HEALTHSCOPE GROUP

AGGREGATED FINANCIAL REPORT

For the half-year ended 31 December 2013

Healthscope Group

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RESPONSIBLE BODY'S REPORT

The Responsible Body submits the financial report of the Healthscope Group for the half-year ended 31 December 2013 ('**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).

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 half-year ended 31 December 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.

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.

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.	Healthscope Pathology Holdings Pty. Ltd.	CT HSP Holdings (Dutch) B.V.
Mr S.C. Moore	Mr S.C. Moore	Mr D.J. Jaarsma
Mr R.J. Cooke	Mr R.J. Cooke	Mr T.B. Mayrhofer
Ms K.K. Bechtel	Ms K.K. Bechtel	Mr M. Davidson (resigned 10 December 2013)
Mr M.D. Hunter	Mr M.D. Hunter	Mr G.A.R. Warris
Mr S.J. Schneider	Mr S.J. Schneider	Mr P.F. das Neves (appointed 10 December 2013)
Mr R. Seow	Mr R. Seow	
Mr T.B. Sisitsky	Mr T.B. Sisitsky	
Mr S. Wise	Mr S. Wise	
Mr A.M. Eng	Mr A.M. Eng	

Healthscope Group

RESPONSIBLE BODY'S REPORT

REVIEW OF OPERATIONS

Net profit/(loss) for the half-year was $20.7 million (2012: loss $109.4 million (restated)).

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

Operating EBITDA	**Half-year ended 31 December 2013 $'000**	**(Restated)[1] Half-year ended 31 December 2012 $'000**
Net profit/(loss) for the period	**20,718**	**(109,375)**
Add back:		
Income tax expense	7,915	2,863
Net finance costs	94,352	92,262
Depreciation and amortisation	47,247	46,710
Earnings before finance costs, income tax, depreciation and amortisation (EBITDA)	**170,232**	**32,460**
Add back:		
Other income and expenses items:		
Restructure and other costs	6,687	7,529
Onerous leases and related costs	(3,797)	-
Impairment of assets	3,946	-
Impairment of goodwill	-	120,000
Profit on sale of operations	-	(4,203)
Total other income and expense items	6,836	123,326
Corporate costs	9,020	6,388
Operating earnings before finance costs, income tax, depreciation and amortisation (Operating EBITDA)	**186,088**	**162,174**

[1] Restated due to the adoption of new and revised accounting standards referred to in Note 2.

Restructure and other costs
Restructure costs relate primarily to the re-organisation of the Pathology division.

Onerous leases and related costs
The Group has recognised certain property lease contracts as having contractual obligations greater than the economic benefits expected to be received from the contracts. The value of the provision was re-assessed at the end of the current period resulting in a release of $3.8 million to profit.

Impairment of assets
At 31 December 2013, the Group was in the process of disposing of its interest in the Brisbane Waters Private Hospital. The sale, which is subject to regulatory approval, is expected to complete by 30 June 2014. As such, the assets and liabilities relating to Brisbane Waters Private Hospital have been presented as held for sale (refer Note 6). An impairment charge of $3.9 million has been recognised reflecting the re-measurement of the assets held for sale to fair value.

Impairment of goodwill
In the prior period, an impairment charge of $120 million was recognised in relation to the Pathology Australia business. While no further impairment has been identified in the current period, the financial performance of the Pathology Australia business remains sensitive to movements in economic and regulatory conditions.

Profit on sale of operations
In the prior period the Group disposed of certain Pathology and Diagnostic operations.

RESPONSIBLE BODY'S REPORT

The following table provides an analysis of the Operating EBITDA achieved for each reportable segment for the half-year ended 31 December 2013.

Operating EBITDA	**Half-year ended 31 December 2013 $'000**	**(Restated)[1] Half-year ended 31 December 2012 $'000**
Hospitals Australia	149,522	136,167
Pathology Australia	12,130	5,004
Pathology International	24,436	21,003
	186,088	**162,174**

[1] Restated due to the adoption of new and revised accounting standards referred to in Note 2.

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) Australian dollars, unless otherwise stated.

Signed in accordance with a resolution of the Responsible Body.

R.J. Cooke
Executive Chairman and Managing Director
Melbourne: 27 February 2014

Deloitte.

