



## LETTER TO SHAREHOLDERS

19 October 2015

Dear Shareholder

### **Annual General Meeting**

On behalf of the Board, I am pleased to invite you to attend the Annual General Meeting of Pulse Health Limited ("Pulse Health"). This will be held at 4.00pm (AEDT) on Wednesday 18 November 2015 at:

The Adam Room  
Castlereagh Boutique Hotel  
Level 4  
169 Castlereagh Street  
Sydney NSW 2000

Enclosed are the following documents:

- Notice of Meeting and Explanatory Statement;
- Proxy Form for the Annual General Meeting; and
- Annual Report for the year ended 30 June 2015, for those Shareholders who have requested a printed copy.

If you are unable to attend the Meeting, I encourage you to appoint a proxy, by following the instructions on page 3 of the Notice of Meeting. You may also provide questions or comments in advance of the Meeting, by contacting the Company Secretary, using the details set out on page 25 of the Notice.

#### Important notice – 2015 Annual Report

Shareholders are reminded that the 2015 Annual Report is only mailed to those Shareholders who have elected to receive it in hard copy. The 2015 Annual Report can be viewed on the Company's website at <http://www.pulsehealth.net.au/investor-information#financialresults>

We look forward to seeing you at the Annual General Meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stuart James', written over a white oval background.

Stuart James  
Chairman

For personal use only

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**PULSE HEALTH LIMITED**

**ABN 69 104 113 760**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 4.00pm (AEDT)

**DATE:** Wednesday 18 November 2015

**PLACE:** The Adam Room  
Castlereagh Boutique Hotel  
Level 4  
169 Castlereagh Street  
Sydney NSW 2000

***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 the Company Secretary, using the contact details on page 26.***

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## YOUR VOTE IS IMPORTANT

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

## VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the place set out on page 5.

## APPOINTING A PROXY

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A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of Pulse Health.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholders' votes that each proxy may exercise, each proxy may exercise half of the Shareholders' votes on a poll. Fractions will be disregarded.

To appoint a proxy online, either log onto [www.investorvote.com.au](http://www.investorvote.com.au) using the control number shown on the front of the enclosed proxy form, or scan the QR code on the front of the proxy form.

Alternatively, you can appoint a proxy by completing and signing the enclosed proxy form and sending the form to:

- (a) by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia; or
- (b) by fax to Computershare Investor Services at :
  - (within Australia) 1800 783 447
  - (outside Australia) +61 3 9473 2555.

The deadline for receipt of proxy appointments is 4.00pm (AEDT) on Monday, 16 November 2015. **Proxy appointments received later than this time will be invalid.**

## **POWER OF ATTORNEY**

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If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form by the deadline for receipt of proxy appointments for the Meeting, unless the power of attorney has already been provided to the Share Registry.

## **INTERMEDIARY ONLINE**

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Participating intermediaries can lodge their proxy appointments online through <http://www.intermediaryonline.com>

## **CORPORATE REPRESENTATIVES**

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If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from Computershare Investor Services by calling (+61 3) 9473 2555 or online at <https://www-au.computershare.com/Investor/help/PrintableForms>.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting (**AGM**) of Shareholders of Pulse Health Limited will be held at the The Adam Room, Castlereagh Boutique Hotel, Level 4, 169 Castlereagh Street, Sydney, NSW, 2000, at 4.00pm (AEDT) on Wednesday 18 November 2015. Registration will open at 3.30pm (AEDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

The Directors have determined under Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 7.00pm (AEDT) on Monday, 16 November 2015.

### AGENDA

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**1. 2015 ANNUAL REPORT**

To receive and consider the Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2015.

There is no vote on this item of business.

**2. RESOLUTION 1 - RE-ELECTION OF DIRECTOR – MR CRAIG COLEMAN**

To consider and, if thought fit, approve the following resolution as an Ordinary Resolution:

*"That Mr Craig Coleman be re-elected as a Director of the Company."*

**3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR – MR DAVID MANNING**

To consider and, if thought fit, approve the following resolution as an Ordinary Resolution:

*"That Mr David Manning be re-elected as a Director of the Company."*

**4. RESOLUTION 3 - ADOPTION OF THE REMUNERATION REPORT**

To consider and, if thought fit, approve the following resolution as a non-binding advisory resolution:

*"That, for the purposes of section 250R(2) of the Corporations Act, the Pulse Health Remuneration Report for the year ended 30 June 2015 be adopted."*

**5. RESOLUTION 4 - ISSUE OF SHARES AND OPTIONS TO NON-EXECUTIVE DIRECTOR - MR DAVID MANNING**

To consider and, if thought fit, approve the following resolution as an Ordinary Resolution:

*"That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue and allotment of the following securities on the terms and conditions set out in the Explanatory Statement accompanying the Notice:*

- (a) 1,500,000 Shares to Mr David Manning;
- (b) 500,000 A Class Options to Mr David Manning;
- (c) 500,000 B Class Options to Mr David Manning; and
- (d) 500,000 C Class Options to Mr David Manning."

**6. RESOLUTION 5 – GIVING OF FINANCIAL ASSISTANCE BY THE HILLS CLINIC PTY LTD**

To consider and, if thought fit, approve the following resolution as a Special Resolution:

*"That, in accordance with section 260B(2) of the Corporations Act 2001 (Cth), the Company in general meeting approves the giving of financial assistance by The Hills Clinic Pty Ltd (ACN 131 435 508) to Pulse Health Hospitals Pty Ltd (ACN 120 817 834), in connection with the acquisition by Pulse Health Hospitals Pty Ltd of 100% of the issued shares in the capital of The Hills Clinic Pty Ltd, in the manner and on the terms set out in the Explanatory Statement accompanying the Notice."*

**7. OTHER BUSINESS**

To consider any other business that may be lawfully brought forward.

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**DATED: 21 September 2015**



**BY ORDER OF THE BOARD**

**PULSE HEALTH LIMITED  
DAVID FRANKS  
COMPANY SECRETARY**

## Voting Exclusion Statement

For the definitions of Key Management Personnel (**KMP**) and Closely Related Parties, please refer to the Glossary on page 33.

The Corporations Act restricts members of the KMP of the Company and their Closely Related Parties from voting on Resolution 3.

In addition, separate voting restrictions apply in respect of Resolution 4 under the ASX Listing Rules and the Corporations Act.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (other than the Chairman of the Meeting) as your proxy, please ensure that you direct them how to vote on Resolutions 3 and 4. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 3 and 4.

If you intend to appoint the Chairman of the Meeting as your proxy, you are encouraged to direct him how to vote by marking the boxes for Resolutions 3 and 4 (for example if you wish to vote for, or against, or to abstain from voting). If you appoint the Chairman as your proxy without directing him how to vote, the proxy form authorises him to vote as he decides on Resolutions 3 and 4 (even though those Resolutions are connected with the remuneration of KMP). The Chairman of the Meeting intends to vote in favour of all Resolutions (where permissible).

The Company will disregard votes cast on Resolutions 3 and 4 by the persons detailed in the table below.

