

**PULSE HEALTH LIMITED
ABN 69 104 113 760**

**NOTICE OF GENERAL MEETING
AND
NOTICE OF SPECIAL MEETING
AND
EXPLANATORY MEMORANDUM
TO SHAREHOLDERS**

NOTICE OF SPECIAL MEETING

TIME: 10.00am (AEST)
DATE: 13 April 2011
PLACE: Offices of Pulse Health Limited
Suite 4, Level 5
241 O'Riordan Street
Mascot NSW 2020

NOTICE OF GENERAL MEETING

TIME: At the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting
DATE: 13 April 2011
PLACE: Offices of Pulse Health Limited
Suite 4, Level 5
241 O'Riordan Street
Mascot NSW 2020

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact David Franks (Joint Company Secretary) on (02) 9419 2966.



18 February 2011

Dear Shareholder

NOTICE OF SPECIAL MEETING AND GENERAL MEETING

Pulse Health Limited (the **Company**) is convening a Special Meeting and a General Meeting (**Meeting**) of shareholders on 13 April 2011 and we invite you to attend. The meeting will be held at the Offices of Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020.

The purpose of these meetings is twofold:

- (1) To finalise the cancellation of Dr Ian Kadish's Share Plan and Non-Recourse loan facility through a selective capital reduction; and
- (2) To propose a new Long Term Incentive Scheme for management of the Company.

In relation to (1), we are required to hold two separate meetings, being:

- (a) Special Meeting at 10.00am. This meeting is a **Special Meeting of Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited**. Dr Kadish will be the only participant and holder who will vote at this meeting, either in person or by proxy, to seek his approval for the cancellation of Dr Ian Kadish's Share Plan and Non-Recourse loan facility through a selective capital reduction; and
- (b) General Meeting at the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting. This meeting is for **all shareholders of the Company**, excluding Dr Kadish, to seek their approval for the cancellation of Dr Ian Kadish's Share Plan and Non-Recourse loan facility through a selective capital reduction. In addition, the new Long Term Incentive Scheme for management of the Company will also be considered at this meeting, with all shareholders including Dr Kadish able to consider the applicable resolutions (except those shareholders excluded under the voting exclusion statement).

The Board recommends that you vote in favour of all Resolutions.

The Board looks forward to meeting those shareholders who can attend the General Meeting in person. For those who are unable to attend, should you have any queries in relation to the General Meeting or have any other matters you wish to discuss at any other time throughout the upcoming year, please do not hesitate to contact the Joint Company Secretary either by phone or in writing.



Page 2.

Full contact details of Mr David Franks are as follows:

Mr David Franks (Joint Company Secretary)

Pulse Health Limited

Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020

Phone (02) 9419 2966 Fax (02) 9215 8999 Email dfranks@fa.com.au

Thank you for your continued support.

Yours sincerely

Mr Stuart James
Chairman
Pulse Health Limited

CONTENTS PAGE

Notice of Special Meeting (setting out the proposed resolutions)	6
Notice of General Meeting (setting out the proposed resolutions)	7
Explanatory Statement – Special Meeting and General Meeting	9
Glossary	19
Proxy Form (incorporating instructions for completing Appointment of Proxy Form) – Special Meeting	21
Proxy Form (incorporating instructions for completing Appointment of Proxy Form) – General Meeting	23

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The **Special Meeting of Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited** which this Notice of Meeting relates to will be held at 10.00am (AEST), 13 April 2011.

The **General Meeting of the Shareholders of Pulse Health Limited** which this Notice of Meeting relates to will be held at the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting, 13 April 2011.

Both meetings will be held at:

Offices of Pulse Health Limited
Suite 4, Level 5
241 O'Riordan Street
Mascot NSW 2020

YOUR VOTE IS IMPORTANT

The business of the Special Meeting and General Meeting affects your shareholding and your vote is important.

