Appendix 4E Preliminary final report
Year ended 30 June 2013
Information given to the ASX under listing rule 4.3A

Name of entity
Healthscope Notes Limited

ABN
69 147 250 780

Reporting year
Year ended 30 June 2013

Previous corresponding year
Year ended 30 June 2012

Note holders may wish to obtain the financial report of the Healthscope Group in order to gain an understanding of its financial performance for the year ended 30 June 2013 and its financial position as at that date.

Results for announcement to the market	Up / down	% Movement	$'000
Revenue from ordinary activities	up	36%	32,876
Net profit/(loss) from ordinary activities	up	100%	31
Net profit from ordinary activities attributable to members	up	100%	31

Dividends and distributions	Amount per security (cents)	Franked amount per security (cents)
Interim 2013 distribution per security	nil	nil
Final 2013 distribution per security	nil	nil
Record date for determining entitlements to distributions		n/a
Payment date for distributions		n/a

The company did not pay any distributions during the year ended 30 June 2013 (2012: Nil) and has not declared any distributions for the year ended 30 June 2013 (2012: Nil).

For the year ended 30 June 2013, the company has made all interest payments that it was required to pay with respect to:

i. the Healthscope Notes I issued on 17 December 2010

ii. the Healthscope Note II issued on 27 March 2013

Net tangible assets (NTA backing)	30 June 2013 cents per security	30 June 2012 cents per security
Net tangible assets per ordinary security	n/a	n/a

Other information regarding the accounts
The information contained in this Appendix 4E is based on financial statements which have been audited. An explanation of the figures presented above can be found in the director's report and the notes to the financial statements.

HEALTHSCOPE NOTES LIMITED

ABN 69 147 250 780

ANNUAL REPORT

For the year ended 30 June 2013

TABLE OF CONTENTS

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

DIRECTORS' REPORT

Overview

The Directors of Healthscope Notes Limited submit the annual report of the Company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2011, the Directors report as follows:

Directors

The names of the Directors in office at any time during or since the end of the financial year are:

Mr. R.J. Cooke (Chairman)
Mr. S.C. Moore
Mr. S.J. Schneider

The above named Directors held office from the start of the financial year to the date of this report unless otherwise indicated.

Board of Directors

The details of each current Director's qualifications, special responsibilities and experience are set out below.

Mr. R.J. Cooke – Executive Chairman and Managing Director

Robert has a 30 year career in the health industry, and has worked in management and corporate leadership positions in the public and private health sectors. Robert's experience spans executive leadership of publicly listed and private health care companies, the management of private and public hospitals in Australia, and involvement in a number of due diligence teams for both Australian and international acquisitions. Robert has a proven track record in setting strategy, successful interaction with the financial community, and above all understanding the many dynamics of the health care industry.

Robert was previously a Director of Healthbridge Enterprises and Chairman of Spire Healthcare in the UK, a group of 36 private hospitals. Robert was Managing Director and Chief Executive Officer of Symbion Health Ltd., an ASX 100 Australian company with $3.8 billion turnover. Robert also held the role of Managing Director at Affinity Health. Affinity Health was the largest private hospital business in Australia with 50 private hospitals located across Australia and Indonesia, with a turnover of $1.2 billion. Robert joined the Healthscope Group as Executive Chairman and Managing Director in November 2010.

Interests in shares and options - Nil

Mr. S.C. Moore – Non-Executive Director

Simon is a Partner and Managing Director of The Carlyle Group, based in Sydney. He is currently a director of Coates Hire and the Healthscope Group and an alternate director of Qube Holdings Ltd. Prior to joining The Carlyle Group, Simon was a Managing Director and Investment Committee Member of Investcorp International, Inc. based in New York. Prior to that, Simon worked in private equity investments and investment banking at J.P. Morgan & Co. in New York, Hong Kong and Melbourne. Simon received Honours Degrees in Law and Commerce from the University of Queensland.

Interests in shares and options - Nil

Mr. S.J. Schneider – Non-Executive Director

Steven is currently the Managing Director and Partner of the Operations Group at TPG Asia. The Operations Group was established to assist the executive management teams responsible for TPG's portfolio companies on their day-to-day operations. Steven was formerly the President and Chief Executive Officer, GE (General Electric) – Asia Pacific where he was with the company for over 20 years (13 of which were in Asia). During his time as Chief Executive Officer, he was also a Company Officer and a Member of GE's Corporate Executive Committee. He currently serves as a Director of UTAC-Singapore (NED), HCP-China (Chairman), Alinta Energy-Australia (NED) and Unit trust Financial Services-Shanghai (Chairman). Previously he has held Non-Executive Directorships at Parkway Holdings Ltd. (Hospital Group-Singapore), Hanaro Telecom (Korea), Myer Department Stores (Australia) and NIS Financial Services (Japan).

Interests in shares and options - Nil

Company secretary

The Company Secretary is Ms. Ingrid Player. Ms. Player was appointed to the position of Company Secretary on 8 November 2010. Ms. Player is responsible for the legal affairs of the Healthscope Group and for all company secretarial matters. Prior to joining the Healthscope Group, Ms. Player had over 10 years of experience working as a lawyer in Australia and overseas.

