



27 November 2013

Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

ASX Announcement
Pulse Health Limited (ASX Code: PHG)

Ms Phillipa Blakey appointed as Permanent Chief Executive Officer

Pulse Health Group Limited (ASX: PHG or the "Company") has previously announced on 5 June 2013 Ms Phillipa Blakey's appointment as acting Chief Executive Officer (CEO) for an initial period to 8 January 2014

The Company is pleased to announce the execution today of updated Executive Service Agreement appointing Ms Blakey as the permanent CEO of Pulse Health Group Limited.

The updated Executive Service Agreement is effective from 1 December 2013.

The Company's Chairman, Mr Stuart James said "The Board is extremely pleased that Ms Blakey has accepted the Company's offer to become its permanent CEO. Her appointment as PHG's ongoing CEO will ensure the Company's growth strategy maintains momentum."

Attached as Schedule A is a summary of the Executive Service Agreement with Ms Blakey.

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For more information of **Pulse Health** please visit www.pulsehealth.net.au

Schedule A
Ms Phillipa Blakey – Summary of Executive Service Agreement

- Commencement Date:** 1 December 2013 or earlier.
- Title:** Chief Executive Officer.
- Term:** As and from the Effective Date the Company will employ the Executive and the Executive will serve the Company as the chief executive officer of the Company (**Position**) on a full time basis, which employment shall continue until such time as it is terminated in accordance with the terms of this Agreement (**Term**).
- Salary:** An annual base salary of \$390,000, payable monthly in arrears.
- Annual STI:** Any Annual STI Payment approved by the Board will not exceed:
- (i) \$180,000 for the financial year ending 30 June 2014, which amount, for the avoidance of doubt comprises \$100,000 in respect to the six months ending 8 January 2014 (pursuant to the Existing Service Agreement) and \$80,000 for the remainder of the financial year ending 30 June 2014; and
 - (ii) an amount equivalent to 40% of Base Salary for each subsequent financial year following the financial year ending 30 June 2014.

Base salary and Annual STI will be reviewed annually, within 1 month of release of the Company's audited accounts.

- Performance rights:**
- (a) On 31 December 2013 the Company will grant the Executive the:
 - (i) Tranche 1 Performance Rights;
 - (ii) Tranche 2 Performance Rights; and
 - (iii) Tranche 3 Performance Rights.
 - (b) The Parties acknowledge and agree that:
 - (i) the Company is proposing to undertake a consolidation of its Shares of a one for four basis; and
 - (ii) subject to the Company obtaining the requisite shareholder approval of that consolidation, the terms and conditions of the Performance Rights shall be amended accordingly such that:
 - (A) the applicable Share price for each Performance Condition shall be multiplied by four; and
 - (B) the number of Performance Rights shall be divided by four.

Refer Schedule 1 for further details.

Annual Leave:

- (a) The Executive is entitled to 20 Business Days of paid annual leave (in addition to statutory public holidays) in respect of each completed year of employment with the Company at a time or times to be approved by the Board.
- (b) The Board may direct the Executive to take any significant accrued but untaken leave entitlement at any time.
- (c) Leave shall accrue fortnightly and may be accumulated from year to year and if not wholly taken at the time of termination of this Agreement the Company will pay to the Executive the monetary value thereof.

Sick Leave:

- (a) The Executive is entitled to 10 Business Days of paid sick leave in respect of each completed year of employment with the Company.
- (b) Any unused sick leave is cumulative from year to year, provided however that accrued sick leave shall not be payable on termination of this Agreement.
- (c) The Executive must, if the Company so requires, provide evidence to the reasonable satisfaction of the Company that any absence from work was due to illness or involuntary injury.

Superannuation:

The Company will make superannuation contributions into a complying superannuation fund of your choice in accordance with the minimum amount required under the *Superannuation Guarantee (Administration) Act 1992* (or any other applicable legislation).

