

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 2010
Previous corresponding period	31 December 2009

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

Revenue from continuing operations	Up \$1,876	10.84%	To	\$19,181
Earnings Before Interest, Taxes, Depreciation, Amortisation and Impairment (EBITDA) (continuing operations)	Up \$626	52.34%	To	\$1,822
Profit from continuing operations before tax attributable to members	Up \$2,121	103.06%	To	\$63
Profit from continuing operations after tax attributable to members	Up \$2,372	121.70%	To	\$423
Net Tangible Asset backing per share	Up \$0.01	9.83%	To	-\$0.061

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

GENERAL OVERVIEW

The six months to 31 December 2010 has been a period of management change and significant improvement in the Group's performance. including:

- Dr Ian Kadish ceased as Chief Executive Officer and Managing Director on 31 October 2010. The PHG Board appointed Mr Justin Matthews to the role of Chief Executive Officer with effect from 1 November 2010;
- Revenue from continuing operations was \$19.1m, an increase of \$1.9m or more than 10% over the same period last year;
- Net profit before tax from continuing operations was \$0.1m which is an improvement of \$2.1m compared to a net loss for the same period last year;
- Net profit after tax from continuing operations was \$0.4m which is an improvement of \$2.4m compared to a net loss for the same period last year;
- EBITDA from continuing operations was \$1.8m, an improvement of \$0.6m (or more than 50%) over the same period last year; and
- The Net Tangible Asset backing per share improved by 9.8%

APPENDIX 4D (CONTINUED)

EBITDA Reconciliation	Half year ended 31 December	
	2010	2009
	\$'000	\$'000
Net profit / (loss) from continuing operations after tax	423	(1,949)
Less: Income tax credit	(360)	-
Less: Profit from discontinued operations after tax	-	(109)
Net profit / (loss) from continuing operations before tax	63	(2,058)
Add: One-off Impairment Charges	-	971
Add: One-off Convertible Note refinancing expense	-	261
Net profit / (loss) from continuing operations before tax and	63	(826)
Add: Depreciation and amortisation	453	604
Add: Finance charges	1,306	1,418
EBITDA	1,822	1,196

- **Trading Update and Outlook**

- Stronger current trading
 - January and February 2011 trading results expected to be in advance of same period results for 2010
 - Projected to show a positive net profit after tax for the 12 months ending 30 June 2011.
- Acquisition Pipeline
 - The Company remains engaged in pursuing sensibly priced, earnings attractive acquisitions
- Gympie Sale & leaseback
 - The company remains committed to a sale and leaseback transaction over Gympie, on acceptable terms.

As announced to the ASX, the Company has been offered an extension of its Banking Agreement until 31 December 2011. The extension documents are currently being reviewed by the Company.



PULSE HEALTH LIMITED

A.B.N. 69 104 113 760

APPENDIX 4D

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

PULSE HEALTH LIMITED
A.B.N. 69 104 113 760
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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Corporate Directory

DIRECTORS	Mr Stuart James Mr Andrew Gregory Mr Craig Coleman Dr Ian Kadish	- Chairman - Non-Executive Director - Non-Executive Director - Managing Director (resigned 31 October 2010)
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 Level 2, Reserve Bank Building 45 St George's Terrace PERTH WA 6000	
INTERNET WEBSITE	www.pulsehealth.net.au	

PULSE HEALTH LIMITED
Directors' Report
31 December 2010

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 2010.

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)

Dr. Ian Kadish was Managing Director from the beginning of the Financial Year until his resignation on 31 October 2010.

Review of Operations

The Group had a net profit after tax for the half year period ended 31 December 2010 of \$423,000 (2009: Loss of \$1,949,000) or a profit of 0.17 cents per share (2009: Loss of 1.21 cents per share).

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 2010 by segment were:

	Segment Revenues		Segment EBITDA	
	2010	2009	2010	2009
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Hospitals	17,559	15,476	2,926	2,293
Community & Home Care	1,024	1,065	112	222
Recruitment	596	764	(52)	69
Parent Company	2	-	(1,164)	(1,388)
Total for Continuing Operations	19,181	17,305	1,822	1,196
Discontinued Operations				
Community & Home Care	-	509	-	(6)
Total Segment Revenue / EBITDA	19,181	17,814	1,822	1,190

PULSE HEALTH LIMITED
Directors' Report (continued)
31 December 2010

A new CEO, Mr Justin Matthews was appointed in November 2010 following the resignation of Dr Ian Kadish. Mr Matthews, the former CFO has appointed his own management team with significant commercial, hospital, community care and broad clinical experience.