Resolution	Voting exclusions
Resolution 3 – Adoption of Remuneration Report	<p>The Company will disregard any votes cast in any capacity by:</p> <ul style="list-style-type: none"><li>- a current or former member of the KMP whose remuneration details are included in the remuneration report for the year ended 30 June 2015, and</li><li>- any Closely Related Parties of such member of the KMP.</li></ul> <p>In addition, no votes may be cast as a proxy by any other person who has become a member of the KMP by the time of the AGM, or their Closely Related Parties.</p> <p>However, the Company need not disregard a vote on Resolution 3 if:</p> <ul style="list-style-type: none"><li>- 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, specifying how the proxy is to vote on the Resolution; or</li><li>- it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form authorising him to vote as he decides on the Resolution (even though it is connected with the remuneration of members of the KMP, including the Chairman).</li></ul>
Resolution 4 – Issue of Shares and Options to Non-Executive Director – Mr David Manning and his controlled entity	<p>In accordance with the ASX Listing Rules and sections 224 and 250BD of the Corporations Act, the Company will disregard any votes cast on Resolution 4 by:</p> <ul style="list-style-type: none"><li>- Mr David Manning and any of his associates; and</li><li>- a member of the KMP or a Closely Related Party of a KMP acting as proxy.</li></ul> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"><li>- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li><li>- it is cast by the 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.</li></ul>

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the The Adam Room, Castlereagh Boutique Hotel, Level 4, 169 Castlereagh Street, Sydney, NSW, 2000, at 4.00pm (AEDT) on Wednesday 18 November 2015.

The 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. This Explanatory Statement forms part of the accompanying Notice of Meeting and should be read in conjunction with it.

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### 1. ANNUAL REPORT

The business of the Meeting will include receipt and consideration of the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2015, which are included in Pulse Health's Annual Report.

In accordance with the Corporations Act 2001, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Annual Report, and on the management of Pulse Health.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- the independence of the auditor in relation to the conduct of the audit.

#### Written questions for the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report to the Company's auditor, please send your question to the Company using the contact details on page 26. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, that is, by Wednesday, 11 November 2015.



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## 2. RESOLUTION 1 - RE-ELECTION OF DIRECTOR

Clause 8.1(e) of the Constitution requires that one third of the Directors (or if their number is not a multiple of three, then the number nearest one third, rounded down) must retire at each annual general meeting of the Company, providing always that at every annual general meeting, at least one Director must retire. The Managing Director and any director appointed as an addition to the existing directors or to fill a casual vacancy during the year is exempt from this requirement.

Under clause 8.1(h) of the Constitution, a Director who retires under clause 8.1(e) is eligible for re-election.

### **MR CRAIG COLEMAN**

Mr Craig Coleman will retire by rotation at the AGM and seeks re-election in accordance with clause 8.1(h) of the Constitution.

#### **Brief Curriculum Vitae of Mr Craig Coleman – BCom**

Non-Executive Director

#### ***Experience and expertise***

Mr Coleman is the executive chairman of Viburnum Funds Pty Ltd, a funds management company based in Perth, Western Australia and a non-executive Director of Wyllie Group Pty Ltd.

Mr Coleman is a former Managing Director of Home Building Society.

Prior to joining Home Building Society, Mr Coleman held a number of senior executive positions and directorships with ANZ including Managing Director Banking Products, Managing Director Wealth Management and Non-Executive Director of E\*Trade Australia Ltd.

#### ***Current directorships of other listed companies***

Bell Financial Group Limited  
Keybridge Capital Limited  
Rubik Financial Limited

#### ***Other material directorships***

Viburnum Funds Pty Ltd. As at the date of this Notice, Viburnum holds 48,998,923 Shares, representing 29.84% of the total number of Shares on issue in the Company, as trustee and manager for the Viburnum Funds.

#### ***Former directorships of other listed companies in the last three years***

Lonestar Resources Limited  
Amcom Telecommunications Limited

#### ***Special responsibilities***

Audit & Risk Committee Chairman  
Remuneration Committee Chairman

#### ***Term of directorship served***

Mr Coleman has been a Director since 1 January 2010.

**Board recommendation:** *The Directors (with Mr Coleman abstaining) unanimously recommend the re-election of Mr Coleman.*

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### 3. RESOLUTION 2 - RE-ELECTION OF DIRECTOR

Clause 8.1(e) of the Constitution requires that any director appointed as an addition to the existing directors or to fill a casual vacancy during the year must retire at the next annual general meeting of the Company.

Under clause 8.1(h) of the Constitution, a Director who retires under clause 8.1(e) is eligible for re-election.

#### **MR DAVID MANNING**

Mr David Manning will retire at the AGM as he was appointed to fill a casual vacancy during the previous year and seeks re-election in accordance with clause 8.1(h) of the Constitution.

#### **Brief Curriculum Vitae of Mr David Manning – Bachelor's Degree and Master's Degree in Industrial Engineering from the University of Tennessee**

Non-Executive Director

#### ***Experience and expertise***

Mr Manning has over 35 years of healthcare leadership and management experience in the surgery centre sector.

Mr Manning is a co-founder of Practice Development Associates in the US, which constructed over 75 new surgery centres. Practice Development Associates grew to become AmSurg Corp (**AmSurg**), now a US\$3.4b NASDAQ listed company operating 248 day surgery centres across the US.

Until December 2014, Mr Manning held the role of Executive Vice President and Chief Development Officer at AmSurg.

Prior to founding Practice Development Associate, Mr Manning served as Executive Vice President, Chief Operating Officer, of Baptist Hospital a 750 bed hospital in Nashville, Tennessee

#### ***Current directorships of other listed companies***

None

#### ***Former directorships of other listed companies in the last three years***

None

#### ***Special responsibilities***

None

#### ***Other interests***

As noted in section 5 below, the Company is proposing to enter into a *Consultancy Agreement* with Mr Manning under which Mr Manning will provide certain consultancy services to the Company in consideration for the issue to Mr Manning of the equity securities the subject of Resolution 4.

The Company is also proposing to enter into a *Services Agreement* with Ambulatory Surgery International Pty Ltd (**ASI**), an entity controlled by Mr Manning, under which ASI will procure AmSurg Corp. (**AmSurg**) to provide Pulse with access to services and resources which reflect global best practice in surgery centre development and operation.

### **Independence**

In accordance with the ASX Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, the Board considers that, if Mr Manning is re-elected as a Director, Mr Manning will be an independent director. Relevantly, the Board considers that the interests described above are not of sufficient materiality to effect the independence of Mr Manning.

### **Term of directorship served**

Mr Manning was appointed by the Board as a Director on 20 July 2015.

**Board recommendation:** *The Directors (with Mr Manning abstaining) unanimously recommend the re-election of Mr Manning.*

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## **4. RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is set out in the Annual Report. The Remuneration Report details the Company's remuneration arrangements for the Directors and senior management of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 3 is advisory only and not binding on the Company or its Directors.

However, under the Corporations Act, if at least 25% of the votes cast on Resolution 3 are against the adoption of the Remuneration Report then:

- if comments are made on the Remuneration Report at the Meeting, Pulse Health's 2016 Remuneration Report will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at next year's annual general meeting, at least 25% of the votes cast on the resolution for adoption of the 2016 Remuneration Report are against it, Pulse Health will be required to put to Shareholders at the meeting a resolution proposing that an Extraordinary General Meeting (**EGM**) be called to consider the election of Directors (**Spill Resolution**). If the Spill Resolution is passed (i.e. more than 50% of the votes cast are in favour of it), the Company must convene the EGM within 90 days of the Spill Resolution and all of the Directors who were in office when the 2016 Remuneration Report was approved by the Board (other than the Managing Director) will cease to hold office immediately before the EGM but may stand for re-election at the EGM.

Last year, a resolution was passed to adopt the 2014 Remuneration Report, with in excess of 75% of votes cast in favour of the resolution on a show of hands (noting that in excess of 75% of proxies were also in favour of the resolution).

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Remuneration Report.

**Board recommendation:** *The Remuneration Report forms part of the Directors' Report, which was approved in accordance with a unanimous resolution of the Board. Each Director recommends that Shareholders vote in favour of adopting the Remuneration Report.*

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5. **RESOLUTION 4 - ISSUE OF SHARES AND OPTIONS TO NON-EXECUTIVE DIRECTOR - MR DAVID MANNING**

**General**

As previously announced, the Company appointed Mr David Manning as a non-executive director effective 20 July 2015. Mr Manning has over 35 years of surgery centre experience, including having co-founded NASDAQ listed AmSurg. AmSurg operates one of the largest surgery centre networks in the United States, with a market capitalisation of approximately US\$3.4 billion.