PLEASE NOTE THAT ONLY DR IAN KADISH IS ABLE TO VOTE AT THE SPECIAL MEETING.

VOTING IN PERSON

To vote in person, attend the Special Meeting and General Meeting on the date and at the place set out above.

PLEASE NOTE THAT ONLY DR IAN KADISH IS ABLE TO VOTE AT THE SPECIAL MEETING.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and:

- (a) send or deliver the proxy form to Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020; or
- (b) send the proxy form by facsimile to the Company on facsimile number (02) 9215 8999.

so that it is received not later than:

- 10.00am (AEST), 11 April 2011 for the Special Meeting; and
- 10.15am (AEST), 11 April 2011 for the General Meeting

Proxy forms received later than this time will be invalid.

NOTICE OF SPECIAL MEETING

Notice is given that the Special Meeting of **Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited** will be held at Offices of Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020 at 10.00am (AEST) on 13 April 2011.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Special Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting. The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Special Meeting is of **Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited** on 11 April 2011 at 7.00pm (AEST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary. This Notice of Special Meeting constitutes notice of the Special Meeting for the purpose of section Part 2G.2 of the Corporations Act.

AGENDA

BUSINESS

RESOLUTION 1- SELECTIVE CAPITAL REDUCTION

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the resolution being passed at the General Meeting, for the purposes of section 256C(2) of the Corporations Act and for all other purposes, approval is given for the share capital of the Company to be reduced by cancelling and extinguishing on 13 April 2011 1,333,334 ordinary shares in the Company held by Dr Ian Kadish in consideration of the Company releasing Dr Kadish from all liability to sell those shares by the date on which his employment with the Company ceases and to pay to the Company any monies (or an equivalent amount of money) he would have otherwise received upon the sale of those shares under the share loan facility agreement between Dr Kadish and the Company."

Voting Exclusion: Only **Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited** is able to vote at this meeting and on this resolution. The Company will disregard any votes cast on this resolution by any other person who is shareholder of Pulse Health Limited . However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 18 February 2011

BY ORDER OF THE BOARD



MR DAVID FRANKS
JOINT COMPANY SECRETARY - PULSE HEALTH LIMITED

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Pulse Health Limited will be held at Offices of Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020 at the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting, on 13 April 2011.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company on 11 April 2011 at 7.00pm (AEST).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

BUSINESS

RESOLUTION 1- SELECTIVE CAPITAL REDUCTION AND RELEASE

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, subject to the resolution being passed at the Special Meeting, for the purposes of sections 256C(2) and 208(1)(a) of the Corporations Act and for all other purposes, approval is given for:

- 1. the share capital of the Company to be reduced by cancelling and extinguishing on 13 April 2011 1,333,334 ordinary shares in the Company held by Dr Ian Kadish; and*
- 2. the Company releasing Dr Kadish from all liability to sell those shares by the date on which his employment with the Company ceases and to pay to the Company any monies (or an equivalent amount of money) he would have otherwise received upon the sale of those shares under the share loan facility agreement between Dr Kadish and the Company."*

Voting Exclusion: Pursuant to sections 224(1) and 256C(2)(a) of the Corporations Act, any votes cast in favour of the Resolution by Dr Kadish or his associates will be disregarded for the purpose of determining whether the Resolution is passed at the General Meeting. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2- APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR ALL PURPOSES INCLUDING SECTIONS 257C, 259B AND 260C(4) OF THE CORPORATIONS ACT.

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the Pulse Health Limited Employee Share Plan described in the Explanatory Memorandum to this notice of meeting is approved for all purposes including:

(a) for the purposes of section 257C of the Corporations Act to permit the Company to, should the need arise, buy-back shares of the Company under the Plan; and

(b) for the purposes of section 259B of the Corporations Act to permit the Company to take security over shares in the Company under the Plan; and

(c) for the purposes of section 260C(4) of the Corporations Act to permit the Company to provide financial assistance to persons for the purposes of acquiring shares in the Company."