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 been offered an extension of its Banking Agreement until 31 December 2011. The extension documents are currently being reviewed by the Company.

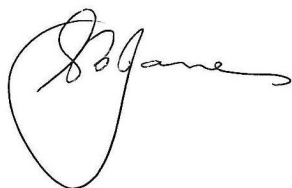
Auditor's Independence Declaration

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, 25 February 2011



Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of Pulse Health Limited for the half year ended 31 December 2010, 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.

PKF

Grant Saxon
Partner

Date: 25 February 2011

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PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Notes	For the half year ended December 31	
		2010 \$000's	2009 \$000's
Revenue from continuing operations		19,181	17,305
Employee benefits expense		(11,387)	(10,386)
Rent and outgoings		(1,231)	(968)
Medical consumables and supplies		(2,182)	(2,042)
Repairs and maintenance		(292)	(310)
Professional fees		(703)	(557)
Other expenses		(1,564)	(1,846)
Profit before tax, impairment charges, convertible note expense, finance costs, amortisation and depreciation		1,822	1,196
Impairment charges		-	(971)
Convertible notes expense		-	(261)
Finance costs		(1,306)	(1,418)
Depreciation and amortisation expense		(453)	(604)
Profit / (Loss) from continuing operations before income tax		63	(2,058)
Income tax credit/(expense)	4	360	-
Profit / (Loss) from continuing operations after income tax		423	(2,058)
Profit / Loss from discontinued operations after income tax	3	-	109
Profit / (Loss) for the half year		423	(1,949)
Other Comprehensive Income			
Other Comprehensive Income net of tax		-	-
Total Comprehensive income for the half year		423	(1,949)
Total comprehensive income attributable to owners of the company		423	(1,949)

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

PULSE HEALTH LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010 (continued)

Earnings/(loss) per share for loss attributable to the ordinary equity holders of the company

	2010	2009
Overall operations		
Basic and diluted earnings / (loss) per share (cents per share)	0.17	(1.28)
Continuing operations		
Basic and diluted earnings / (loss) per share (cents per share)	0.17	(1.21)
Discontinued operations		
Basic and diluted earnings / (loss) per share (cents per share)	-	(0.07)

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 2010

	Notes	Consolidated 30 December 2010 \$000's	30 June 2010 \$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		828	858
Trade and other receivables		4,636	4,624
Inventories		595	585
Other current assets		18	51
		6,077	6,118
Assets classified as held for sale	3	4,978	4,919
		11,055	11,037
NON CURRENT ASSETS			
Property, plant and equipment		5,305	5,621
Deferred tax assets		1,900	1,600
Intangible assets		26,367	26,590
		33,572	33,811
TOTAL ASSETS		44,627	44,848
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		4,176	4,285
Borrowings		12,483	12,828
Provisions		1,517	1,591
Other liabilities		164	183
		18,340	18,887

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 2010 (continued)

	Consolidated	
Notes	30 December 2010 \$000's	30 June 2010 \$000's
NON CURRENT LIABILITIES		
Borrowings	12,152	12,081
Deferred tax liabilities	25	8
Provisions	414	318
Other liabilities	2,742	2,983
	15,333	15,390
Total Non Current Liabilities	15,333	15,390
TOTAL LIABILITIES	33,673	34,277
NET ASSETS	10,954	10,571
EQUITY		
Contributed equity	19,844	19,917
Share based payment reserve	150	117
Accumulated losses	(9,040)	(9,463)
	10,954	10,571
TOTAL EQUITY	10,954	10,571

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 2010

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 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
Balance as at 1 July 2009		12,881	171	(8,265)	4,787
Total Comprehensive Income for the half year		-	-	(1,949)	(1,949)
Transactions with owners in their capacity as owners:					
Issue of shares during capital raising		6,453	-	-	6,453
Issue of shares on conversion of Convertible Notes		560	-	-	560
Capital raising costs during the half year		(395)	-	-	(395)
Convertible notes expense		261	-	-	261
Options lapsed		-	(113)	113	-
Share based payments		-	30	-	30
Balance at 31 December 2009		19,760	88	(10,101)	9,747