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

DIRECTORS' REPORT

Principal activities

The principal activities of the Company are the provision of publicly listed debt instruments and on lending of the net proceeds received from the debt instruments to the Healthscope Group.

Operating results

The operating profit attributable to the equity holders of the Company for the financial year, after income tax expense, amounted to $31.0 thousand (2012: nil).

Review of operations

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).

Since incorporation the Issuer has raised the following debt instruments:

- $200 million by issuing 2 million $100 redeemable, exchangeable, secured but subordinated Notes (' **Healthscope Notes I**') on 17 December 2010 and

- $305 million by issuing 3 million and 50 thousand $100 redeemable, exchangeable, secured but subordinated Notes ('**Healthscope Notes II**') on 27 March 2013.

The Issuer was admitted to the Official List of the Australian Securities Exchange (' **ASX**') (ASX code: HLN) on 17 December 2010. Healthscope Notes I have been quoted on the ASX since 20 December 2010 (ASX code: HLNG) and Healthscope Notes II have been quoted on the ASX since 28 March 2013 (ASX code: HLNGA). 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 will lodge with the ASX annual and half yearly aggregated financial reports for the Healthscope Group, which aggregates the financial performance, the financial position and the cash flows of:

- Healthscope Hospitals Holdings No. 2 Pty. Ltd., (ACN 145 126 094) and its controlled entities;
- Healthscope Pathology Holdings No. 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 I and Healthscope Notes II with an understanding of the financial position of the 'Security Group' as referred to in the issuers prospectuses dated 24 November 2010 (Healthscope Notes I) and 12 March 2013 (Healthscope Notes II). For the year ended 30 June 2013, the Security Group reflects 98% of the total assets of the Healthscope Group and 95% of its operating EBITDA as disclosed in the review of operations in the aggregated financial reports of the Healthscope Group.

Healthscope Notes I and Healthscope Notes II are secured over the key operating assets of the Security Group on a subordinated basis to the Senior Debt.

The proceeds of the Healthscope Notes I raising, were used to extinguish certain sub-debt loans. The proceeds of the Healthscope Notes II raising were used to extinguish syndicate debt. As these loans/debts were owed by other entities in the Healthscope Group, the Company has loaned the amount raised (less costs of issue) to those entities in the Healthscope Group. The amounts loaned to the Healthscope Group are interest bearing loans accruing income at an effective interest rate of 12.5% per annum (Notes I) and 11.25% per annum (Notes II) respectively.

During the financial year, interest payments were made to holders of Healthscope Notes I on 25 September 2012, 27 December 2012, 25 March 2013 and 25 June 2013 and Healthscope Notes II on 25 June 2013 totalling $30.7 million (2012: $22.6 million). The balance of the finance costs incurred during the year comprised of the amortisation of borrowing costs.

Change in state of affairs

Other than the issue of Notes II outlined above, there were no significant changes in the state of affairs of the company during the financial year.

DIRECTORS' REPORT

Dividends

No dividends have been declared during or since the end of the financial year.

Subsequent events

To the best knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may affect the Company's operations or state of affairs in future financial years.

Future developments

In the opinion of the directors, the company is expected to continue holding listed notes on behalf of the Healthscope Group. The company's operating results are anticipated to continue to breakeven due to interest earned on loans to related entities offsetting the company's operating and interest costs.

Environmental regulations

The Company is not subject to any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Indemnification and insurance of officers and auditors

During the year, a related entity paid a premium in respect of a contract insuring each of the Directors of the Company and the Company Secretary against liabilities that are permitted to be covered by Section 199B of the Corporations Act 2001. No amount has been recharged to the Company. It is a condition of the insurance contract that its limits of indemnity, the nature of the liability indemnified and the amount of the premium are not to be disclosed.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against liability incurred as such an officer or auditor.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Rounding off of amounts

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

Non-audit services

During the year, the auditor did not provide any non-audit services to the Company.

Auditor independence

The auditor's independence declaration is included on Page 7 of the report.

Audit fees incurred by the Company for the year were paid by Healthscope Limited on the Company's behalf and have not been recharged to the Company.

DIRECTORS' REPORT

Corporate Governance Statement

Compliance with ASX Corporate Governance Principles and Recommendations

The Board of the Company recognises that for it to fulfil its responsibilities, sound and effective corporate governance is crucial. The Board has had regard to the Company being a special purpose funding vehicle rather than an operating entity in the Healthscope Group and the size of the Board in determining how the Company will be managed and the extent to which it is appropriate for it to comply with the ASX Corporate Governance Principles and Recommendations.

In particular, the Board has determined that it is appropriate that the Board not delegate its functions to committees. Rather the full Board will be responsible for the governance of the Company. As such, the Company will not have an Audit Committee and the Board as a whole will be responsible for the financial reporting of the Company. Similarly, the Company will not have a Remuneration or Nomination Committee as the Company only has Directors who are not remunerated by the Company and the Healthscope Group retains the right to appoint or remove Directors. The Board may establish committees from time to time if it considers it appropriate.

The following sets out the Company's compliance with the ASX Corporate Governance Principles and Recommendations.