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

27 February 2014

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 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 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

DELOITTE TOUCHE TOHMATSU

T Imbesi
Partner
Chartered Accountants

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Half-year ended 31 Dec 2013 $'000	(Restated)[1] 31 Dec 2012 $'000
Revenue		1,163,589	1,114,843
Share of profits of associates		997	832
Employee benefits expense		(530,509)	(518,879)
Medical and consumable supplies		(162,872)	(157,797)
Prosthetics expenses		(130,022)	(118,325)
Occupancy costs		(59,196)	(58,705)
Service costs		(104,919)	(106,183)
Other income and expense items:			
Restructure and other costs	4	(6,687)	(7,529)
Onerous leases and related costs	4	3,797	-
Impairment of assets	4, 6	(3,946)	-
Impairment of goodwill	4	-	(120,000)
Profit on sale of operations	4	-	4,203
Profit before depreciation, amortisation, finance costs and income tax		**170,232**	**32,460**
Depreciation and amortisation		(47,247)	(46,710)
Profit/(loss) before finance costs and income tax		**122,985**	**(14,250)**
Net finance costs		(94,352)	(92,262)
Profit/(loss) before income tax		**28,633**	**(106,512)**
Income tax expense		(7,915)	(2,863)
Net profit/(loss) for the period		**20,718**	**(109,375)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		16,924	1,072
Gain on cash flow hedges taken directly to equity		8,643	2,603
Income tax expense relating to other comprehensive income		(2,593)	(781)
Other comprehensive income for the period net of tax		**22,974**	**2,894**
Total comprehensive income/(loss) for the period		**43,692**	**(106,481)**

[1] Restated due to the adoption of new and revised accounting standards referred to in Note 2.

The accompanying notes numbered 1 to 11 form part of this half-year financial report.

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 $'000	(Restated)[1] 30 Jun 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents		131,718	70,090
Trade and other receivables		77,307	113,629
Prepayments		15,609	16,067
Inventories		47,734	46,321
Other financial assets		39,980	36,236
Assets classified as held for sale	6	21,300	-
TOTAL CURRENT ASSETS		**333,648**	**282,343**
NON CURRENT ASSETS			
Trade and other receivables		1,000	2,000
Other financial assets		2,506	2,520
Investments in associates		345	586
Property, plant and equipment		1,200,689	1,195,036
Intangible assets	7	1,850,386	1,834,998
Deferred tax assets		80,367	88,471
TOTAL NON CURRENT ASSETS		**3,135,293**	**3,123,611**
TOTAL ASSETS		**3,468,941**	**3,405,954**
CURRENT LIABILITIES			
Trade and other payables		208,215	213,641
Current tax liabilities		3,446	2,724
Deferred revenue		1,233	1,444
Borrowings	8	46,146	49,804
Other financial liabilities	9	21,817	22,823
Provisions		118,856	112,891
Liabilities directly associated with assets classified as held for sale	6	1,703	-
Deferred purchase consideration		400	-
TOTAL CURRENT LIABILITIES		**401,816**	**403,327**
NON CURRENT LIABILITIES			
Borrowings	8	1,585,683	1,547,289
Other financial liabilities	9	561,255	568,893
Deferred tax liabilities		51,954	53,684
Provisions		44,477	52,697
TOTAL NON CURRENT LIABILITIES		**2,243,369**	**2,222,563**
TOTAL LIABILITES		**2,645,185**	**2,625,890**
NET ASSETS		**823,756**	**780,064**
EQUITY			
Issued capital		962,167	962,167
Reserves		4,578	(18,396)
Accumulated losses		(142,989)	(163,707)
TOTAL EQUITY		**823,756**	**780,064**

[1] Restated due to the adoption of new and revised accounting standards referred to in Note 2.

The accompanying notes numbered 1 to 11 form part of this half-year financial report.

CONDENSED AGGREGATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Half-year ended 31 Dec 2013 $'000	Half-year ended 31 Dec 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,180,078	1,132,673
Payments to suppliers and employees		(987,959)	(956,888)
Cash generated from operations		**192,119**	**175,785**
Interest received		983	927
Interest and costs of finance paid		(87,868)	(87,515)
Income tax paid		(6,819)	(2,376)
Other income and expense items		(8,458)	(11,830)
Net cash provided by operating activities		**89,957**	**74,991**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		159	2,264
Proceeds from disposal of operations		-	14,598
Payments for property, plant and equipment		(33,369)	(33,067)
Brownfield facility developments		(31,763)	(21,010)
Payments for operating rights		(1,212)	(1,557)
Proceeds from ACHA loan		1,000	1,500
Payments for business combinations		(3,600)	(1,064)
Net cash used in investing activities		**(68,785)**	**(38,336)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		81,000	31,000
Repayments of bank borrowings		(41,292)	(24,000)
Repayments of other borrowings		(10,000)	(10,000)
Net proceeds from / (repayments of) receivables securitisation		12,646	(5,653)
Payment of facility fees		(1,179)	-
Finance leasing		(1,043)	(770)
Net cash provided by/(used in) financing activities		**40,132**	**(9,423)**
Net increase in cash and cash equivalents		**61,304**	**27,232**
Cash and cash equivalents at the beginning of the period		70,090	56,644
Effects of exchange rate changes on the balance of cash held in foreign currencies		324	194
Cash and cash equivalents at the end of the period		**131,718**	**84,070**

