

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FULL YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A.3

Reporting period

Half-year ended 31 December 2017

Comparative period

Half-year ended 31 December 2016

Results	\$'m	% change increase/ (decrease)
From continuing operations		
Revenue from ordinary activities	1,222.1	4.9%
Profit from ordinary activities after tax attributable to members	77.5	(12.6%)
Net profit / (loss) attributable to members	77.5	(12.6%)
Operating EBITDA ¹	193.5	(8.8%)
Operating EBIT ²	136.8	(13.9%)

^{1.} Operating EBITDA represents Statutory net profit before the allocation of depreciation, amortisation, investment revenue, finance costs, income tax expense and non-operating items (other items of income and expense).

^{2.} Operating EBIT represents Statutory net profit before the investment revenue, finance costs, income tax expense and non-operating items (other items of income and expense).

From continuing and discontinued operations

Revenue from ordinary activities	1,235.3	3.6%
Profit from ordinary activities after tax attributable to members	79.1	(12.6%)
Net profit / (loss) attributable to members	79.1	(12.6%)

Dividends and distributions	Record Date	Payment Date	Amount per security	Franked amount per security
Interim dividend	2 March 2018	23 March 2018	3.2¢	Nil

No foreign conduit income is attributable to the dividends.

Dividend reinvestment plan

Healthscope's dividend reinvestment plan (DRP) will operate in respect of the interim dividend, with the last date for receipt of election notices being 5 March 2018. No discount is applicable to shares allocated to participants and no brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP. Shares will be allocated on 23 March 2018 and will rank equally in all respects with existing shares. The price at which shares are allocated is the daily volume weighted average market price of Healthscope shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of 10 trading days beginning on the second business day after the dividend record date.

Net tangible assets backing (NTA backing)	31 December 2017	31 December 2016
Net tangible asset per ordinary security	\$0.37	\$0.29

Other information regarding the accounts

For additional Appendix 4D disclosures, refer to the accompanying Media Release the accompanying Media Release, Director's Report and the Financial Report for the half year ended 31 December 2017.



HEALTHSCOPE LIMITED

ABN: 65 144 840 639

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2017

HEALTHSCOPE LIMITED

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HEALTHSCOPE LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the half-year financial report of Healthscope Limited ('Healthscope') and its controlled entities ('the Healthscope Group', 'the Group') for the half-year ended 31 December 2017.

BOARD OF DIRECTORS

The directors of Healthscope Limited during the half-year ended 31 December 2017 and up to the date of this report are listed below. Directors were in office for this entire period, except where otherwise stated.

Paula J Dwyer
Gordon Ballantyne
Antoni (Tony) M. Cipa
Jane McAloon
Rupert Myer AO
Paul O'Sullivan
Dr Zygmunt (Ziggy) Switkowski AO

REVIEW OF OPERATIONS

Analysis of results

The consolidated profit of the Healthscope Group for the half-year ended 31 December 2017, after income tax expense, was \$79.1 million (31 December 2016: \$90.5 million).

The following table reconciles the statutory net profit for the half-year to Operating EBITDA which is a key performance metric used by management to assess the financial performance of each reportable segment:

	Half-year ended	
	31 Dec 2017	31 Dec 2016
	\$'m	\$'m
Statutory net profit from continuing and discontinued operations	79.1	90.5
Less: Profit from discontinued operations (Medical Centres)	(1.6)	(1.6)
Statutory net profit from continuing operations	77.5	88.9
<i>Add back</i>		
Income tax expense	32.2	35.3
Net finance cost	26.1	26.9
Depreciation and amortisation	56.7	53.3
Earnings before finance costs, income tax, depreciation and amortisation (EBITDA) from continuing operations	192.5	204.4
<i>Add back</i>		
Other income and expense items	1.0	7.7
Operating earnings before finance costs, income tax, depreciation and amortisation (Operating EBITDA) from continuing operations	193.5	212.1

The following table provides an analysis of the Operating EBITDA achieved for each reportable segment for the half-year ended 31 December 2017.

