



HEALTHSCOPE GROUP

AGGREGATED FINANCIAL REPORT

For the half year ended 31 December 2011

Healthscope Group

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Healthscope Group

RESPONSIBLE BODY'S REPORT

The Responsible Body submits the financial report of the Healthscope Group for the half year ended 31 December 2011 ('**Report**').

PURPOSE

Healthscope Notes Limited (ACN 147 250 780) ('**Issuer**') was incorporated on 8 November 2010 as a special purpose vehicle to issue publicly listed debt instruments and on-lend the net proceeds raised from the issue of the debt instruments to Healthscope Finance Pty Ltd (ACN 145 126 067), a member of the Healthscope Group (as defined below). The Issuer raised \$200 million by issuing 2 million \$100 redeemable, exchangeable, secured but subordinated notes ('**Healthscope Notes**') on 17 December 2010. The Issuer was admitted to the Official List of the Australian Securities Exchange ('**ASX**') (ASX code: HLN) on 17 December 2010. The Healthscope Notes have been quoted on the ASX from 20 December 2010. The ordinary shares of the Issuer are not quoted.

As a result of its listing on the ASX, the Issuer is required to lodge annual and half yearly financial reports in accordance with the ASX Listing Rules and the Corporations Act. In addition, the Issuer is required to lodge with the ASX annual and half yearly financial reports for the Healthscope Group, which aggregate the financial performance, the financial position and the cash flows of:

- APHG Holdings 2 Pty. Ltd (ACN 145 126 094) and its controlled entities;
- APHG No 2 Holdings 2 Pty Ltd (ACN 146 342 832) and its controlled entities; and
- CT HSP Holdings (Dutch) B.V. (registration no. 34308383) and its controlled entities;

(together the '**Healthscope Group**') to provide the holders of Healthscope Notes with an understanding of the financial position of the Healthscope Group which was referred to in the Issuer's prospectus dated 24 November 2010 as the 'Security Group'.

The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt.

INCORPORATION DATES

The dates and places of incorporation of each of the parent entities within the Healthscope Group are as follows:

- APHG Holdings 2 Pty. Ltd., (ACN. 145 126 094) incorporated in Australia on 9 July 2010.
- APHG No 2 Holdings 2 Pty. Ltd., (ACN.146 342 832) incorporated in Australia on 15 September 2010.
- CT HSP Holdings (Dutch) B.V. (registration no. 34308383) incorporated in The Netherlands on 29 July 2008

Comparative information in the half year condensed aggregated statement of comprehensive income and related notes cover the period from 9 July 2010 to 31 December 2010 for APHG Holdings 2 Pty Ltd, from 15 September 2010 to 31 December 2010 for APHG No 2 Holdings 2 Pty Ltd and from 1 July 2010 to 31 December 2010 for CT HSP Holdings (Dutch) B.V.

Healthscope Limited (ACN. 006 405 152), and its controlled entities were acquired by funds advised and managed by TPG & Carlyle on 12 October 2010, hence the trading results of the former Healthscope Limited are included in the comparative from the period 12 October 2010 to 31 December 2010.

Healthscope Group

RESPONSIBLE BODY'S REPORT

DIRECTORS

For the purposes of this Report, the Responsible Body consists of the directors of the following entities:

- Healthscope Hospitals Holdings Pty Ltd (ACN. 144 840 639);
- Healthscope Pathology Holdings Pty Ltd (ACN. 145 250 157);
- CT HSP Holdings (Dutch) B.V. (Registration no. 34308383)

The names of the directors of each of the above entities in office at any time during or since the end of the half year are:

Healthscope Hospitals Holdings Pty Ltd

Mr S.C. Moore
Mr R.J. Cooke
Ms K.K. Bechtel
Mr M.D. Hunter
Mr S.J. Schneider
Mr R. Seow
Mr A.J. Shastry
Mr T.B. Sisitsky
Mr S. Wise

Healthscope Pathology Holdings Pty Ltd

Mr S.C. Moore
Mr R.J. Cooke
Ms K.K. Bechtel
Mr M.D. Hunter
Mr S.J. Schneider
Mr R. Seow
Mr A.J. Shastry
Mr T.B. Sisitsky
Mr S. Wise

CT HSP Holdings (Dutch) B.V.