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the Employee Share Plan and any of their associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR THE PURPOSES OF LISTING RULE 7.1 OF THE LISTING RULES OF AUSTRALIAN STOCK EXCHANGE LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"Subject to the members approving resolution 1, that approval is given (so as to qualify as an exception to Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited) for the issue of shares in accordance with the terms of the Pulse Health Limited Employee Share Plan as described in the Explanatory Memorandum to this notice of meeting."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 18 February 2011 - BY ORDER OF THE BOARD



**MR DAVID FRANKS
JOINT COMPANY SECRETARY - PULSE HEALTH LIMITED**

EXPLANATORY STATEMENT – SPECIAL AND GENERAL MEETING

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at:

Special Meeting to be held at 10.00am (AEST), 13 April 2011 at:

Offices of Pulse Health Limited
Suite 4, Level 5
241 O’Riordan Street
Mascot NSW 2020

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to **Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited** in deciding whether or not to pass the Resolutions in the Notice of Meeting.

General Meeting to be held at the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting), 13 April 2011 at:

Offices of Pulse Health Limited
Suite 4, Level 5
241 O’Riordan Street
Mascot NSW 2020

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1 RESOLUTION 1 - SELECTIVE CAPITAL REDUCTION (SPECIAL MEETING)

RESOLUTION 1 - SELECTIVE CAPITAL REDUCTION AND RELEASE (GENERAL MEETING)

1.1 Background

Shareholders approved on 26 November 2009 a loan to Dr Ian Kadish of an amount up to \$250,000 (**Loan**) in order to subscribe for Shares (**Loan Shares**).

To be able to draw on the Loan and subscribe for Loan Shares, Dr Kadish had to first invest, using his own financial resources as consideration, in the subscription of new fully paid ordinary shares in the capital of the Company (**Investment**).

For each dollar Investment made by Dr Kadish, the Company will fund the equivalent amount, up to \$250,000 in total, for the subscription of new fully paid ordinary shares in the capital of the Company (if requested by Dr Kadish). The request for the Loan must be made in writing within 3 business days of Dr Kadish’s Investment.

The price paid per Share by Dr Kadish for the Loan Shares utilising the Loan, will be the equivalent to the price paid per Share by Dr Kadish for the Investment.

The Loan can be drawn at any time during the loan period and in any number of tranches.

On 3 December 2009, Dr Kadish took up an investment of 1,333,334 shares at 6 cents per share for a total loan amount of \$80,000.04. No further amounts were drawn down by Dr Kadish prior to his resignation from the Company.

1.2 Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to Section 208 apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a “related party” includes a director of the Company. Accordingly, the proposed selective capital reduction in relation to shares held by Dr Kadish involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the related party and the entity are dealing at arm’s length (or terms less favourable than arm’s length).

Notwithstanding that the selective capital reduction is further to the terms of the loan provided to Dr Kadish as approved by shareholders on 26 November 2009, the Board is of the view that it is prudent to seek Shareholder approval under Section 208 of the Corporations Act.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed selective capital reduction for Shares owned by Dr Kadish:

- (a) the related parties to whom the financial benefit will be given are Dr Ian Kadish, a director of the Company up until 29 October 2010;
- (b) the maximum number of Shares under the selective capital reduction (being the nature of the financial benefit to be provided) are 1,333,334 Shares;
- (c) the price of the Shares under the selective capital reduction is the market price on the date of the selective capital reduction. The market price will be assessed as the ASX closing price on the day of the selective capital reduction, proposed to be 13 April 2011, the day of the Special and General Meeting;
- (d) it may be perceived that a financial benefit is being given to the parties referred to above due to the fact that the selective capital reduction price of the Shares is less than the prevailing market price (based on the price of Shares at the date of this Notice). However it is noted that the price will be the market price on the day of the actual Special Meeting and General Meeting. Notwithstanding this, the recent trading history (over the last 12 months) of the Company is as follows:

Highest	\$0.067 on 1/4/10
Lowest	\$0.032 on 22/12/2010, 30/12/10 and 4/1/11
Last	\$0.041 on 18/2/11

- (e) each of the Directors recommend that Shareholders vote in favour of the Resolution as they are of the view that it is in the best interests of Shareholders and the Company and required as part under the terms of the loan provided to Dr Kadish as approved by shareholders on 26 November 2009. The Directors do not have an interest in the outcome of this Resolution other than as a Shareholder in the Company;
- (f) additional information in relation to Resolution 1 is set out throughout this Memorandum. Shareholders should therefore read the Memorandum in its entirety before making a decision as to how to vote on Resolution 1.

Remuneration of the Directors

The total annual remuneration (inclusive of superannuation) paid to Dr Ian Kadish, a director within the last 6 months, for the last year and payable for the current year is as follows:

Director	Remuneration 2010	Remuneration 2011
Dr Kadish	\$183,334	\$121,314

In addition to the above, the following additional remuneration was provided in the form of share based payments:

Director	Remuneration 2010	Remuneration 2011
Dr Kadish	\$37,000	\$25,000 *

* estimated accounting cost in relation to the following:

Resolution 1 :	\$52,000
Write back of prior option issue lapsed :	(\$27,000)

Securities held by the Directors

As at the date of this Notice, the Directors have notifiable interests in the securities of the Company as set out below:

Director	Shares	Options	Convertible Notes
Dr Kadish	2,666,668 (1)	0	0

- (1) 1,333,334 are subject to Resolution 1 under the selective capital reduction. Assuming approval of the selective capital reduction, the number of shares held would decrease to 1,333,334.

Effect on Share Numbers

If the Shares the subject of Resolution 1 are bought back under the selective capital reduction, the total number of Shares on issue would decrease from 252,865,791 to 251,532,457, based on the number of shares currently on issue and assuming no other shares are issued or options exercised.

1.3 Section 256C of the Corporations Act 2001

Section 256C(4) requires that the Company must include with the Notice of Meeting to be given to members a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. In considering this obligation the following should be taken into account:

- o The company is not required to disclose information if it would be unreasonable to require the company to do so because the company had previously disclosed the information to members.
- o The overriding Section 256B(1) which provides that a company may reduce its share capital in a way not otherwise authorised by law if the reduction is approved by shareholders under section 256C **and** is fair and reasonable to members as a whole **and** does not materially prejudice the company's ability to pay its creditors.

In this regard, the Company notes:

Members have previously approved the terms of the loan share facility at the Annual General Meeting on 26 November 2009, including the limited recourse nature of the loan. The material terms of the Loan are as follows:

- (a) the purpose of the Loan is to fund Dr Kadish's subscription for Shares.
- (b) the amount of the Loan is up to AUD\$250,000;
- (c) the AUD\$250,000 will be repayable on or before that date which is five years from the date of approval by Shareholders or if Dr Kadish ceases to be an employee of the Company, whichever is the earlier;
- (d) To be able to draw on the Loan and subscribe for Loan Shares, Dr Kadish must first invest, using his own financial resources as consideration, in the subscription of new fully paid ordinary shares in the capital of the Company (**Investment**). For each dollar Investment made by Dr Kadish, the Company will fund the equivalent amount, up to \$250,000 in total, for the subscription of new fully paid ordinary shares in the capital of the Company (if requested by Dr Kadish). The request for the Loan must be made within 3 business days of Dr Kadish's Investment.
- (e) The price paid per Share by Dr Kadish for the Loan Shares utilising the Loan, will be the equivalent to the price paid per Share by Dr Kadish for the Investment.
- (f) the Loan will be interest free. In the event that the loan is subject to fringe benefits tax or any other tax, Dr Kadish's remuneration under his employment contract shall be reduced accordingly to take into account the amount of tax payable;
- (g) ***the Loan will be unsecured and Dr Kadish's liability will be limited to the value of the Loan Shares;***
- (h) the Loan Shares will be subject to a holding lock until the Loan is repaid; and
- (i) any dividends received on the Loan Shares will be treated as follows:

- (i) all dividends will be paid at the top marginal tax rate less any imputation credits; and
- (ii) the balance will be used to pay off the Loan.

