

APPENDIX 4D

HALF-YEAR REPORT TO THE AUSTRALIAN STOCK EXCHANGE



Name of Entity	Pulse Health Limited
ABN	69 104 113 760
Half year ended	31 December 2011
Previous corresponding period	31 December 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET (\$'000)

Revenue from continuing operations	Up \$425	2.22%	To	\$19,606
Earnings Before Interest, Taxes, Depreciation, Amortisation and Impairment (EBITDA) (continuing operations)	Up \$417	22.88%	To	\$2,239
Profit from continuing operations before tax attributable to members	Up \$357	566.67%	To	\$420
Profit from continuing operations after tax attributable to members	Up \$197	46.57%	To	\$620
Net Tangible Asset backing per share	Up \$0.01	16.39%	To	-\$0.051

No interim dividend was paid and it is not proposed to pay any dividends.

GENERAL OVERVIEW

The six months to 31 December 2011 has been a period of continuing improvement in the Group's performance including:

- Revenue from continuing operations was \$19.6m, an increase of \$0.5m or more than 2% over the same period last year. Excluding the recruitment division and Bega Valley Private Hospital which were both restructured during the period, revenue growth of around 4.5% was achieved;
- Net profit before tax from continuing operations was \$0.4m which is an improvement of \$0.4m compared to the same period last year;
- Net profit after tax from continuing operations was \$0.6m which is an improvement of 46.7% compared to the same period last year;
- EBITDA from continuing operations was \$2.2m, an improvement of \$0.4m (or more than 22%) over the same period last year; and
- The Net Tangible Asset backing per share improved by 16.39%

APPENDIX 4D (CONTINUED)

EBITDA Reconciliation	Half year ended 31 December	
	2011	2010
	\$'000	\$'000
Net profit from continuing operations after tax	620	423
Less: Income tax credit	(200)	(360)
Net profit from continuing operations before tax	420	63
Add: Depreciation and amortisation	485	453
Add: Finance charges	1,334	1,306
EBITDA	2,239	1,822

Trading Update and Outlook

- Stronger current trading
 - The group continues to trade in advance of prior comparatives and is well placed to generate increased returns
 - The group will continue to focus operationally on running efficiently and restructuring operations and service delivery in those areas which maximum financial benefits can be derived. During the last 6 months, significant service reviews have taken place at two of the group's sites (Gympie and Bega) and this has been very successful with both sites' contribution to group EBITDA increasing by more than 30%.
- Acquisition Pipeline
 - The Company remains engaged in pursuing sensibly priced, strategically and earnings attractive acquisitions

As announced to the ASX on 17 January 2012, the Company has executed a two year Banking Agreement until 31 December 2013. This is the first time since 2008 that the company has executed a term debt facility for a period of greater than 12 months and is reflective of increased certainty and consistency around the Group's historical results and its forecasts.

Due to accounting requirements, Group term debt remains classified as falling due within 12 months. However, if the agreement had been signed prior to 31 December 2011, the company's disclosed net current assets would have been (\$1,077,000), not (\$10,927,000) as stated in the accompanying 4D. A restated abbreviated balance sheet is show in the accompanying notes.



PULSE HEALTH LIMITED

A.B.N. 69 104 113 760

APPENDIX 4D

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2011

PULSE HEALTH LIMITED
A.B.N. 69 104 113 760
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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Corporate Directory

DIRECTORS	Mr Stuart James Mr Andrew Gregory Mr Craig Coleman	- Chairman - Non-Executive Director - Non-Executive Director
JOINT COMPANY SECRETARIES	Mr David Franks Mr Justin Matthews	- Chief Executive Officer
REGISTERED OFFICE	Suite 4, Level 5, Airport Central Tower 241 O'Riordan St, Mascot, NSW 2020	
SOLICITORS TO THE COMPANY	Norton Rose Grosvenor Place 225 George Street Sydney NSW 2000	
AUDITORS	PKF Level 10, 1 Margaret Street SYDNEY NSW 2000	
SHARE REGISTRY	Computershare Investor Services Pty Ltd 452 Johnston Street ABBOTSFORD VIC 3067	
INTERNET WEBSITE	www.pulsehealth.net.au	

PULSE HEALTH LIMITED
Directors' Report
31 December 2011

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 2011.

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)
Mr. Andrew Gregory (Non Executive Director)
Mr. Craig Coleman (Non Executive Director)

Review of Operations

The Group had a net profit after tax for the half year period ended 31 December 2011 of \$620,000 (2010: \$423,000).