Mr D.J. Jaarsma
Mr T.B. Mayrhofer
Mr J.E. Viola
Mr G.A.R. Warris

Healthscope Group
RESPONSIBLE BODY'S REPORT

REVIEW OF OPERATIONS

Net profit for the half year was \$10.0 million (2010: \$55.7 million loss).

The following table reconciles the net profit/loss for the period to underlying EBITDA which is the key performance metric used by management to assess the financial performance of each operating segment:

Underlying EBITDA	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000⁽¹⁾
Net profit/(loss) for the period	10,021	(55,661)
<i>Add back:</i>		
Income tax expense/(benefit)	3,468	(17,115)
Net finance cost	92,118	43,287
Depreciation and amortisation	41,406	15,496
Earnings before finance costs, income tax depreciation and amortisation, (EBITDA)	147,013	(13,993)
<i>Add back:</i>		
Other expenses		
Acquisition costs	923	71,851
Restructure and other costs	3,479	5,319
Total other expenses	4,402	77,170
Corporate costs	5,710	1,878
Underlying earnings before finance costs, income tax depreciation and amortisation (Underlying EBITDA)	157,125	65,055

(1) Healthscope Limited (ACN. 006 405 152), and its controlled entities were acquired by funds advised and managed by TPG & Carlyle on 12 October 2010, hence the trading results of the former Healthscope Limited are included in the comparative from the period 12 October 2010 to 31 December 2010.

The acquisition costs largely relate to the acquisition of Healthscope Limited, and comprise adviser and other associated costs. Restructure costs relate primarily to the post-acquisition restructure of Healthscope Limited and its subsidiaries.

The following table provides an analysis of the Underlying EBITDA achieved for each segment for the half-year ended 31 December 2011.

Underlying EBITDA	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Hospitals Australia	126,232	50,699
Pathology Australia	12,311	7,023
Pathology International	18,582	7,333
	157,125	65,055

Healthscope Group
RESPONSIBLE BODY'S REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 of the half year financial report.

ROUNDING OFF OF AMOUNTS

For the benefits of clarity and ease of understanding, the Responsible Body has chosen to round off amounts shown in the Report to the nearest thousand (\$'000) dollars, unless otherwise stated.

Signed in accordance with resolutions of the directors of Healthscope Hospitals Holdings Pty Ltd, Healthscope Pathology Holdings Pty Ltd and CT HSP Holdings (Dutch) B.V.

On behalf of the Responsible Body,

A handwritten signature in blue ink, appearing to read 'R. Cooke', is written over a light blue horizontal line.

R. Cooke
Executive Chairman and Managing Director
Melbourne
24 February 2012

Responsible Body
Healthscope Group
Level 1, 312 St Kilda Road
Melbourne VIC 3004

24 February 2012

Dear Responsible Body members,

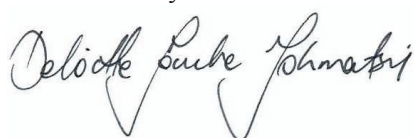
Healthscope Group

In compliance with the independence requirements of the professional accounting bodies in Australia, I am pleased to provide the following declaration of independence to the Responsible Body of the Healthscope Group.

As lead audit partner for the review of the financial statements of the Healthscope Group for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the professional accounting bodies in Australia in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



T Imbesi
Partner
Chartered Accountants

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half year ended 31 Dec 2011 \$'000	Half year ended 31 Dec 2010 \$'000⁽¹⁾⁽²⁾
Revenue	1,058,300	435,075
Share of profits of associates and joint ventures	1,448	653
Employee benefits expense	(488,880)	(196,929)
Medical and consumable supplies	(151,350)	(62,851)
Prosthetics expenses	(112,578)	(48,198)
Occupancy costs	(52,252)	(20,525)
Service costs	(103,273)	(44,048)
Other expenses:		
Acquisition costs	(923)	(71,851)
Restructure and other costs	(3,479)	(5,319)
Profit/(loss) before finance costs, income tax, depreciation and amortisation (EBITDA)	147,013	(13,993)
Depreciation and amortisation	(41,406)	(15,496)
Profit/(loss) before finance costs and income tax (EBIT)	105,607	(29,489)
Net finance costs	(92,118)	(43,287)
Profit/(loss) before income tax	13,489	(72,776)
Income tax (expense)/benefit	(3,468)	17,115
Net profit/(loss) for the period	10,021	(55,661)
Other comprehensive income		
Exchange differences arising on translation of foreign operations	40	(2,787)
Gain/(loss) on cash flow hedges taken directly to equity	(38,392)	2,454
Income tax relating to components of other comprehensive income	11,518	(736)
Other comprehensive income for the period (net of tax)	(26,834)	(1,069)
Total comprehensive income for the period	(16,813)	(56,730)

(1) Healthscope Limited (ACN. 006 405 152), and its controlled entities were acquired by funds advised and managed by TPG & Carlyle on 12 October 2010, hence the trading results of the former Healthscope Limited are included in the comparative from the period 12 October 2010 to 31 December 2010.

