



PULSE HEALTH LIMITED

A.B.N. 69 104 113 760

APPENDIX 4D

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

PULSE HEALTH LIMITED
A.B.N. 69 104 113 760
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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Corporate Directory

DIRECTORS	Mr Stuart James	- Chairman
	Mr Peter Mangles	- Managing Director (Resigned 31/08/09)
	Dr Barry Landa	- Non-Executive Director
	Mr Trevor Beazley	- Non-Executive Director (Resigned 29/08/09)
	Mr Andrew Gregory	- Non-Executive Director
	Mr Craig Coleman	- Non-Executive Director
COMPANY SECRETARY	Mr David Franks	
REGISTERED OFFICE	Suite 4, Level 5, Airport Central Tower 241 O'Riordan St, Mascot, NSW 2061	
SOLICITORS TO THE COMPANY	Norton Rose Grosvenor Place 225 George Street Sydney NSW 2000	
AUDITORS	PKF Level 10, 1 Margaret Street SYDNEY NSW 2000	
SHARE REGISTRY	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St George's Terrace PERTH WA 6000	
INTERNET WEBSITE	www.pulsehealth.net.au	

PULSE HEALTH LIMITED
Director's Report
31 December 2009

Directors Report

Your Directors present their report on the consolidated entity consisting of Pulse Health Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

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:

Mr. Stuart James (Chairman)
 Dr. Barry Landa (Non Executive Director)
 Mr. Andrew Gregory (Non Executive Director)

Mr. Trevor Beazley was a Director from the beginning of the Financial Year until his resignation on 29 August 2009.

Mr. Peter Mangles was a Director from the beginning of the Financial Year until his resignation on 31 August 2009.

Mr. Craig Coleman was appointed a Director on 1 January 2010.

Review of Operations

The Group had a net loss after tax for the half year period ended 31 December 2009 of \$1,949,000 (2008: Loss of \$745,000) or a loss of 1.21 cents per share (2008: Loss of 0.54 cents per share).

The company is continuing to implement its strategic plan and to reform its operational strategies. During the period the Group saw significant Executive management changes and disposed of the Care on Call and Northside Nursing businesses. A summary of Group revenues and results for the half year ended 31 December 2009 by segment were:

	Segment Revenues		Segment EBITDA	
	2009	2008	2009	2008
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Hospitals	15,476	11,356	2,293	1,246
Community & Home Care	1,065	1,008	222	163
Recruitment	764	962	69	6
Parent Company	-	-	(1,388)	(1,136)
Total for Continuing Operations	17,305	13,326	1,196	279
Discontinued Operations				
Community & Home Care	509	2,179	(6)	102
Total Segment Revenue / EBITDA	17,814	15,505	1,190	381

PULSE HEALTH LIMITED
Director's Report (continued)
31 December 2009

A new senior management team, comprising an experienced CEO and CFO, were appointed in November 2009. The CEO, Dr Ian Kadish, and CFO, Mr Justin Matthews, had previously worked together in the same capacity at Healthcare Australia, the nation's largest nursing agency and private home care business.

The appointment of the new senior management team was followed by a significant capital restructure. Banking facilities were renegotiated and extended to December 2010, and a successful road show and capital raising exercise culminated in the raising of \$6.2 Million in new equity capital.

RSG has been relocated from Newcastle to Pulse Health's offices in Mascot. This move has yielded rental and support cost savings. More importantly the co-location of RSG with Pulse Health will allow RSG to benefit from Pulse Health's infrastructure and support, and will increase the opportunities for collaboration with the hospital and community nursing businesses.

Significant new revenue programs have been introduced, including additional DVA Contracts for the provision of Community Care services, new surgical programs at the Queensland hospitals and the introduction of rehabilitation services at Forster Private Hospital.

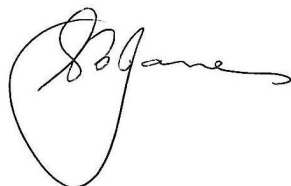
Auditors Independence Declaration

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

Rounding of amounts

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

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



Mr Stuart James
Director



Dr Barry Landa
Director

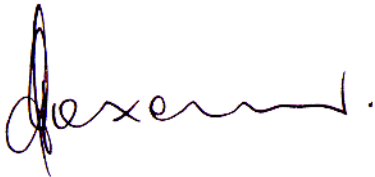
Sydney, 25 February 2010

Auditor's Independence Declaration

As lead auditor for the review of Pulse Health Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) 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 half year.