	Half-year ended	
	31 Dec 2017	31 Dec 2016
	\$'m	\$'m
Operating EBITDA		
Hospitals Australia	170.7	186.7
Pathology New Zealand	28.8	30.5
Other	9.6	8.8
Total all segments	209.1	226.0
Corporate	(15.6)	(13.9)
Operating EBITDA from continuing operations	193.5	212.1
Medical Centres (Discontinued)	1.5	4.7
Operating EBITDA from continuing and discontinued operations	195.0	216.8

HEALTHSCOPE LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (*continued*)

Operating EBITDA

Operating EBITDA represents earnings before income tax expense, net finance costs, depreciation and amortisation adjusted for certain income and expense items that are unrelated to the underlying performance of the business. The Company believes that presenting Operating EBITDA provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between reporting periods.

Operating EBITDA is presented with reference to the Australian Securities and Investment Commission Regulatory Guide 230 "Disclosing non-IFRS financial information".

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 3 of the half-year financial report.

STATE OF AFFAIRS

Sale of standalone medical centres

On 2 October 2017, Healthscope announced that it had completed the sale of its standalone medical centres operations to Fullerton Health Medical Centres Pty Ltd, an operating subsidiary of Fullerton Health Australia Pty Ltd. The consideration of \$55.0 million was received in cash.

No material gain or loss was recorded on sale in the current period as the net assets were written down to their recoverable amount as at 30 June 2017 based on sale proceeds less an allowance for costs to sell the operations.

The current period consolidated net profit after tax includes \$1.6 million attributable to the standalone Medical Centres operations which reflects its trading result in the period from 1 July 2017 to 30 September 2017, being the date the sale was completed.

DIVIDENDS

Interim dividend

The Directors have resolved to pay an unfranked interim dividend of 3.2 cents per share in respect to the financial year ending 30 June 2018. The record date is 2 March 2018. This dividend has not been included as a liability in these financial statements as it was not resolved until after 31 December 2017.

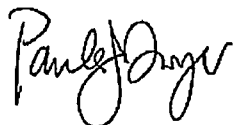
Dividends paid during the financial period

During the half-year ended 31 December 2017, Healthscope Limited paid an unfranked dividend of 3.5 cents per share in respect to the financial year ended 30 June 2017 that resulted in a dividend payment of \$60.7 million.

ROUNDING OFF OF AMOUNTS

Healthscope Limited is an entity to which ASIC Class Order 2016 / 191 applies, and in accordance with that the Directors' report and the financial statements are rounded to the nearest hundred thousand dollars, unless otherwise stated.

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



Paula J Dwyer

Chairman

Melbourne, 15 February 2018

The Board of Directors
Healthscope Limited
Level 1, 312 St Kilda Road,
Melbourne VIC 3004

15 February 2018

Dear Board Members

Healthscope Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Healthscope Limited.

As lead audit partner for the review of the financial statements of Healthscope Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Andrew Reid
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Healthscope Limited

We have reviewed the accompanying half-year financial report of Healthscope Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity 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 comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half-year 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 2017 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 Healthscope 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.

Auditor's Independence Declaration

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 Healthscope Limited, would be in the same terms if given to the directors as at the time 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 Healthscope 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 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Andrew Reid
Partner
Chartered Accountants
Melbourne, 15 February 2018

HEALTHSCOPE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		Half-year ended	
		31 Dec 2017	31 Dec 2016
	Note	\$'m	\$'m
Continuing operations			
Revenue		1,222.1	1,164.9
Employee benefits expense		(554.5)	(516.0)
Medical and consumable supplies		(158.2)	(147.9)
Prosthetics expenses		(154.7)	(146.4)
Occupancy costs		(37.3)	(31.1)
Service costs		(123.9)	(111.4)
Other income and expense items	3	(1.0)	(7.7)
Profit before finance costs, income tax, depreciation and amortisation		192.5	204.4
Depreciation and amortisation		(56.7)	(53.3)
Profit before finance costs and income tax		135.8	151.1
Net finance costs		(26.1)	(26.9)
Profit before income tax		109.7	124.2
Income tax expense		(32.2)	(35.3)
Profit for the period from continuing operations		77.5	88.9
Discontinued operations			
Profit for the period from discontinued operations		1.6	1.6
NET PROFIT FOR THE PERIOD		79.1	90.5
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchanges differences arising on translation of foreign operations		(10.0)	1.3
Gain on cash flow hedges taken directly to equity		3.0	10.1
Income tax expense relating to other comprehensive income		(1.1)	(3.4)
Other comprehensive income for the period, net of tax		(8.1)	8.0
Total comprehensive income for the period		71.0	98.5
Earnings per share			
From continuing and discontinued operations			
Basic (cents per share)	5	4.6	5.2
Diluted (cents per share)	5	4.5	5.2
From continuing operations			
Basic (cents per share)	5	4.5	5.1
Diluted (cents per share)	5	4.4	5.1

The above statement should be read in conjunction with the accompanying notes.