The Group is continuing to implement its strategic plan and to reform its operational strategies. A summary of Group revenues and results for the half year ended 31 December 2011 by segment were:

	Segment Revenues		Segment EBITDA	
	2011	2010	2011	2010
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Hospitals	18,042	17,559	3,203	2,926
Community & Home Care	1,268	1,024	101	112
Recruitment	278	596	15	(52)
Parent Company	18	2	(1,080)	(1,164)
Total for Continuing Operations	19,606	19,181	2,239	1,822
Total Segment Revenue / EBITDA	19,606	19,181	2,239	1,822

PULSE HEALTH LIMITED
Directors' Report (continued)
31 December 2011

The Company has made significant progress in executing operational strategies within the group, including increasing occupancies, increased day patients and development of its rehabilitation services across the group.

As announced to the ASX, the Company has executed a two year Banking Agreement until 31 December 2013. This is the first time since 2008 that the company has executed a term debt facility for a period of greater than 12 months.

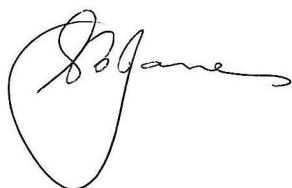
Auditor's Independence Declaration

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

Rounding of amounts

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

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

A handwritten signature in black ink, appearing to read 'Stuart James', written in a cursive style.

Mr Stuart James
Chairman

Sydney, 27 February 2012



Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: The directors of Pulse Health Limited and the entities it controlled during the half-year ended 31 December 2011

I declare to the best of my knowledge and belief, in relation to the review of the financial report for the half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

PKF

Paul Bull
Partner

Date : 27 February 2012

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PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	For the half year ended December 31	
		2011 \$000's	2010 \$000's
Revenue from continuing operations		19,606	19,181
Employee benefits expense		(10,897)	(11,053)
Rent and outgoings		(1,417)	(1,288)
Medical consumables and supplies		(2,427)	(2,182)
Repairs and maintenance		(300)	(292)
Medical contractors		(743)	(785)
Professional fees		(169)	(180)
Other expenses		(1,414)	(1,579)
Profit before tax, impairment charges, finance costs, amortisation and depreciation		2,239	1,822
Finance costs		(1,334)	(1,306)
Depreciation and amortisation expense		(485)	(453)
Profit from continuing operations before income tax		420	63
Income tax credit	3	200	360
Profit from continuing operations after income tax		620	423
Profit for the half year		620	423
Other Comprehensive Income			
Other Comprehensive Income net of tax		-	-
Total Comprehensive income for the half year		620	423
Total comprehensive income and net profit attributable to owners of the company		620	423
Earnings per share for loss attributable to the ordinary equity holders of the company			
		2011	2010
Basic earnings per share (cents per share)		0.25	0.17
Diluted earnings per share (cents per share)		0.25	0.17

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

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Consolidated	
	31 December 2011	30 June 2011
	\$000's	\$000's
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,595	573
Trade and other receivables	4,764	5,104
Inventories	622	607
Other current assets	15	38
Total Current Assets	6,996	6,322
NON CURRENT ASSETS		
Property, plant and equipment	9,498	9,883
Deferred tax assets	2,687	2,587
Intangible assets	25,568	25,769
Total Non Current Assets	37,753	38,239
TOTAL ASSETS	44,749	44,561
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,254	4,292
Borrowings	11,894	12,263
Provisions	1,628	1,689
Other liabilities	147	159
Total Current Liabilities	17,923	18,403

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

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (continued)

	Consolidated	
	31 December 2011	30 June 2011
	\$000's	\$000's
NON CURRENT LIABILITIES		
Borrowings	12,357	12,233
Deferred tax liabilities	8	64
Provisions	393	305
Other liabilities	2,388	2,551
	<hr/>	<hr/>
Total Non Current Liabilities	15,146	15,153
	<hr/>	<hr/>
TOTAL LIABILITIES	33,069	33,556
	<hr/>	<hr/>
NET ASSETS	11,680	11,005
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Contributed equity	19,822	19,867
Share based payment reserve	141	41
Accumulated losses	(8,283)	(8,903)
	<hr/>	<hr/>
TOTAL EQUITY	11,680	11,005
	<hr/> <hr/>	<hr/> <hr/>

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

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Notes	Contributed equity \$000's	Share based payment reserve \$000's	Accumulated losses \$000's	Total Equity \$000's
Balance as at 1 July 2011		19,867	41	(8,903)	11,005
Total Comprehensive Income for the half year		-	-	620	620
Transactions with owners in their capacity as owners :					
Share based payments		-	100	-	100
Deferred tax asset movement on capital raising costs		(45)	-	-	(45)
Balance at 31 December 2011		19,822	141	(8,283)	11,680
Balance as at 1 July 2010		19,917	117	(9,463)	10,571
Total Comprehensive Income for the half year		-	-	423	423
Transactions with owners in their capacity as owners:					
Issue of shares under employee STI plan net of issue costs		4	-	-	4
Share based payments		-	33	-	33
Deferred tax asset movement on capital raising costs		(77)	-	-	(77)
Balance at 31 December 2010		19,844	150	(9,040)	10,954