**Grant Saxon**

Partner

Dated: 25 February 2010

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PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Notes	For the half year ended December 31	
	2009 \$ 000's	2008 \$ 000's
Revenue from Continuing Operations	17,305	13,326
Employee Benefit expense	(10,386)	(8,563)
Occupancy costs	(968)	(516)
Medical consumables and supplies	(2,042)	(1,881)
Repair and Maintenance	(310)	(252)
Professional Fees	(557)	(398)
Other expenses	(1,846)	(1,437)
Profit before tax, impairment charges, convertible note expense, finance costs, amortisation and depreciation	1,196	279
Impairment Charges	(971)	-
Convertible note expenses	(261)	-
Finance costs	(1,418)	(1,217)
Depreciation and Amortisation expense	(604)	(246)
Loss from Continuing Operations before Income Tax	(2,058)	(1,184)
Income Tax Expense	-	349
Loss from Continuing Operations after income tax	(2,058)	(835)
Gain from Discontinued Operations	109	90
Loss for the half year	(1,949)	(745)
Other Comprehensive Income		
Other Comprehensive Income net of tax	-	-
Total Comprehensive income for the half year	(1,949)	(745)
Loss attributable to members of the company	(1,949)	(745)

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (continued)

Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company	Cents per share	Cents per share
Basic and diluted loss per share	(1.21)	(0.54)
Earnings per share for loss attributable to the ordinary equity holders of the company		
Basic and diluted loss per share	(1.28)	(0.52)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		31 December 2009 \$ 000's	30 June 2009 \$ 000's
CURRENT ASSETS			
Cash and Cash equivalents		2,522	29
Trade and Other Receivables		4,204	4,595
Inventories		555	469
Current Tax assets		-	119
Other Current assets		45	28
		<hr/> 7,326	<hr/> 5,240
Assets classified as held for sale	5	4,950	681
Total Current Assets		<hr/> 12,276	<hr/> 5,921
NON CURRENT ASSETS			
Property Plant and Equipment		5,676	11,412
Intangible Assets		26,812	27,499
Total Non Current Assets		<hr/> 32,488	<hr/> 38,911
TOTAL ASSETS		<hr/> 44,764	<hr/> 44,832
CURRENT LIABILITIES			
Trade and Other Payables		4,445	4,849
Provisions		1,300	1,218
Borrowings		13,557	17,652
Derivative Financial Instrument		-	198
Other Liabilities		36	408
		<hr/> 19,338	<hr/> 24,325
Liabilities of disposal group classified as held for sale		-	30
Total Current Liabilities		<hr/> 19,338	<hr/> 24,355

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (Continued)

		31 December 2009	30 June 2009
	Note	\$ 000's	\$ 000's
NON CURRENT LIABILITIES			
Provisions		773	739
Borrowings (finance leases)		12,040	11,885
Other Liabilities		2,866	3,066
Total Non Current Liabilities		15,679	15,690
TOTAL LIABILITIES		35,017	40,045
NET ASSETS		9,747	4,787
EQUITY			
Issued Capital		19,760	12,881
Share based payment reserve		89	170
Accumulated Losses		(10,102)	(8,264)
TOTAL EQUITY		9,747	4,787