**Consultancy Agreement**

Prior to the Annual General Meeting, the Company intends to negotiate and enter into a *Consultancy Agreement* with Mr David Manning under which Mr Manning will agree to provide the Company with certain consultancy services to assist the Company in continuing to develop and execute its growth strategy (**Manning Consultancy Agreement**). The consultancy services to be provided by Mr Manning under the Manning Consultancy Agreement will include applying his expertise, experience and insight in reviewing, assessing and improving the optimisation of assets owned and/or operated by the Company and its subsidiaries, identifying and assessing acquisition targets and greenfield sites for the Company and advising on and negotiating development strategies. In consideration for Mr Manning delivering the consultancy services under the Manning Consultancy Agreement, it is proposed that the Company will:

- (a) provide Mr Manning with the opportunity to subscribe for 1,500,000 Shares at \$0.55 per Share; and
- (b) allot to Mr Manning the following Options:
  - (i) 500,000 A Class Options to Mr David Manning;
  - (ii) 500,000 B Class Options to Mr David Manning; and
  - (iii) 500,000 C Class Options to Mr David Manning.

(together **Equity Securities**).

The issue of the Equity Securities is subject to the Company and Mr Manning negotiating and entering into the Manning Consulting Agreement and Shareholders approving the issue of the Equity Securities under Resolution 4.

**Services Agreement with ASI**

Mr Manning has a strategic relationship with AmSurg and has agreed to an in-principle arrangement with AmSurg under which ASI, an entity controlled by Mr Manning, will receive an exclusive agreement to access, and use outside of North America, AmSurg's intellectual property in relation to operational services and the development of surgery centres.

The Company intends to shortly commence negotiations with ASI for a two year services agreement under which ASI, through its strategic relationship with AmSurg, will procure AmSurg to provide Pulse with access to services and resources which reflect global best practice in surgery centre development and operation (**ASI Services Agreement**).

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) A related party; or
- (b) A person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A 'related party' for the purposes of ASX Listing Rules has the same meaning given to that term in section 228 of the Corporations Act and includes:

- (a) A director of a public company; and
- (b) An entity controlled by a director of a public company.

Accordingly, Mr David Manning is a related party of the Company for the purposes of the ASX Listing Rules as he is a Director of the Company.

### **ASX Listing Rule 7.1**

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of equity securities that an entity may issue or agree to issue without approval of holders of ordinary securities in any 12 month period to 15% of its issued ordinary shares.

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 4 is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that if approval is given in the substance of Resolution 4, Shareholder approval is not required to be obtained under ASX Listing Rule 7.1.

### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless either:

- (a) the giving of the financial benefit falls within one of various exceptions to the general prohibition; or
- (b) shareholder approval is obtained for the giving of the financial benefit.

A "related party" for the purposes of the Corporations Act is defined widely and includes a Director of the Company.

A "financial benefit" for the purposes of the Corporations Act also has a very wide meaning. It includes a public company paying money or issuing securities to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Shareholder approval is sought for the grant of the Equity Securities to Mr David Manning. These Equity Securities are proposed to be issued to Mr David Manning as consideration for delivering the consulting services under the Manning Consultancy Agreement, in circumstances where the Company seeks to conserve its cash reserves as best possible whilst retaining the opportunity to benefit from the services to be provided to it under the Manning Consulting Agreement.

Mr David Manning has a material personal interest in the outcome of Resolution 4 as it is proposed that the Equity Securities will be granted to him. Excluding the Equity Securities that are the subject of Resolution 4, Mr David Manning currently has no equity interests in Pulse Health.

**Information required for Shareholder approval under ASX Listing Rule 10.11 – ASX Listing Rule 10.13 disclosures**

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Equity Securities will be issued to Mr David Manning.
- (b) The maximum number of Equity Securities that will be issued to Mr David Manning are:
- (i) 1,500,000 Shares at an issue price \$0.55 per Share to Mr David Manning;
  - (i) 500,000 A Class Options to Mr David Manning. The A Class Options have an exercise price of \$0.55 and are otherwise to be issued on the terms and conditions set out in Schedule 1;
  - (ii) 500,000 B Class Options to Mr David Manning. The B Class Options have an exercise price of \$0.605 and are otherwise to be issued on the terms and conditions set out in Schedule 2; and
  - (iii) 500,000 C Class Options to Mr David Manning. The C Class Options have an exercise price of \$0.63 and are otherwise to be issued on the terms and conditions set out in Schedule 3.
- (c) Subject to the Company and Mr Manning entering into the Consultancy Agreement, the Company proposes to issue the Equity Securities to Mr David Manning within 5 Business Days after, but in any case no later than one month after, the date of the Meeting.
- (d) Mr David Manning is a Director of the Company.
- (e) The 1,500,000 Shares proposed to be issued to Mr Manning will be allotted at a price of \$0.55 per Share, being for total cash consideration of \$825,000. The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, and will rank equally with, the Company's existing Shares.

The A Class Options, B Class Options and C Class Options proposed to be issued to Mr Manning (together, **Manning Options**) will be issued for no cash consideration and will otherwise be issued on the terms and conditions set out in Schedule 1, Schedule 2 and Schedule 3 respectively. Any Shares issued on exercise of the Manning Options will be issued as fully paid ordinary shares in the capital of the Company on the same terms and conditions as, and will rank equally with, the Company's existing Shares.

- (f) The proceeds raised by the Company from the issue of the 1,500,000 Shares to Mr David Manning will be used to provide additional working capital to the Company.

The Manning Options will be issued for no cash consideration. The Manning Options are being issued to Mr David Manning in consideration for Mr David Manning delivering the consulting services under the Manning Consultancy Agreement. Any proceeds received from the exercise of the Manning Options will be used to provide additional working capital to the Company.

## Information required for Shareholder approval under Chapter 2E of the Corporations Act

For the purposes of section 208 in Chapter 2E of the Corporations and for all other purposes, the following information is provided to Shareholders:

(a) Identity of related parties

The related parties to whom Resolution 4 would permit the financial benefit to be given is Mr David Manning, a Director of the Company;

(b) Nature of financial benefits

The nature of the proposed financial benefits to be given are:

- (i) the opportunity for Mr Manning to subscribe for 1,500,000 Shares at \$0.55 per Share; and
- (ii) the issue to Mr David Manning of the following securities in the Company:
  - (A) 500,000 A Class Options to Mr David Manning. The A Class Options have an exercise price of \$0.55 and are otherwise to be issued on the terms and conditions set out in Schedule 1;
  - (B) 500,000 B Class Options to Mr David Manning. The B Class Options have an exercise price of \$0.605 and are otherwise to be issued on the terms and conditions set out in Schedule 2; and
  - (C) 500,000 C Class Options to Mr David Manning. The C Class Options have an exercise price of \$0.63 and are otherwise to be issued on the terms and conditions set out in Schedule 3.

The number of options granted and implied value attributable to these options was determined through a commercial negotiation with regard to an agreed assessment of the market value provided for the services to be rendered and appropriate alignment with shareholders value.

(c) Directors' recommendations

As Resolution 4 relates to a benefit being provided to Mr David Manning, Mr Manning has refrained from making a recommendation in relation to this resolution.

The remaining Directors unanimously recommend the approval of Resolution 4. The remaining Directors recommend that Shareholders vote in favour of Resolution 4 as the financial benefit being provide to Mr David Manning will enable the Company to access, through the Manning Consultancy Agreement, first class expertise, experience and insight to assist the Company in continuing to develop and execute its growth strategy whilst conserving its cash reserves.