(2) The comparative figures presented have been restated following the finalization of the accounting for the acquisition of Healthscope Limited. Note 4 illustrates the impact of the restatement on the comparative period.

The accompanying notes numbered 1 to 9 form part of this half year financial report.

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	31 Dec 2011 \$'000	30 Jun 2011 \$'000 ⁽¹⁾
CURRENT ASSETS			
Cash and cash equivalents		33,171	18,864
Trade and other receivables		70,234	97,675
Prepayments		13,911	17,011
Current tax asset		1,793	210
Inventories		45,709	43,985
TOTAL CURRENT ASSETS		164,818	177,745
NON CURRENT ASSETS			
Trade and other receivables		4,800	6,000
Other financial assets		2,665	2,709
Investments accounted for using the equity method		594	661
Property, plant and equipment		1,144,120	1,105,728
Intangible assets	6	1,999,079	2,003,660
Deferred tax assets		87,688	75,978
TOTAL NON CURRENT ASSETS		3,238,946	3,194,736
TOTAL ASSETS		3,403,764	3,372,481
CURRENT LIABILITIES			
Trade and other payables		186,064	216,957
Current tax liabilities		460	-
Deferred purchase consideration		-	1,548
Deferred revenue		2,664	2,767
Borrowings	7	51,849	42,790
Other financial liabilities	8	17,000	2,601
Provisions		113,981	108,827
TOTAL CURRENT LIABILITIES		372,018	375,490
NON CURRENT LIABILITIES			
Borrowings	7	1,496,614	1,464,142
Deferred revenue		1,046	2,091
Other financial liabilities	8	553,715	534,753
Deferred tax liabilities		79,532	73,893
Provisions		30,319	34,779
TOTAL NON CURRENT LIABILITIES		2,161,226	2,109,658
TOTAL LIABILITIES		2,533,244	2,485,148
NET ASSETS		870,520	887,333
EQUITY			
Issued capital		962,167	962,167
Reserves		(37,862)	(11,028)
Accumulated losses		(53,785)	(63,806)
TOTAL EQUITY		870,520	887,333

(1) The comparative figures presented have been restated following the finalization of the accounting for the acquisition of Healthscope Limited. Note 4 illustrates the impact of the restatement on the comparative period.

The accompanying notes numbered 1 to 9 form part of this half year financial report.

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Half year ended 31 Dec 2011 \$'000	Half year ended 31 Dec 2010 \$'000 ⁽¹⁾
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,076,524	451,891
Payment to suppliers and employees	(920,620)	(401,154)
Cash generated from operations	155,904	50,737
Interest received	1,247	1,479
Interest and costs of finance paid	(87,051)	(11,987)
Income tax paid	(4,576)	(152)
Other expenses	(15,860)	(77,170)
Net cash provided by/(used) in operating activities	49,664	(37,093)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,537	206
Proceeds for insurance claim	951	-
Payments for property, plant and equipment	(45,080)	(9,208)
Brownfield facility developments	(32,561)	(27,511)
Payments for operating rights	(1,923)	(2,156)
Payments for business combinations	(1,826)	(2,742,341)
Net cash used in investing activities	(76,902)	(2,781,010)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity securities	-	962,167
Facility fees paid	(76)	(80,906)
Proceeds from borrowings	94,200	2,179,069
Repayments of borrowings	(60,250)	(200,000)
Net proceeds from secured receivables	7,526	8,874
Net proceeds from / (repayments of) finance leases	376	(4,623)
Net cash provided by financing activities	41,776	2,864,581
Net increase in cash and cash equivalents	14,538	46,478
Cash and cash equivalents at the beginning of the period	18,864	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	(231)	(146)
Cash and cash equivalents at the end of the period	33,171	46,332

(1) Healthscope Limited (ACN. 006 405 152), and its controlled entities were acquired by funds advised and managed by TPG & Carlyle on 12 October 2010, hence the trading results of the former Healthscope Limited are included in the comparative from the period 12 October 2010 to 31 December 2010.