Principle 1: Lay solid foundations for management and oversight

The Board will monitor the operational and financial position of the Company. The roles and responsibilities of the Board are set out in the Board Charter and the other formal policies which the Company has adopted. The Board Charter is available on the Healthscope Group's website by navigating to the "Investor Centre" and then the "Corporate Governance" web pages.

The Company does not have any executive management.

The Company complies with recommendation 1.1 and recommendation 1.3.

The Company does not comply with recommendation 1.2 as it has no executive management to evaluate.

Principle 2: Structure the Board to add value

The Directors bring wide and varied operational and financial experience to the Board. Each of the Directors are also directors of the Healthscope Group. Only the Executive Chairman and Managing Director is an executive of the Healthscope Group. Details of the skills, expertise and experience of the Directors are set out in the Directors' Report on page 1 of this annual report. Each of the Directors has held office since 8 November 2010.

While the Directors are not independent for the purpose of the ASX Corporate Governance Principles, as a sub-set of the directors of the Healthscope Group, the Board considers that it is well placed to fulfil its responsibilities.

The Company will not have a Nomination Committee as the Healthscope Group retains the right to appoint or remove Directors.

Directors may, in fulfilling their duties and responsibilities, obtain independent professional advice, with prior notice to the Executive Chairman and Managing Director of the Healthscope Group, at the Company's expense.

The Company has not established a formal review procedure for the performance of the Board.

While the Company does not comply with recommendations 2.1 to 2.5, the Board considers that having regard to the Company being a special purpose funding vehicle the composition of the Board and its processes are appropriate. The Company complies with recommendation 2.6.

Principle 3: Promote ethical and responsible decision-making

The Company will comply with the Healthscope Group code of conduct to the extent to which it applies to the Company's business.

The Company complies with recommendations 3.1. The Company complies with recommendation 3.5 to the extent applicable.

The Company does not comply with recommendations 3.2 to 3.4 because the Board considers, having regard to the Company being a special purpose funding vehicle and the particular circumstances of the Company (including that it has no employees or executive management), that the recommendations relating to diversity are not applicable.

Principle 4: Safeguard integrity in financial reporting

The Board as a whole will be responsible for the financial reporting of the Company. As set out above, the Company will not have an Audit Committee.

The Board will be responsible for ensuring that:

- accounting records of the Company are properly kept in line with legal requirements:
- financial information which is provided to stakeholders is accurate and reliable; and
- the internal and external audit functions are effective.

While the Company does not comply with recommendations 4.1 to 4.3, the Board considers that having regard to the Company being a special purpose funding vehicle and the composition of the Board, the Company has in place appropriate processes to safeguard integrity in financial reporting.

The Company complies with Recommendation 4.4 to the extent applicable.

Principle 5: Make timely and balanced disclosure

The Company has a continuous disclosure policy which is designed to ensure compliance with ASX Listing Rule disclosure requirements. The Company Secretary is responsible for overseeing and coordinating disclosure of material information to the ASX.

The continuous disclosure policy is available on the Healthscope Group's website by navigating to the "Investor Centre" and then the "Corporate Governance" web pages.

The Company complies with recommendation 5.1 and recommendation 5.2.

Principle 6: Respect the rights of shareholders and note holders

The Company is committed to ensuring that holders of Healthscope Notes (Holders) are kept informed of all major developments affecting the Company's state of affairs relevant to Holders. It aims to provide its Holders with accurate, relevant and timely information to enable them to exercise their rights in an informed manner and to provide potential investors and other interested stakeholders with equal and timely access to information about the Company. Information will be communicated to Holders through the lodgement of all relevant financial and other information with ASX and publishing information on the Healthscope Group's website www.healthscope.com.au.

In particular, the Healthscope Group's website will contain information about the Company, including media releases and key policies. All relevant announcements made to the market and any other relevant information will be posted on the Healthscope Group's website as soon as it has been released to ASX.

The Company has a security holder communication strategy which is available on the Healthscope Group's website by navigating to the "Investor Centre" and then the "Corporate Governance" web pages.

The Company complies with recommendation 6.1 and recommendation 6.2.

Principle 7: Recognise and manage risk

The Company does not have a separate risk management policy and will not have a separate Risk Committee. The identification and proper management of the Company's risk is an important priority of the Board and is included in the Board Charter as a responsibility of the Board.

The Board has obtained the declaration required under section 295A of the Corporations Act.

The Company complies with recommendations 7.1, 7.3 and 7.4. The Company does not comply with recommendation 7.2 as it has no executive management. However, the Board retains responsibility for risk management and will ensure that the Company manages its material business risks effectively.

Principle 8: Remunerate fairly and responsibly

The Directors do not receive remuneration from the Company for their services as Directors of the Company. Nor does the Company remunerate any employees. Healthscope Group is responsible for the remuneration of management and employees of the Healthscope Group.

The Company has complied with its remuneration reporting obligations under the Corporations Act.

In these circumstances, the Company does not have a Remuneration Committee and therefore does not comply with recommendations 8.1 to 8.3. The Company has complied with Recommendation 8.4 to the extent applicable.

DIRECTORS' REPORT

Remuneration Report

This remuneration report, which forms part of the director' report, sets out information about the remuneration of Healthscope Notes Limited's directors and its senior management for the year ended 30 June 2013.