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

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the half year ended	
	December 31	
	2011	2010
	\$000's	\$000's
Cash flows from operating activities		
Receipts from customers (incl GST)	20,095	19,360
Payment to suppliers and employees (incl GST)	(17,444)	(17,700)
	<u>2,651</u>	<u>1,660</u>
Interest paid	(490)	(468)
Government grants	33	-
Net cash inflow / (outflow) from operating activities	<u>2,194</u>	<u>1,192</u>
Cashflow from investing activities		
Payments for intangible assets	(22)	-
Payments for plant and equipment	(88)	(202)
Interest received	9	6
Net cash (outflow) / inflow from investing activities	<u>(101)</u>	<u>(196)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	-	20
Share issue costs	-	(15)
Westmead finance lease interest payments	(679)	(658)
Repayment of borrowings	(368)	(373)
Payment of borrowing costs	(24)	-
Net cash (outflow) inflow from financing activities	<u>(1,071)</u>	<u>(1,026)</u>
Net increase/(decrease) in cash and cash equivalents	1,022	(30)
Cash and cash equivalents beginning of the period	573	858
Cash and cash equivalents at end of the period	<u>1,595</u>	<u>828</u>
Represented by:		
Cash and Cash equivalents	<u>1,595</u>	<u>828</u>
	<u>1,595</u>	<u>828</u>

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

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2011

1. Corporate information

The financial report of Pulse Health Limited and controlled entities (the "Group") for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 27 February 2012.

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

2. Basis of preparation of half year report

This general purpose financial statements for the interim half year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2011 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.

Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at the half-year end, the current liabilities of the consolidated entity exceeded current assets by \$10,927,000 (2010 \$12,081,000). Included in current liabilities are \$10,530,000 (2010: \$11,250,000) of bank borrowings which have been classified as current as these were due for renewal in December 2011 and the consolidated entity was in breach of one of the banking covenants.

On 16 January 2012, management were successful in executing a new 2 year banking agreement which refinances the existing facilities up to 31 December 2013 (refer note 5). The consolidated entity further recorded a profit for the half-year of \$620,000 (2010: \$423,000) and have positive operating cash flows of \$2,194,000 (2010: \$1,192,000). Management have also prepared cash flow forecast information for the next twelve months which demonstrates the consolidated entity's ability to meet its obligations as and when they fall due including meeting all banking covenants.

With the Consolidated entity's return to positive operating results, and the execution of the new banking agreement, the Directors believe that the going concern assumption is appropriate.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2011

AASB 2009-12 Amendments to the Australian Accounting Standards

The consolidated entity has applied AASB 2009-12 from 1 January 2011. These amendments make numerous editorial amendments to a range of Accounting Standards and Interpretations, which had no major impact on the requirements of the amended pronouncements. The main amendment was to AASB 8 'Operating Segments' and required an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

- AASB 1 First-time Adoption of Australian Accounting Standards : Accounting policy changes in the year of adoption, Revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation.
- AASB 7 Financial Instruments: Disclosures are amended on clarification of disclosures.
- AASB 101 Presentation of Financial Statements is amended on clarification of statement of changes in equity;
- AASB 134 Interim Financial Reporting is amended on significant events and transactions,
- Interpretation 13 Customer Loyalty Programmes is amended on fair value of award credits.

The consolidated entity has applied AASB 2010-4 from 1 January 2011. The above amendments are only expected to affect presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report.

AASB 2010-5 Amendments to the Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 from 1 January 2011. These amendments make numerous editorial amendments to a range of Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

3. Income tax expense

**For the half year ended
December 31**

2011 2010
\$000's \$000's

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

Profit / (Loss) from continuing operations before tax	420	63
Income tax calculated at 30% (2010: 30%)	126	19
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Director option expense	30	10
Entertainment	3	5
Recognition of previously unrecognised temporary differences	-	(360)
Under provision from prior years	11	
Recognition of prior years tax losses	(370)	(34)
Income tax benefit attributable to profit	(200)	(360)
Income tax attributable to continuing operations	(200)	(360)
Income tax attributable to profit	(200)	(360)

PULSE HEALTH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year ended 31 December 2011 (continued)