The accompanying notes numbered 1 to 9 form part of this half year financial report.

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Issued capital \$'000	Accumulated losses \$'000 ⁽¹⁾	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Total equity \$'000 ⁽¹⁾
Opening balance at respective incorporation dates	-	-	-	-	-
Loss for the period	-	(57,304)	-	-	(57,304)
Impact of acquisition fair value adjustments (Note 4)	-	1,643	-	-	1,643
Adjusted loss for the period	-	(55,661)	-	-	(55,661)
Exchange differences arising on translation of foreign operations	-	-	(2,787)	-	(2,787)
Gain on cash flow hedges	-	-	-	2,454	2,454
Income tax relating to components of other comprehensive income	-	-	-	(736)	(736)
Other comprehensive income for the period, net of tax	-	-	(2,787)	1,718	(1,069)
Total comprehensive income for the period	-	(55,661)	(2,787)	1,718	(56,730)
Issue of shares	962,167	-	-	-	962,167
Closing balance at 31 December 2010	962,167	(55,661)	(2,787)	1,718	905,437

	Issued capital \$'000	Accumulated losses \$'000 ⁽¹⁾	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Total equity \$'000 ⁽¹⁾
Opening balance at 1 July 2011	962,167	(64,353)	(3,183)	(7,845)	886,786
Impact of acquisition fair value adjustments (Note 4)	-	547	-	-	547
Adjusted opening balance	962,167	(63,806)	(3,183)	(7,845)	887,333
Profit/(loss) for the period	-	10,021	-	-	10,021
Exchange differences arising on translation of foreign operations	-	-	40	-	40
Loss on cash flow hedges	-	-	-	(38,392)	(38,392)
Income tax relating to components of other comprehensive income	-	-	-	11,518	11,518
Other comprehensive income for the period, net of tax	-	-	40	(26,874)	(26,834)
Total comprehensive income for the period	-	10,021	40	(26,874)	(16,813)
Closing balance at 31 December 2011	962,167	(53,785)	(3,143)	(34,719)	870,520

(1) The comparative figures presented have been restated following the finalization of the accounting for the acquisition of Healthscope Limited. Note 4 illustrates the impact of the restatement on the comparative period.

The accompanying notes numbered 1 to 9 form part of this half year financial report.

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

Healthscope Notes Limited (ACN 147 250 780) ('**Issuer**') was incorporated on 8 November 2010 as a special purpose vehicle to issue publicly listed debt instruments and on-lend the net proceeds raised from the issue of the debt instruments to Healthscope Finance Pty Ltd (ACN 145 126 067), a member of the Healthscope Group (as defined below). The Issuer raised \$200 million by issuing 2 million \$100 redeemable, exchangeable, secured but subordinated notes ('**Healthscope Notes**') on 17 December 2010. The Issuer was admitted to the Official List of the Australian Securities Exchange ('**ASX**') (ASX code: HLN) on 17 December 2010. The Healthscope Notes have been quoted on the ASX from 20 December 2010. The ordinary shares of the Issuer are not quoted.

As a result of its listing on the ASX, the Issuer is required to lodge annual and half yearly financial reports in accordance with the ASX Listing Rules and the Corporations Act. In addition, the Issuer is required to lodge with the ASX annual and half yearly financial reports for the Healthscope Group, which aggregate the financial performance, the financial position and the cash flows of:

- APHG Holdings 2 Pty. Ltd (ACN 145 126 094) and its controlled entities;
- APHG No 2 Holdings 2 Pty Ltd (ACN 146 342 832) and its controlled entities; and
- CT HSP Holdings (Dutch) B.V. (Registration no. 34308383) and its controlled entities;

(together the '**Healthscope Group**') to provide the holders of Healthscope Notes with an understanding of the financial position of the Healthscope Group which was referred to in the Issuer's prospectus dated 24 November 2010 as the 'Security Group'.

The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt.

The principal place of business of the Healthscope Group is:

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

The principal activities of the Healthscope Group during the half year ended 31 December 2011 were the provision of healthcare services through the ownership and management of hospitals, medical centres and the provision of diagnostic services (pathology).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard 134 *Interim Financial Reporting*. The half year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the Responsible Body on 24 February 2012. The Responsible Body comprises the directors of APHG Holdings 2 Pty Ltd, APHG No 2 Holdings 2 Pty Ltd and CT HSP Holdings (Dutch) B.V.