Termination of Employment:**i. Termination by the Company for serious misconduct**

The Company may, at any time, by notice in writing, summarily terminate this Agreement (that is, immediately and without any payment in lieu of notice) if the Executive:

- (a) engages in any act or omission constituting serious misconduct (whether or not the misconduct occurs, or has occurred, prior to or after the date of this Agreement);
- (b) commits a serious or persistent breach or non-observance of a term or terms of this Agreement;
- (c) is dealt with by a court for a criminal offence, whether or not a conviction is recorded, which in the reasonable opinion of the Board might tend to injure the reputation or the business of the Company or the Group;
- (d) refuses or neglects to comply with any lawful and reasonable instruction given to the Executive by the Company, the Board or any other person duly authorised by the Board;
- (e) becomes a bankrupt or otherwise make formal arrangements for the administration of the

Executive's personal affairs in insolvency; or

- (f) has, whether prior to or during the Term, provided the Company with information about the Executive's qualifications, experience, character or reputation which is materially misleading or was intended to be false or misleading in any material way.

ii. Termination for illness

- (a) At any time the Executive or the Company may, by notice in writing, terminate the Agreement if the Executive becomes sick or incapacitated and as a consequence is unable to fulfil the duties of the Position for a continuous period one month or separate periods totalling more than one month in any 12 month period.
- (b) If the Company terminates the Agreement under clause (a) the Company must provide the Executive with one month notice of the termination (or, if the Executive has a greater statutory entitlement to notice, then notice in accordance with the Executive's statutory entitlement) and, if any payment is due to the Executive during the notice period, that payment.
- (c) To avoid doubt, this clause ii is subject to any statutory protection of the Executive for any incapacity for which worker's compensation or like benefits are payable.

iii. Resignation as Director

- (a) If, on termination of this Agreement, the Executive is a director of any Group Company, the Executive must resign as director.
- (b) With effect from the date of termination of this Agreement, the Executive irrevocably appoints the Chairman of the Board, as appointed from time to time, to be the Executive's attorney and in her name and on her behalf to execute any document and do anything necessary to effect the Executive's resignation as a director of any Group Company.

Schedule 1 – Performance Rights – Terms and Conditions

1. Definitions

In this Schedule 1 the following terms shall bear the following meanings:

30 Day VWAP means the daily volume weighted average price of Shares trading on the ASX for a period of 30 consecutive trading days.

Expiry Date means:

- (a) in respect of the Tranche 1 Performance Rights, the Tranche 1 Expiry Date;
- (b) in respect of the Tranche 2 Performance Rights, the Tranche 2 Expiry Date; and
- (c) in respect of the Tranche 3 Performance Rights, the Tranche 3 Expiry Date.

Performance Condition means:

- (a) in respect of the Tranche 1 Performance Rights, the Tranche 1 Performance Condition;
- (b) in respect of the Tranche 2 Performance Rights, the Tranche 2 Performance Condition; and
- (c) in respect of the Tranche 3 Performance Rights, the Tranche 3 Performance Condition.

Performance Right means a right to be issued or transferred one Share upon satisfaction of the Performance Condition on the Expiry Date.

Performance Right Share means, in respect of any Performance Right, the Share the Executive is entitled to be transferred or issued by reason of the grant to her of that Performance Right.

Securities Dealing Policy means any policy established by the Company applicable to trading in securities of the Company.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Tranche 1 Expiry Date means 31 December 2014.

Tranche 1 Performance Condition means a 30 Day VWAP prior to and including the Tranche 1 Expiry Date of greater than \$0.12.

Tranche 1 Performance Rights means 700,000 Performance Rights with the Tranche 1 Expiry Date and Tranche 1 Performance Condition.

Tranche 2 Expiry Date means 31 December 2015.

Tranche 2 Performance Condition means a 30 Day VWAP prior to and including the Tranche 2 Expiry Date of greater than \$0.15.

Tranche 2 Performance Rights means 700,000 Performance Rights (as adjusted by clause 2(e)(i) of this Schedule 1) with the Tranche 2 Expiry Date and Tranche 2 Performance Condition.