Dr Kadish's employment ceased, along with his directorship, on 29 October 2010.

The company has foreborne from requiring the sale of the loan shares and the repayment of the amount pending, noting the non-recourse nature of the loan, subject to the consideration by members of the resolution. The main reasons for undertaking this forbearance was:

- Dr Kadish, under the loan terms, holds no risk when the sale price of the shares is lower than the original loan value, which was the case at the time of his resignation; and
- As the volume of shares traded in the Company at the time of Dr Kadish's resignation was reasonably low, any additional shares being sold on market may have had a detrimental effect on the share price. It was concluded that a cancellation of the shares through seeking shareholder approval would be in the best interest of shareholders as opposed to a sale on market of Dr Kadish's shares.

Whilst the Company is of the view that the giving of the financial assistance to Dr Kadish does not materially prejudice the interests of the Company or the Shareholders or the Company's ability to pay its creditors, it is nevertheless seeking Shareholder approval.

1.4 Listing Rule 7.20

Listing Rule 7.20 requires the Company to notify the shareholders the effect of any reorganisation of its capital. For the purpose of this Listing Rule, the Company is treating the selective capital reduction as a reorganisation for the purposes of Listing Rule 7.20.

The Company has the following securities on issue at the date of this Notice of Meeting. The effect of the selective capital reduction outlined in Resolution 1 is noted below. All shares are fully paid:

Security	On issue at date of Notice of Meeting	Effect from Proposed Capital Reduction	On issue after Proposed Capital Reduction
SHARES			
Fully paid ordinary shares	252,865,791	(1,333,334)	251,532,457
OPTIONS			
Unlisted, exercise price of 10 cents, expiry 31/05/2011 with vesting conditions	1,600,000	-	1,600,000
Unlisted, exercise price of 15 cents, expiry 31/05/2011 with vesting conditions	800,000	-	800,000
Unlisted, exercise price of 20 cents, expiry 31/05/2011 with vesting conditions	800,000	-	800,000
Unlisted, exercise price of 30 cents, expiry 31/05/2011 with vesting conditions	800,000	-	800,000
Unlisted, exercise price of 40 cents, expiry 31/05/2011 with vesting conditions	800,000	-	800,000
Unlisted, exercise price of 10 cents, expiry 31/07/2012 without vesting conditions	2,625,000	-	2,625,000
CONVERTIBLE NOTES			
Unlisted, face value of 10 cents, convertible at 10 cents, coupon of 10%pa, maturity 30/06/2011	1,275,000	-	1,275,000

There selective capital reduction will not involve any fractional entitlements, as the proposal is to cancel 1,333,334 fully paid shares only from one shareholder, Dr Ian Kadish. The selective capital reduction has no effect on the options and convertible notes on issue.

2 RESOLUTION 2 AND 3 (GENERAL MEETING)

- **APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR ALL PURPOSES INCLUDING SECTIONS 257C, 259B AND 260C(4) OF THE CORPORATIONS ACT.**
- **APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR THE PURPOSES OF LISTING RULE 7.1 OF THE LISTING RULES OF AUSTRALIAN STOCK EXCHANGE LIMITED**

Background

The Company announced to the ASX on 15 November 2010 the new Chief Executives Officer's (CEO) remuneration package, including the provision of a Long Term Incentive Scheme (LTI, **Employee Share Plan or Share Plan**) with an annual accounting cost to the Company of not less than \$100,000.

