

## Appendix 4D Results for announcement to the market

### Pulse Health Limited (ACN 104 113 760)

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

Current reporting period: Half – Year ending 31 December 2015

Previous corresponding period: Half – Year ending 31 December 2014

<b>Results from continuing operations</b>		<b>Percentage Change %</b>	<b>31 Dec 2015 \$'000</b>	<b>31 Dec 2014 \$'000</b>
Revenue	up	29%	34,932	27,099
Net (loss)/profit after tax attributable to members	down	-164%	(812)	1,266
Net profit after tax from continuing operations before significant items	up	57%	2,940	1,867
Earnings per share - basic (cents)	down	-150%	-0.48	0.95
Net tangible assets per share (cents)	down	-29%	9.2	13.0
			<b>Amount per security (cents)</b>	<b>Franked amount per security (cents)</b>
<b>Dividend (interim)</b>			0.3	0.3

The Pulse Dividend Reinvestment Plan (DRP) will apply to this dividend.  
There is no DRP discount for the interim dividend.

### Key Dates

Dividend record date	8 <sup>th</sup> March 2016
Dividend payment date	1 <sup>st</sup> April 2016
Last date for DRP election notices	18 <sup>th</sup> March 2016

## Overview of Financial Performance

### I. Profit Summary

The reported revenues from continuing operations for IH16 have increased by 29% to \$34.9m (IH15: \$27.1m), with underlying EBITDA from continuing operations (being the operating result of the Group before significant items) increasing 46% to \$4.5m (IH15:\$3.1m). The reported net loss after tax from continuing operations for the period ended 31 December 2015 was \$0.8m (2014: \$1.6m profit). After excluding significant items, the net profit after tax was \$2.9m, a 57% increase on the prior period.

The key drivers of underlying growth include the full period contribution of The Hills Clinic, acquired in May 2015, and the ramp-up of Mackay Rehabilitation Hospital to profitability.

\$'000	IH16	IH15	▲ %
Revenue	34,932	27,099	29%
EBITDA-R (underlying) *	8,415	5,822	45%
EBITDA (underlying) *	4,523	3,106	46%
EBIT (underlying)*	3,936	2,650	49%
Interest expense (net)	(599)	(9)	
<b>Profit before tax (underlying)</b>	<b>3,337</b>	<b>2,641</b>	<b>26%</b>
Tax	(397)	(774)	
<b>Net profit after tax (underlying)</b>	<b>2,940</b>	<b>1,867</b>	<b>57%</b>
<b>Significant items non-recurring items*</b>			
Acquisition activity expenses and associated costs	(1,635)	(308)	
Gold Coast Surgical Hospital ramp-up costs	(2,117)	-	
<b>Net (loss)/profit after tax as reported</b>	<b>(812)</b>	<b>1,559</b>	<b>-152%</b>
EPS basic - NPAT before significant items	1.73	1.15	
EPS basic - NPAT as reported	(0.48)	0.95	

\* Non AIFRS financial information is reconciled to AIFRS information at item 4 below.

## 2. Balance Sheet

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

<b>\$'000</b>	<b>IH16</b>	<b>FY15</b>
Total equity	82,418	53,448
Cash	30,495	3,491
Borrowings	27,975	24,111
Net debt / (cash)	(2,520)	20,620
NTA	21,377	(7,588)
Gearing (%) #	-3%	28%
NTA per share (cents)	9.2	-4.6

## 3. Outlook

The Company reaffirms guidance of underlying EBITDA of more than \$10.2m from existing assets, upgraded to more than \$11.4m with acquisitions to complete in 2H16.

Underlying EBITDA excludes ramp-up costs associated with the Gold Coast Surgical Hospital and one-off costs of execution of our acquisition pipeline.

Gold Coast Surgical Hospital is forecast to make a contribution in IH17.

#### 4. AIFRS Reconciliation (not subject to Audit review)

The directors believe the presentation of non-AIFRS financial information is useful for readers of this document to provide information of 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 interim financial report to underlying operating EBITDA and NPAT.