Directors and senior management details

The following persons acted as Directors of the Company during or since the end of the year:

Mr. R.J. Cooke (Chairman)
Mr. S.C. Moore
Mr. S.J. Schneider

The Directors of the Company have authority and responsibility for planning, directing and controlling the activities of the Company. The Company does not have any employees and therefore does not have any senior management.

Remuneration policy

The Company has no employees and does not provide remuneration to its Directors. The Company does not have a Remuneration Committee nor is remuneration linked to the financial performance of the Company.

Remuneration of directors

None of the Directors are party to any employment contract with the Company nor did they receive any payments during the year from the Company or its related parties for services provided as a Director of the Company.

Furthermore, the Company does not have any bonus schemes or share based payment arrangements to which the Directors are a participant and none of the Directors hold shares or options in the Company.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors,

R Cooke
Chairman

Melbourne, 28 August 2013

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

28 August 2013

Dear Board Members

Healthscope Notes 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 Notes Limited.

As lead audit partner for the audit of the financial statements of Healthscope Notes Limited for the financial year ended 30 June 2013, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

T Imbesi
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Healthscope Notes Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss or other comprehensive income, the statement of cash flows and the statement of changes in equity for the financial year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 10 to 25.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 Notes Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Healthscope Notes Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included at page 6 of the directors' report for the financial year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Healthscope Notes Limited for the financial year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

T Imbesi
Partner
Chartered Accountants
Melbourne, 28 August 2013

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Interest revenue	5	32,876	24,088
Finance costs	5	(32,672)	(23,940)
Service costs	5	(160)	(148)
Profit/(loss) before income tax		**44**	**-**
Income tax (expense) / benefit	6	(13)	-
Net profit/(loss) for the year		**31**	**-**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		**31**	**-**

The accompanying notes numbered 1 to 15 form part of this financial report.

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	11(a)	43	81
Trade and other receivables	7	5,121	2,657
Prepayments		400	231
TOTAL CURRENT ASSETS		**5,564**	**2,969**
NON-CURRENT ASSETS			
Trade and other receivables	7	497,179	192,179
TOTAL NON-CURRENT ASSETS		**497,179**	**192,179**
TOTAL ASSETS		**502,743**	**195,148**
CURRENT LIABILITIES			
Trade and other payables	8	12,338	864
TOTAL CURRENT LIABILITIES		**12,338**	**864**
NON-CURRENT LIABILITIES			
Debt securities	9	490,367	194,277
TOTAL NON-CURRENT LIABILITIES		**490,367**	**194,277**
TOTAL LIABILITIES		**502,705**	**195,141**
NET ASSETS		**38**	**7**
EQUITY			
Issued capital	10	-	-
Retained earnings		38	7
TOTAL EQUITY		**38**	**7**

The accompanying notes numbered 1 to 15 form part of this financial report.

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers		(328)	(105)
Cash generated from operations		**(328)**	**(105)**
Interest received		30,412	22,610
Interest and costs of finance paid		(30,208)	(22,562)
Net cash from operating activities	11(b)	**(124)**	**(57)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Amounts advanced (to) / from related entities		(294,054)	120
Net cash used in investing activities		**(294,054)**	**120**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities		305,000	-
Costs of issue of debt instruments		(10,860)	-
Net cash provided by financing activities		**294,140**	**-**
Net increase in cash and cash equivalents		**(38)**	**63**
Cash and cash equivalents at the beginning of the year		81	18
Cash and cash equivalents at the end of the year	11(a)	**43**	**81**

The accompanying notes numbered 1 to 15 form part of this financial report.

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

	Issued capital	Retained earnings	Total equity
	$'000	**$'000**	**$'000**
Opening balance at 1 July 2011	-	7	7
Net profit for the year	-	-	-
Other comprehensive income for the year net of tax	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**
Closing balance at 30 June 2012	**-**	**7**	**7**

	Issued capital	Retained earnings	Total equity
	$'000	**$'000**	**$'000**
Opening balance at 1 July 2012	-	7	7
Net profit for the year	-	31	31
Other comprehensive income for the year net of tax	-	-	-
Total comprehensive income for the year	**-**	**31**	**31**
Closing balance at 30 June 2013	**-**	**38**	**38**

The accompanying notes numbered 1 to 15 form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 1: GENERAL INFORMATION

Healthscope Notes Limited is a limited company incorporated and domiciled in Australia. The Company was incorporated on 8 November 2010.

The registered office and principal place of business is:
Level 1
312 St Kilda Road
Melbourne VIC 3004
Tel: (03) 9926 7500

The entity's principal activities are the provision of publicly listed debt instruments and on lending of the net proceeds received from the debt instruments to the Healthscope Group.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 28 August 2013.

Basis of preparation

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

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the annual financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The Directors have prepared the financial statements on a going concern basis which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities at the amounts recorded in the financial statements in the ordinary course of business.

The assets of the Company predominantly consist of a receivable owed to it by Healthscope Finance Pty Ltd ("Borrower") under loan agreements dated 17 December 2010 (Notes I) and 27 March 2013 (Notes II) respectively. During the year, the Company utilised cash derived from interest on the receivable owed to it by the Borrower in order to meet its financial obligations.