The accompanying notes numbered 1 to11 form part of this half-year financial report.

CONDENSED AGGREGATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

2012	Issued capital $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Total equity $'000
Balance as at 1 July 2012	**962,167**	**(48,329)**	**433**	**(42,934)**	**871,337**
Adjustments[1]	-	1,928	-	-	1,928
Balance as at 1 July 2012 (Restated)	962,167	(46,401)	433	(42,934)	873,265
Loss for the period	-	(109,375)	-	-	(109,375)
Exchange differences arising on translation of foreign operations	-	-	1,072	-	1,072
Gain on cash flow hedges	-	-	-	2,603	2,603
Income tax relating to components of other comprehensive income	-	-	-	(781)	(781)
Other comprehensive income/(loss) for the period net of tax	-	-	1,072	1,822	2,894
Total comprehensive income/(loss) for the period	**-**	**(109,375)**	**1,072**	**1,822**	**(106,481)**
Balance at 31 December 2012 (restated)	**962,167**	**(155,776)**	**1,505**	**(41,112)**	**766,784**

2013	Issued capital $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Total equity $'000
Balance as at 1 July 2013	**962,167**	**(165,405)**	**13,459**	**(31,855)**	**778,366**
Adjustments[1]	-	1,698	-	-	1,698
Balance as at 1 July 2013 (Restated)	962,167	(163,707)	13,459	(31,855)	780,064
Profit for the period	-	20,718	-	-	20,718
Exchange differences arising on translation of foreign operations	-	-	16,924	-	16,924
Gain on cash flow hedges	-	-	-	8,643	8,643
Income tax relating to components of other comprehensive income	-	-	-	(2,593)	(2,593)
Other comprehensive income/(loss) for the period net of tax	-	-	16,924	6,050	22,974
Total comprehensive income/(loss) for the period	**-**	**20,718**	**16,924**	**6,050**	**43,692**
Balance at 31 December 2013	**962,167**	**(142,989)**	**30,383**	**(25,805)**	**823,756**

[1] Restated due to the adoption of new and revised accounting standards referred to in Note 2.

The accompanying notes numbered 1 to 11 form part of this half-year financial report.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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).

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 ;

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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;
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- 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 half-year ended 31 December 2013, the Security Group reflects 98% of the total assets of the Healthscope Group and 95% of its operating EBITDA.

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 principal place of business of the Group is:

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

The principal activities of the Healthscope Group during the half-year ended 31 December 2013 were the provision of healthcare services through the ownership and management of hospitals, medical centres and the provision of pathology diagnostic services.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
This half-year financial report is a general-purpose financial report, prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *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 27 February 2014. The Responsible Body comprises the directors of Healthscope Hospital Holdings Pty. Ltd., Healthscope Pathology Holdings Pty. Ltd., and CT HSP Holdings (Dutch) B.V.

Working capital position
The working capital position as at 31 December 2013 for the Group continues to reflect a net current liability position of $68.2 million (30 June 2013: $121.0 million (restated)). The Healthscope Group has consistently reflected a net current liability position in prior periods.

The contributing factors to this net current liability position are:

(i) The Group continued to utilise the accounts receivable securitisation facility of $140 million. During the period $124.3 million of receivables were sold to the Bank under this facility resulting in reduced current assets and reduced non-current debt which reduced the overall cost of debt servicing.

(ii) Certain liabilities are classified as “current liabilities” according to the requirements of accounting standards however the Group do not anticipate that all of these amounts will be settled in cash within the next 12 months from the date of this financial report. Such liabilities include current employee entitlements of $103.4 million (30 June 2013: $98.5 million) and current other financial liabilities relating to the fair value of interest rate swaps of $21.8 million (30 June 2013: $22.8 million). The net current liability also includes property, plant and equipment held for sale of $22.7 million.which would ordinarily be classified as a non-current asset.