	IH16 \$'000	IH15 \$'000
<b>Net profit after tax from continuing operations as reported</b>	<b>(812)</b>	<b>1,559</b>
Income tax (benefit)/expense	(519)	774
Depreciation and amortisation	851	456
Finance costs (net)	599	9
Rent expense	5,280	2,716
Acquisition activity expenses and associated costs (note 1)	1,635	308
Ramp up costs - Gold Coast Surgical Hospital (note 2)	1,381	-
<b>EBITDA-R *</b>	<b>8,415</b>	<b>5,822</b>
Rent paid (note 3)	(3,892)	(2,716)
<b>EBITDA *</b>	<b>4,523</b>	<b>3,106</b>
Depreciation and amortisation (note 3)	(587)	(456)
<b>EBIT *</b>	<b>3,936</b>	<b>2,650</b>
Finance costs (net)	(599)	(9)
<b>Profit before tax</b>	<b>3,337</b>	<b>2,641</b>
Income tax expense (note 3)	(397)	(774)
<b>Net profit after tax from continuing operations before significant items *</b>	<b>2,940</b>	<b>1,867</b>

\* Non AIFRS financial information

For the first half of 2016 the following significant and non-recurring expenses were incurred:

- Note 1. During the period the Company incurred costs of \$1.635m associated with development of the acquisition pipeline, including acquisition costs for the Australian and New Zealand acquisitions that were announced to the market on 7 December 2015.
- Note 2. The Company commissioned the Gold Coast Surgical Hospital on 1 September 2015. The costs disclosed include expenses incurred prior to opening, and ramp-up costs as the business moves to profitability.
- Note 3. Excludes Gold Coast Surgical Hospital.

**Pulse Health Limited**

**A.B.N. 69 104 113 760**

**Interim Financial Report**

**31 December 2015**

## Pulse Health Limited

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## Pulse Health Limited

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### **DIRECTORS' REPORT 31 DECEMBER 2015**

Your directors present their report on the consolidated entity (referred to hereafter as the “consolidated entity” or the “Group”) consisting of Pulse Health Limited (referred to hereafter as the “Company”) and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

#### **Directors**

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

Mr Stuart James	(Chairman)
Mr Craig Coleman	(Non-Executive Director)
Ms Phillipa Blakey	(Managing Director & CEO)
Mr David L. Manning	(Non-Executive Director) appointed 20 July 2015

#### **Principal Activity**

The principal activity of the consolidated entity during the half year was the operation of specialist private hospitals and surgery centres.

#### **Review of Operations**

The loss for the consolidated entity after providing for income tax amounted to \$812,000 (31 December 2014: \$1,266,000 profit).

The reported loss includes one-off transaction costs associated with the execution of the acquisition pipeline, together with the ramp-up costs of the newly-commissioned Gold Coast Surgical Hospital. After excluding these costs, the net profit after tax before significant items is \$2,940,000 (31 December 2014: \$1,867,000).

#### **Significant Changes in the State of Affairs**

On 17 December 2015, the Company issued 65,071,676 ordinary shares at 47 cents per share pursuant to the institutional placement and entitlement offer announced on 7 December 2015.

There were no other significant changes in the state of affairs of the consolidated entity for the half year ended 31 December 2015.

#### **Auditor's Independence Declaration**

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

## Pulse Health Limited

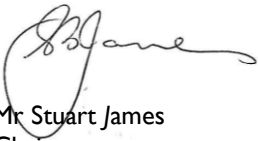
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### **DIRECTORS' REPORT 31 DECEMBER 2015**

#### **Rounding of Amounts**

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

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



Mr Stuart James  
Chairman

Sydney, 25 February 2016



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

As lead auditor for the review of Pulse Health Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Paul Bull  
Partner

**BDO East Coast Partnership**

Sydney, 25 February 2016

**Pulse Health Limited**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	For the half year ended	
	December 31	
	2015	2014
	\$000's	\$000's
<b>Revenue from continuing operations</b>	<b>34,932</b>	<b>27,099</b>
Employee benefits expense	(19,450)	(15,009)
Rent and outgoings	(5,280)	(2,716)
Medical consumables and supplies	(3,249)	(2,554)
Repairs and maintenance	(441)	(379)
Medical contractors	(1,185)	(1,168)
Professional fees	(168)	(114)
Finance costs	(635)	(9)
Corporate, acquisition and integration costs	(1,635)	(308)
Depreciation and amortisation expense	(851)	(456)
Other expenses	(3,369)	(2,053)
<b>(Loss)/Profit from continuing operations before income tax</b>	(1,331)	2,333
Income tax benefit/(expense)	519	(774)
<b>(Loss)/Profit from continuing operations after income tax</b>	(812)	1,559
Loss from discontinued operations after income tax	-	(293)
<b>(Loss)/Profit for the half year attributable to owners of the company</b>	(812)	1,266
<b>Total comprehensive (loss)/income attributable to owners of the company</b>	<b>(812)</b>	<b>1,266</b>
<b>Total comprehensive (loss)/income for the year attributable to ordinary equity holders of the company</b>		
From continuing operations	(812)	1,559
From discontinued operations	-	(293)
	<b>(812)</b>	<b>1,266</b>
<b>Earnings per share from continuing operations</b>		
<b>Basic (cents per share)</b>		
From continuing operations	(0.48)	0.95
From discontinued operations	-	(0.18)
<b>Diluted (cents per share)</b>		
From continuing operations	(0.48)	0.95
From discontinued operations	-	(0.18)

The accompanying notes form part of these financial statements.