In accordance with Clause 6.1 of each of the Loan Agreements, the Borrower is required to pay to the Company the amounts necessary to enable the Company to pay the principle amount due on redemption of the Healthscope Notes in accordance with the Terms of Issue. The final repayment date under the Loan Agreement is the day before the Maturity Date under the Terms of Issue, being 17 June 2016 (Notes I) and 25 March 2018 (Notes II). In addition, Clause 5.1 of each of the Loan Agreements sets out the amount of interest that the Borrower is to pay the Company on the day before each Interest Payment Date under the Terms of Issue being an amount equal to the amount of interest which the Company is required to pay on the Healthscope Notes.

The Healthscope Notes are secured over the assets and entities of the Healthscope Security Group, as presented in the Healthscope Group aggregated financial statements for the year ended 30 June 2013, on a subordinated basis. The directors believe that sufficient cash flows will be generated by the members of the Healthscope Group in order for the Borrower to satisfy its obligations under the Loan Agreement.

The following significant accounting policies have been adopted in the preparation and presentation of the annual financial report. These accounting policies are consistent with Australian Accounting Standards.

(a) Income Tax
Income tax expense or benefit represents the sum of the tax currently payable and deferred tax.

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company is part of a tax-consolidated group under Australian taxation law. Healthscope Hospitals Holdings Pty Ltd is the head entity in the tax-consolidated group.

Tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the head entity in the tax-consolidated group.

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivables by the head entity and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular year is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that year, the difference is recognised as a contribution from (or distribution to) equity partners.

(b) Financial assets

Financial assets comprising loans and receivables are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.
Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as 'at fair value through profit or loss'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting year and are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all loans while trade receivables are reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of loans and receivables

Loans and receivables (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognised when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- The Company has transferred its rights to receive cash flows from the asset and either:
  - Has transferred substantially all the risks and rewards of the asset; or
  - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Financial liability and equity instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Debt securities

Debt securities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or they expire.

Transaction costs on the issue of debt instruments

Transaction costs arising on the issue of debt instruments are recognised as a reduction of the proceeds of the debt instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those debt instruments and which would not have been incurred had those instruments not been issued.

(e) Revenue

Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective:

Standards / Interpretations	**Effective date**	**First applicable reporting date**
AASB 9 'Financial Instruments' and the relevant amending standards The company has not yet adopted this standard and has not yet determined the potential effect of the standard.	1 Jan-15	30 Jun-16
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' The company do not expect any significant change in control conclusions arising from the application of this standard. The application of this standard is not expected to have a material effect on the company's financial statements.	1 Jan-13	30 Jun-14
AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' No material change to the company's financial statements is expected from the application of this standard and amendment.	1 Jan-13	30 Jun-14
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' No material change to the company's financial statements is expected from the application of this standard and amendment.	1 Jan-13	30 Jun-14
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' No material change to the company's financial statements is expected from the application of this standard and amendment.	1 Jan-13	30 Jun-14
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' No material change to the company financial statements is expected from the application of this standard and amendment.	1 Jan-13	30 Jun-14
AASB 13 'Fair Value Measurement' and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13' Application may affect amounts reported in the financial statements and result in more extensive disclosures in the financial statements. The potential effect is yet to be determined.	1 Jan-13	30 Jun-14
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)' The amendments to the standard principally related to defined benefit plans and the classification of employee benefits. No material change to the company's financial statements is expected from the application of the amendment to this standard.	1 Jan-13	30 Jun-14
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements; No impact is expected from the application of this amendment.	1 Jul-13	30 Jun-14
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures- Offsetting Financial Assets and Financial Liabilities The company has not yet assessed the potential effect of this amendment.	1 Jan-13	30 Jun-14
AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities. The company has not yet assessed the potential effect of this amendment.	1 Jan-14	30 Jun-15
AASB 2012-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements 2009-2011 Cycle The company has not yet assessed the potential effect of this amendment.	1 Jan-13	30 Jun-14
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments' The company has not yet assessed the potential effect of this amendment.	1 Jan-13	30 Jun-14

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective are not expected to impact the company accounting policies, although the pronouncements may result in changes to information currently disclosed in the financial statements. The company does not intend to adopt any of these pronouncements before their effective dates.

NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Company does not make any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTE 4: SEGMENT INFORMATION

The Company operates in one reportable segment only. The Company is a special purpose vehicle operating within Australia for the purpose of raising debt finance in the form of redeemable, exchangeable, secured but subordinated notes and on lending the net proceeds received from the debt instruments to the Healthscope Group.

The Company is considered to operate in one geographic segment, being Australia, and does not have any major customers or products and services.

NOTE 5: RESULTS FOR THE YEAR

	2013 $'000	2012 $'000
Interest revenue		
- Healthscope Group	32,821	24,088
- Bank	55	-
	32,876	24,088
Finance costs		
- Healthscope subordinated notes	(30,722)	(22,561)
- Amortisation of capitalised borrowing costs	(1,950)	(1,379)
	(32,672)	(23,940)
The interest rate on the Healthscope Notes I debt securities is 11.25% per annum and Healthscope Notes II is 10.25% per annum, paid quarterly		
Service costs	(160)	(148)

NOTE 6: INCOME TAXES

a) Income tax recognised in the profit or loss

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2013	2012
Profit before income tax	44	-
Tax at the Australian tax rate (30%)	(13)	-
	31	**-**

b) Related party payable

	2013	2012
Head entity in tax consolidated group	(13)	-
	(13)	**-**

NOTE 6: INCOME TAXES (cont'd)

Tax Consolidation

Healthscope Hospital Holdings Pty. Ltd. elected to form a multiple entry consolidated group with effect from 22 September 2010. The Company joined the tax-consolidated group on its date of incorporation being 8 November 2010. The accounting policy in relation to this legislation is set out in Note 2 (a).