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Notes	Issued Capital	Accumulated Losses	Share based Payments Reserve	Total Equity
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Balance as at 1 July 2008	13,353	(2,732)	685	11,306
Loss for the half year	-	(745)	-	(745)
Total Comprehensive Income for the half year	<u>13,353</u>	<u>(3,477)</u>	<u>685</u>	<u>10,561</u>
Transactions with owners in their capacity as owners :				
Expiry of Share Options	383	-	(383)	-
Balance as at 31 December 2008	<u>13,736</u>	<u>(3,477)</u>	<u>302</u>	<u>10,561</u>
Balance as at 1 July 2009	12,881	(8,264)	170	4,787
Loss for the half year	-	(1,949)	-	(1,949)
Total comprehensive Income for the half-year	<u>12,881</u>	<u>(10,213)</u>	<u>170</u>	<u>2,838</u>
Transactions with owners in their capacity as owners :				
Issue of Shares net of transaction costs	6,112	-	-	6,112
Issue of shares on conversion of Convertible Notes	506	-	-	506
Fair value adjustment due to early conversion of convertible notes	261	-	-	261
Expiry of share options	-	111	(111)	-
Employee share options	-	-	30	30
Balance as at 31 December 2009	<u>19,760</u>	<u>(10,102)</u>	<u>89</u>	<u>9,747</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Half Year ended 31 December	
	2009	2008
Notes	\$ 000's	\$ 000's
Cash Flows from Operating activities		
Receipts from Customers	18,683	14,960
Payments to Suppliers and Employees	(18,963)	(14,149)
Interest paid	(692)	(725)
Income Tax (paid) / received	152	(38)
Net Cash Inflow / (outflow) from Operating activities	(820)	48
Cash Flows from Investing activities		
Payments for (purchase) / sale of subsidiaries & businesses, net of cash acquired	818	(357)
Purchase of Property Plant & Equipment	(225)	(172)
Interest Received	11	15
Net Cash Inflow / (outflow) from Investing activities	604	(514)
Cash Flows from Financing Activities		
Proceeds from issue of shares net of transaction costs	6,204	-
Proceeds from Borrowings	250	-
Repayment of Borrowings	(3,121)	(240)
Net Cash Inflow/ (outflows) from Financing Activities	3,333	(240)
Net increase in Cash and Cash equivalents	3,117	(706)
Cash and Cash equivalents at the beginning of the period	(830)	127
Cash and Cash equivalents at the end of the period	2,287	(579)
Represented by :		
Bank Overdraft	(235)	(620)
Cash and Cash equivalents	2,522	41
	2,287	(579)

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

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2009

1. Corporate information

The financial report of Pulse Health Limited and controlled entities (the "Group") for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 25 February 2010.

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 symbol "PHG".

2. Basis of preparation of half year report

This general purpose financial report for the interim half year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 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, except as set out below.

Going concern

The financial report has been prepared on the going concern basis as the Group expects to realise its assets and settle its liabilities in the normal course of business. This is despite the Group incurring a net operating loss for the period of \$1.949 million (2008 \$0.75 million) and as at 31 December 2009, its current liabilities exceeding current assets by \$7.1 million (2009 \$18.4 million). During the period and prior to the renegotiation of its borrowing facilities, the Group also was in technical breach of some of its loan covenant requirements.

To mitigate the effect of the above, the Directors have implemented a number of initiatives that are expected to have a positive impact on the future results of the Group. These include:

- The Group has significantly restructured its operations and reduced its overall cost base;
- The Directors have prepared detailed forecasts and budgets which indicate the achievement of positive future earnings and cash flows;
- The Group is entering into a sale and leaseback transaction to provide further cash funds;
- Subsequent to the period end, the company has renegotiated its banking facilities, with revised lending covenants put in place. The Group complies with all revised covenants and is forecast to remain in compliance;
- The Directors are further discussions with its financier and expects to be able to refinance its bank borrowings upon expiry in December 2010;
- The Group has successfully raised capital during the period and has access to further shareholder funds if required.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2009

3. Changes in accounting policy

Segment reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief Executive officer.

This has resulted in the reallocation of goodwill to groups of cash-generating units on a segment level. This has not resulted in any new impairment of goodwill.

Goodwill impairment testing

Goodwill acquired through business combinations has been allocated to segments as synergies are achieved from the larger group. In prior periods, goodwill was allocated to individual Cash Generating Units, despite the synergies achieved through aggregation. Management have implemented the revised policy to assess goodwill by segment for purposes of impairment testing because the part of the goodwill relates to synergies existing within the acquired business and the synergies achieved from combining acquired facilities with the rest of the group.

Impairment testing is performed for the following segments:

- The Hospital division;
- The Recruitment Division;
- The Community Care Division.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

4. Significant Impairment Changes

The company has processed two significant write downs during the current period:

1. Impairment of intangibles – A \$462,000 write down in the value of the intangible assets relating to the Recruitment division CGU; and
2. Carrying value of Land and Buildings – A write down in the carrying value of the Gympie Private Hospital Land & Buildings in the amount of \$502,000

5. Discontinued Operations and assets classified as held for sale

(a) Description

On 31 July 2009 the Care on Call business based in Canberra was sold to an external party and the business disposed of is reported in the financial report as a discontinued operation.