(d) Disclosure of interests in outcome of Resolution 4

As noted above, Mr David Manning has a direct personal interest in the outcome of Resolution 4 as it is proposed that he will be issued with the Equity Securities.

None of the other Directors have an interest in the outcome of Resolution 4.

(e) Directors' total remuneration packages

The Directors have the following remuneration entitlements:

Director (including associated entities)	Actual 2014 Financial Year Remuneration	Actual 2015 Financial Year Remuneration	Proposed 2016 Financial Year Remuneration
D Manning ** / ***	-	-	\$191,541
S James	\$100,000	\$100,000	\$100,000
P Blakey *	\$556,692	\$474,713	\$550,000
C Coleman ****	\$87,400	\$87,400	\$87,600
<b>Total</b>	<b>\$744,092</b>	<b>\$662,113</b>	<b>\$929,141</b>

\* Includes bonus, non-monetary benefits, superannuation, long service leave and Rights.

\*\* Mr David Manning was appointed as a non-executive Director on 20 July 2015. The Company has agreed to pay Mr David Manning annual director fees of \$80,000 (excluding superannuation).

\*\*\* Including the value of the Manning Options which will be expensed by the Company over 4 years as per accounting treatment below. It is noted that the independent valuer has not assessed any value to the opportunity for Mr Manning to subscribe for 1,500,000 Shares at \$0.55 per Share.

Option	2016	2017	2018	2019	Total
<b>A</b>	\$50,568	\$2,932	\$0	\$0	\$53,500
<b>B</b>	\$32,137	\$34,000	\$1,863	\$0	\$68,000
<b>C</b>	\$25,836	\$27,333	\$27,333	\$1,498	\$82,000
<b>Total</b>	<b>\$108,541</b>	<b>\$64,265</b>	<b>\$29,196</b>	<b>\$1,498</b>	<b>\$203,500</b>

Subject to the Company and ASI reaching agreement in relation to the ASI Services Agreement, it is also proposed that the Company will, in consideration for ASI entering into the ASI Services Agreement, grant to ASI the right for ASI (or a nominee of ASI acceptable to the Company) to subscribe for up to 9,000,000 Shares at a price to be agreed. As noted above, ASI is an entity controlled by Mr Manning.

\*\*\*\*\* Viburnum Funds Pty Ltd, a company of which Mr Craig Coleman is a director and entities associated with him are shareholders, received on commercial terms in 2015 a debt arrangement fee of \$100,000 (excluding GST) and a fee of \$50,000 (excluding GST) for undertaking a strategic review of North Coast Community Care. At the date of this Notice, Viburnum Funds Pty Ltd received on commercial terms in 2016 consulting fee of \$25,000 (excluding GST).



(f) Dilution effect of proposed transaction

If the Equity Securities are issue to Mr David Manning, Shareholders equity interests in the Company may be diluted as follows:

**Scenario 1: Undiluted basis**

Director (including associated entities)	Current Share, Options & Rights Holding	% of Total Share, Options & Rights Capital	Share, Options & Rights Capital Upon Exercise*	% of Total Share, Options & Rights Capital Upon exercise
D Manning	0	0.00%	3,000,000	1.79%
S James	2,756,589	1.68%	2,756,589	1.65%
P Blakey	0	0.00%	0	0.00
C Coleman*	1,501,250	0.91%	1,501,250	0.90%
All Other Holders	159,963,363	97.41%	159,963,363	95.66%
<b>Total</b>	<b>164,221,202</b>	<b>100.00%</b>	<b>167,221,202</b>	<b>100.00%</b>

\* Mr Craig Coleman is a director of, and entities associated with Mr Craig Coleman are shareholders in, Viburnum Funds Pty Ltd. As at the date of this Notice, Viburnum holds 48,998,923 Shares, representing 29.84% of the total number of Shares on issue in the Company, as trustee and manager for the Viburnum Funds.

**Assumptions:** (1) The 1,260,000 Rights currently on issue **do not** vest; (2) all the Equity Securities subject of Resolution 4 are approved and issued and, in relation to the Manning Options, they vest and are exercised; and (3) no other securities in the Company are issued.

**Scenario 2: Fully diluted basis**

Director (including associated entities)	Current Share, Options & Rights Holding	% of Total Share, Options & Rights Capital	Share, Options & Rights Capital Upon Exercise*	% of Total Share, Options & Rights Capital Upon exercise
D Manning	0	0.00%	3,000,000	1.78%
S James	2,756,589	1.67%	2,756,589	1.64%
P Blakey	700,000	0.42%	700,000	0.42%
C Coleman*	1,501,250	0.91%	1,501,250	0.89%
All Other Holders	160,523,363	97.00%	160,523,363	95.27%
<b>Total</b>	<b>165,481,202</b>	<b>100.00%</b>	<b>168,481,202</b>	<b>100.00%</b>

\* Mr Craig Coleman is a director of, and entities associated with Mr Craig Coleman are shareholders in, Viburnum Funds Pty Ltd. As at the date of this Notice, Viburnum holds 48,998,923 Shares, representing 29.84% of the total number of Shares on issue in the Company, as trustee and manager for the Viburnum Funds.

**Assumptions:** (1) The 1,260,000 Rights currently on issue vest; (2) all the Equity Securities subject of Resolution 4 are approved and issued and, in relation to the Manning Options, they vest and are exercised; and (3) no other securities in the Company are issued.

(g) Valuation of financial benefits

The 1,500,000 Shares proposed to be issued to Mr David Manning will be quoted on the ASX and as such have a market value. The Shares are being issued at \$0.55 per Share, compared to the current market price as outlined in section (h)(ii) below. The market price as outlined in section (h)(ii) below may change by the date of the AGM and the date of the allotment of the Shares.

The Company has sought an independent valuation of the abovementioned shares from Stantons International Securities Pty Ltd (**SIS**). SIS has concluded the following:

“Since there is an agreed fixed value attributable to these shares, there is no need to value the shares as per IFRS requirements and as per Corporations Act under Chapter 2E Section 208, although shareholder approval will need to be obtained. The share price as at 18 September 2015 of a PHG share is 57 cents (compared with the agreed subscription price of 55 cents). The share price of a PHG share traded on the ASX between 1 September 2015 and 18 September 2015 has been 54 cents and 59 cents.

The Manning Options will not be quoted on ASX and as such the Manning Options have no market value. Each Manning Option grants the holder a right to subscribe for one Share upon exercise of each Manning Option (subject to adjustment for capital adjustments) and payment of the exercise price described above. Accordingly, the Manning Options may have a present value at the date of their grant.

The Manning Options may acquire future value dependent upon the extent to which the market value of Shares exceeds the exercise price of the Manning Options during the exercise period of the Manning Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (i.e. readily capable of being liquidated),

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There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black and Scholes option valuation methodology, **Black-Scholes Model**).

The Company has sought an independent valuation of the Manning Options from Stantons International Securities Pty Ltd (**SIS**). The method used to value the Manning Options was the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the price of the underlying Share at the time of issue, the exercise price, the time to expiry, the risk-free interest rate, the volatility of the Company's underlying Share price and expected dividends.

The data relied upon in the valuation prepared by SIS was:

- Exercise price of the Manning Options, being;
  - A Class Options : \$0.55
  - B Class Options : \$0.605
  - C Class Options : \$0.63
- Market price of Shares of 57.0 cents, being the closing price of Shares on the ASX on 18 September 2015 as a proxy for the market price at the future date of issue, being the date of the General Meeting to approve the issue;
- Manning Options vesting on;
  - A Class Options : 20 July 2016
  - B Class Options : 20 July 2017
  - C Class Options : 20 July 2018
- Expiry Date of:
  - A Class Options : 30 days from 20 July 2016
  - B Class Options : 30 days from 20 July 2017
  - C Class Options : 30 days from 20 July 2018
- Volatility measure of 50%;
- Risk-free interest rate of a 2 and 3 year Australian Government bond of 1.97% and 2.00% respectively; and
- Dividend yield of 1.11%.