Entities within the tax-consolidated group have entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to / from the head entity equal to the current tax liability / (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising a related party receivable / (payable) equal in amounts to the tax liability / (asset) assumed. The related party payable/ (receivable) is at call.

Contributions to fund the current tax liabilities are payable in accordance with the tax funding arrangement and reflects the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

NOTE 7: TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
CURRENT		
Accrued interest on loans to Healthscope Group	5,121	2,657
	5,121	2,657
NON CURRENT		
Loans to Healthscope Finance Pty. Ltd. (Notes I)	192,179	192,179
Loans to Healthscope Finance Pty. Ltd. (Notes II)	305,000	-
	497,179	192,179

NOTE 8: TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
CURRENT		
Accrued interest on debt securities	884	370
Loans from Healthscope Ltd.	11,454	494
	12,338	864

NOTE 9: BORROWINGS

	2013 $'000	2012 $'000
NON CURRENT		
Secured - at amortised cost		
Debt securities - Healthscope Notes I (i)	200,000	200,000
Debt securities - Healthscope Notes II (ii)	305,000	-
Capitalised borrowing costs	(14,633)	(5,723)
	490,367	194,277

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 9: BORROWINGS (cont'd)

(i) The Company raised $200 million in the form of 2 million, $100 redeemable, exchangeable, secured but subordinated notes on 20 December 2010. The notes are interest bearing debt instruments attracting a coupon interest rate of 11.25% per annum payable quarterly. The notes were publicly listed on the Australian Securities Exchange on 20 December 2010 under the ASX Code: HLN. 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.

(ii) The Company raised $305 million in the form of 3 million and 50 thousand, $100 redeemable, exchangeable, secured but subordinated notes on 27 March 2013. The notes are interest bearing debt instruments attracting a coupon interest rate of 10.25% per annum payable quarterly. The notes were publicly listed on the Australian Securities Exchange on 28 March 2013 under the ASX Code: HLNGA. The maturity date of these notes is 25 March 2018. 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".

NOTE 10: ISSUED CAPITAL

	2013 No. of Shares	2013 $	2012 No. of Shares	2012 $
Fully paid ordinary shares				
Balance at beginning of year	1	1	1	1
Shares issued during the year	-	-	-	-
Balance at end of year	1	1	1	1

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

NOTE 11: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes 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 financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2013 $'000	2012 $'000
Cash at bank	43	81

(b) Reconciliation of net loss for the year to net cash flows from operating activities

	2013	2012
Net profit for the year	31	-
Non-cash flows in operating profit:		
- Amortisation of capitalised borrowing costs	1,950	1,379
- Income tax expense recognised in profit/(loss)	13	-
Movements in working capital:		
- Increase in current receivables	(2,464)	(1,479)
- (Increase) / decrease in prepayments	(168)	47
- Increase / (decrease) to current payables	514	(4)
Net cash from operating activities	**(124)**	**(57)**

NOTE 12: FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, (including the criteria for recognition, the bases of measurement and the bases on which income and expenses are recognised) in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Financial risk management

The Company's activities expose it to a variety of financial risks; market risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Note 9, cash and cash equivalents as disclosed in Note 11 and equity attributable to equity holders of the parent, comprising issued capital and accumulated losses.

As the Company's only significant interest bearing asset is a loan to its parent, the Company's income and operating cash flows are not materially exposed to changes in market interest rates as the fixed interest rate on this loan matches the fixed interest rate on the Company's borrowings. The Company's interest rate risk arises from non- current borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the year, the Company policy was not to hedge this exposure.

As the Company is funded by related entities within the Healthscope Security Group, it is not subject to liquidity risk in its own right. The Healthscope Security Group has liquidity risk management processes in place to ensure that its liquidity position is not compromised.

(c) categories of financial instruments	**2013**	**2012**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	43	81
Loans and receivables	502,300	194,836
Financial liabilities		
Amortised cost of debt securities	490,367	194,277

(d) Liquidity and interest risk tables

The following table details the maturity profile of the Company's non-derivative financial liabilities and non-derivative financial assets. The tables have been drawn up based on undiscounted cash flows which include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 12: FINANCIAL INSTRUMENTS (cont'd)

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	$'000	$'000	$'000	$'000	$'000
2013						
Financial assets						
Non-interest bearing		-	-	5,121	-	5,121
Variable interest rate instruments	11.73%		14,704	43,631	673,458	731,793
Fixed interest rate instruments		-	-	-	-	-
		-	**14,704**	**48,752**	**673,458**	**736,914**
Financial liabilities						
Non-interest bearing		-	-	884	-	884
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	10.65%	-	13,551	40,211	666,824	720,586
		-	**13,551**	**41,095**	**666,824**	**721,470**
2012						
Financial assets						
Non-interest bearing		-	-	2,738	-	2,738
Variable interest rate instruments	12.50%	-	6,039	17,921	263,601	287,561
Fixed interest rate instruments		-	-	-	-	-
		-	**6,039**	**20,659**	**263,601**	**290,299**
Financial liabilities						
Non-interest bearing		-	-	370	-	370
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	11.25%	-	5,671	16,829	267,068	289,568
		-	**5,671**	**17,199**	**267,068**	**289,938**

