



Results for announcement to the market

Pulse Health Limited (ASX: PHG) | ABN 69 104 113 760

25 February 2014

Pulse Health Limited is pleased to report the following for the half year period ending 31 December 2013:

Highlights

- Revenue \$26.5m up 11%
- EBITDA* \$2.6m up 9%
- EBIT* \$2.3m up 22%
- EBT* \$1.3m up 116%
- Operating cash flow \$2.3m – up 370%
- NPAT \$0.9m – up 55%
- Earnings per share 0.82 cents – up 24%
- Guidance maintained of “double digit” underlying earnings growth in FY14

Pulse Health Limited (“Pulse”), owner of six largely regional, private hospital businesses across New South Wales and Queensland, is pleased to announce its financial results for the six months ended 31 December 2013. The business delivered a net profit before tax of \$1.3m, an increase of 116% over previous corresponding period and a net profit after tax \$0.9m, being an increase of 55% over previous corresponding period.

The uplift in earnings was due to strong revenue growth across all hospital sites. Revenue increased 11% to \$26.5m, which included a full six month contribution for Eden Rehabilitation Hospital and the completion of our first brownfield project for FY14.

The board has not declared an interim dividend, and will provide guidance regarding future dividend policies later in the year.

The company is well placed to benefit from the ongoing increase in health care demand and the public’s ongoing support for private health insurance cover.

Outlook

Growth Strategy

The Company is now well positioned for growth, with strategies delivering improved utilization, brownfield growth and a robust acquisition pipeline.

Improved utilisation

Surgical activity has increased by 8% on prior year.

Day rehabilitation utilization has increased by 49%, with significant capacity for further growth at Eden Rehabilitation Hospital and Forster Private Hospital.

Inpatient days up 5% on prior comparative period.

* Non IFRS financial information is reconciled to IFRS financial information at Annexure 1

Brownfield growth

Eden Rehabilitation Hospital: Twelve additional beds were opened in October, with periods of 100% occupancy in December. We are now exploring further expansion options with the landlord, who is supportive of the addition of more rooms, to accommodate predicted ongoing demand increase.

Westmead Rehabilitation Hospital: Five additional beds will open in March and with constant waiting lists for additional beds we expect these to be fully occupied. We are working with the landlord to explore options for further expansion.

Forster Private Hospital: As occupancy and surgical activity continue to increase we are working with the landlord to plan for theatre, bed and gym (day therapy) expansion. As Hunter New England Local Health District seeks immediate expansion in the services we provide on contract to them, we will be adding a renal dialysis unit, increased chemotherapy chairs and increased beds. In the short term these service increases can be achieved through the remodelling of existing space.

Acquisition pipeline

We are currently assessing a range of promising acquisition targets.

Operating efficiency and shared services synergies

The establishment of a single shared services platform across all hospitals has enabled the company to move from:

- four separate payroll systems and HR / payroll officers to centralised HR / payroll, and one system, including automated time and attendance;
- site-based accountants to a central finance team;
- site-based quality and risk management to one Quality and Risk Manager overseeing and supporting all.

The cost of the design and implementation of the centralised platform has had a small impact in the reported earnings for the first half, but will produce annualised savings of more than \$500,000.

Non-clinical staffing has been reviewed across all hospitals, with appropriate resourcing, structures and roles now in place.

The foundations now in place will enable brownfield growth with minimal administration cost uplift, and acquisition growth with maximized synergies.

Chief Executive Officer
Phillipa Blakey

Date: 25 February 2014

Pulse Health Limited

Results six months ending 31 December 2013

1. Profit Summary

The Reported net profit after tax for the period ended 31 December 2013 was \$933,000 (2012: \$604,000).

\$ 000	Dec 13	Dec 12	% Change
Revenue	26,513	23,991	11%
EBITDA*	2,606	2,387	9%
EBIT*	2,271	1,869	22%
Finance costs (net)	(967)	(1,265)	
Profit before tax*	1,304	604	116%
Tax	(371)	-	
Net profit after tax	933	604	55%

Pulse did not report any income tax expense in the previous corresponding period after recognising prior year tax losses. All immediately available carried forward losses have now been recognised.

2. Cash flow

Pulse recorded a 370% increase in operating cash flow to \$2.3m for the period to 31 December 2013. Free cash flow is reported at \$783,000 (being Operating cash flow less payments for property, plant and equipment).