Subject to the approval of shareholders of the Employee Share Plan pursuant to Resolutions 2 and 3 of the General Meeting, the Company will use the Employee Share Plan to allot such shares required under the Employment Agreement with the CEO.

It is noted that the accounting cost calculation will be made in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and with confirmation from independent valuers (where required)

and the Company's Auditors, to ensure that the annual accounting cost to the Company is limited to \$100,000.

At the same time as allotting securities to the CEO under the Employee Share Plan, the Company intends to allot additional securities under the Employee Share Plan (within the approval parameters of the Employee Share Plan being tabled at the General Meeting) to other senior management in the amount of a further \$100,000 accounting cost per annum. For clarity, it is noted that no director is able to participate in the above two proposed placements.

The Company intends to issue the placements noted above in the Employee Share Plan under the following main conditions:

(a) the placement prices as noted below:

- 60% of the total shares allotted will be at the higher of the current market price at the time of allotment (being the minimum price allowed under the Share Plan) and 4.0 cents;
- 20% of the total shares allotted will be at the higher of the current market price at the time of allotment (being the minimum price allowed under the Share Plan) and 6.0 cents;; and
- 20% of the total shares allotted will be at the higher of the current market price at the time of allotment (being the minimum price allowed under the Share Plan) and 8.0 cents;.

(b) remaining an employee of the Company two years from the date of allotment.

There are special circumstances in which the shares may vest such as:

- death of a Participant;
- circumstances which, in the opinion of the Board, constitute total and permanent disablement of the Participant; and
- a change in who controls the Company.

For clarity, it is noted that no shares have been issued under previous or the proposed employee share plan.

Specific Information on Resolutions

Introduction to Employee Share Plan

The Board has introduced a new employee share plan called the Pulse Health Limited Employee Share Plan (**Share Plan**). The Board seeks the approval of shareholders for the introduction of this Share Plan.

The Board believes the introduction of the Share Plan is in the best interests of the Company. The purpose of the Share Plan is to better align the interests of shareholders and the employees of Pulse Health Limited (Employees) by linking the potential economic wealth of Employees to the long-term success of the Company. The Share Plan will thus potentially benefit Employees beyond their normal employment remuneration.

The Board believes the Share Plan will:

- create a stronger link between the shareholders, the Employees and the Company's overall financial performance as reflected in the performance of the Company's shares;
- promote retention of senior management and employees; and
- increase productivity through increased participation in the Company by the Employees as shareholders.

Principal Terms of Employee Share Plan

A summary of the terms of the Share Plan are set out below.

Eligibility

The Board may from time to time invite Employees to participate in the Share Plan and acquire shares in the Company. Employees will acquire no shares under the Share Plan unless the requirements of the ASX Listing Rules have been complied with.

"Employee" means a permanent full-time or permanent part-time employee of the Company or any Associated Company or a Director or an independent contractor who enters into a contract for services with the Company.

However it is noted that for any director to participate, separate shareholder must first be obtained from shareholders under Listing Rule 10.15. No such approval has been sought from shareholders.

Maximum number of shares that can be issued

The maximum number of shares subject to the Share Plan rules shall not exceed 15% of the issued capital of the Company.

Manner of acquisition

The Employees will be invited to subscribe for a new issue of the Company's shares. Generally, shares will be issued to the Employees at an issue price set by the Board at no discount to the market price at the date of the allocation. A Company provided loan as outlined below would fund the acquisition cost of the shares. The shares will be registered in the name of the Employees, but will remain subject to restrictions on dealing as specified by the Board (which may include applying a holding lock to the shares) until the Employees become entitled to withdraw the shares from the Share Plan (see below).

Performance hurdles

The Board will specify the performance hurdles that will generally need to be satisfied before the Employees may withdraw their shares from the Share Plan. Performance hurdles may include minimum tenure periods (Vesting Scale) and performance criteria specified by the Board at the time of the invitation. Generally, provided any loans outstanding have been repaid, the Employees may withdraw their shares from the Share Plan once the applicable performance hurdles have been satisfied.

