Preliminary Final Report
Appendix 4E
Results for announcement to the market

Pulse Health Limited (ACN 104 113 760)

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX listing Rule 4.3A.

Current reporting period: Financial year ended 30 June 2014

Previous corresponding period: Financial year ended 30 June 2013

Results		**Percentage Change %**	**30 June 2014 $'000**	**30 June 2013 $'000**
Revenue	up	9%	52,350	48,034
Net profit after tax attributable to members	down	-68%	875	2,734
Net profit after tax (underlying) *	up	409%	1,854	364
Earnings per share - basic (cents)	down	-69%	0.73	2.32
Earnings per share (underlying) - basic (cents)*	up	399%	1.5	0.3
Net tangible assets per share (cents)	up	-	12.5	-

	Amount per security (cents)	**Franked amount per security (cents)**
Dividend (final)	0.5	0.5

No Dividend Reinvestment plan (DRP) is currently available.
Payment will be made by electronic payment (EFT) only and this dividend does not include any conduit foreign income.

Key Dates

Annual Report	29 August 2014	Dividend record date	8 September 2014
Dividend announcement date	29 August 2014	Dividend payment & dispatch date	3 October 2014
Ex-dividend date	4 September 2014	Annual General Meeting	25 November 2014

Audit

The results are based on the attached Annual Report which has been audited by BDO East Coast Partnership.

* Non AIFRS financial information, reviewed, not audited

Overview of Financial Performance

1. Profit Summary

The reported revenues for the full year ended 30 June 2014 have increased by 9% to $52.4m (FY13:$47.9m), with underlying EBITDA (being the operating result of the Group before significant items) remaining flat at $4.7m. The underlying EBITDA outcome is distorted by the Westmead acquisition. When the impact of this transaction is taken into account the underlying EBITDA increased by 11%.

$'000	FY14	FY13	▲%
Revenue	52,350	47,894	**9%**
EBITDA-R (underlying) *	**8,651**	**7,970**	**9%**
EBITDA (underlying) *	4,679	4,709	**-**
EBIT (underlying)*	3,919	3,955	
Interest expense (net)	(1,533)	(2,408)	
Profit before tax (underlying)	**2,386**	**1,547**	**54%**
Tax	(531)	(1,183)	
Net profit after tax (underlying)	**1,855**	**364**	**409%**
Significant items non-recurring items*			
Acquisition activity expenses and associated costs	(825)	(546)	
Goodwill Impairment	-	(997)	
Gain on Westmead finance lease restructure (profit)	-	4,153	
Termination Payments	(130)	(407)	
Loss on discontinued recruitment business	-	(176)	
Relocation costs	(118)	-	
Provision for Superannuation Guarantee	(360)	-	
Tax Benefit of losses recognised	454	347	
Net profit after tax as reported	**875**	**2,738**	
EPS basic - NPAT before significant items	1.54	0.31	399%
EPS basic - NPAT as reported	0.73	2.32	

* Non AIFRS financial information, reviewed, not audited

2. Balance Sheet

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

$'000	FY14	FY13
Total equity	52,074	22,285
Cash	7,007	2,020
Borrowings	333	19,652
Net debt / (cash)	(6,674)	17,632
NTA	20,439	(7,074)
Gearing (%) #	N/A	44%
NTA per share (cents)	12.5	-

calculated as net debt / (net debt + shareholders equity)

Following the successful capital raising in April 2014, the bank debt facility was repaid in full on 24 June 2014. New facilities will be established to fund further acquisition and development activities as required.

3. Cash Flow

Pulse Health recorded a 53% increase in operating cash flow to $2.3m for the financial year ended 30 June 2014. Operating free cash flow increase 174% to $1.24m as shown in the table below.