The Healthscope Group has continued to generate cash flows from operating activities, after servicing debt costs of $90.0 million (2012: $75.0 million) and consistently recorded a cash conversion ratio of greater than 90%, representing Operating EBITDA divided by cash generated from operations.

The Responsible Body continually monitor the Group’s working capital position including forecast working capital requirements in light of the Group’s existing debt facilities and available cash reserves 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. Historical 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.

For clarity and relevance, the entity has chosen to report amounts in the half-year 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 annual financial report of the Healthscope Group for the financial year ended 30 June 2013 except for the impact of the Standards and Interpretations below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of aggregation

The condensed aggregated financial statements incorporate the consolidated financial information of each of the following sub-groups:

- Healthscope Hospital Holdings No. 2 Pty. Ltd. and all of its controlled entities,
- Healthscope Pathology Holdings No. 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 sub-group 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 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 half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- 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'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- 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'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee', b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee.

As a result of the application of AASB 10, there have not been any related changes to the Aggregated Financial Statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impact of the application of AASB 11

AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 'Interests in Joint Ventures' contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Aggregated Group reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The directors concluded that the Group's investment in Darwin Cardiac Angiography Laboratory Joint Venture (Darwin JV), which was classified as a jointly controlled entity under AASB 131 and was accounted for using the equity method, should be classified as a joint operation under AASB 11 accounted for such that the Group recognises its share of the assets, liabilities, revenue and expenses in the joint operation. The Group continues to have an interest in The Mount JV, which continues to be equity accounted.

The change in accounting of the Group's investment in Darwin JV has been applied in accordance with the relevant transitional provisions set out in AASB 11. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investment in Darwin JV. The application of the restatement of the opening balances as at 1 July 2012 for the purposes of accounting for the joint operation has been disclosed in the table on page 15.

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 will result in more extensive disclosures in the annual aggregated financial statements. However this did not result in any changes to the half year report.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. The Group has included fair values for the 2012 comparative period for completeness. The application of AASB 13 has not had any material impact on the amounts recognised in the aggregated financial statements.

Impact of the application of AASB 119

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. These changes have not had a material impact on the amounts recognised in the aggregate financial statements for the comparative period. Furthermore, AASB 119 (as revised in 2011) changes the accounting for short term employee benefits. This change has resulted in the way annual leave entitlements are measured, with all amounts expected to be settled over a period greater than 12 months from reporting date needing to be discounted back to present value with an allowance for further salary increases. While this change has impacted the measurement of annual leave entitlements, such entitlements continues to be classified in the Statement of Financial Performance as current liabilities. The application of the opening balance as at 1 July 2012 has been disclosed on page 15.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impact on profit (loss) for the half-year ended 31 December 2012 of the application of the new and revised Standards	AASB 11 adjustments $'000	AASB 119 adjustments $'000	Half-year ended 31 December 2012 $'000
Increase in revenue	583	-	583
Increase in employee benefits expense	(132)	230	98
Increase in medical and consumable supplies	(120)	-	(120)
Increase in occupancy costs	(15)	-	(15)
Increase in service costs	(78)	-	(78)
Increase in depreciation expense	(6)	-	(6)
Decrease in share of profits of joint ventures	(232)	-	(232)
Increase/(decrease) in profit for the half-year	**-**	**230**	**230**

Impact on assets, liabilities and equity as at 1 July 2012 of the application of the new and revised Standards	As at 1 July 2012 as previously reported $'000	AASB 11 adjustments $'000	AASB 119 adjustments $'000	As at 1 July 2012 as restated $'000
Current trade and other receivables	85,466	255	-	85,721
Inventories	43,205	27	-	43,232
Investments in joint ventures and associates	711	(215)	-	496
Property, plant and equipment	1,141,421	27	-	1,141,448
Trade and other payables	(212,795)	(76)	-	(212,871)
Provisions	(107,911)	-	1,928	(105,983)
Current borrowings	(63,956)	(14)	-	(63,970)
Non-current borrowings	(1,515,016)	(4)	-	(1,515,020)
Total effect on net assets			**1,928**	**1,928**
Retained earnings			(1,928)	(1,928)
Total effect on equity			**(1,928)**	**(1,928)**

Impact on assets, liabilities and equity as at 30 June 2013 of the application of the new and revised Standards	As at 30 June 2013 as previously reported $'000	AASB 11 adjustments $'000	AASB 119 adjustments $'000	As at 30 June 2013 as restated $'000
Current Trade and other receivables	113,399	230	-	113,629
Inventories	46,293	28	-	46,321
Investments in joint ventures and associates	802	(216)	-	586
Property, plant and equipment	1,195,021	15	-	1,195,036
Trade and other payables	(213,589)	(52)	-	(213,641)
Provisions	(114,589)	-	1,698	(112,891)
Current borrowings	(49,800)	(4)	-	(49,804)
Non-current borrowings	(1,547,288)	(1)	-	(1,547,289)
Total effect on net assets			**1,698**	**1,698**
Retained earnings			(1,698)	(1,698)
Total effect on equity			**(1,698)**	**(1,698)**

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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 2013, (2012: Nil).