\$ 000	Operating and Investing Cash flow		
	I H 14	I H 13	Δ %
Operating cash flow	2,262	480	371%
Growth capex - Property	-	(345)	
Growth capex - brownfields	(1,182)	(189)	
Business continuity	(296)	(396)	
Total Capital Expenditure	(1,478)	(931)	
Free cash flow	784	(451)	274%

3. Review of operations

* Non IFRS financial information is reconciled to IFRS financial information at Annexure 1

The company's business operations are reported under two operating segments based on service groupings.

\$ 000	Revenue			EBITDA		
	I H 14	I H 13	Δ %	I H 14	I H 13	Δ %
Private hospitals	25,013	22,522	11%	3,979	3,936	1%
Community care	1,477	1,512	-2%	(32)	42	-177%
Sub-total	26,491	24,034	10%	3,947	3,978	
Segment EBITDA/Revenue Margin %						
- Private hospitals	16%	17%				
- Community care	-2%	3%				
Corporate & Shared Services	-	-		(1,341)	(1,572)	
Consolidated	26,491	24,034	10%	2,605	2,406	8%
EBITDA / Revenue Margin %	10%	10%				

Revenue from private hospitals increase by 11% and EBITDA grew by 1% to \$3,979,000. The private hospital segment consists of medical-surgical, rehabilitation and day surgery based facilities.

The community care business reflected a marginal decline in revenues compared to the prior comparative period, however continued margin pressure as a result of changes to the basis of available Government funding for our clients still hinders the success of this business and remedies to address this form part of the strategy for the second half of FY14.

4. Balance Sheet

\$ 000	Dec 13	FY13	Dec-12
Shareholders' equity	23,190	22,285	20,272
Cash	2,130	2,020	1,801
Borrowings	19,420	19,652	23,464
Net debt / (cash)	17,290	17,632	21,663
Gearing (%) #	43%	44%	52%

Calculated as Net debt / (Net debt + Shareholders equity)

The financial position of the company remains sound. Gearing levels continue to reduce with the ongoing amortization of the debt facilities.

Pulse Health Limited

Results six months ending 31 December 2013

The Directors believe that the presentation of non-IFRS financial information is useful for readers of this document in that it provides information on the company's profit results that is consistent with the equity valuing and investment research methodologies generally adopted in Australia.

The following table reconciles the IFRS based profit result included in the Statement of Comprehensive Income appearing in the attached financial report and Appendix 4D to the non-IFRS Profit Summary appearing below.

\$ 000	I H 14	I H 13
Profit for the half year	933	604
Income tax expense	371	-
Depreciation and amortisation expense	335	518
Finance costs	967	1,265
	<hr/>	
EBITDA *	2,606	2,387
Depreciation and amortisation expense	(335)	(518)
EBIT *	2,271	1,869
Finance costs	(967)	(1,265)
EBT	1,304	604
Income tax expense	(371)	-
	<hr/>	
Net profit after tax	933	604
	<hr/>	

* Non IFRS financial information

Appendix 4D

Results for announcement to the market

Pulse Health Limited | ABN 69 104 113 760

This half-year report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

This should be read in conjunction with the most recent annual financial report.

Current reporting period: Half year ended 31 December 2013

Previous corresponding period: Half year ended 31 December 2012

Results		Percentage Change %	31 December 2013 \$'000	31 December 2012 \$'000
Revenue from continuing operations	Up	11%	26,513	23,991
Net profit after tax from continuing activities	Up	34%	933	755
Net profit after tax attributable to members	Up	55%	933	604
Earnings per share – basic (cents)	Up	24%	0.82	0.66
Net Tangible Asset backing per share	Up	43%	-0.052	-0.090

Dividends

No interim dividend was paid and it is not proposed to pay any dividends out of the half-year profit.