The Company has adopted an indicative value for the Manning Options, being the mid-point of valuation of the Options in the valuation report provided by SIS, based on the assessed fair value of the Manning Options as calculated in that report, as follows:

- A Class Options : 10.7 cents each
- B Class Options : 13.6 cents each
- C Class Options : 16.4 cents each

The total assessed valuation of the Manning Options that are the subject of Resolution 4 is \$203,500, as determined in accordance with the following table. It is noted that SIS has valued the Manning Options to be in a range of values per Manning Option, based on volatilities ranging from 40% to 60% as outlined below:

Option Class	SIS Low Option Value (Cents)	SIS Opinion Option Value (Cents)	SIS High Option Value (Cents)	Number of Options	Value based on SIS Opinion
<b>A</b>	8.9	10.7	12.6	500,000	\$53,500
<b>B</b>	10.7	13.6	16.4	500,000	\$68,000
<b>C</b>	12.9	16.4	19.8	500,000	\$82,000
<b>Total</b>				<b>1,500,000</b>	<b>\$203,500</b>

- (h) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors.

There is no other information known to the Company or any of the Directors save and except as follows:

(i) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Equity Securities to Mr David Manning is the potentially diluted impact on the existing issued Share capital of the Company (including in the event that the Manning Options are exercised). Until exercised, the issue of the Manning Options will not impact upon the number of Shares on issue in the Company. The dilutionary impact caused by the issue of the Equity Securities (including the Shares to be issued upon exercise of the Manning Options) will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the access to the services which the Manning Consultancy Agreement is expected to provide. It is also considered that the potential increase of value in the Manning Options is dependent upon a concomitant increase in the value of the Company generally.

(ii) Trading History of the Shares

As at 18 September 2015, the closing price of Shares on ASX was 57.0 cents.

Set out below is the trading history of the closing price of Shares over the past 6 months and 12 months period:

	<b>Closing Price 6 months prior to 18 September 2015 *</b>	<b>Closing Price 12 months prior to 18 September 2015 **</b>
<b>High</b>	57.5 cents	57.5 cents
<b>Low</b>	47.5 cents	39.0 cents

\*From 19 Mar 2014 – 18 Sept 2015

\*\*From 19 Sept 2014 – 18 Sept 2015

The 3 month VWAP for the period ended 18 September 2015 is 52.9 cents.

(iii) Taxation Consequences

No stamp duty will be payable in respect of the grant of the Equity Securities. No GST will be payable by the Company in respect of the grant of the Equity Securities (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

**Directors' Recommendation and Reasons for Recommendation in relation to Resolution 4**

The Directors (with Mr Manning abstaining) unanimously recommend the approval of Resolution 4 for the reasons set out above.

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6. **RESOLUTION 5 - GIVING OF FINANCIAL ASSISTANCE BY THE HILLS CLINIC PTY LTD**

**Background and details of Proposed Financial Assistance**

As previously announced by the Company, on 5 May 2015 Pulse Health Hospitals Pty Ltd (**Purchaser**), a wholly owned subsidiary of the Company, completed the acquisition of 100% of the issued shares in The Hills Clinic Pty Ltd (**THC**) (**Acquisition**).

The Acquisition was financed utilising a \$42,160,000, 3 year multi-option secured loan facility provided by National Australia Bank Limited. The loan facility was documented in a suite of facility documentation dated 27 April 2015 (**Facility Documentation**) between:

- (i) the Company, as borrower;
- (ii) the entities listed below (including the Purchaser), as guarantors (together, **Other Guarantors**); and
- (iii) National Australia Bank Limited, as lender (**Lender**).

The Directors consider that the terms of the Facility Documentation, including in relation to interest charges, events of default, undertakings, representations and warranties (from the Company and its subsidiaries), are customary for a facility of nature provided by the Lender.

The Lender requested as part of the Facility Documentation negotiations that all of the substantial assets of the Company and its subsidiaries effectively secure the obligations of the Company and its subsidiaries to the Lender. As is customary for a facility of the type provided, the Facility Documentation included a condition subsequent to financial close under the facility that THC (having become a subsidiary of the Purchaser after the Acquisition) grant an interlocking guarantee and indemnity to the Lender in relation to the indebtedness of the Company and the Other Guarantors to the Lender by becoming a 'guarantor' under the Facility Documentation by signing a document of accession (**Accession Document**), and that its guarantee and indemnity be supported by a registered general security deed (**GSD**) and a registered Mortgage of Lease (**Mortgage of Lease**), all so as to further secure the obligations of the Company and the Other Guarantors to the Lender under the Facility Documentation.

The terms of the interlocking guarantee and indemnity, the Accession Document, the GSD and the Mortgage of Lease (together, **Security**) are customary for a facility of the nature provided by the Lender and the associated security package. The Security will be first ranking in respect of the current and/or future property to which they relate.

It is necessary for Resolution 5 to be passed in order for THC to give the Security to the Lender. If Resolution 5 is not passed and THC is unable to give the Security to the Lender, the condition subsequent in the Facility Documentation will not be satisfied and the Lender could require the Company to repay all money outstanding under the facility.

Pursuant to the Facility Documentation, THC will (with the Other Guarantors):

- (a) guarantee payment to the Lender on demand of all present and future, actual and/or contingent liabilities and obligations of the Company and the Other Guarantors to the Lender; and
- (b) indemnify the Lender against all or any loss or damage suffered or incurred by the Lender by reason or in consequence of any of the matters referred to in the Facility Documentation.

The following entities are currently guarantors of the Company's liabilities and obligations under the Facility Documentation, and of each other's liabilities and obligations under the Facility Documentation:

- (a) Pulse Health Services Pty Ltd ABN 19 120 817 825
- (b) Pulse Health Hospitals Pty Ltd ABN 21 120 817 834
- (c) Bega Valley Private Hospital Pty Ltd ABN 24 126 077 183
- (d) Forster Private Hospital Pty Ltd ABN 59 128 758 958
- (e) Gympie Private Hospital Pty Ltd ABN 47 128 759 213
- (f) Gold Coast Surgical Hospital Pty Ltd ABN 40 134 340 864
- (g) KPH Hospital Pty Ltd ABN 45 128 758 458
- (h) NMP Hospital Pty Ltd ABN 135 382 008
- (i) PERH Pty Ltd ABN 22 143 486 515
- (j) Westmead Rehabilitation Hospital Pty Ltd ABN 28 132 458 818
- (k) Recruitment Specialist Group Pty Ltd ABN 52 111 514 286
- (l) Pulse Health Nursing Pty Ltd ACN 131 484 501
- (m) Pulse Health Aged Care Pty Ltd ABN 51 134 054 541
- (n) Pulse Community Care Pty Ltd ABN 72 112 755 307

(together, the **Other Guarantors**).

The granting of the Security by THC constitutes THC giving "financial assistance" in connection with the Acquisition within the meaning of section 260A of the Corporations Act insofar as doing so assists the Purchaser to purchase shares in THC.

Accordingly, Shareholders are being asked under Resolution 5 to approve the giving of the financial assistance by THC for the purposes of section 260B(2) of the Corporations Act in order for THC to give the Security to the Lender.