HEALTHSCOPE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 Dec 2017 \$'m	30 Jun 2017 \$'m
CURRENT ASSETS			
Cash and cash equivalents	6	242.0	195.9
Trade and other receivables		145.2	165.8
Consumable supplies at cost		55.2	54.6
Prepayments		15.9	16.4
Assets classified as held for sale		-	58.8
TOTAL CURRENT ASSETS		458.3	491.5
NON-CURRENT ASSETS			
Other financial assets		8.2	8.1
Other receivable	7	350.3	298.3
Investments in joint ventures		0.7	0.9
Property, plant and equipment		2,168.3	2,077.0
Intangibles	8	1,728.0	1,739.1
Deferred tax assets		59.8	86.1
TOTAL NON-CURRENT ASSETS		4,315.3	4,209.5
TOTAL ASSETS		4,773.6	4,701.0
CURRENT LIABILITIES			
Trade and other payables		229.7	251.6
Current tax liabilities		4.1	3.6
Borrowings		4.6	3.8
Derivative financial instruments		11.1	10.7
Other financial liabilities		3.8	3.6
Provisions		127.8	123.5
Liabilities directly associated with assets classified as held for sale		-	6.3
TOTAL CURRENT LIABILITIES		381.1	403.1
NON-CURRENT LIABILITIES			
Borrowings		1,879.4	1,802.4
Derivative financial instruments		28.0	23.8
Other payables		23.8	23.8
Deferred tax liabilities		48.0	49.2
Provisions		30.4	31.0
TOTAL NON-CURRENT LIABILITIES		2,009.6	1,930.2
TOTAL LIABILITIES		2,390.7	2,333.3
NET ASSETS		2,382.9	2,367.7
EQUITY			
Issued capital	9	2,711.8	2,708.2
Reserves		(254.0)	(247.2)
Accumulated losses		(74.9)	(93.3)
TOTAL EQUITY		2,382.9	2,367.7

The above statement should be read in conjunction with the accompanying notes.

HEALTHSCOPE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year ended	
	31 Dec 2017 \$'m	31 Dec 2016 \$'m
Continuing and discontinued operations ⁽ⁱ⁾		
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,267.1	1,230.0
Payment to suppliers and employees	(1,057.4)	(1,005.5)
Cash generated from operations	209.7	224.5
Interest received	1.5	2.4
Interest and costs of finance paid	(26.6)	(27.2)
Income tax paid	(7.6)	(7.9)
Other income and expense items	(6.4)	(14.9)
Net cash provided by operating activities	170.6	176.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	0.1	3.8
Proceeds from disposal of operations	55.0	-
Payments for property, plant and equipment	(38.8)	(33.7)
Brownfield facility development payments for plant and equipment	(73.0)	(91.3)
Northern Beaches facility development payments for plant and equipment	(106.0)	(146.2)
Payments for operating rights	-	(0.6)
Net payments for business combinations	-	(0.1)
Net cash used in investing activities	(162.7)	(268.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from project finance	82.1	151.4
Net proceeds from receivables securitisation	18.2	7.9
Finance leasing payments	(3.1)	(4.0)
Dividend reinvested through Dividend Reinvestment Plan	2.2	-
Dividends paid	(60.9)	(67.7)
Facility fees paid	(0.2)	(0.1)
Net cash provided by finance activities	38.3	87.5
Net decrease in cash and cash equivalents	46.2	(3.7)
Cash and cash equivalents at the beginning of the period	195.9	278.8
Effects of exchange rate changes on the balance of cash held in foreign currencies	(0.1)	(0.3)
Cash and cash equivalents at the end of the period	242.0	274.8

The above statement should be read in conjunction with the accompanying notes.

(i) The Condensed Consolidated Statement of Cash Flows include cash flows associated with continuing and discontinued operations (Medical Centres).