In certain special circumstances (including if an Employee dies, becomes totally and permanently disabled (in the opinion of the Board) or if the Board determines that a change of control of the Company has occurred or is likely to occur (for example, because the Company is subject to a takeover bid, proposes to enter into a scheme of arrangement or is to be wound up)) the rules permit the Employee (or his/her legal personal representative (as the case may be)) to repay any loan and withdraw from the Share Plan all of the Employee's shares that remain subject to the performance hurdles.

Loan and security

The Company may extend a loan to enable the Employees to acquire shares under the Share Plan as determined by the Board. Generally speaking, the loan is repayable at the end of the loan term unless one of the following events occurs first in which case the loan will become repayable:

- (a) the dismissal of the Employee;
- (b) the acceptance of the resignation of the Employee by the Company or any subsidiary of the Company;
- (c) failure to satisfy the performance hurdles (as specified by the Board at the time of the invitation);
- (d) death of the Employee;
- (e) termination of the employment of the Employee otherwise than by way of dismissal or resignation.

Loans under the Share Plan are limited recourse in nature, which means that if at the date that the loan becomes repayable the Employee's shares are worth less than the outstanding balance of the loan, the Company cannot recover the difference from the Employee. If at the date that the loan becomes repayable the proceeds of sale of the shares exceed the total amount of the loan owing to the Company by the Employee, then subject to satisfaction of any performance hurdles, the surplus proceeds shall be paid by the Company to the Employee.

Interest will not be payable on the outstanding balance of the loan.

As security for the loan, the Employee will pledge the shares acquired under the Share Plan to the Company at the time the financial assistance is provided and will grant a charge over any future benefits attributable to those shares, including bonus shares, rights, and dividends.

Loans or other financial assistance will only be extended to the Employees as permitted by the Corporations Act.

Dividends on the shares the subject of the Share Plan will be paid to the Employees' nominated bank accounts.

Forfeiture and buy-back

If the performance hurdles specified by the Board are not satisfied or should the Employees not elect to take up their shares, the Employees will generally forfeit their shares. In these circumstances, the Employee must redeliver the shares to the Company. Shares re-acquired by the Company will be cancelled.

Voting

The Employees may exercise their right to vote in accordance with voting rights attached to their shares acquired under the Share Plan at meetings of shareholders of the Company.

Expenses of the Plan

The Company will meet the ongoing administration expenses of the Share Plan. The Employees will meet all outgoings and expenses in selling or otherwise dealing with their shares.

Previous share issue

No offers have been made under the Share Plan.

Other provisions

The Share Plan rules also contain various provisions relating to administration of the Share Plan, variation of the Share Plan rules and termination of the Share Plan.

Resolution 2 in this notice of meeting is proposed for:

- (a) for the purpose of permitting the Company to, should the need arise, buy-back shares of the Company under the Plan;
- (b) the purpose of permitting the Company to take security over shares in the Company under the Share Plan; and
- (c) the purpose of permitting the Company to provide financial assistance to persons for the purpose of acquiring shares in the Company under the Share Plan.

Resolution 3 is proposed to exempt an issue of shares under the Share Plan from the requirements of ASX Listing Rule 7.1. If the resolution is passed, issues of shares under the Share Plan will be treated as having been made with the approval of shareholders for the purposes of Listing Rule 7.1. As a result, the directors will be entitled to exercise, in appropriate circumstances, the power to issue further securities numbering in aggregate up to 15% of the shares on issue without offering them pro rata to shareholders or obtaining prior approval of existing shareholders. The exemption to Listing Rule 7.1 operates for a period of 3 years.

The Directors recommend you vote in favour of resolutions 2 and 3, following extensive consultation with the Company's remuneration consultants, Owen Thomas & Associates Pty Limited, which has recommended that the Share Plan will provide an incentive beyond the normal remuneration of Employees.