## Pulse Health Limited

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Consolidated	
		31 Dec 2015	30 Jun 2015
		\$000's	\$000's
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		30,495	3,491
Trade and other receivables		11,087	17,878
Inventories		1,239	721
Total Current Assets		42,821	22,090
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		19,186	10,824
Deferred tax assets		2,882	2,148
Intangible assets		61,041	61,037
Total Non Current Assets		83,109	74,009
<b>TOTAL ASSETS</b>		<b>125,930</b>	<b>96,099</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		7,920	7,707
Current tax liabilities		-	1,180
Borrowings		90	90
Provisions		3,307	2,945
Other liabilities		1,569	2,447
Total Current Liabilities		12,886	14,369
<b>NON CURRENT LIABILITIES</b>			
Borrowings		27,885	24,021
Deferred tax liabilities		3	50
Provisions		472	558
Other liabilities		2,266	3,653
Total Non Current Liabilities		30,626	28,282
<b>TOTAL LIABILITIES</b>		<b>43,512</b>	<b>42,651</b>
<b>NET ASSETS</b>		<b>82,418</b>	<b>53,448</b>
<b>EQUITY</b>			
Contributed equity	3	86,659	56,402
Share based payment reserve		196	170
Accumulated losses		(4,437)	(3,124)
<b>TOTAL EQUITY</b>		<b>82,418</b>	<b>53,448</b>

The accompanying notes form part of these financial statements

## Pulse Health Limited

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Contributed equity	Share based payment reserve	Accumulated losses	Total Equity
	\$000's	\$000's	\$000's	\$000's
<b>Balance as at 1 July 2015</b>	56,402	170	(3,124)	53,448
Loss after income tax for the half year	-	-	(812)	(812)
Other comprehensive income for the half year net of tax	-	-	-	-
<b>Total comprehensive income for the half year</b>	-	-	<b>(812)</b>	<b>(812)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Capital raised	31,596	-	-	31,596
Capital raising costs	(1,605)	-	-	(1,605)
Deferred tax asset movement on capital raising costs	266	-	-	266
Share based payments	-	26	-	26
Dividends paid	-	-	(501)	(501)
<b>Balance at 31 December 2015</b>	<b>86,659</b>	<b>196</b>	<b>(4,437)</b>	<b>82,418</b>
<b>Balance as at 1 July 2014</b>	56,351	76	(4,353)	52,074
Profit after income tax for the half year	-	-	1,266	1,266
Other comprehensive income for the half year net of tax	-	-	-	-
<b>Total comprehensive income for the half year</b>	-	-	<b>1,266</b>	<b>1,266</b>
<b>Transactions with owners in their capacity as owners:</b>				
Deferred tax asset movement on capital raising costs	(63)	-	-	(63)
Share based payments	-	67	-	67
Dividends paid	-	-	(821)	(821)
<b>Balance at 31 December 2014</b>	<b>56,288</b>	<b>143</b>	<b>(3,908)</b>	<b>52,523</b>

The accompanying notes form part of these financial statements.

## Pulse Health Limited

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Notes	For the half year ended	
		December 31	
		2015	2014
		\$000's	\$000's
<b>Cash flows from operating activities</b>			
Receipts from customers (incl. GST)		35,064	29,203
Payment to suppliers and employees (incl. GST)		(33,330)	(27,648)
		1,734	1,555
Income tax paid		(1,321)	(275)
Interest paid		(603)	(9)
Payments of acquisition and integration costs		(1,635)	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(1,825)</b>	<b>1,271</b>
<b>Cash flows from investing activities</b>			
Payments of deferred consideration		(2,176)	-
Payments for plant and equipment		(9,264)	(433)
Proceeds from sale of Gympie freehold		6,830	-
Interest received		36	79
<b>Net cash outflow from investing activities</b>		<b>(4,574)</b>	<b>(354)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares		31,596	-
Share issue costs		(1,605)	-
Dividend paid	4	(493)	(821)
Finance lease payments		(45)	(45)
Proceeds from borrowings		3,950	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>33,403</b>	<b>(866)</b>
<b>Net increase in cash and cash equivalents</b>		<b>27,004</b>	<b>51</b>
<b>Cash and cash equivalents beginning of the period</b>		<b>3,491</b>	<b>7,007</b>
<b>Cash and cash equivalents at end of the period</b>		<b>30,495</b>	<b>7,058</b>
Represented by:			
Cash and cash equivalents		30,495	7,058