PULSE HEALTH LIMITED

A.B.N. 69 104 113 760

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

PULSE HEALTH LIMITED
A.B.N. 69 104 113 760
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Contents

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	4
Interim financial report	
Consolidated statement of Profit or Loss and other Comprehensive Income	5
Consolidated statement of Financial Position	7
Consolidated statement of Changes in Equity	9
Consolidated statement of Cash Flows	10
Notes to the financial statements	11
Directors' declaration	16
Independent Auditor's Review Report	17

Corporate Directory

DIRECTORS	Mr Stuart James	- Chairman
	Mr Andrew Gregory	- Non-Executive Director
	Mr Craig Coleman	- Non-Executive Director

COMPANY SECRETARY Mr David Franks

REGISTERED OFFICE Suite 4, Level 5,
Airport Central Tower
241 O'Riordan St,
Mascot, NSW 2020

SOLICITORS TO THE COMPANY Norton Rose
Grosvenor Place
225 George Street
Sydney NSW 2000

AUDITORS BDO
Level 10, 1 Margaret Street
SYDNEY NSW 2000

SHARE REGISTRY Computershare Investor Services Pty Ltd
452 Johnston Street
ABBOTSFORD VIC 3067

INTERNET WEBSITE www.pulsehealth.net.au

PULSE HEALTH LIMITED
Directors' Report
31 December 2013

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of Pulse Health Limited (referred to hereafter as the "company" or the "Parent company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

Directors

The following persons were Directors of Pulse Health Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr. Stuart James (Chairman)
Mr. Andrew Gregory (Non Executive Director)
Mr. Craig Coleman (Non Executive Director)

Principal Activity

The principal activity of the consolidated entity during the half year was the operation of private hospitals and related health care focused organisations.

Significant changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity for the half year ended 31 December 2013.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.



Mr Stuart James
Chairman

Sydney, 25 February 2014

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF PULSE HEALTH LIMITED

As lead auditor for the review of Pulse Health Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pulse Health Limited and the entities it controlled during the period.



Paul Bull
Partner

BDO East Coast Partnership

Sydney, 25 February 2014

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Notes	For the half year ended December 31	
		2013 \$000's	2012 \$000's
Revenue from continuing operations		26,513	23,991
Employee benefits expense		(15,190)	(13,906)
Rent and outgoings		(2,410)	(1,997)
Medical consumables and supplies		(2,415)	(2,356)
Repairs and maintenance		(574)	(323)
Medical contractors		(1,287)	(783)
Professional fees		(70)	(150)
Finance costs		(967)	(1,265)
Acquisition and sale costs		-	(297)
Depreciation and amortisation expense		(335)	(518)
Other expenses		(1,961)	(1,641)
Profit from continuing operations before income tax		1,304	755
Income tax expense	3	(371)	-
Profit from continuing operations after income tax		933	755
Loss from discontinued operation		-	(151)
Profit for the half year		933	604

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (continued)

	Notes	2013 \$000's	2012 \$000's
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or loss		-	-
Items that will not be reclassified subsequently to Profit or loss		-	-
Other Comprehensive income for the year, net of tax		-	-
Total Comprehensive income for the year		933	604
Profit for the half-year is attributable to owners of the company		933	604
Total comprehensive income is attributable to owners of the company		933	604

Earnings/(loss) per share attributable to the ordinary equity holders of the company

	2013	2012
Basic earnings/(loss) per share (cents per share)		
From continuing operations	0.82	0.66
From discontinued operation	-	(0.13)
Diluted earnings/(loss) per share (cents per share)		
From continuing operations	0.82	0.66
From discontinued operation	-	(0.13)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Consolidated	
	31 December	30 June
	2013	2013
	\$000's	\$000's
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,130	2,020
Trade and other receivables	6,300	7,232
Inventories	853	812
Other current assets	14	5
	<hr/>	<hr/>
Total Current Assets	9,297	10,069
NON CURRENT ASSETS		
Property, plant and equipment	11,736	10,320
Deferred tax assets	2,006	2,247
Intangible assets	29,318	29,359
	<hr/>	<hr/>
Total Non Current Assets	43,060	41,926
	<hr/>	<hr/>
TOTAL ASSETS	52,357	51,995
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,277	5,050
Current Tax Liabilities	183	-
Borrowings	1,315	1,263
Derivative financial liabilities	103	-
Provisions	1,954	2,338
Other liabilities	546	586
	<hr/>	<hr/>
Total Current Liabilities	8,378	9,237
	<hr/>	<hr/>

The above consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (continued)

