

Preliminary Final Report
Appendix 4E
Results for announcement to the market

Pulse Health Limited (ACN 104 113 760)

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX listing Rule 4.3A.

Current reporting period: Financial year ended 30 June 2015

Previous corresponding period: Financial year ended 30 June 2014

Results		Percentage Change %	30 June 2015 \$'000	30 June 2014 \$'000
Revenue from continuing operations	UP	20%	56,268	46,984
Net profit after tax attributable to members	UP	>100%	2,547	875
Net profit after tax (underlying) *	UP	>100%	4,092	1,855
Earnings per share - basic (cents)	UP	>100%	1.55	0.73
Earnings per share (underlying) - basic (cents)*	UP	62%	2.5	1.5

Dividend (final)	Amount per security (cents)	Franked amount per security (cents)
	0.3	0.3

The dividend reinvestment plan (DRP) will apply to this dividend.
There is no DRP discount for the final dividend.
Payment will be made by electronic payment (EFT) only
This dividend does not include any conduit foreign income.

Key Dates

Annual Report	28 August 2015	Dividend record date	8 September 2015
Dividend announcement date	28 August 2015	Dividend payment & dispatch date	2 October 2015
Ex-dividend date	4 September 2015	Annual General Meeting	18 November 2015
Last date for DRP election notices	18 September 2015		

Audit

The results are based on the attached Annual Report which has been audited by BDO East Coast Partnership.

* Non AIFRS financial information, reviewed, not audited

Overview of Financial Performance

I. Profit Summary

The reported revenues from continuing operations for the full year ended 30 June 2015 have increased by 20% to \$56.3m (FY14:\$47.0m), with underlying EBITDA (being the operating result of the Group before significant items) increasing 41% to \$6.6m.

\$'000	FY15	FY14	▲ %
Revenue from continuing operations	56,268	46,984	20%
EBITDA-R (underlying) *	11,403	8,651	32%
EBITDA (underlying) *	6,608	4,679	41%
EBIT (underlying)*	5,608	3,919	
Interest expense (net)	(12)	(1,533)	
Profit before tax (underlying)	5,596	2,386	135%
Tax	(1,504)	(531)	
Net profit after tax (underlying)	4,092	1,855	121%
Significant non-recurring items*			
Acquisition activity expenses and associated costs	(1,681)	(825)	
Profit on sale of hospital freehold (tax effect \$237k)	1,060	-	
Termination Payments	-	(130)	
Loss on discontinued business	(1,047)	-	
Relocation costs	-	(118)	
Provision for Superannuation Guarantee	-	(360)	
Tax Benefit of losses recognised	123	454	
Net profit after tax as reported	2,547	875	
EPS basic - NPAT before significant items	2.50	1.54	62%
EPS basic - NPAT as reported	1.55	0.73	

* Non AIFRS financial information, reviewed, not audited

2. Balance Sheet

The table below summaries the balance sheet position of the company.

\$'000	FY15	FY14
Total equity	53,448	52,074
Cash	3,491	7,007
Borrowings	24,111	333
Net debt / (cash)	20,620	(6,674)
NTA	(7,589)	20,439
Gearing (%) #	28%	n/a
NTA per share (cents)	-4.6	12.5

calculated as net debt / (net debt + shareholders equity)

3. Cash Flow

Pulse Health recorded a 49% increase in operating cash flow to \$3.5m for the financial year ended 30 June 2015. Operating free cash flow increased 103% to \$2.5m as shown in the table below.

\$'000	Operating and Investing Cash Flow		
	FY15	FY14	▲ %
Cash & cash equivalents beginning of the year	7,007	2,020	
Operating Cash Flow	3,469	2,321	49%
Capex - Stay in business	(960)	(1,083)	
Operating Free Cash Flow	2,509	1,238	103%
<u>Business Expansion Capex</u>			
Capex - brownfield/development	(1,452)	(2,441)	
Capex - purchase/sale of business	(27,325)	(2,964)	
Total	(28,777)	(5,405)	
<u>Net Cash flow from financing activities</u>			
Equity raising (net)	170	28,552	
Dividends paid	(1,318)	-	
Borrowings (net)	23,770	(19,496)	
Total	22,622	9,056	
Interest Revenue	130	98	
Cash & cash equivalents at end of the year	3,491	7,007	-50%

4. Outlook

Pulse has confirmed that it expects that forecast underlying FY16F EBITDA guidance will be at least equal to the Pro Forma Underlying FY15F EBITDA of \$10.2 million announced by Pulse Health to the ASX on 6 July 2015 (“**FY16 Guidance**”).

FY16 Guidance excludes:

- ramp-up losses associated with the Gold Coast Surgical Hospital, which is scheduled to open on 31 August 2015 and be profitable by June 2016; and
- one off costs associated with the unsolicited bid for Vision Eye Institute Limited estimated to be approximately \$1.2m.

Consistent with FY15 the Company aims to make one or more EBITDA positive acquisitions of specialist hospitals in FY16, as opportunities prove to be suitable. The above FY16 guidance does not include earnings from additional acquisitions.

5. Attachments

Further details including business combinations during the year are included in the attached Directors’ Report, audited financial statements and notes contained in the 2015 Annual Financial Report.

6. Reconciliation of AIFRS and non AIFRS financial information

The directors believe the presentation of non-AIFRS financial information is useful for readers of this document to provide information on the company's profit results that is consistent with equity valuation and investment research methodologies generally adopted in Australia. The following table reconciles the reported AIFRS profit result in the Statement of Comprehensive Income appearing in the attached financial report to underlying operating EBITDA and NPAT.

	2015 \$'000	2014 \$'000
Net profit after tax as reported	2,547	875
Income tax expense	1,618	78
Depreciation and amortisation	1,000	760
Finance costs (net)	12	1,533
Rent paid	4,795	3,972
Acquisition activity expenses and associated costs	1,681	825
Profit on sale of hospital freehold (tax effect \$237k)	(1,297)	-
Termination Payments	-	130
Loss on discontinued business	1,047	-
Relocation costs	-	118
Provision for superannuation	-	360
EBITDA-R *	11,403	8,651
Rent paid	(4,795)	(3,972)
EBITDA *	6,608	4,679
Depreciation and amortisation	(1,000)	(760)
EBIT *	5,608	3,919
Finance costs (net)	(12)	(1,533)
Profit before tax	5,596	2,386
Income tax expense	(1,504)	(531)
Net profit after tax before significant items *	4,092	1,855

* Non AIFRS financial information

For the financial year ended 30 June 2015 the following significant and non-recurring transactions occurred:

- during the year the Group incurred acquisition, development and integration costs of \$1.681m. Of this amount, \$1.3m related to the acquisition of The Hills Clinic Pty Ltd
- on 22 March 2015 the Group sold its community care business and on 30 June 2015 closed the small 22 bed regional hospital operated in Kingaroy, Queensland; and
- on 30 June 2015 the Group realised an accounting profit of \$1.3m on the sale of the freehold of the Gympie Private Hospital. The freehold has been sold under a sale and lease back to a Healthcare REIT with an initial lease term of 15 years with a further 10 year option.