NOTE 4: OTHER INCOME AND EXPENSE ITEMS

	Half-year ended	
	31 Dec 2013 $'000	**31 Dec 2012 $'000**
Restructure and other costs	6,687	7,529
Onerous leases and related costs	(3,797)	-
Impairment of assets	3,946	-
Impairment of goodwill	-	120,000
Profit on sale of operations	-	(4,203)
	6,836	**123,326**

Restructure and other costs
Restructure costs relate primarily to the re-organisation of the Pathology division.

Onerous leases and related costs
The Group has recognised certain property lease contracts as having contractual obligations greater than the economic benefits expected to be received from the contracts. The value of the provision was re-assessed at the end of the current period resulting in a release of $3.8 million to profit.

Impairment of assets
At 31 December 2013, the Group was in the process of disposing of its interest in the Brisbane Waters Private Hospital. The sale, which is subject to regulatory approval, is expected to complete by 30 June 2014. As such, the assets and liabilities relating to Brisbane Waters Private Hospital have been presented as held for sale (refer Note 6). An impairment charge of $3.9 million has been recognised reflecting the re-measurement of the assets held for sale to fair value.

Impairment of goodwill
In the prior period, an impairment charge of $120 million was recognised in relation to the Pathology Australia business. While no further impairment has been identified in the current period, the financial performance of the Pathology Australia business remains sensitive to movements in economic and regulatory conditions.

Profit on sale of operations
In the prior period the Group disposed of certain Pathology and Diagnostic operations.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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

	Segment revenue(i)		Segment Operating EBITDA(ii)		Segment profit(iii)	
	Half-year ended		Half-year ended		Half-year ended	
	2013	2012(iv)	2013	2012(iv)	2013	2012(iv)
Reporting Segments	$'000	$'000	$'000	$'000	$'000	$'000
Hospitals Australia	883,093	837,384	149,522	136,167	120,426	109,445
Pathology Australia	172,461	183,717	12,130	5,004	2,816	(5,326)
Pathology International	108,035	93,742	24,436	21,003	18,241	13,886
Total all segments	**1,163,589**	**1,114,843**	**186,088**	**162,174**	**141,483**	**118,005**
Corporate					(11,662)	(8,929)
Total all segments after corporate					**129,821**	**109,076**
Other income and expense items (Note 4)					(6,836)	(123,326)
Finance costs					(94,352)	(92,262)
Profit/(loss) before income tax					**28,633**	**(106,512)**
Income tax expense					(7,915)	(2,863)
Net profit/(loss)					**20,718**	**(109,375)**

(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 Operating EBITDA represents the profit earned by each segment without the allocation of central administrative costs, depreciation and amortisation, investment revenue and finance costs, income tax expense, other items of income and expense as per Note 4.

(iii) 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 items of income and expense as per Note 4. This is a measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(iv) Restated due to the adoption of new and revised accounting standards referred to in Note 2.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 6: ASSETS CLASSIFIED AS HELD FOR SALE

At 31 December 2013, the Group was in the process of disposing of its interest in the Brisbane Waters Private Hospital. The sale, which is subject to regulatory approval, is expected to complete by 30 June 2014. As such, the assets and liabilities relating to Brisbane Waters Private Hospital have been presented as held for sale. An impairment charge of $3.9 million has been recognised reflecting the re-measurement of the assets held for sale to fair value.