$'000	Operating and Investing Cash Flow		
	FY14	FY13	▲%
Cash & cash equivalents beginning of the year	**2,020**	**9,290**	
Operating Cash Flow	2,321	1,522	**53%**
Capex - Stay in business	(1,083)	(1,070)	
Operating Free Cash Flow	1,238	452	**174%**
<u>Business Expansion Capex</u>			
Capex - brownfield expansions	(2,441)	(176)	
Capex - purchase of business	(2,964)	(5,766)	
Total	(5,405)	(5,942)	
<u>Net Cashflow from financing activities</u>			
Capital Raising (net)	28,552	(142)	
Debt Repayment (net)	(19,496)	(1,685)	
Total	9,056	(1,827)	
Interest Revenue	98	47	
Cash & cash equivalents at end of the year	**7,007**	**2,020**	**247%**

4. Review of Operations

The company's continuing business operations are reported under two operating segments based upon service groupings.

$'000	Revenue			EBITDA		
	FY14	FY13	▲%	FY14	FY13	▲%
Private Hospitals	49,466	44,951	10%	7,425	6,670	11%
Community Care	2,820	3,006	-6%	(76)	47	-
Sub total	52,286	47,957	9%	7,349	6,717	9%
Segment EBITDA/Revenue Margin %						
Private Hospitals	15%	15%				
Community Care	-3%	2%				
Corporate & Shared Services (net)	64	(63)	-	(2,670)	(2,004)	33.3%
Total	52,350	47,894	9%	4,679	4,713	-
Group EBITDA Margin %	9%	10%				

5. Outlook

We anticipate EBITDA growth from existing assets in excess of 20% above FY14 achieved from:

- Full year effect of 17 additional beds
- Modest occupancy growth
- Cost efficiencies from the new shared services platform
- Procurement savings
- Improved rostering and skill-mix, supported by the new Time and Attendance system.

6. Attachments

Further details including business combinations during the year are included in the attached Directors' Report, audited financial statements and notes contained in the 2014 Annual Financial Report.

7. Reconciliation of AIFRS and non AIFRS financial information

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 consist 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 financial report to underlying operating EBITDA and NPAT.

	2014 $'000	2013 $'000
Net profit after tax as reported	**875**	**2,734**
Income tax expense	78	840
Depreciation and amortisation	760	754
Finance costs (net)	1,533	2,408
Rent paid	3,972	3,261
Acquisition activity expenses and associated costs	825	546
Goodwill Impairment	-	997
Gain on Westmead finance lease restructure (profit)	-	(4,153)
Termination Payments	130	407
Loss on discontinued recruitment business	-	176
Relocation costs	118	-
Provision for superannuation	360	-
EBITDA-R *	**8,651**	**7,970**
Rent paid	(3,972)	(3,261)
EBITDA *	**4,679**	**4,709**
Depreciation and amortisation	(760)	(754)
EBIT *	**3,919**	**3,955**
Finance costs (net)	(1,533)	(2,408)
Profit before tax	**2,386**	**1,547**
Income tax expense	(531)	(1,183)
Net profit after tax before significant items *	**1,855**	**364**

* Non AIFRS financial information

For the financial year ended 30 June 2014 the following significant and non-recurring expenses were incurred:

- During the year the Company incurred corporate acquisition and integration costs of $0.825m in the acquisition of North Mackay Private Hospital together with costs associated with development of the acquisition pipeline
- The Company incurred $130k in redundancy costs associated with the development of the shared services platform and centralisation of key back office functions, including finance, payroll and quality and risk.
- As a part of the centralisation of the payroll function it has been identified that superannuation expenses may have been under calculated for certain shift allowances at two hospital sites.
- Costs associated with relocation of the corporate office to Castlereagh Street Sydney of $118k.
    - Income tax expense has been adjusted for the tax benefit of losses recognised during the year ended 30 June 2014 of $1.51m (FY13 $$1.16). The tax benefit of these losses at 30% (FY13 30%) is $454k (FY13 $347k.). Further tax losses available for recognition in future years is $987k.