HEALTHSCOPE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued capital \$'m	Accumulated losses \$'m	Group reorganisation Reserve \$'m	Foreign currency translation reserve \$'m	Hedge reserve \$'m	Equity settled employee benefits reserve \$'m	Total equity \$'m
Opening balance at 1 July 2016	2,706.1	(75.7)	(282.2)	41.3	(20.6)	3.8	2,372.7
Profit for the period	-	90.5	-	-	-	-	90.5
Other comprehensive income for the period net of tax	-	-	-	1.3	6.7	-	8.0
Total comprehensive income for the period	-	90.5	-	1.3	6.7	-	98.5
Recognition of share based payments	-	-	-	-	-	2.4	2.4
Dividends paid	-	(67.7)	-	-	-	-	(67.7)
Closing balance at 31 December 2016	2,706.1	(52.9)	(282.2)	42.6	(13.9)	6.2	2,405.9
Opening balance at 1 January 2017	2,706.1	(52.9)	(282.2)	42.6	(13.9)	6.2	2,405.9
Profit for the period	-	20.4	-	-	-	-	20.4
Other comprehensive income / (loss) for the period net of tax	-	-	-	(2.3)	1.6	-	(0.7)
Total comprehensive income / (loss) for the period	-	20.4	-	(2.3)	1.6	-	19.7
New shares issued	2.1	-	-	-	-	-	2.1
Recognition of share based payments	-	-	-	-	-	0.8	0.8
Dividends paid	-	(60.8)	-	-	-	-	(60.8)
Closing balance at 30 June 2017	2,708.2	(93.3)	(282.2)	40.3	(12.3)	7.0	2,367.7
Opening balance at 1 July 2017	2,708.2	(93.3)	(282.2)	40.3	(12.3)	7.0	2,367.7
Profit for the period	-	79.1	-	-	-	-	79.1
Other comprehensive income / (loss) for the period net of tax	-	-	-	(10.0)	1.9	-	(8.1)
Total comprehensive income / (loss) for the period	-	79.1	-	(10.0)	1.9	-	71.0
New shares issued	3.6	-	-	-	-	-	3.6
Recognition of share based payments	-	-	-	-	-	1.3	1.3
Dividends paid	-	(60.7)	-	-	-	-	(60.7)
Closing balance at 31 December 2017	2,711.8	(74.9)	(282.2)	30.3	(10.4)	8.3	2,382.9

The above statement should be read in conjunction with the accompanying notes.

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

GENERAL INFORMATION AND BASIS OF PREPARATION

General information

This general purpose financial report for the half-year ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half-year 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 of Healthscope Limited for the year ended 30 June 2017 and any public announcements made by Healthscope Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Healthscope Limited is a public company listed on the Australian Securities Exchange (trading under the code 'HSO'), incorporated and domiciled in Australia with trading operations in Australia, New Zealand and South East Asia.

The principal place of business of the Group is:

Level 1
312 St Kilda Road
Melbourne VIC 3004
Tel: (03) 9926 7500

The principal activities of Healthscope Group during the half-year ended 31 December 2017 were the provision of healthcare services through the ownership and management of hospitals, medical centres and the provision of pathology diagnostic services.

Basis of preparation and consolidation

The condensed consolidated financial statements have been prepared on the basis of historical cost except for certain financial instruments that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial results and financial position of the Group are expressed in Australian dollars, which is the presentation currency for the condensed consolidated financial statements.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report for Healthscope Limited for the financial year ended 30 June 2017.

Adoption of new and revised Standards and Interpretations

During the current financial period, all mandatory new and revised standards and amendments hereof and Interpretations were adopted which had no material impact.

Effects of Standards that are issued but not yet effective

AASB 15 Revenue from Contracts with Customers

The Directors have undertaken a preliminary assessment of the impact of applying the requirements of AASB 15. Consistent with the disclosures made at 30 June 2017, the timing of revenue recognition for each material revenue stream is expected to be broadly in line with current practice. The Directors are continuing to assess the potential impact on system and disclosure requirements ahead of the initial application of AASB 15 on 1 July 2018 (year ending 30 June 2019)

AASB 16 Leases

The Directors have undertaken a preliminary assessment of the impact of applying the requirements of AASB 16. Consistent with the disclosures made at 30 June 2017, the new requirement to recognise a right-of-use asset and a related lease liability are expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements.