	Consolidated	
	31 December 2013 \$000's	30 June 2013 \$000's
NON CURRENT LIABILITIES		
Borrowings	18,105	18,389
Derivative financial liabilities	61	-
Deferred tax liabilities	11	3
Provisions	1,085	411
Other liabilities	1,527	1,670
	20,789	20,473
Total Non Current Liabilities	20,789	20,473
TOTAL LIABILITIES	29,167	29,710
NET ASSETS	23,190	22,285
EQUITY		
Contributed equity	27,483	27,513
Share based payment reserve	2	-
Accumulated losses	(4,295)	(5,228)
	23,190	22,285
TOTAL EQUITY	23,190	22,285

The above consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED	Contributed equity	Share based payment reserve	Accumulated losses	Total Equity
Notes	\$000's	\$000's	\$000's	\$000's
Balance as at 1 July 2013	27,513	-	(5,228)	22,285
Profit after income tax for the half year	-	-	933	933
Other comprehensive income for the half yet net of tax	-	-	-	-
Total Comprehensive Income for the half year	27,513	-	(4,295)	23,218
Transactions with owners in their capacity as owners :				
Deferred tax asset movement on capital raising costs	(30)	-	-	(30)
Share based payments	-	2	-	2
Balance at 31 December 2013	27,483	2	(4,295)	23,190
Balance as at 1 July 2012	27,575	241	(8,206)	19,610
Profit after income tax for the half year	-	-	-	-
Other comprehensive income for the half yet net of tax	-	-	-	-
Total Comprehensive Income for the half year	27,575	241	(8,206)	19,610
Transactions with owners in their capacity as owners :				
Deferred tax asset movement on capital raising costs	(50)	-	-	(50)
Share based payments	-	108	-	108
Deferred tax asset movement on capital raising costs	-	-	-	-
Balance at 31 December 2012	27,525	349	(8,206)	19,668

The above consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Notes	For the half year ended December 31	
		2013 \$000's	2012 \$000's
Cash flows from operating activities			
Receipts from customers (incl GST)		27,357	22,679
Payment to suppliers and employees (incl GST)		(24,252)	(21,396)
		<u>3,105</u>	<u>1,283</u>
Interest paid		(842)	(507)
Transaction costs relating to acquisition of subsidiary		-	(297)
Government grants		-	1
Net cash inflow from operating activities		<u>2,262</u>	<u>480</u>
Cashflow from investing activities			
Payments for purchase of businesses		-	(5,766)
Payments for intangible assets		-	(62)
Payments for plant and equipment		(1,478)	(931)
Interest received		10	36
Net cash (outflow) from investing activities		<u>(1,468)</u>	<u>(6,723)</u>
Cash flows from financing activities			
Finance lease interest payments		-	(701)
Repayment of borrowings		(684)	(360)
Payment of borrowing costs		-	(185)
Net cash (outflow) inflow from financing activities		<u>(684)</u>	<u>(1,246)</u>
Net increase/(decrease) in cash and cash equivalents		110	(7,489)
Cash and cash equivalents beginning of the period		2,020	9,290
Cash and cash equivalents at end of the period		<u>2,130</u>	<u>1,801</u>
Represented by:			
Cash and Cash equivalents		2,130	1,801
		<u>2,130</u>	<u>1,801</u>

The above consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2013

1. Corporate information

The financial report of Pulse Health Limited and controlled entities for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 25 February 2014.

Pulse Health Limited is a company limited by shares, incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange under the code "PHG".

2. Basis of preparation of half year report

These general purpose financial statements for the interim half year reporting period ended 31 December 2013 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Pulse Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements. AASB 10 revises the definition of control and provides extensive new guidance on its application. Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's sites held during the period or comparative periods covered by these financial statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 January 2013. The standard does not prescribe when to use fair value. Instead it provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. AASB 134 requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 5.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2013 (continued)

2. Basis of preparation of half year report (continued)

New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

The consolidated entity has applied AASB 119 and its consequential amendments from 1 January 2013. The standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

3. Income tax expense

**For the half year ended
December 31**

2013 2012
\$000's \$000's

(a) Reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before tax	1304	755
(Loss) from discontinuing operation before tax	-	(151)
	1,304	604
Income tax calculated at 30% (2013: 30%)	391	181
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible items	(23)	55
(Over) / under provision from prior years	3	(61)
Recognition of prior year losses	-	(175)
	371	-
Income tax benefit attributable to profit		
Income tax attributable to continuing operations	371	-
Income tax attributable to profit	371	-

(b) Unrecognised deferred tax assets

Consolidated
31 December 30 June
2013 2013
\$000's \$000's

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	3,408	3,408
	1,022	1,022
Potential tax benefit at 30% (2012: 30%)		

The deferred tax assets in respect of unused tax losses include amounts subject to loss factor in accordance with the tax consolidation legislation, the benefits of which will only be realised on the company satisfying the relevant conditions for deductibility at the time of utilisation of these losses under the Income tax Act.