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 2010

Notes	For the half year ended December 31	
	2010 \$000's	2009 \$000's
Cash flows from operating activities		
Receipts from customers (incl GST)	19,360	18,534
Payment to suppliers and employees (incl GST)	(17,700)	(18,963)
	1,660	(429)
Income tax received (paid)	-	152
Interest paid	(468)	(692)
Government grants	-	149
Net cash inflow / (outflow) from operating activities	1,192	(820)
Cashflow from investing activities		
payments for sale/purchase of businesses (net of selling costs)	-	818
Payments for plant and equipment	(202)	(225)
Interest received	6	11
Net cash (outflow) / inflow from investing activities	(196)	604
Cash flows from financing activities		
Proceeds from the issue of shares	20	6,453
Share issue costs	(15)	(249)
Westmead finance lease interest payments	(658)	(635)
Proceeds from borrowings	-	250
Repayment of borrowings	(373)	(2,421)
Payments for borrowing cost	-	(65)
Net cash (outflow) inflow from financing activities	(1,026)	3,333
Net increase/(decrease) in cash and cash equivalents	(30)	3,117
Cash and cash equivalents beginning of the period	858	(830)
Cash and cash equivalents at end of the period	828	2,287
Represented by:		
Bank Overdraft	-	(235)
Cash and Cash equivalents	828	2,522
	828	2,287

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 2010

1. Corporate information

The financial report of Pulse Health Limited and controlled entities (the "Group") for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 25 February 2011.

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 condensed financial report for the interim half year reporting period ended 31 December 2010 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 2010 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*.

Going Concern Basis

The consolidated entity's banking facilities expire on 31 March 2011 and an offer of extension has been received which extends the facilities to 31 December 2011. The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of the business. The Directors believe this to be appropriate on the following basis:

1. The consolidated entity has met its banking covenants at all times during the reporting period and is forecast to continue to meet its covenants under the revised offer facility;
2. The main business operating units, Hospitals and Community Care have reported positive earnings and projections have been prepared that show these operations will continue to report positive earnings for at least the next twelve months;
3. The consolidated entity is in continuing negotiations relating to the sale of the Gympie Private Hospital land and building under sale and lease back arrangement, the proceeds of which will be used to further retire debt; and
4. The Directors have received cash flow forecast from management for the next twelve months which demonstrates the consolidated entity's ability to meet its ongoing obligations as and when they fall due.

Based on the above, the Directors are confident that further bank funding will be made available upon the expiry of the revised facility in December 2011.

3. Discontinued operations and assets classified as held for sale

(a) Description

Asset held for sale

The asset held for sale at 31 December 2010 relates to a land and building which is being held for sale at Gympie.

Discontinued operations

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.

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

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2010 (continued)

3. Discontinued operations and assets classified as held for sale (continued)

(b) Financial performance and cash flow information

	For the half year ended December 31		
	2009		
	Northside		
	Care on Call	Nursing	Total
	\$ 000's	\$ 000's	\$ 000's
Revenue	335	174	509
Expenses	(328)	(192)	(520)
Impairment charge on goodwill	-	-	-
Profit / (Loss) before income tax	7	(18)	(11)
Income tax (expense) credit	-	-	-
Profit / (Loss) after income tax of discontinued operations	7	(18)	(11)
Gain / (Loss) on sale of division before income tax	48	72	120
Income tax expense	-	-	-
Gain / (Loss) on sale of division after income tax	48	72	120
Profit / (Loss) from discontinued operation	55	54	109
Net Cash inflow / (outflow) from operating activities	128	51	179
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

(c) Carrying amounts of Assets and Liabilities

	31 July 2009	30 November 2009	Total
	Care on Call	Northside Nursing	
	\$ 000's	\$ 000's	\$ 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
Trade Receivables	13	-	13
Intangibles	635	9	644
Total Assets	720	20	740
Employee entitlements	(29)	(13)	(42)
Total Liabilities	(29)	(13)	(42)
Net assets	691	7	698

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2010 (continued)

3. Discontinued operations and assets classified as held for sale (continued)

(d) Details of the sale of the divisions

Half year ended 31 December 2009	Northside		
	Care on Call \$ 000's	Nursing \$ 000's	Total \$ 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

4. Income tax expense

**For the half year ended
December 31**

2010 2009
\$000's \$000's

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

Profit / (Loss) from continuing operations before tax	63	(2,058)
Loss from discontinued operations before tax	-	109
	<u>63</u>	<u>(1,949)</u>
Income tax calculated at 30% (2009: 30%)	19	(585)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impairment of intangible assets	-	139
Impairment of non-current asset	-	152
Director option expense	10	7
Entertainment	5	2
Convertible notes expense	-	78
Benefit of tax losses not brought to account	(34)	207
Benefit of temporary differences brought to account for the first time	(360)	-
Income tax attributable to profit	<u>(360)</u>	<u>-</u>
Income tax attributable to continuing operations	(360)	-
Income tax attributable to discontinuing operations	-	-
Income tax attributable to profit	<u>(360)</u>	<u>-</u>