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Working capital position

The working capital position of the Healthscope Group as at 31 December 2011 is a surplus of current liabilities over current assets of \$207.2 million (30 June 2011: \$197.7 million).

The contributing factors to this deficiency are:

- (i) The Group continued to utilise the accounts receivable securitisation facility for \$140 million. During the period \$121 million of receivables were sold to the Bank under this facility and the proceeds from the sale were used to retire non-current debt and reduce the overall cost of debt servicing.
- (ii) The Group also generates significant operating cash inflows and uses these cash inflows to repay non current debt.

The Responsible Body continually monitor the Group's working capital position including forecast working capital requirements in light of the Group's existing debt facility and are satisfied that the Healthscope Group will be able to pay its debts as and when they fall due for a period of 12 months from the date of this financial report.

Basis of preparation

The condensed aggregated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair value of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For clarity and relevance, the entity has chosen to report amounts in the financial report rounded off to the nearest thousand dollars, unless otherwise indicated.

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 Group's annual financial report for the financial period ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of aggregation

The condensed aggregated financial statements incorporate the consolidated financial information of each of the following sub-groups (referred to as 'Pillars')

- APHG Holdings 2 Pty Limited and all of its controlled entities,
- APHG No 2 Holdings 2 Pty Ltd and all of its controlled entities and,
- CT HSP Holdings (Dutch) B.V. and all of its controlled entities,

Consistent accounting policies are employed by each Pillar in the presentation and preparation of their consolidated financial information.

All inter-company balances and transactions between entities in the Healthscope Group, including any unrealised profits or losses, have been eliminated on aggregation.

Adoption of new and revised Accounting Standards

The Healthscope Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any change to the Group's accounting policies and had no effect on the amounts reported for the current period.

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 3: DIVIDENDS

During the half year the Healthscope Group did not make any dividend payments. No dividend has been declared during or since the end of the half year ended 31 December 2011.

NOTE 4: CHANGES IN THE COMPOSITION OF THE AGGREGATED GROUP

During the half year, the following changes to the aggregated group were completed.

Businesses acquired

No new businesses were acquired by the Group during the half year; however \$1.8 million of deferred consideration was paid in respect of prior period acquisitions.

Finalisation of the provisional accounting for the acquisition for Healthscope Limited

On 12 October 2010, the Group acquired 100% of the share capital of Healthscope Limited.

As at 30 June 2011, the acquisition accounting for Healthscope Limited was disclosed on a provisional basis. During the half year ended 31 December 2011, the acquisition accounting was finalised resulting in retrospective adjustment to the acquired net assets of Healthscope Limited and the measurement of goodwill arising from the acquisition.

The fair value adjustments recognised subsequent to 30 June 2011 primarily relate to the revaluation of property, plant and equipment, revaluation of identifiable intangible, adjustments to the measurement of provisions and adjustments to opening deferred tax balances.

The following tables illustrates the quantum of the fair value adjustments recognised during the period and their impact on the prior period comparatives presented in this half year report.

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NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 4: CHANGES IN THE COMPOSITION OF THE AGGREGATE GROUP (cont'd)

Finalisation of the provisional acquisition accounting for the acquisition of Healthscope Limited

Balance Sheet (extract)	30 Jun 2011	Restatement	30 Jun 2011
	\$'000	amount	(Restated)
	\$'000	\$'000	\$'000
Trade and other receivables	99,121	(1,446)	97,675
Prepayments	17,029	(18)	17,011
TOTAL CURRENT ASSETS	179,209	(1,464)	177,745
Property, plant and equipment	1,123,502	(17,774)	1,105,728
Intangible assets	1,937,216	66,444	2,003,660
TOTAL NON CURRENT ASSETS	3,146,066	48,670	3,194,736
TOTAL ASSETS	3,325,275	47,206	3,372,481
Trade and other payables	215,381	1,576	216,957
Provisions	104,549	4,278	108,827
TOTAL CURRENT LIABILITIES	369,636	5,854	375,490
Borrowings	1,463,962	180	1,464,142
Deferred tax liabilities	37,539	36,354	73,893
Provisions	30,508	4,271	34,779
TOTAL NON CURRENT LIABILITIES	2,068,853	40,805	2,109,658
TOTAL LIABILITES	2,438,489	46,659	2,485,148
NET ASSETS	886,786	547	887,333
Accumulated losses	(64,353)	547	(63,806)
TOTAL EQUITY	886,786	547	887,333

