentary to its current operations.
  - None of these opportunities have met internal investment criteria.
- This is inclusive of review of medical and bio technology ventures. A number of projects have been considered in these general areas.
- No decision to acquire, farm-in or joint venture has been made and the process is continuing as opportunities arise.

# Change in Management

- Administration costs for the listed company have significantly reduced:
  - Move of administration office to a low cost, professional company administration environment.
  - Major reduction in remuneration to board members.
- The Company has entered into 6-month standstill undertakings from three major financiers to reduce the interest costs payable by the Company.
- A financing agreement has been entered into to provide funding to certain of the Company's subsidiaries (as determined by the Board) for a period of six months.

# Current Operations

- Two main operating business are held by subsidiary companies.

## 1) Chemconsult®

- Pharmacist consultation program which detects and prevents medication issues/errors. Commercialisation commenced August 2009. Patented worldwide.
- This business is under review by the Company, but continuance of the business is a high priority.

## 2) Pharmacy Franchising

- Innovative franchise system provides pharmacists with a robust model to boost their business profitability.
- This business is under review by the Company, but continuance of the business is a high priority.
- In addition, the Company has in the past expended significant funds on R&D to produce Health-e-Weight®, to develop a new viable income stream
  - Research and development of this or other medical and/or biotechnology technologies is an area of interest to the Company and opportunities are being reviewed.

# Summary

- New strategic investor group has brought new financial, management and technical support to the Company.
- Costs cutting measures have been successfully implemented.
- Non core investments are under review, although the continued operation of the businesses is of paramount importance to the Company.
- The Company has continued to review potential complimentary investment opportunities, inclusive of medical and bio technology ventures.
- With the new strategic investor group, the Directors are excited at the future prospects of the Company.

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