On 30 November 2009 the Northside Nursing business based in Gordon, N.S.W. was sold to an external party and the business disposed of is reported in this financial report as a discontinued operation.

The asset held for sale at 31 December 2009 relates to a Land and building which will be sold under a sale and lease back transaction.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

	For the half year ended December 31					
	2009			2008		
	Care on Call	Northside Nursing	Total	Care on Call	Northside Nursing	Total
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Revenue	335	174	509	1,985	193	2,178
Expenses	(328)	(192)	(520)	(1,830)	(258)	(2,088)
Profit / (Loss) before income tax	7	(18)	(11)	155	(65)	90
Income tax expense	-	-	-	-	-	-
Profit / (Loss) after income tax of discontinued operations	7	(18)	(11)	155	(65)	90
Gain / (Loss) of the division before income tax	48	72	120	-	-	-
Income tax expense	-	-	-	-	-	-
Gain / (Loss) of the division after income tax	48	72	120	-	-	-

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

Profit / (Loss) from discontinued operation	55	54	109	155	(65)	90
Net Cash inflow / (outflow) from operating activities	128	51	179	318	1	319
Net Cash inflow / (outflow) from investing activities	739	79	818	-	-	-
Net Cash inflow / (outflow) from financing activities	-	-	-	-	-	-
Net increase in cash generated by the division	867	130	997	318	1	319

(c) Carrying amounts of Assets and Liabilities

	The carrying amount of assets and liabilities as at			
	31 July 2009 Care on Call \$'000	30 November 2009 Northside Nursing \$'000	Total \$'000	30 June 2009 Care on Call Held for sale \$ 000's
31 July 2009 (Care on Call) and 30 November 2009 (Northside Nursing) were :				
Cash and cash equivalents	1	-	1	-
Property Plant and Equipment (net of depreciation)	71	11	82	29
Trade Receivables	13	-	13	17
Intangibles	635	9	644	635
Total Assets	720	20	740	681
Employee entitlements	(29)	(13)	(42)	(30)
Total Liabilities	(29)	(13)	(42)	(30)
Net assets	691	7	698	651

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

(d) Details of the sale of the divisions	Half year ended 31 December 2009		
	Care on Call	Northside Nursing	Total
	\$ 000's	\$ 000's	\$ 000's
Consideration received :			
Cash	840	79	919
Total disposal consideration	840	79	919
Sale of business expenses	(101)	-	(101)
Carrying amount of net assets sold	(691)	(7)	(698)
Gain / (Loss) on sale before income tax	48	72	120
Income tax expense	-	-	-
Gain / (Loss) on sale after income tax	48	72	120

6. Segment Information

(a) Description of segments

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer.

The chief executive officer considers the business based on the type of service provided. Within the group there are three segments namely private hospitals, community care and recruitment

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the half year ended 31 December 2009 is as follows:

Half year ended 31 December 2009	Private Hospitals	Community Care	Health Recruitment	Total	Discontinued Operations	Consolidated
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Segment Revenues						
Sales to Customers	15,189	1,056	716	16,961	504	17,465
Intersegmental Sales	29	-	-	29	-	29
Other revenue	287	9	48	344	5	349

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

Half year ended 31 December 2009	Private Hospitals	Community Care	Health Recruitment	Total	Discontinued Operations	Consolidated
Interest income - intersegmental	802	79	-	881	-	881
	16,307	1,144	764	18,215	509	18,724
Intersegmental eliminations	(831)	(79)	-	(910)	-	(910)
Consolidated revenue	15,476	1,065	764	17,305	509	17,814
Segment EBITDA	2,293	222	69	2,584	(6)	2,578
Unallocated costs						(1,388)
Total EBITDA						<u>1,190</u>