Income statement (extract)	Half year ended	Restatement	Half year ended
	31 Dec 2010	amount	31 Dec 2010
	\$'000	\$'000	(Restated)
	\$'000	\$'000	\$'000
Depreciation and amortisation	(17,843)	2,347	(15,496)
Loss before finance cost and income tax	(31,836)	2,347	(29,489)
Loss before income tax	(75,123)	2,347	(72,776)
Income tax (expense)/benefit	17,819	(704)	17,115
Loss for the period	(57,304)	1,643	(55,661)
Total comprehensive income for the period	(58,373)	1,643	(56,730)

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 5: SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Accordingly the Group has determined the following operating segments

- Hospitals Australia - the management and provision of surgical and non-surgical private hospitals
- Pathology Australia - the provision of pathology and medical services
- Pathology International - the provision of pathology services overseas

	Revenue ⁽ⁱ⁾		EBITDA		Profit before finance costs, income tax and other expenses ⁽ⁱⁱ⁾	
	2011 \$'000	2010 \$'000 ⁽ⁱⁱⁱ⁾	2011 \$'000	2010 \$'000 ⁽ⁱⁱⁱ⁾	2011 \$'000	2010 \$'000 ⁽ⁱⁱⁱ⁾
Hospitals Australia	796,116	327,452	126,232	50,699	102,781	41,039
Pathology Australia	181,452	74,129	12,311	7,023	3,405	3,930
Pathology International	80,732	33,494	18,582	7,333	11,683	4,590
Total all segments	1,058,300	435,075	157,125	65,055	117,869	49,559
Corporate					(7,860)	(1,878)
Restructure and other costs					(3,479)	(5,319)
Acquisition costs					(923)	(71,851)
Net finance costs					(92,118)	(43,287)
Profit/(loss) before income tax					13,489	(72,776)
Income tax (expense)/benefit					(3,468)	17,115
Net profit/(loss)					10,021	(55,661)

(i) The revenue reported above represents revenue generated from external customers. Any inter-segment sales are eliminated on consolidation of the Group's results.

(ii) Segment profit represents the profit earned by each segment without the allocation of central administrative costs, investment revenue and finance costs, income tax expense, other expenses, and gains or losses on the disposal of associates or discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(iii) Healthscope Limited (ACN. 006 405 152), and its controlled entities were acquired by funds advised and managed by TPG & Carlyle on 12 October 2010, hence the trading results of the former Healthscope Limited are included in the comparative from the period 12 October 2010 to 31 December 2010.

Total assets by reportable segment

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Hospitals Australia	2,659,681	2,638,402
Pathology Australia	424,389	428,356
Pathology International	319,694	305,723
Total all segments	3,403,764	3,372,481

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 6: INTANGIBLES

	6 months to 31 Dec 2011 \$'000	Period to 30 Jun 2011 \$'000
Goodwill		
Balance at the beginning of the reporting period	1,904,945	-
Goodwill recognised from the business combination occurring during the reporting period	-	1,904,945
Effect of foreign currency exchange differences	589	-
Balance at the end of the reporting period	<u>1,905,534</u>	<u>1,904,945</u>
Other intangibles		
Balance at the beginning of the reporting period	98,715	-
Intangibles acquired as part of the business combination occurring during the reporting period	-	104,014
Other additions to intangibles	1,846	4,967
Amortisation of identifiable intangibles	(7,016)	(10,266)
Balance at the end of the reporting period	<u>93,545</u>	<u>98,715</u>
Total intangibles (Restated – Note 4)	<u>1,999,079</u>	<u>2,003,660</u>

NOTE 7: BORROWINGS

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Secured – at amortised cost		
Finance lease liabilities ⁽ⁱ⁾	20,311	20,096
Hire purchase facilities	6,563	5,688
Mortgage ⁽ⁱⁱ⁾	20,000	30,000
Bank loans ⁽ⁱⁱⁱ⁾	1,360,750	1,318,000
Prepaid loan facility establishment fees	(59,161)	(66,852)
Debt securities ^(iv)	200,000	200,000
	<u>1,548,463</u>	<u>1,506,932</u>
Current	51,849	42,790
Non-current (Restated – Note 4)	<u>1,496,614</u>	<u>1,464,142</u>
	<u>1,548,463</u>	<u>1,506,932</u>