The Group is undertaking a project to ensure a high quality implementation in compliance with the accounting standard. Key responsibilities of the project include setting accounting policies, finalising an impact assessment, budgeting and costing of the implementation, identifying data and system requirements, and finalising the implementation plan. It is not practicable to provide a reasonable estimate of the financial effect expected to arise upon initial application of AASB 16 on 1 July 2019 (year ending 30 June 2020) until a full assessment of the potential impact is completed by the Group.

Rounding of amounts

Healthscope Limited is an entity to which ASIC Class Order 2016 / 191 applies, and in accordance with that the Directors' report and the financial statements are rounded to the nearest hundred thousand dollars, unless otherwise stated.

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: DIVIDENDS

During the current reporting period, Healthscope Limited paid an unfranked final dividend of 3.5 cents per share in respect of the financial year ended 30 June 2017 that resulted in a dividend payment of \$60.7 million.

On 15 February 2018, the Directors resolved to pay an unfranked interim dividend of 3.2 cents (31 December 2016: 3.5 cents) in respect of the financial year ending 30 June 2018 that will result in a dividend payment of approximately \$55.7 million (31 December 2016: \$60.7 million). The interim dividend has not been included as a liability in these financial statements, as it was not resolved until after 31 December 2017.

NOTE 2: SEGMENT INFORMATION

As a result of the sale of Healthscope's standalone medical centres operations, the reportable segments were revised to reflect the continuing business. The comparable period has been restated in order to reflect this change.

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of Healthscope Limited that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Under AASB 8, the reportable segments of the Group are as follows:

- Hospitals Australia - the management and provision of surgical and non-surgical private hospitals
- Pathology New Zealand - the provision of pathology services in New Zealand; and
- Other - the provision of pathology services in Malaysia, Singapore and Vietnam.

	Segment revenue		Segment Operating EBITDA ⁽ⁱ⁾		Segment Profit ⁽ⁱⁱ⁾	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Hospitals Australia	1,070.1	1,010.6	170.7	186.7	124.3	144.4
Pathology New Zealand	119.3	122.9	28.8	30.5	23.3	23.8
Other	32.7	31.4	9.6	8.8	7.5	6.8
Total all segments	1,222.1	1,164.9	209.1	226.0	155.1	175.0
Corporate			(15.6)	(13.9)	(18.3)	(16.2)
Total all segments after Corporate			193.5	212.1	136.8	158.8
Other income and expense items (Note 3)					(1.0)	(7.7)
Net finance costs					(26.1)	(26.9)
Profit before income tax					109.7	124.2
Income tax expense					(32.2)	(35.3)
Net profit from continuing operations					77.5	88.9
Net profit from discontinued operations					1.6	1.6
Net profit from continuing and discontinued operations					79.1	90.5

(i) Segment Operating EBITDA represents the profit earned by each segment without the allocation of central administrative costs, depreciation, amortisation, investment revenue, finance costs, income tax expense and other items of income and expense.

(ii) Segment Profit represents Operating EBIT being the profit earned by each segment without the allocation of central administrative costs, investment revenue, finance costs, income tax expense and other items of income and expenses.

Other segment information

	Hospitals Australia	Pathology New Zealand	Other	Corporate	Discontinued Operations	Total
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
December 2017						
Total assets	4,387.4	255.0	116.9	14.3	-	4,773.6
Total liabilities	(2,332.6)	(55.8)	(2.3)	-	-	(2,390.7)
June 2017						
Total assets	4,239.7	270.5	116.0	16.0	58.8	4,701.0
Total liabilities	(2,272.2)	(27.6)	(27.2)	-	(6.3)	(2,333.3)

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: OTHER INCOME AND EXPENSE ITEMS

	Half-year ended	
	31 Dec 2017	31 Dec 2016
	\$'m	\$'m
Continuing operations		
Hospital commissioning costs ⁽ⁱ⁾	0.4	0.8
Restructuring and other costs ⁽ⁱⁱ⁾	0.4	1.4
Loss relating to appointment of liquidators for a supplier group ⁽ⁱⁱⁱ⁾	0.2	5.5
	1.0	7.7

(i) Hospital commissioning costs primarily relate to costs incurred in relation to pre-opening of the Northern Beaches Hospital and commissioning of the completed brownfield projects of Brisbane Private Hospital and Sunnybank Private Hospital. The prior year expense relates to the commissioning of Holmesglen Private Hospital.