3. Income tax expense (continued)

(b) Unrecognised deferred tax assets

	Consolidated	
	31 December	30 June
	2011	2011
	\$000's	\$000's
Unrecognised tax losses		
The deferred tax assets not brought to account relating to revenue tax losses are as follows:	4,621	6,053
Potential tax benefit at 30% (2010: 30%)	1,386	1,816

4. Segment Information

(a) Description of segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer has identified 3 reportable segments based on the type of service provided within the group, namely private hospitals, community care and health recruitment. Private hospitals make strategic acquisitions of privately run hospitals and day surgeries around Australia. Community Care provides health services to patients including Nursing Care, Case Management, Respite Care and Allied Health provisions. Health recruitment provides a reliable network of contracted and permanent employment services of nurses, Allied and medical personnel to health care providers in the private, public and aged care sectors. This includes providing employment services to hospitals and community care segments within the Pulse Health Group. The information below excludes results from trading between segments.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the half year ended 31 December 2011 is as follows:

Half year ended 31 December 2011	Private Hospitals	Community Care	Health Recruitment	Unallocated	Total
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Segment Revenues					
Total segment revenue	17,756	1,264	320	-	19,340
Intersegmental Revenue	(12)	-	(42)	-	(54)
Other revenue	298	4	-	18	321
Revenue from external customers	18,042	1,268	278	18	19,606
Adjusted EBITDA	3,203	101	15	-	3,319

Half year ended 31 December 2010	Private Hospitals	Community Care	Health Recruitment	Unallocated	Total
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Segment Revenues					
Total segment revenue	17,255	1,011	584	-	18,850
Intersegmental Revenue	(30)	-	(21)	-	(51)
Other revenue	334	13	33	2	382
Revenue from external customers	17,559	1,024	596	2	19,181
Adjusted EBITDA	2,926	112	(52)	-	2,986

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2011 (continued)

4. Segment Information (continued)

(b) Segment information provided to the board of directors

Total Segment Assets	Private Hospitals \$ 000's	Community Care \$ 000's	Health Recruitment \$ 000's	Unallocated \$ 000's	Total \$ 000's
31 December 2011					
Segment Assets	37,926	2,345	244	4,234	44,749
30 June 2011					
Segment Assets	38,723	2,303	277	3,258	44,561

(c) Other segment information

(i) Adjusted EBITDA

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

	Consolidated	
	2011	2010
	\$000's	\$000's
Adjusted EBITDA from continuing operations	3,319	2,986
Unallocated head office costs	(1,080)	(1,164)
Finance Costs	(1,334)	(1,306)
Depreciation and amortisation	(485)	(453)
Profit before income tax from continuing operations	420	63

5. Subsequent events

As announced to the ASX on 17 January 2012, the Company has executed a two year Banking Agreement until 31 December 2013. This is the first time since 2008 that the company has executed a term debt facility for a period of greater than 12 months. If the agreement had been executed on reporting date, the Company's total current liabilities would have been \$8,073,000.

The balance sheet as reported has been restated below where loan repayments due for the next 12 months reduced from \$10,530,000 down to \$680,000.

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2011 (continued)

	Consolidated		
	Reported	Restated	
	31 December 2011 \$000's	31 December 2011 \$000's	30 June 2011 \$000's
Cash and cash equivalents	1,595	1,595	573
Trade and other receivables	4,764	4,764	5,104
Inventories	622	622	607
Other current assets	15	15	38
TOTAL CURRENT ASSETS	6,996	6,996	6,322
Trade and other payables	4,254	4,254	4,292
Borrowings	11,894	2,044	12,263
Provisions	1,628	1,628	1,689
Other liabilities	147	147	159
TOTAL CURRENT LIABILITIES	17,923	8,073	18,403
NET CURRENT ASSETS / (LIABILITIES)	(10,927)	(1,077)	(12,082)
NET NON CURRENT ASSETS	22,607	12,757	23,087
NET ASSETS	11,680	11,680	11,005

PULSE HEALTH LIMITED

Directors' Declaration

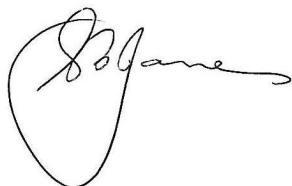
31 December 2011

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 2011 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.

A handwritten signature in black ink, appearing to read 'Stuart James', written over a large, faint circular watermark or stamp.

Mr Stuart James
Chairman

Sydney, 27 February 2012



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PULSE HEALTH LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Pulse Health Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Pulse Health Limited and the entities it controlled at 31 December 2011 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 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 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 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 2011 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 report.

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Liability limited by a scheme approved under Professional Standards Legislation.

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 the consolidated entity 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 2011 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



Paul Bull
Partner

Date : 27 February 2012