Tranche 3 Expiry Date means 31 December 2016.

Tranche 3 Performance Condition means a 30 Day VWAP prior to and including the Tranche 3 Expiry Date of greater than \$0.18.

Tranche 3 Performance Rights means 700,000 Performance Rights (as adjusted by clause 2(e)(ii) of this Schedule 1) with the Tranche 3 Expiry Date and Tranche 3 Performance Condition.

Vested Performance Right has the meaning given in clause 2(a) of this Schedule 1).

2. Expiry Date and Performance Conditions

- (a) In respect to each Performance Right, if the Performance Condition is satisfied on the Expiry Date then the Company will notify the Executive in writing that the Performance Right has vested (such Performance Right being a "**Vested Performance Right**").
- (b) Subject to clause 2(c) of this Schedule 1, Vested Performance Rights will be automatically exercised into the equivalent number of Performance Right Shares.
- (c) The issue of Performance Right Shares to the Executive following the automatic exercise of Vested Performance Rights is subject to such issue not contravening the Corporations Act, the Listing Rules, the Securities Dealing Policy or any other applicable law.
- (d) Following notification to the Executive under clause 2(a) of this Schedule 1, the Company will, within a reasonable period of time, issue or transfer to the Executive the Performance Right Shares to which the Executive is entitled.
- (e) If:
 - (i) the Tranche 1 Performance Condition is not satisfied on the Tranche 1 Expiry Date, then the Tranche 1 Performance Rights will automatically become Tranche 2 Performance Rights with the same Expiry Date and Performance Condition as the Tranche 2 Performance Rights; and
 - (ii) the Tranche 2 Performance Condition is not satisfied on the Tranche 2 Expiry Date, then the Tranche 2 Performance Rights will automatically become Tranche 3 Performance Rights with the same Expiry Date and Performance Condition as the Tranche 3 Performance Rights.
- (f) If the Tranche 3 Performance Condition is not satisfied by the Tranche 3 Expiry Date, all Performance Rights then held by the Executive will be deemed to immediately lapse.

3. Cessation of Employment

If the Executive ceases to be employed by the Company in the Position then all Performance Rights then held by the Executive will be deemed to immediately lapse.

4. Transfer of Rights

Performance Rights may not be transferred, assigned or novated except with the prior approval of the Board.

5. Security Interest

Subject to clause 4 of this Schedule 1, the Executive must not grant a Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the underlying Performance Right Shares are either issued or transferred to the Executive, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

6. Dividend and Voting Rights

Performance Rights will not confer upon the Executive the right to dividends or to vote as a Shareholder until the Vested Performance Rights have been exercised and the Performance Right Shares issued or transferred to the Executive.

7. Change in Control Event

(a) If a Change in Control Event occurs, then any Performance Right which has not been deemed to have lapsed in accordance with this Schedule 1 will automatically become a Vested Performance Right if the following conditions are satisfied:

(i) in respect of the Tranche 1 Performance Rights, either:

(A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.12; or

(B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.12;

(ii) in respect of the Tranche 2 Performance Rights, either:

(A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.15; or

(B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.15; and

(iii) in respect of the Tranche 3 Performance Rights, either:

(A) the last closing trading price of the Shares prior to the Change of Control Event was greater than \$0.18; or

(B) the 30 Day VWAP prior to the Change of Control Event is greater than \$0.18.

(b) If a Change in Control Event occurs, then any Performance Right which does not become a Vested Performance Right in accordance with clause 7(a) of this Schedule 1 will be deemed to immediately lapse.

8. Pro Rata Issue of Securities

The Executive may only participate in a new issue of Shares or other securities of the Company to holders of Shares if the Performance Right in respect of the Share entitling participation has been exercised in accordance with its terms before the record date for determining entitlements to the issue.

9. Adjustment for Reconstruction

In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred to in Schedule A above), the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on the Executive which is not conferred on holders of Shares generally, but in all other respects the terms of exercise will remain unchanged.