The accompanying notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**1. Corporate information**

The financial report of Pulse Health Limited and controlled entities for the half year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 25 February 2016.

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

**2. Basis of preparation**

These general purpose financial statements for the interim half year reporting period ended 31 December 2015 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Pulse Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

**New, revised or amending accounting standards and interpretations adopted**

The Group has adopted all accounting standards and interpretations applicable from 1 July 2015. The adoption of the new standards and interpretations has had no material impact on the recognition, measurement and disclosure of any assets, liabilities or the income statement for the period.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

## Pulse Health Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

#### 3. Contributed equity

##### Securities on issue at reporting date

	<b>Number</b>
<b>Listed fully paid ordinary shares</b>	231,120,579
<b>Unlisted performance rights</b>	
Tranche 3	945,000
Tranche 4	315,000
<b>Unlisted options</b>	
A Class	500,000
B Class	500,000
C Class	500,000
<b>Movement in shares</b>	
Opening balance at 1 July 2015	164,221,202
Issued in period:	
Dividend reinvestment plan	327,701
Institutional placement and entitlement offer	65,071,676
Issued to Non-Executive Director	1,500,000
Closing balance at 31 December 2015	231,120,579

During the half-year, the Company issued 65,071,676 shares for \$30,584,000 under the institutional placement and entitlement offers announced on 7 December 2015. The Company also issued 327,701 shares for \$187,000 under the dividend reinvestment plan, and 1,500,000 shares for \$825,000 to Non-Executive Director, Mr David Manning.

	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>
<b>Movement in performance rights</b>			
Opening balance at 1 July 2015	630,000	315,000	315,000
Transferred <sup>(1)</sup>	(630,000)	630,000	-
Closing balance at 31 December 2015	-	945,000	315,000

(1) Appendix 3B lodged 14 January 2016

At 31 December 2015, the tranche 2 performance condition was not satisfied at the expiry date so the tranche 2 performance rights automatically became tranche 3 performance rights with the same expiry date and performance condition as the tranche 3 performance rights.

Tranche 3 and tranche 4 performance rights expire if the relevant VWAPs are not achieved.

## Pulse Health Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Movement in options	A Class	B Class	C Class
Opening balance at 1 July 2015	-	-	-
Issued in period	500,000	500,000	500,000
	<hr/>	<hr/>	<hr/>
Closing balance at 31 December 2015	500,000	500,000	500,000

During the half-year, the company issued 1,500,000 share options at no cost to Non-Executive Director, Mr David Manning. These share options had a fair value at grant date of \$156,000. The principal terms are as follows:

	A Class	B Class	C Class
Exercise price	55 cents	60.5 cents	63 cents
Vesting date	20/07/2016	20/07/2017	20/07/2018
Expiry	19/08/2016	19/08/2017	19/08/2018

#### 4. Dividends

During the second half of 2015, the consolidated entity paid dividends of \$492,700 to its equity shareholders (second half of 2014: \$819,347). This represents a payment of \$0.003 per share (second half of 2014: \$0.005 per share).

#### 5. Segment information

Management currently identifies the Group's single service line as its operating segment. The operating segment is monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

Management assesses the performance of the operating segment based on a measure of underlying EBITDA. This measurement basis excludes significant expenditure from the operating segments such as acquisition, transaction and integration costs, effects of equity-settled share based payments, corporate office costs, finance costs, depreciation and amortisation, and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

Transactions between segments are carried out at arm's length and are eliminated on consolidation. Segment revenues reported to the board of directors are measured in a manner consistent with that in the income statement.