#### **The requirements for obtaining member approval under section 260B of the Corporations Act**

Under section 260A of the Corporations Act, a company may financially assist a person to acquire shares in the company or its holding company only in certain circumstances, one of which is if the assistance is approved by shareholder(s) under section 260B.

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While the Corporations Act does not define what is meant by “financially assist”, it is generally accepted that THC guaranteeing the obligations of the Company and the Other Guarantors to repay the financial accommodation utilised by the Purchaser to enable the Purchaser to acquire shares in THC and providing the GSD and Mortgage of Lease will fall within the broad scope of that term.

The requirements for shareholder approval under section 260B of the Corporations Act are:

- (a) The assistance must be approved by shareholders of THC by:
  - (i) a Special Resolution passed at a general meeting of THC with no votes being cast in favour of the resolution by the person acquiring the shares or by their associates; or
  - (ii) a resolution agreed to, at a general meeting of THC, by all ordinary shareholders.

Under section 249B of the Corporations Act, a company that has only one member may pass a resolution without a general meeting being held if the sole member signs a document containing a statement that they are in favour of the resolution set out in the document. The Company proposes to sign such a document in its capacity as sole shareholder of THC to approve the giving of financial assistance by THC in relation to the Acquisition.

- (b) In addition, if, immediately after the Acquisition, THC will have an ultimate Australian holding company that is a listed domestic corporation, the financial assistance must also be approved by a Special Resolution passed at a general meeting of the body corporate that will be the ultimate Australian holding company.

Immediately after the Acquisition, the Company became the ultimate Australian holding company of THC and, accordingly, Shareholder approval is required for the giving of financial assistance by THC in relation to the Acquisition in order for THC to provide the Security to the Lender.

- (c) The Corporations Act requires that the Company must include with the notice of meeting a statement setting out all the information known to the Company that is material to the decision on how to vote on the resolution, unless it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to its shareholders. The information has been included in section 6 this Explanatory Statement by the Company to satisfy this requirement.

### **Reasons for Proposed Financial Assistance**

The strategic rationale and reasons why the Company has made the investment in THC have been fully explained in the Company's announcement and investor presentation lodged on the ASX Market Announcements Platform on 30 April 2015.

The reasons for the giving of the financial assistance are to enable the Company to comply with its obligations under the Facility Documentation which provided the means for the Purchaser to acquire THC.



## Effects of the financial assistance

The Directors believe that the giving of the financial assistance described in this Explanatory Statement by THC is unlikely to have any material adverse effect on THC.

### Advantages

- (a) The provision of the financial assistance by THC as detailed above will enable the Company to comply with its obligation under the Facility Documentation to procure that THC grants the Security within 5 months after the Purchaser acquired the shares in THC, thereby preserving the benefit of all of the facilities from the Lender available to the Company and its subsidiaries under the Facility Documentation. In this regard, if Resolution 5 is not passed, THC is not able to provide the Security to the Lender and the Lender could require immediate repayment of the amounts due under the Facility Documentation which would have a material adverse impact on the operations of the Company, the Purchaser and THC.
- (b) As a member of the group of companies of which the Company is the ultimate holding company, THC will have the benefit of access to the resources, skills and financial expertise the Company provides its various subsidiaries and the opportunity to take advantage of those which it would not otherwise have had.
- (c) The Directors accordingly believe, after careful consideration of all relevant factors and in the context of the positive benefits of the acquisition by the Purchaser of THC for the Company, that the provision of financial assistance as referred to in this Explanatory Statement is in the best interests of and of commercial benefit to both the Company and THC.

### Disadvantages

- (a) As the Company is already liable for the amounts due under the Facility Documentation, the Directors of the Company do not believe there are any disadvantages to Shareholders of the Company approving the giving of financial assistance by THC.
- (b) For THC, the disadvantages of granting the Security include:
  - (i) THC will become liable for the amounts due under the Facility Documentation and the Security;
  - (ii) THC's assets will be subject to the Security and its operations will be restricted by the representations and undertakings given by it under the Facility Documentation and the Security; and
  - (iii) although the Directors consider this unlikely, the Company may default under the Facility Documentation, and the Lender may then make a demand under the guarantees provided by THC requiring immediate repayment of the amounts due under the Facility Documentation and seek to enforce the Security, which may result in the appointment of a controller over the assets of, or the winding up of, THC.

## **Special Resolution**

Under the provisions of section 260B(2) of the Corporations Act, the proposed financial assistance requires shareholder approval by way of Special Resolution. That is, at least 75% of the votes cast by Shareholders entitled to vote on the Resolution must be in favour of the Resolution for it to be passed.

## **Notice to ASIC**

Copies of the Notice and this Explanatory Statement were lodged with ASIC before being sent to Shareholders in accordance with section 260B(5) of the Corporations Act.

## **Disclosure of information**

The Directors consider that this Explanatory Statement contains all material information known to the Company that could reasonably be required by Shareholders in deciding whether to approve the Resolution 5, other than information that it would be unreasonable to require the Company to disclose because the Company has previously disclosed the information to Shareholders.

## **Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 5. The reason the Board makes this recommendation is that it considers that the giving of financial assistance described above is appropriate in connection with the Company's acquisition of THC.

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## **5. ENQUIRIES**

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in the Documents.

David Franks  
Company Secretary  
Pulse Health Limited  
c/- Franks & Associates Pty Limited  
GPO Box 4325, Sydney, NSW 2001  
Tel: (+61 2) 9299 9690 Fax: (+61 2) 9299 9629  
Email: [dfranks@fa.com.au](mailto:dfranks@fa.com.au)

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## SCHEDULE 1 – TERMS AND CONDITIONS OF CLASS A OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) **Right to Subscribe:** Each Option gives the Optionholder the right to subscribe for one Share, subject to and in accordance with these terms of issue.
- (b) **Vesting:** Subject to rule (g), the Options will vest on the earlier of:
- (i) 20 July 2016, being the date falling 1 year after the date on which the Optionholder was appointed as a non-executive director of the Company;
  - (ii) if the Company terminates the appointment of the Optionholder as a non-executive director without cause during the period of 1 year from commencement of this appointment, the date on which the Optionholder's appointment as a NED is terminated; and
  - (iii) if the Company terminates the Optionholder's appointment under the Consultancy Agreement without cause during the period of 1 year from the date of the Consultancy Agreement, the date on which the Optionholder's appointment under the Consultancy Agreement is terminated, (**Vesting Date**).
- (c) **Exercise Price:** The exercise price payable upon exercise of each Option is \$0.55 (**Exercise Price**), subject to adjustment in accordance with these terms of issue.
- (d) **Expiry Date:** Each vested Option automatically expires at 5.00pm (Sydney time) on the date falling 30 days from the Vesting Date (**Expiry Date**).
- (e) **Exercise Period:** Each Option may be exercised at any time during the period commencing on the Vesting Date and ending on the Expiry Date (**Exercise Period**).
- (f) **Partial exercise of options:** The Options may be exercised in whole or in part. If the Options are exercised in part, then despite any other provision of these terms, the Options must be exercised in multiples of not less than 10,000 Options or, if the Optionholder holds less than 10,000 Options at the time of exercise, any balancing amount of any Options held by the Optionholder.
- (g) **Automatic expiry:** Each Option, whether vested or unvested, will automatically lapse if, at any time before it is exercised:
- (i) the Optionholder resigns from his role as a non-executive director of the Company;
  - (ii) the Optionholder commits a fraud or breach of duty and ceases to be a director of the Company;
  - (iii) the Optionholder terminates the Consultancy Agreement other than where the Company is in breach of a material clause of the Consultancy Agreement; or
  - (iv) the Company terminates the Consultancy Agreement other than without cause.
- (h) **Method of Exercise:** Options may be exercised in whole or part by lodging with the Company during the Exercise Period:
- (i) a duly signed written notice of exercise specifying the number of Options which are being exercised (**Exercise Notice**);

- (ii) a cheque or electronic funds transfer of cleared funds to the Company for the Exercise Price for the number of Options being exercised; (**Exercise Notice**); and
- (iii) the certificate of the options being exercised, for cancellation by the Company.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the Options being exercised in cleared funds.