Summary of borrowing arrangements

- (i) The finance lease liabilities are secured by way of fixed charges over the leased assets to which they relate and have lease terms ranging from 1 to 7 years.
- (ii) The obligation to pay the purchase price for the Newcastle Hospital site is secured by real property mortgages.
- (iii) Bank loans are secured by asset security (in the nature of fixed and floating charges, share and loan mortgages and real property mortgages over certain parcels of material real property interests held by certain Group members) from certain entities of the Group including the entities who own the key operating assets of the Group.
- (iv) The debt securities are subordinated debt obligations of Healthscope Notes Limited which rank behind the Senior Debt as set out in the Inter-creditor Deed, and rank equally without any preference among themselves. The maturity date of these notes is 17 June 2016. The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt.

For the purposes of section 283BH of the Corporations Act which requires debt instruments that are offered to the public with disclosure under chapter 6D of the Corporations Act to be described as either "mortgage debentures", "debentures" or "unsecured notes", the notes are considered to be "unsecured notes".

A syndicated facility of \$1.55 billion (utilised at 31 December 2011: \$1.36 billion) was put in place on 22nd September 2010. The facility is a 5-year revolving debt facility, which matures on 11 October 2015.

Healthscope Group

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 8: OTHER FINANCIAL LIABILITIES

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
CURRENT		
Interest rate swaps	17,000	2,601
	<u>17,000</u>	<u>2,601</u>
NON CURRENT		
Intercompany loans	521,115	526,145
Interest rate swaps	32,600	8,608
	<u>553,715</u>	<u>534,753</u>

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

To the best knowledge of the Responsible Body there has been no matter or circumstance that has arisen since the end of the half year that has significantly affected or may affect the Group's operations or state of affairs in future periods.

Healthscope Group

RESPONSIBLE BODY'S DECLARATION

The Directors of each of:

- Healthscope Hospitals Holdings Pty Ltd (ACN 144 840 639);
- Healthscope Pathology Holdings Pty Ltd (ACN 145 250 157); and
- CT HSP Holdings (Dutch) B.V. (Registration no. 34308383),

(together the '**Responsible Body**') have agreed to appoint Mr Robert Cooke to act on their behalf for the purposes of making this Responsible Body's Declaration for the Healthscope Group.

The Responsible Body declares that in its opinion:

- a) there are reasonable grounds to believe that the Healthscope Group will be able to pay its debts as and when they become due and payable; and
- b) the attached financial statements and notes thereto are in accordance with accounting standards and give a true and fair view of the financial position and performance of the Healthscope Group.

Signed in accordance with resolutions of the directors of Healthscope Hospitals Holdings Pty Ltd, Healthscope Pathology Holdings Pty Ltd and CT HSP Holdings (Dutch) B.V.

On behalf of the Responsible Body,



R Cooke
Executive Chairman and Managing Director
Melbourne
24 February 2012

Independent Auditor's Review Report to the Responsible Body of the Healthscope Group

We have reviewed the accompanying half-year financial report of the Healthscope Group (as defined below), which comprises the condensed aggregated statement of financial position as at 31 December 2011, and the condensed aggregated statement of comprehensive income, the condensed aggregated statement of cash flows and the condensed aggregated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the Responsible Body's declaration as set out on pages 6 to 17.

The Healthscope Group comprises the aggregation of:

- APHG Holdings 2 Pty Ltd (ACN 145 126 094);
- APHG No. 2 Holdings 2 Pty Ltd (ACN 146 342 832); and
- CT HSP Holdings (Dutch) B.V. (Registration number 34308383)

and the entities they controlled as at 31 December 2011 or from time to time during the period.

Responsible Body's Responsibility for the half-year Financial Report

The Responsible Body of the Healthscope Group is responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards and for such internal control as the Responsible Body determine is necessary for the preparation and fair presentation 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, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the Healthscope Group, 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 professional accounting bodies in Australia. We confirm that the independence declaration, which has been given to the Responsible Body of the Healthscope Group, would be in the same terms if given to the Responsible Body as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Healthscope Group does not present fairly, in all material respects, the Healthscope Group's financial position as at 31 December 2011 and of its financial performance for the half-year ended on that date in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.



DELOITTE TOUCHE TOHMATSU



T Imbesi
Partner
Chartered Accountants
Melbourne
24 February 2012