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2010 (continued)

4. Income tax expense (continued)

(b) Unrecognised deferred tax assets

	Consolidated	
	30 December	30 June
	2010	2010
	\$000's	\$000's

Unrecognised tax losses

The deferred tax assets not brought to account relating to revenue tax losses are as follows:

	7,194	6,946
Potential tax benefit at 30% (2010: 30%)	2,158	2,084

Unrecognised temporary differences

The deferred tax assets not brought to account relating to temporary differences are as follows:

	237	1,572
Potential tax benefit at 30% (2010: 30%)	71	472

The deferred tax assets on account of tax losses not brought to account represents amounts subject to factoring in accordance with tax consolidation legislation. The Group has recognised \$1,900,000 (2010: \$1,600,000) in deferred tax assets based on forecasts prepared which show the Group achieving taxable income from the year ending 30 June 2011 onwards.

5. 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 2010 is as follows:

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	17,225	1,011	563	-	18,799
Intersegmental Revenue	30	-	21	-	51
Other revenue	334	13	33	2	382
	17,589	1,024	617	2	19,232
Intersegmental eliminations	(30)	-	(21)	-	(51)
Consolidated revenue	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 2010 (continued)

5. Segment Information

(b) Segment information provided to the board of directors (continued)

Half year ended 31 December 2009	Private Hospitals \$ 000's	Community Care \$ 000's	Health Recruitment \$ 000's	Unallocated \$ 000's	Total \$ 000's
Segment Revenues					
Total segment revenue	15,189	1,056	716	-	16,961
Intersegmental Revenue	831	79	-	-	910
Other revenue	287	9	48	-	344
	<u>16,307</u>	<u>1,144</u>	<u>764</u>	<u>-</u>	<u>18,215</u>
Intersegmental eliminations	(831)	(79)	-	-	(910)
Consolidated revenue	<u>15,476</u>	<u>1,065</u>	<u>764</u>	<u>-</u>	<u>17,305</u>
Adjusted EBITDA	<u>2,293</u>	<u>222</u>	<u>69</u>	<u>-</u>	<u>2,584</u>
Total Segment Assets					
	Private Hospitals \$ 000's	Community Care \$ 000's	Health Recruitment \$ 000's	Unallocated \$ 000's	Total \$ 000's
31 December 2010					
Segment Assets	<u>38,796</u>	<u>2,268</u>	<u>744</u>	<u>2,819</u>	<u>44,627</u>
30 June 2010					
Segment Assets	<u>39,241</u>	<u>2,287</u>	<u>752</u>	<u>2,568</u>	<u>44,848</u>

(c) Other segment information

(i) Adjusted EBITDA

A reconciliation of adjusted EBITDA to profit / (loss) before income tax from continuing operations is provided as follows:

	Consolidated	
	2010	2009
	\$000's	\$000's
Adjusted EBITDA from continuing operations	2,986	2,584
Unallocated head office costs	(1,164)	(1,388)
Finance Costs	(1,306)	(1,418)
Depreciation and amortisation	(453)	(604)
Impairment Charges	-	(971)
Convertible notes expenses	-	(261)
Profit / (loss) before income tax from continuing operations	<u>63</u>	<u>(2,058)</u>

PULSE HEALTH LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Half Year ended 31 December 2010 (continued)

6. Equity Securities Issues

During the half year ended 31 December 2010, the following shares were issued :

	Ordinary Shares	Issued Capital
		\$000's
Shares issued under employee STI plan	532,570	20
	<u>532,570</u>	<u>20</u>

The above values are gross amounts and do not include any share issue costs incurred.

7. Issue of Debt Securities

In July 2010, all convertible notes were repaid and 1,275,000 new convertible notes were issued with total face value of \$127,500 maturing on 30 June 2011.

8. Subsequent events

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

PULSE HEALTH LIMITED

Directors' Declaration

31 December 2010

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 2010 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 'S. J. Lane', written over a large, faint circular stamp or watermark.

Chairman
Sydney, 25 February 2011



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 statements of financial position as at 31 December 2010, the statements of comprehensive income, statements of changes in equity and statements 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 (the company) and the entities it controlled at 31 December 2010 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 2010 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*.

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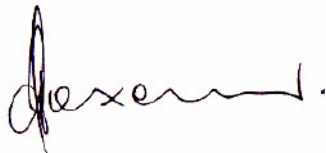
Conclusion

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 2010 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 2011