The Healthscope Group's finance facilities are subject to certain covenants as outlined in the Senior Syndicated Facility Agreement dated 22 September 2010 and Appendix A (Healthscope Notes Terms of Issue) to the prospectuses dated 24 November 2010 (Healthscope Notes I) and 4 March 2013 (Healthscope Notes II).

One of the covenants is a Debt Service Cover Ratio (DSCR). DSCR is the ratio of the Adjusted EBITDA, as defined in the borrowing agreements, (less relevant capital expenditure paid in cash, less certain net taxes paid in cash and less any increase (or plus any decrease) in working capital) for the 12 month year ending on the relevant Ratio Testing Date to the aggregate of net interest expense, scheduled repayments under the Senior Debt Facilities and certain payments on finance leases and hire purchase agreements for that same year.

Interest payments on the Notes will be suspended in the circumstances set out in the Terms of Issue, which include when:
— the relevant payment would cause the DSCR to be less than or equal to 1.10 times;
— an 'event of default' or 'potential event of default' under the Senior Finance Documents subsists.

At the date of this financial report the directors of Healthscope Notes Limited are satisfied that the minimum requirements of the DSCR have been met and that there is no event, or potential event of default under the Senior Finance Documents

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

NOTE 12: FINANCIAL INSTRUMENTS (cont'd)

(e) Fair value of financial instruments

Except as detailed below, the Directors consider the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	2013		2012	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables				
- Loans to the Healthscope Group	497,179	497,179	192,179	192,179
- Trade and other receivables	5,121	5,121	2,657	2,657
Financial liabilities				
Amortised cost				
- Debt securities: Fixed interest rate	505,000	521,278	200,000	205,000
Loans to the Healthscope Group	11,454	11,454	494	494
Trade and other payables	884	884	370	370

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions, traded in active liquid markets, are determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

NOTE 13: RELATED PARTY TRANSACTIONS

Key management personnel compensation
The Company did not have any employees during the year and as such, Key management personnel comprise of the Directors of the Company only. None of the Directors received any compensation for the services provided as Directors of the Company during the year.

Parent entities
The immediate parent entity of the company is Healthscope Finance Pty Ltd. The ultimate Australian parent entity is Healthscope Hospitals Holdings Pty Ltd. The ultimate parent entity is CT HSP GP (Dutch) B.V. as general partner for CT Healthscope Holdings L.P. incorporated in the United Kingdom.

Transactions with key management personnel and their related entities
From time to time the Company enters into transactions with director related parties. These transactions are on normal commercial terms and conditions and are no more favourable than those available to other parties. Accordingly such transactions are not disclosed.

The Company does not have any loans payable to or receivable from key management personnel. No loans were issued or repaid with such personnel during the year.

Transactions between Healthscope Notes Limited and its related parties
During the financial year, the following transactions occurred between the Company and its other related parties:

- Healthscope Hospitals Holdings Pty Ltd compensates the other entities in the tax-consolidated group for the transfer of tax losses at the tax effected value of the losses, and receives compensation from subsidiaries for their contribution to the tax-consolidated group's tax liabilities. As at 30 June 2013, the Company recorded a payable to Healthscope Hospitals Holdings Pty Ltd of $13 thousand (2012: nil). Further information about the nature of the tax funding arrangement and tax sharing agreement is made in Note 6 to the financial statements.
- In 2013 The Company loaned the gross proceeds of the Healthscope Notes issue of $305,000,000 to its parent company, Healthscope Finance Pty. Ltd.
- In 2010 the Company loaned the net proceeds of the Healthscope Notes issue of $200,000,000 to its parent company, Healthscope Finance Pty. Ltd.
- At balance date, the Company has a receivable from Healthscope Finance Pty Ltd of $497,179,000 (2012: $192,179,000). Under the terms of this loan, the Company earned interest revenue of $32,821,000 (2012: $24,088,000).
- At balance date, the Company has a non-interest bearing payable with Healthscope Ltd of $11,454,000 (2012: $494,000).

NOTE 14: AUDITORS' REMUNERATION

Audit fees incurred by the Company for the year were paid by Healthscope Limited on the Company's behalf and have not been recharged to the Company.

The auditor of Healthscope Notes Limited is Deloitte Touche Tohmatsu.

NOTE 15: SUBSEQUENT EVENTS

To the best knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may affect the Company's operations or state of affairs in future financial years.

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

DIRECTORS' DECLARATION

The Directors of Healthscope Notes Limited declare that;

(1) In the opinion of the directors:

(a) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 of the financial statements;

(c) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

(2) This declaration has been made after receiving the declarations required by s295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295 (5) of the Corporations Act 2001.