## Pulse Health Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

#### Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the half year ended 31 December 2015 is as follows:

<b>Half year ended 31 December 2015</b>	<b>Private Hospitals</b>	<b>Community Care<sup>(1)</sup></b>	<b>Corporate Overhead (Unallocated)</b>	<b>Total</b>
<b>\$000's</b>				
Revenue from external customers	34,896	-	36	<b>34,932</b>
<b>Total segment revenue</b>	<b>34,896</b>	<b>-</b>	<b>36</b>	<b>34,932</b>
<b>Segment EBITDA</b>	<b>3,410</b>	<b>-</b>	<b>(1,656)</b>	<b>1,754</b>
Depreciation and amortisation	(790)	-	(61)	(851)
<b>Segment EBIT</b>	<b>2,620</b>	<b>-</b>	<b>(1,717)</b>	<b>903</b>
Finance costs (net)				(599)
<b>Net profit before tax</b>				<b>304</b>
Corporate, acquisitions and integration costs				(1,635)
<b>Net loss before tax</b>				<b>(1,331)</b>
Tax benefit				519
<b>Net loss after tax</b>				<b>(812)</b>
<b>Half year ended 31 December 2014</b>	<b>Private Hospitals</b>	<b>Community Care</b>	<b>Corporate Overhead (Unallocated)</b>	<b>Total</b>
<b>\$000's</b>				
Revenue from external customers	28,224	1,418	79	<b>29,721</b>
<b>Total segment revenue</b>	<b>28,224</b>	<b>1,418</b>	<b>79</b>	<b>29,721</b>
<b>Segment EBITDA</b>	<b>3,955</b>	<b>(16)</b>	<b>(1,048)</b>	<b>2,891</b>
Depreciation and amortisation	(437)	(8)	(51)	(496)
<b>Segment EBIT</b>	<b>3,518</b>	<b>(24)</b>	<b>(1,099)</b>	<b>2,395</b>
Finance Costs (net)				70
<b>Net profit before tax</b>				<b>2,465</b>
Corporate, acquisitions and integration costs				(308)
Impairment charge				(313)
<b>Net profit before tax</b>				<b>1,844</b>
Tax Expense				(578)
<b>Net profit after tax</b>				<b>1,266</b>
<b>Segment Assets</b>	<b>Private Hospitals</b>	<b>Community Care<sup>(1)</sup></b>	<b>Corporate (Allocated)</b>	<b>Total</b>
<b>\$ 000's</b>				
<b>31 December 2015</b>	<b>91,587</b>	<b>-</b>	<b>34,343</b>	<b>125,930</b>
<b>30 June 2015</b>	<b>89,830</b>	<b>-</b>	<b>6,269</b>	<b>96,099</b>

(1) The company sold its community care business on 22 March 2015.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**6. Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 30 June 2015:

	<b>Level 3</b>	
	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Liabilities</b>		
Opening balance	5,615	5,615
Gain or loss recognised in statement of comprehensive income	-	-
Payment of deferred consideration	(2,176)	-
Total liabilities	3,439	5,615

**Valuation inputs and sensitivity for fair value measurements categorised within level 3**

The fair value of contingent consideration related to the acquisition of The Hills Clinic Pty Ltd on 5 May 2015 is estimated using a present value technique. The \$3,439,000 fair value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting at 4.1%. Management estimate a 100% probability that the contract's target revenue level will be achieved. The discount rate used is 4.1%, based on the Group's estimated incremental borrowing rate for similar financial liabilities at the reporting date. A change in the discount rate of 100bps would increase/decrease the fair value by \$38,000.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

**7. Subsequent events**

On 5 January 2016, the Company issued 25,290,446 ordinary shares at 47 cents per share pursuant to the retail component of the underwritten accelerated non-renounceable entitlement offer announced on 7 December 2015. As announced at that time, the capital raised will be used to fund the group's acquisitions of:

- the Boulcott Hospital in Wellington, New Zealand; and
- five day surgeries and an acute hospital across New South Wales, Victoria and Western Australia.

The Company completed the first component of the Australian acquisition, being the Healthwoods Specialist Centre in Granville, NSW, on 15 January 2016. Following the completion of the Victoria and Western Australia components of the Australian acquisition announced on 7 December 2015, cumulative upfront consideration of \$33.4m will have been paid. The fair values of the acquired assets and assumed liabilities and resulting goodwill will be determined once the acquisition is complete.

No other matters or circumstances have arisen since 31 December 2015 that have significantly affected or may significantly affect:

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

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporate Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr Stuart James  
Chairman

Sydney, 25 February 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pulse Health Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pulse Health Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pulse Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

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

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.




#### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO East Coast Partnership**

  
Paul Bull  
Partner

Sydney, 25 February 2016