- (i) **Issue of Shares:** Within 10 Business Days, unless the Company has Excluded Information, in which case within 20 Business Days, after receipt of a valid Exercise Notice, full payment of the Exercise Price and the option certificate, the Company must:
  - (i) issue the number of Shares specified in the Exercise Notice;
  - (ii) cancel the certificate for the Options being exercised and update the option register accordingly;
  - (iii) if applicable, issue a new option certificate for any unexercised Options;
  - (iv) apply to ASX for quotation of the Shares specified in the Exercise Notice;
  - (v) issue a Cleansing Statement; and
  - (vi) do all things necessary to ensure that the Shares specified in the Exercise Notice can be freely traded from the issue date without disclosure restrictions arising under Part 6D.2 of the Corporations Act.

If the Company is unable to comply with each of the requirements to issue a valid Cleansing Statement for the purposes of rule (i)(v) above, the Company must lodge a Cleansing Prospectus with ASIC within 20 Business Days after receipt of the relevant valid Exercise Notice, full payment of the Exercise Price and the option certificate.

- (j) **Ranking:** The Shares issued on exercise of the Options will rank equally in all respects with the existing issued Shares, including the payment of any distributions with a record date on or after the date of issue.
- (k) **Transfer of Options:** The Options are non-transferable.
- (l) **No Rights to Participate in New Issues:** The Optionholder has no right or entitlement, without exercising the Option, to participate in new issues of Shares offered to the Company's shareholders during the Exercise Period, whether by way of Bonus Issue or Pro Rata Issue.
- (m) **No Rights to Participate in Dividends:** The Optionholder has no right or entitlement to participate in Company's dividends.
- (n) **Capital reconstruction:** If there is a reorganisation of the issued capital of the Company before the Expiry Date then the number of Options to which an Optionholder is entitled, or the Exercise Price (or both) will be reconstructed (as appropriate) in accordance with ASX Listing Rule 7.22 (or its replacement or successor). The rights of the Optionholder under these terms of issue may be amended to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (o) **Quotation:** The Options are unlisted and quotation of the Options will not be sought.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF CLASS B OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) **Right to Subscribe:** Each Option gives the Optionholder the right to subscribe for one Share, subject to and in accordance with these terms of issue.
- (b) **Vesting:** Subject to rule (g), the Options will vest on the earlier of:
- (i) 20 July 2017, being the date falling 2 years after the date on which the Optionholder was appointed as a non-executive director of the Company;
  - (ii) if the Company terminates the appointment of the Optionholder as a non-executive director without cause during the period of 1 year from commencement of this appointment, the date on which the Optionholder's appointment as a NED is terminated; and
  - (iii) if the Company terminates the Optionholder's appointment under the Consultancy Agreement without cause during the period of 1 year from the date of the Consultancy Agreement, the date on which the Optionholder's appointment under the Consultancy Agreement is terminated, (**Vesting Date**).
- (c) **Exercise Price:** The exercise price payable upon exercise of each Option is \$0.605 (**Exercise Price**), subject to adjustment in accordance with these terms of issue.
- (d) **Expiry Date:** Each vested Option automatically expires at 5.00pm (Sydney time) on the date falling 30 days from the Vesting Date (**Expiry Date**).
- (e) **Exercise Period:** Each Option may be exercised at any time during the period commencing on the Vesting Date and ending on the Expiry Date (**Exercise Period**).
- (f) **Partial exercise of options:** The Options may be exercised in whole or in part. If the Options are exercised in part, then despite any other provision of these terms, the Options must be exercised in multiples of not less than 10,000 Options or, if the Optionholder holds less than 10,000 Options at the time of exercise, any balancing amount of any Options held by the Optionholder.
- (g) **Automatic expiry:** Each Option, whether vested or unvested, will automatically lapse if, at any time before it is exercised:
- (i) the Optionholder resigns from his role as a non-executive director of the Company;
  - (ii) the Optionholder commits a fraud or breach of duty and ceases to be a director of the Company;
  - (iii) the Optionholder terminates the Consultancy Agreement other than where the Company is in breach of a material clause of the Consultancy Agreement; or
  - (iv) the Company terminates the Consultancy Agreement other than without cause.
- (h) **Method of Exercise:** Options may be exercised in whole or part by lodging with the Company during the Exercise Period:
- (i) a duly signed written notice of exercise specifying the number of Options which are being exercised (**Exercise Notice**);

- (ii) a cheque or electronic funds transfer of cleared funds to the Company for the Exercise Price for the number of Options being exercised; (**Exercise Notice**); and
- (iii) the certificate of the options being exercised, for cancellation by the Company.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the Options being exercised in cleared funds.

(i) **Issue of Shares:** Within 10 Business Days, unless the Company has Excluded Information, in which case within 20 Business Days, after receipt of a valid Exercise Notice, full payment of the Exercise Price and the option certificate, the Company must:

- (i) issue the number of Shares specified in the Exercise Notice;
- (ii) cancel the certificate for the Options being exercised and update the option register accordingly;
- (iii) if applicable, issue a new option certificate for any unexercised Options;
- (iv) apply to ASX for quotation of the Shares specified in the Exercise Notice;
- (v) issue a Cleansing Statement; and
- (vi) do all things necessary to ensure that the Shares specified in the Exercise Notice can be freely traded from the issue date without disclosure restrictions arising under Part 6D.2 of the Corporations Act.

If the Company is unable to comply with each of the requirements to issue a valid Cleansing Statement for the purposes of rule (i)(v) above, the Company must lodge a Cleansing Prospectus with ASIC within 20 Business Days after receipt of the relevant valid Exercise Notice, full payment of the Exercise Price and the option certificate.

(j) **Ranking:** The Shares issued on exercise of the Options will rank equally in all respects with the existing issued Shares, including the payment of any distributions with a record date on or after the date of issue.

(k) **Transfer of Options:** The Options are non-transferable.

(l) **No Rights to Participate in New Issues:** The Optionholder has no right or entitlement, without exercising the Option, to participate in new issues of Shares offered to the Company's shareholders during the Exercise Period, whether by way of Bonus Issue or Pro Rata Issue.

(m) **No Rights to Participate in Dividends:** The Optionholder has no right or entitlement to participate in Company's dividends.

(n) **Capital reconstruction:** If there is a reorganisation of the issued capital of the Company before the Expiry Date then the number of Options to which an Optionholder is entitled, or the Exercise Price (or both) will be reconstructed (as appropriate) in accordance with ASX Listing Rule 7.22 (or its replacement or successor). The rights of the Optionholder under these terms of issue may be amended to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(o) **Quotation:** The Options are unlisted and quotation of the Options will not be sought.