Half year ended 31 December 2008	Private Hospitals	Community Care	Health Recruitment	Total	Discontinued Operations	Consolidated
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Segment Revenues						
Sales to Customers	11,352	1,003	931	13,286	2,179	15,465
Intersegmental Sales	-	-	-	-	-	-
Other revenue	4	5	31	40	-	40
Interest income - intersegmental	-	-	-	-	-	-
	11,356	1,008	962	13,326	2,179	15,505
Intersegmental eliminations	-	-	-	-	-	(18)
Unallocated revenues	-	-	-	-	-	-
Consolidated revenue	11,356	1,008	962	13,343	2,179	15,504
Segment EBITDA	1,246	163	6	1,415	102	1,517
Unallocated costs						(1,136)
Total EBITDA						<u>381</u>

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

	Private Hospitals	Community Care	Health Recruitment	Total	Other segments and eliminations	Consolidated
Total segment Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2009						
Segment Assets	39,225	2,402	758	42,385	28	42,413
Unallocated Assets	-	-	-	-	-	2,349
Total Assets	39,225	2,402	758	42,385	28	44,762
30 June 2009						
Segment Assets	39,111	3,481	1,258	43,850	682	44,532
Unallocated Assets	-	-	-	-	-	301
Total Assets	39,111	3,481	1,258	43,850	682	44,833

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

	Consolidated	
	2009	2008
	\$'000	\$'000
EBITDA from continuing operations	1,196	279
Finance Costs	(1,418)	(1,217)
Depreciation and amortisation	(604)	(246)
Impairment Charges	(971)	-
Convertible notes expenses	(261)	-
Loss before income tax from continuing operations	(2,058)	(1,184)

7. Equity Securities Issues

During the half year ended 31 December 2009, there were several capital raisings as outlined below :

	Ordinary Shares	Issued Capital
	\$000's	
Issued to sophisticated investors	68,193,101	4,232
Issued under share purchase plan	36,574,997	2,195
Convertible notes converted to shares	9,333,333	560
	<u>114,101,431</u>	<u>6,987</u>

The shares were issued in accordance with various resolutions that were approved by a majority of shareholders at the Annual General Meeting held on 26 November 2009.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Half Year ended 31 December 2009

8. Issue of Debt Securities

10,000,000 9.00% Convertible Notes with a face value of 20 cents each matured on 30 June 2009.

The interest rate of 10.00% was determined as the rate, which in the opinion of the directors would be sufficient to entice convertible noteholders to roll their holdings for a further twelve months. The onset of the global financial crisis and tight credit conditions were major factors which necessitated an increase in the interest rate.

Convertible notes with a total face value of \$ 1,425,000 were redeemed from the sale proceeds of the Care on Call business and the balance of \$ 575,000 were rolled over until 30 June 2010. In addition, 2,500,000 new convertible notes with a face value of 10 cents each and amounting to \$ 250,000 were issued. The convertible notes that were rolled over until 30 June 2010 at an interest rate of 10.00% per annum.

These actions resulted in convertible notes with a total face value of \$ 825,000 maturing on 30 June 2010.

Following shareholder approval at the Annual General Meeting held on 26 November 2009, convertible noteholders with a total face value of \$ 560,000 opted to convert their holdings to ordinary shares, at an issue price of 6 cents each. Accordingly, the total face value of convertible noteholdings as at 31 December 2009 stands at \$ 265,000.

9. Subsequent events

There have been no material subsequent events since the reporting date and the date of signing this report.

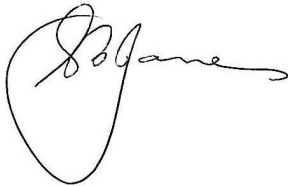
PULSE HEALTH LIMITED
For the Half Year ended 31 December 2009

Directors' Declaration

The directors of Pulse Health Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 6 to 19, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) 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 the directors.

A handwritten signature in black ink, appearing to read 'S. J. Jones', written over a large, faint, circular watermark or background mark.

Director
Sydney, 25 February 2010



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S 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 Statement of Financial Position as at 31 December 2009, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Pulse Health Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Pulse Health Limited's financial position as at 31 December 2009 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

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, provided to the directors of Pulse Health Limited on 31 December 2009, would be in the same terms if provided to the directors as at the date of this Auditor's Review Report.

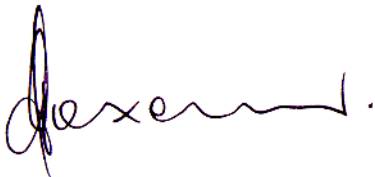
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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.



PKF



**Grant Saxon
Partner**

Sydney
25 February 2010