(ii) Restructure and other costs primarily relate to a general reorganisation within the Hospital Australia business.

(iii) Represents write-off in relation to deposit paid to an insolvent supplier for the maintenance contract for theatre equipment. The prior year expense represents write-offs in relation to stock in transit and deposits paid for the purchase of theatre equipment from a supplier group which was liquidated during the prior year.

NOTE 4: DISCONTINUED OPERATIONS

On 2 October 2017, the Group announced that effective 30 September 2017, it had completed the sale of its standalone medical centres operations for cash proceeds of \$55 million. As part of the completion of sale, a working capital adjustment of \$1.2 million was recorded. Aside from the working capital adjustment, no material gain or loss was recorded on sale as the net assets were written down to their recoverable amount as at 30 June 2017 based on expected sale proceeds less an allowance for costs to sell the operations.

The results of the standalone medical centres operations included in the profit for the half-year are set out below. The comparative figures for the half year ended 31 December 2016 have been restated in order to reflect the results of the standalone medical centres operations as discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income.

	Half-year ended	
	31 Dec 2017	31 Dec 2016
	\$'m	\$'m
Revenue	13.2	27.1
Expenses	(11.7)	(22.4)
Other income and expense items	1.2	(0.3)
Profit before finance costs, income tax, depreciation and amortisation	2.7	4.4
Depreciation and amortisation	(1.0)	(2.1)
Profit before finance costs and income tax	1.7	2.3
Net finance costs	-	-
Profit before income tax	1.7	2.3
Income tax expense	(0.1)	(0.7)
Profit for the period from discontinued operations	1.6	1.6

The current period financial performance is for the period 1 July 2017 to 30 September 2017.

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: EARNINGS PER SHARE

	Half-year ended	
	31 Dec 2017	31 Dec 2016
Basic earnings per share (cents per share)		
From continuing operations	4.5	5.1
From discontinued operations	0.1	0.1
Total basic earnings per share	4.6	5.2
Diluted earnings per share (cents per share)		
From continuing operations	4.4	5.1
From discontinued operations	0.1	0.1
Total diluted earnings per share	4.5	5.2

(a) Reconciliation of earnings used in calculating earnings per share

	Half-year ended	
	31 Dec 2017	31 Dec 2016
	\$'m	\$'m
<i>Basic and diluted earnings per share</i>		
Profit for the period attributable to owners of the Company		
- Profit for the period from continuing operations	77.5	88.9
- Profit for the period from discontinuing operations	1.6	1.6
	79.1	90.5

(b) Weighted average number of shares used as the denominator in calculation of statutory earnings per share

	31 Dec 2017	31 Dec 2016
	Number	Number
	'm	'm
Weighted average number of ordinary shares used in calculating basic earnings per share	1,737.1	1,735.1
Adjustments for calculation of diluted earnings per share:		
- LTI Performance rights	5.9	4.2
- STI Performance rights	1.6	2.0
	7.5	6.2
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	1,744.6	1,741.3

(c) Information concerning the classification of securities

Performance rights and share rights granted to participants are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The performance rights and the share rights have not been included in the determination of basic earnings per share.

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the period as shown in the condensed statement of financial position are reconciled to the related items as follows:

	31 Dec 2017 \$'m	30 Jun 2017 \$'m
Cash and cash equivalents	215.7	145.8
Restricted cash ⁽ⁱ⁾	26.3	50.3
	242.0	196.1
Transferred to assets held for sale	-	(0.2)
Total cash and cash equivalents	242.0	195.9

(i) Restricted cash can only be applied towards the development of Northern Beaches Hospital which is subject to separate funding arrangements.

NOTE 7: OTHER RECEIVABLE

	31 Dec 2017 \$'m	30 Jun 2017 \$'m
Receivable from NSW State Government ⁽ⁱ⁾	350.3	298.3

(i) The receivable is due upon completion of the NSW government review process following the commissioning of Northern Beaches Hospital.