GLOSSARY

AEST means Australian Eastern Standard Time, Sydney, New South Wales.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691).

Board means the board of Directors of the Company as constituted from time to time.

Company or **Pulse Health** means Pulse Health Limited (ABN 69 104 113 760).

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting means the meeting convened by the Notice of General Meeting, applicable to all persons eligible to vote at the General Meeting, being those who are registered Shareholders of the Company on 11 April 2011 at 7.00pm (AEST).

Listing Rules means the Listing Rules of ASX.

Notice of General Meeting means the notice of general meeting, which forms part of this Memorandum.

Notice of Special Meeting means the notice of special meeting, which forms part of this Memorandum.

Option or **Options** means an option to acquire a fully paid ordinary share in the capital of the Company.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share or **Shares** means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Special Meeting means the meeting convened by the Notice of Special Meeting, applicable to **Dr. Ian Kadish in his capacity as a shareholder of Pulse Health Limited**, being a registered Shareholder of the Company on 11 April 2011 at 7.00pm (AEST).

THIS PAGE IS LEFT BLANK INTENTIONALLY

**PROXY FORM
SPECIAL MEETING**

**APPOINTMENT OF PROXY
PULSE HEALTH LIMITED
ABN 69 104 113 760**

I/We DR IAN KADISH

being a Member of Pulse Health Limited entitled to attend and vote at the Special Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Special Meeting to be held at 10.00am (AEST) on 13 April 2011 at the Offices of Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of Resolution 1.

Voting on Business of the Special Meeting

Resolution 1	Selective Capital Reduction	FOR	AGAINST	ABSTAIN
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important for Resolution 1 : If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolution 1, please place a mark in this box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even though he has an interest in the outcome of Resolution 1 and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair of the Meeting will not cast your votes on Resolution 1 and your votes will not be counted in computing the required majority if a poll is called on Resolution 1.

The Chair of the Meeting intends to vote in favour of Resolution 1.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE IN RESPECT OF RESOLUTION 1, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED FOR RESOLUTION 1.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____%

Signed this _____ day of _____ 2011

By: Individuals and joint holders

Signature

Name : Dr Ian Kadish

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:
 - (a) send or deliver the proxy form to Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (02) 9215 8999.

so that it is received not later than 10.00am AEST on 11 April 2011.

Proxy forms received later than this time will be invalid.

**PROXY FORM
GENERAL MEETING**

**APPOINTMENT OF PROXY
PULSE HEALTH LIMITED (ABN 69 104 113 760)**

I/We

being a Member of Pulse Health Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at the earlier of 10.15am (AEST) and the conclusion or adjournment (whichever is earlier) of the Special Meeting on 13 April 2011 at the Offices of Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of Resolutions 1, 2 and 3.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	SELECTIVE CAPITAL REDUCTION AND RELEASE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR ALL PURPOSES INCLUDING SECTIONS 257C, 259B AND 260C(4) OF THE CORPORATIONS ACT.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	APPROVAL OF PULSE HEALTH LIMITED EMPLOYEE SHARE PLAN FOR THE PURPOSES OF LISTING RULE 7.1 OF THE LISTING RULES OF AUSTRALIAN STOCK EXCHANGE LIMITED	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important: If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions, please place a mark in this box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even though he has an interest in the outcome of the Resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair of the Meeting will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on the Resolutions. The Chair of the Meeting intends to vote in favour of Resolutions 1, 2 and 3.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE IN RESPECT OF THE RESOLUTIONS, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED FOR THE RESOLUTIONS.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____%

Signed this _____ day of

2011

By: Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting as soon as possible and either:
 - (a) send or deliver the proxy form to Pulse Health Limited, Suite 4, Level 5, 241 O'Riordan Street, Mascot NSW 2020; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (02) 9215 8999.

so that it is received not later than 10.15am AEST on 11 April 2011.

Proxy forms received later than this time will be invalid.