



25th January 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 cash receipts of \$3.9 million for the December 2010 quarter. This was similar to the record level achieved in the September 2010 quarter.

Operating cash flow was \$55,000 despite a larger than normal build-up of inventory at the end of December 2010 to support a number of substantial orders that will be completed early in the new year.

A major highlight of the period was the completion of the acquisition of Rapini, which added a comprehensive range of materials handling and wire storage products to the existing range of products which are distributed to hospitals, aged care and other health care facilities. Increased staff and corporate costs associated with this acquisition also impacted cash flow during the December quarter.

About Paragon Care:

Paragon Care Limited (ASX: PGC) has a vision is to be one of Australia's leading providers of integrated services for 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, and Rapini supply durable medical equipment to hospitals, medical centres and aged care facilities; Lifetime Planning provides financial planning services to the elderly; and Tender Living Care provides location services for aged care accommodation.

For further information please contact Mark Simari, Managing Director (1300 781 586).

PARAGON CARE LIMITED

ABN 76 064 551 426

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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")

31 December 2010

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	3,933	7,863
1.2	Payments for		
	(a) staff costs	(794)	(1,420)
	(b) sales and marketing costs	(113)	(206)
	(c) corporate costs	(170)	(245)
	(d) leased assets	-	-
	(e) Other working capital	-	-
	(f) Other expenses (incl COGS)	(2,665)	(5,371)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	6
1.5	Interest and other costs of finance paid	(139)	(218)
1.6	Income taxes paid	-	-
1.7	Other (Export Grant received)	-	-
Net operating cash flows		55	409
Cash flows related to investing activities			
1.8	Payment for acquisition of:		
	(a) businesses (item 5)	(2,820)	(2,820)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(108)	(127)
	(e) other non-current assets	-	-
1.9	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	350	350
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	2	2
1.10	Loans to other entities	(350)	(350)
1.11	Loans repaid by other entities	60	60
1.12	Other – security deposit	-	-
1.13	Net investing cash flows	(2,866)	(2,885)
Total operating and investing cash flows		(2,811)	(2,476)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	425	425
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	2,406	2,656
1.17	Repayment of borrowings	(413)	(996)
1.18	Dividends paid	-	-
1.19	Other (Share issue expenses)	-	-
Net financing cash flows		2,418	2,085
Net Increase (Decrease) in cash held		(393)	(391)
1.20	Cash at beginning of quarter/year to date	1,505	1,503
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,112	1,112

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	192
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 2010.
Rental of Axishealth premises for the December Quarter 2010.

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

Issue of 14,166,667 ordinary shares with an issue price of 3c per share - \$425,000 as part consideration per the purchase of assets of Rapini Pty Ltd.

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	
	3,389	3,342
3.2	Credit standby arrangements	
	-	-

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	1,165	1,505
4.2	Deposits at call	-	-
4.3	Bank overdraft	(53)	-
4.4	Other (bank guarantees and terms deposits)	-	-
Total: cash at end of quarter (item 1.22)		1,112	1,505

Acquisitions and disposals of business entities

	Acquisitions (Item 1.8(a)) A'000	Disposals (Item 1.9(a))
5.1 Name of entity	Rapini Pty Ltd	
5.2 Place of incorporation or registration	Victoria	
5.3 Consideration for acquisition or disposal	\$2,781	
5.4 Total net assets	\$629	
5.5 Nature of business	Supplier of material management solutions	

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: 25 January 2011