NOTE 8: INTANGIBLES

	For six months ended		
	31 Dec 2017 \$'m	30 Jun 2017 \$'m	31 Dec 2016 \$'m
Goodwill			
Gross carrying amount			
Balance at the beginning of the reporting period	1,689.3	1,784.2	1,784.2
Reclassified to held for sale	-	(94.9)	-
Effect of foreign currency exchange differences	(8.1)	-	-
Balance at the end of the reporting period	1,681.2	1,689.3	1,784.2
Other intangibles ⁽ⁱ⁾			
Balance at the beginning of the reporting period	49.8	55.9	59.4
Reclassified to held for sale	-	(2.6)	-
Additions	-	0.9	0.4
Disposals	-	(0.2)	-
Amortisation - Continuing operations	(2.5)	(2.6)	(3.9)
Amortisation - Discontinued operations	-	(0.9)	(0.9)
Effect of foreign currency exchange differences	(0.5)	(0.7)	0.9
Balance at the end of the reporting period	46.8	49.8	55.9
Total intangibles	1,728.0	1,739.1	1,840.1

(i) Other intangibles include contract development costs, contract management rights and operating rights.

Impairment of goodwill and indefinite life intangible assets

The Healthscope Group performs an impairment assessment when there is an indication or trigger of a possible impairment of its non-current assets. In addition, at least annually, the Healthscope Group performs an impairment review of goodwill and indefinite life intangible assets, regardless of whether an impairment indicator has been identified. For the half-year ended 31 December 2017, there were no indicators present for any of the Group's cash generating units.

The annual review of goodwill and indefinite life intangible assets for impairment was performed at 30 June 2017.

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 9: ISSUED CAPITAL

	Number of shares	Share Capital \$'m
Balance at 1 July 2017	1,736,039,914	2,708.2
New shares issued	2,112,384	3.6
Balance at 31 December 2017	1,738,152,298	2,711.8

NOTE 10: FAIR VALUE MEASUREMENT

The financial instruments presented in the condensed statement of financial position are measured at either fair value or amortised cost. The measurement of this fair value may in some cases be subjective and may depend on the inputs used in the calculations.

The Group generally uses external valuations based on market inputs or market values. The different valuation methods are called 'hierarchies' and are described below.

- Level 1: calculated using quoted prices in active markets.
- Level 2: estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: estimated using inputs for the asset or liability that are not based on observable market data.

All financial instruments presented in the condensed consolidated statement of financial position are recognised at amounts that represent a reasonable approximation of fair value, with the exception of the following borrowings:

	31 Dec 2017		30 Jun 2017	
	Carrying amount \$'m	Fair value \$'m	Carrying amount \$'m	Fair value \$'m
Borrowings				
US Private Placement (AUD)	367.6	395.3	375.7	414.1

The fair value of the Group's financial instruments are estimated as follows:

Borrowings

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with remeasurement to foreign exchange rates at balance date (level 2 in fair value hierarchy).

Derivative financial instruments

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date (level 2 in fair value hierarchy).

Other financial assets (promissory note)

The fair value of the promissory note is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty from market based information (level 3 in fair value hierarchy).

There were no transfers between Level 1 and Level 2 during the period.

NOTE 11: COMMITMENTS

	31 Dec 2017 \$'m	30 Jun 2017 \$'m
<i>Capital expenditure committed but not provided for and payable:</i>		
- Not longer than 1 year	335.9	380.2
- Longer than 1 year but not longer than 5 years	153.8	313.0
- Longer than 5 years	-	-
	489.7	693.2

HEALTHSCOPE LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 12: CONTINGENT LIABILITIES

	31 Dec 2017 \$'m	30 Jun 2017 \$'m
Estimates of material amounts of contingent liabilities not provided for:		
Bank guarantee to various Workcover authorities	16.2	12.3
Bank guarantee in respect of the Northern Beaches development	161.8	161.8
Bank guarantees in respect of property leases	14.3	11.8

NOTE 13: EVENTS SUBSEQUENT TO BALANCE DATE

On 8 January 2018, Healthscope announced the appointment of Michael Stanford AM as a Non Executive Director of Healthscope Limited with effect from 26 March 2018.

Other than the above, and the resolution to pay the dividend disclosed in Note 1, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods other than the dividend declared in Note 1.

HEALTHSCOPE LIMITED
DIRECTORS' DECLARATION

In the opinion of the Directors:

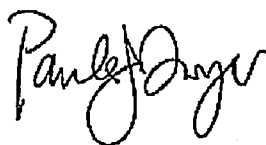
(a) The financial statements and notes are in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debt as and when they become due and payable

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Paula J Dwyer
Chairman



Gordon Ballantyne
Managing Director and Chief Executive Officer

Melbourne, 15 February 2018