PULSE HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year ended 31 December 2013 (continued)

4. Segment Information

(a) Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer has identified 2 reportable segments based on the type of service provided within the group, namely private hospitals and community care. Private hospitals make strategic acquisitions of privately run hospitals and day surgeries around Australia. Community Care provides health services to patients including Nursing Care, Case Management, Respite Care and Allied Health provisions. The information below excludes results from trading between segments.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the half year ended 31 December 2013 is as follows:

	Private Hospitals \$ 000's	Community Care \$ 000's	Health Recruitment (discontinued) \$ 000's	Corporate & Shared Services \$ 000's	Total \$ 000's
Half year ended 31 December 2013					
Segment Revenues					
Total segment revenue	24,390	1,475	-	-	25,865
Intersegmental Revenue	-	-	-	-	-
Other revenue	623	2	-	23	647
Revenue from external customers	25,013	1,477	-	23	26,513
Earnings before interest, tax, depreciation and amortisation	3,979	(32)	-	(1,341)	2,606
Half year ended 31 December 2012					
Segment Revenues					
Total segment revenue	21,994	1,503	140	-	23,637
Intersegmental Revenue	-	-	-	-	-
Other revenue	528	9	-	(42)	495
Revenue from external customers	22,522	1,512	140	(42)	24,132
Earnings before interest, tax, depreciation and amortisation	3,936	42	(19)	(1,572)	2,387

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2013 (continued)

4. Segment Information (continued)

(b) Segment information provided to the board of directors (continued)

	Private Hospitals \$ 000's	Community Care \$ 000's	Health Recruitment (discontinued) \$ 000's	Corporate & Shared Services \$ 000's	Total \$ 000's
31 December 2013					
Segment Assets	46,719	1,459	-	4,179	52,357
30 June 2013					
Segment Assets	46,109	1,563	-	4,323	51,995

(c) Other segment information

EBITDA

A reconciliation of adjusted EBITDA to Loss before income tax from continuing operations is provided as follows:

	2013 \$000's	2012 \$000's
Adjusted EBITDA from continuing operations	2,606	2,387
Finance Costs	(967)	(1,265)
Depreciation and amortisation	(335)	(815)
Profit before income tax from continuing operations	1,304	755

5. Fair value measurement of financial instruments

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) The consolidated entity's financial instruments measured and recognised at fair value at 31 December 2013 on a recurring basis are as follows:

	Level 2	
	2013 \$'000	2012 \$'000
Derivative financial liabilities		
Interest rate swap	164	-

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2013 (continued)

(c) Valuation techniques used to derive level 2 fair values

The fair value of derivatives not traded in an active market (interest rate swaps) is determined using valuation techniques which uses only observable market data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. There has been no change in the valuation technique used since the end of the previous annual reporting period.

(d) Fair values of other financial assets and financial liabilities

The consolidated entity also has a number of financial instruments, which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 December 2013:

	Carrying Amount	Fair Value
	\$'000	\$'000
NON-CURRENT LIABILITIES		
Bank Loans	17,815	17,815
Lease liabilities	290	290
	18,105	18,105

Due to their short-term nature, the carrying amounts of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

6. Subsequent events

No matters or circumstances have arisen since 31 December 2013 that have significantly affected or may significantly affect:

- (a) The consolidated entity's operations in future financial years; or
- (b) The results of those operations in future financial years; or
- (c) The consolidated entity's state of affairs in future financial years.

PULSE HEALTH LIMITED

Directors' Declaration

31 December 2013

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporate Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001 .



Mr Stuart James
Chairman

Sydney, 25 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pulse Health Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pulse Health Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pulse Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Pulse Health Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pulse Health Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership



Paul Bull
Partner

Sydney, 25 February 2014