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### SCHEDULE 3 – TERMS AND CONDITIONS OF CLASS C OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) **Right to Subscribe:** Each Option gives the Optionholder the right to subscribe for one Share, subject to and in accordance with these terms of issue.
- (b) **Vesting:** Subject to rule (g), the Options will vest on the earlier of:
- (i) 20 July 2018, being the date falling 3 years after the date on which the Optionholder was appointed as a non-executive director of the Company; and
  - (ii) if the Company terminates the appointment of the Optionholder as a non-executive director without cause during the period of 1 year from commencement of this appointment, the date on which the Optionholder's appointment as a NED is terminated; and
  - (iii) if the Company terminates the Optionholder's appointment under the Consultancy Agreement without cause during the period of 1 year from the date of the Consultancy Agreement, the date on which the Optionholder's appointment under the Consultancy Agreement is terminated, **(Vesting Date)**.
- (c) **Exercise Price:** The exercise price payable upon exercise of each Option is \$0.63 **(Exercise Price)**, subject to adjustment in accordance with these terms of issue.
- (d) **Expiry Date:** Each vested Option automatically expires at 5.00pm (Sydney time) on the date falling 30 days from the Vesting Date **(Expiry Date)**.
- (e) **Exercise Period:** Each Option may be exercised at any time during the period commencing on the Vesting Date and ending on the Expiry Date **(Exercise Period)**.
- (f) **Partial exercise of options:** The Options may be exercised in whole or in part. If the Options are exercised in part, then despite any other provision of these terms, the Options must be exercised in multiples of not less than 10,000 Options or, if the Optionholder holds less than 10,000 Options at the time of exercise, any balancing amount of any Options held by the Optionholder.
- (g) **Automatic expiry:** Each Option, whether vested or unvested, will automatically lapse if, at any time before it is exercised:
- (i) the Optionholder resigns from his role as a non-executive director of the Company;
  - (ii) the Optionholder commits a fraud or breach of duty and ceases to be a director of the Company;
  - (iii) the Optionholder terminates the Consultancy Agreement other than where the Company is in breach of a material clause of the Consultancy Agreement; or
  - (iv) the Company terminates the Consultancy Agreement other than without cause.
- (h) **Method of Exercise:** Options may be exercised in whole or part by lodging with the Company during the Exercise Period:
- (i) a duly signed written notice of exercise specifying the number of Options which are being exercised **(Exercise Notice)**;

- (ii) a cheque or electronic funds transfer of cleared funds to the Company for the Exercise Price for the number of Options being exercised; (**Exercise Notice**); and
- (iii) the certificate of the options being exercised, for cancellation by the Company.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the Options being exercised in cleared funds.

- (i) **Issue of Shares:** Within 10 Business Days, unless the Company has Excluded Information, in which case within 20 Business Days, after receipt of a valid Exercise Notice, full payment of the Exercise Price and the option certificate, the Company must:
  - (i) issue the number of Shares specified in the Exercise Notice;
  - (ii) cancel the certificate for the Options being exercised and update the option register accordingly;
  - (iii) if applicable, issue a new option certificate for any unexercised Options;
  - (iv) apply to ASX for quotation of the Shares specified in the Exercise Notice;
  - (v) issue a Cleansing Statement; and
  - (vi) do all things necessary to ensure that the Shares specified in the Exercise Notice can be freely traded from the issue date without disclosure restrictions arising under Part 6D.2 of the Corporations Act.

If the Company is unable to comply with each of the requirements to issue a valid Cleansing Statement for the purposes of rule (i)(v) above, the Company must lodge a Cleansing Prospectus with ASIC within 20 Business Days after receipt of the relevant valid Exercise Notice, full payment of the Exercise Price and the option certificate.

- (j) **Ranking:** The Shares issued on exercise of the Options will rank equally in all respects with the existing issued Shares, including the payment of any distributions with a record date on or after the date of issue.
- (k) **Transfer of Options:** The Options are non-transferable.
- (l) **No Rights to Participate in New Issues:** The Optionholder has no right or entitlement, without exercising the Option, to participate in new issues of Shares offered to the Company's shareholders during the Exercise Period, whether by way of Bonus Issue or Pro Rata Issue.
- (m) **No Rights to Participate in Dividends:** The Optionholder has no right or entitlement to participate in Company's dividends.
- (n) **Capital reconstruction:** If there is a reorganisation of the issued capital of the Company before the Expiry Date then the number of Options to which an Optionholder is entitled, or the Exercise Price (or both) will be reconstructed (as appropriate) in accordance with ASX Listing Rule 7.22 (or its replacement or successor). The rights of the Optionholder under these terms of issue may be amended to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (o) **Quotation:** The Options are unlisted and quotation of the Options will not be sought.



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## GLOSSARY

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**\$** means Australian dollars.

**A Class Option** or **A Class Options** means the Options proposed to be issued to Mr David Manning on the terms and conditions outlined in Schedule 1.

**AEDT** means Australian Eastern Daylight Time, Sydney, New South Wales.

**AmSurg** means AmSurg Corp, a company listed on the NASDAQ.

**Annual General Meeting, AGM** or **Meeting** means the meeting convened by the Notice.

**ASI** means Ambulatory Surgery International Pty Ltd (ACN 607 820 904).

**ASIC** means the Australian Securities and Investments Commission.

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

**ASX Listing Rules** means the Listing Rules of ASX.

**B Class Option** or **B Class Options** means the Options proposed to be issued to Mr David Manning on the terms and conditions outlined in Schedule 2.

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

**Bonus Issue** has the meaning given to that term in the ASX Listing Rules.

**C Class Option** or **C Class Options** means the Options proposed to be issued to Mr David Manning on the terms and conditions outlined in Schedule 3.

**Cleansing Prospectus** means a prospectus issued by the Company in accordance with the requirements of section 708A(11) of the Corporations Act and which complies with Part 6D.2 of the Corporations Act in respect of an offer of Shares.

**Cleansing Statement** means an announcement made by the Company to ASX in accordance with section 708A(5)(e) of the Corporations Act, pursuant to and in compliance with section 708A(6) of the Corporations Act in respect of the issue of Shares.

**Closely Related Parties**, in relation to a member of KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with Pulse Health (or the Pulse Health Group), and any company the member controls.

**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.

**Documents** means each of the Notice, Explanatory Statement and the Proxy Form and all other documents that accompany them when sent to each Shareholder.

**Excluded Information** has the meaning given to that term in section 708A(7) of the Corporations Act.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of Pulse Health or the Pulse Health Group, whether directly or indirectly. Members of the KMP include Directors and certain senior executives.

**Manning Options** means the A Class Options, B Class Options and C Class Options proposed to be issued to Mr David Manning.

**Notice** means the notice of Meeting that accompanies and forms part of the Documents.

**Ordinary Resolution** means a resolution passed by more than 50 per cent of the votes at a general meeting of Shareholders.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Right** or **Right** means a right to be issued or transferred one Share upon satisfaction of a performance condition on a specified date.

**Pro Rata Issue** has the meaning given to that term in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying this Notice.

**Pulse Health Group** means Pulse Health and its controlled entities.

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

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

**Shareholder** means a holder of a Share.

**Share Registry** means Computershare Investor Services.

**Special Resolution** means a resolution passed by more than 75 per cent of the votes at a general meeting of Shareholders.

**Viburnum Funds** means the VF Strategic Equities Fund and the Viburnum Staff Trust 1.

## Interpretation

In these Documents, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) headings are included for convenience only and do not affect interpretation;
- (f) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (j) reference to "\$", "A\$", "Australian Dollars" or "dollars" is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (k) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

**Lodge your vote:**

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

┌ 000001 000 PHG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

 **For your vote to be effective it must be received by 4.00pm Monday 16 November 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

This Document is printed on Greenhouse Friendly™ ENVI Laser Carbon Neutral Paper

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pulse Health Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pulse Health Limited to be held at The Adam Room, Castlereagh Boutique Hotel, Level 4, 169 Castlereagh Street, Sydney NSW 2000 on Wednesday, 18 November 2015 at 4.00pm and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3 & 4 (except where I/we have indicated a different voting intention below) even though Items 3 & 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3 & 4 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Re-Election of Director – Mr Craig Coleman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-Election of Director – Mr David Manning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Issue of Shares and Options to Non-Executive Director - Mr David Manning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Giving of Financial Assistance by The Hills Clinic Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

PHG

999999A

Computershare +