On behalf of the Directors,

R Cooke
Executive Chairman and Managing Director

Melbourne, 28 August 2013

HEALTHSCOPE NOTES LIMITED
ABN 69 147 250 780

UNIT HOLDER AND CORPORATE INFORMATION

Additional Stock Exchange information as at 31 July 2013

Unit holders of Healthscope Notes I & Healthscope Notes II – as at 31 July 2013

(a) Distribution of Unit holders

Healthscope Notes I		Healthscope Notes II	
Size of holding	**Range of Units**	**Size of holding**	**Range of Units**
1-1,000	2,742	1-1,000	1,888
1,001 – 5,000	198	1,001 – 5,000	196
5,001 – 10,000	8	5,001 – 10,000	17
10,001 – 100,000	9	10,001 – 100,000	8
100,001 – and over	2	100,001 – and over	2

(b) The number of unmarketable parcels for Healthscope Notes I is 1 and Healthscope Notes II is Nil.

For Healthscope Notes I, the minimum parcel size is 5 at $500 per parcel and for Healthscope Notes II, the minimum parcel size is 5 at $500 per parcel.

(c) Voting rights – Holders have certain rights to vote at meetings of Holders, but are not entitled to vote at any meeting of shareholders of the Issuer or any member of the Healthscope Group.

(d) The names of the 20 largest Unit Holders as at 31 July 2013 are:

	Healthscope Notes I			Healthscope Notes II		
Rank	**Name**	**No. of units held**	**% Held of Units**	**Name**	**No. of units held**	**% Held of Units**
1	HSBC Custody Nominees	297,420	15%	HSBC Custody Nominees	1,492,042	49%
2	National Nominees Limited	164,288	8%	UBS Wealth Management	166,742	5%
3	UBS Wealth Management	82,290	4%	JP Morgan Nominees Australia	52,683	2%
4	Aust Executor Trustees SA	46,294	2%	National Nominees Australia	50,960	2%
5	JP Morgan Nominees	31,926	2%	Citicorp Nominees Pty Limited	44,137	1%
6	Citicorp Nominees Pty Limited	26,113	1%	Aust Executor Trustees SA Ltd	31,497	1%
7	Equitas Nominees Pty Limited	20,000	1%	JP Morgan Nominees Australia	27,840	1%
8	Mr Shiong Sin Tan	20,000	1%	HSBC Custody Nominees	23,400	1%
9	RBC Investor Service	18,479	1%	Adziel Pty Limited	11,600	0%
10	Boda Investments Pty Ltd	12,500	1%	Urban Land Nominees Pty Ltd	11,500	0%
11	BNP Paribas Noms Pty Ltd	11,868	1%	Finot Pty Ltd	10,000	0%
12	Equitas Nominees Pty Limited	10,000	1%	Jan 123 Pty Ltd	9,974	0%
13	Edsgear Pty Limited	7,500	0%	Newnham Earthmoving Pty Ltd	9,000	0%
14	RBC Investor Service	7,500	0%	Gentilly Holdings 2 Pty Ltd	8,400	0%
15	Uechtritz Foundation Pty Ltd	7,250	0%	G C F Investments Pty Ltd	8,250	0%
16	HSBC Custody Nominees	6,050	0%	Amelvan Pty Ltd	8,035	0%
17	Urethane Coatings Pty Ltd	5,607	0%	Jilliby Pty Ltd	8,000	0%
18	JP Morgan Nominees	5,359	0%	Mr Frank Hung	7,900	0%
19	Dorvell Pty Ltd	5,200	0%	FJP Pty Ltd	7,610	0%
20	Burleigh Heads Holdings Pty Ltd	5,000	0%	Halmont Pty Ltd	7,600	0%
		790,644	40%		1,997,170	65%

UNIT HOLDER AND CORPORATE INFORMATION

Stock Exchange listing

The Company raised $200 million in the form of 2 million, $100 redeemable, exchangeable, secured but subordinated notes on 20 December 2010. The notes are interest bearing debt instruments attracting a coupon interest rate of 11.25% per annum payable quarterly. The notes were publicly listed on the Australian Securities Exchange on 20 December 2010 under the ASX Code: HLNG. 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.

The Company raised $305 million in the form of 3 million and 50 thousand, $100 redeemable, exchangeable, secured but subordinated notes on 27 March 2013. The notes are interest bearing debt instruments attracting a coupon interest rate of 10.25% per annum payable quarterly. The notes were publicly listed on the Australian Securities Exchange on 28 March 2013 under the ASX Code: HLNGA. The maturity date of these notes is 25 March 2018. The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt.

Company Details

The registered office of the Company is:

Healthscope Notes Limited
Level 1, 312 St Kilda Road
Melbourne, Vic. 3004.
AUSTRALIA

Telephone: (+613) 9926 7500
Facsimile:(+613) 9926 7599
E mail: info@healthscope.com.au
Website: www.healthscope.com.au
ACN 147 250 780

Directors
R Cooke (Chairman)
S Moore
S Schneider

Company Secretary

I Player

Unit holder registry

Computershare Investor Services Pty Limited:

Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067 Australia
Telephone: 1300 850 505 (freecall within Australia)
(+613) 9415 5000 (international)
Facsimile: (+613) 9473 2500

Financial Calendar

Financial year end 30 June