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**9 February 2012**
**ASX Code: PLD**

# Expenditure Budget and Proposed Use of Funds

Further to the Shareholder Update, the Company's review and development plans are the best estimates available to the Company at this time. The proposed use of funds is subject to change in line with emerging results, circumstances and opportunities. The Company intends to continue with its core business as a designer and developer of a range of differentiated and innovative joint replacement products, leveraging the Company's know-how. In particular, it is proposed to redevelop and refine the existing Margron technology developed by previous management. The Margron technology (joint replacement technology for hips) was an Australian Design Award winner for Engineering Design. It is proposed to make certain design improvements to this technology.

Whilst the Company proposes to retain control over the design and development of new products, it will consider licensing its technology to multi-national production and distribution specialists in order to enter key markets such as the UK, USA, Europe and Asia. This strategy will provide the Company with the opportunity to generate increasing revenue streams from a relatively low cost base. The Company will also consider the acquisition and development of any other investments, both within the medical devices industry and in market segments unrelated to the medical devices industry, as identified by the Company and subject always to compliance with the Listing Rules.

The Company intends to apply the amount of approximately $2,001,500 raised through the recent capital raising as follows:

| | **Year 1** | **Year 2** |
|---|---|---|
| **Total funds raised (up to $2,001,000)** | | |
| Utilised as follows: | | |
| | | |
| Review and development of existing business | 215,000 | 295,000 |
| Review of new projects | 150,000 | 180,000 |
| **Total general working capital budget** | **365,000** | **475,000** |
| Repayment of loan funds arranged by the Syndicate for payment to the Deed Administrator to satisfy obligations under the DOCA | 630,000 | - |

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| | | |
|---|---|---|
| Working capital, including expenses associated with the recapitalisation proposal to be repaid to the Syndicate | 300,500 | 231,000 |
| | | |
| **Total funds utilised ($)** | **$1,295,500** | **$706,000** |

**Notes**: The Company will use the Cash Consideration of $630,000 to satisfy approved creditor claims in accordance with the terms of the DOCA.

In addition to the above, the new Board will actively review new transactions that may or may not be in the same sector, with the objective of creating Shareholder value. A number of opportunities are currently being presented to the Board. The Board does not intend to progress or pursue any of these opportunities until the Company is re-instated to trading on ASX. In pursuing any new opportunity, the Company may be required by the ASX to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This will depend on the transaction, which would also require Shareholder approval.