The major classes of assets and liabilities of the intended disposal are:

	31 Dec 2013 $'000	**30 Jun 2013 $'000**
Receivables	1,403	-
Inventories	1,080	-
Property, plant and equipment	22,665	
Other assets	98	-
Assets held for sale	**25,246**	**-**
Payables	(602)	-
Employee provisions	(1,101)	-
Liabilities associated with assets held for sale	**(1,703)**	**-**
Carrying value of net assets classified as held for sale	**23,543**	**-**
Impairment loss on re-measurement to fair value less costs to sell	**(3,946)**	**-**
Fair value of net assets classified as held for sale	**19,597**	**-**

The fair value of net assets classified as held for sale have been disclosed in the statement of financial position as follows:

Current assets	21,300	-
Current liabilities	(1,703)	-
	19,597	-

The Group has entered into an agreement to purchase the assets of Brunswick Private Hospital. The transaction is dependent on regulatory approval and is expected to complete by 30 June 2014.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 7: INTANGIBLE ASSETS

	Half-year ended 31 Dec 2013 $'000	Half-year ended 31 Dec 2012 $'000
Goodwill		
Gross carrying amount		
Balance at the beginning of the reporting period	1,874,603	1,813,952
Additions	3,600	-
Fair value adjustment in respect of prior year acquisition	-	295
Re-classified from assets held for sale	-	50,636
Effect of foreign currency exchange differences	14,377	344
Balance at the end of the reporting period	**1,892,580**	**1,865,227**
Accumulated impairment losses		
Balance at the beginning of the reporting period	(120,000)	-
Impairment losses for the period	-	(120,000)
Balance at the end of the reporting period	**(120,000)**	**(120,000)**
Net book value		
At the beginning of the reporting period	1,754,603	1,813,952
At the end of the reporting period	1,772,580	1,745,227
Other intangibles		
Balance at the beginning of the reporting period	80,395	90,478
Additions to intangibles	1,208	1,120
Amortisation of identifiable intangibles	(5,467)	(7,438)
Effect of foreign currency exchange differences	1,670	436
Balance at the end of the reporting period	**77,806**	**84,596**
Total intangibles	**1,850,386**	**1,829,823**

Impairment of goodwill

As required under accounting standard *AASB 136 Impairment of Assets*, the Healthscope Group performs an impairment assessment annually and when there is an indication or trigger of a possible impairment of its non-current assets. In addition, at least annually, the Healthscope Group performs an impairment review of goodwill and indefinite life intangible assets, regardless of whether an impairment indicator has been identified. The annual review of goodwill and indefinite life intangible assets was performed at 30 June 2013. A review for impairment indicators was undertaken at 31 December 2013.

Impairment indicators

After considering the trading performance of each of the Healthscope Group's cash generating units for the six months to 31 December 2013, no impairment indicators were identified. While no further impairment has been identified in the current period, the financial performance of the Pathology Australia business remains sensitive to movements in economic and regulatory conditions.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 8: BORROWINGS

	31 Dec 2013 $'000	(Restated)(i) 30 Jun 2013 $'000
CURRENT		
Secured - at amortised cost		
Finance lease liabilities (ii)	4,541	4,415
Hire purchase facilities	5,012	6,804
Mortgage (iii)	-	10,000
Bank loans (iv)	36,593	28,585
	46,146	**49,804**
NON-CURRENT		
Secured - at amortised cost		
Hire purchase facilities	945	1,879
Finance lease liabilities (ii)	13,626	14,656
Bank loans (iv)	1,106,100	1,074,401
Capitalised borrowing costs	(39,988)	(48,647)
Debt securities - Healthscope Notes I (v)	200,000	200,000
Debt securities - Healthscope Notes II (vi)	305,000	305,000
	1,585,683	**1,547,289**

Summary of borrowing arrangements

(i) Restated due to the adoption of new and revised accounting standards referred to in Note 2.

(ii) 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.

(iii) The obligation to pay the final instalment on the purchase of the Newcastle Hospital site.

(iv) 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.

(v) Healthscope Notes I 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. The Healthscope Notes I debt securities rank equally with the Healthscope Notes II debt securities.

(vi) Healthscope Notes II 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 25 March 2018. The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt. The Healthscope Notes II debt securities rank equally with the Healthscope Notes I debt securities.

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 senior syndicated facility of $1.55 billion was put in place on 22 September 2010. The facility is a 5-year revolving debt and part amortising facility, which matures on 11 October 2015. The facility is currently utilised to $1.16 billion (30 June 2013: $1.12 billion). Due to repayments of $371 million since inception of the facility and the establishment of an additional tranche, the total facility size has decreased to $1.33 billion.

A 5-year limited recourse syndicated senior debt facility totalling $156.0 million was put in place on 19 Sep 13. The senior debt facility is to fund the development of the Gold Coast Private Hospital. The facility is currently undrawn. The facility is secured against entities of the Group which are not obligors of the senior syndicated facility.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 9: OTHER FINANCIAL LIABILITIES

	31 Dec 2013 $'000	30 Jun 2013 $'000
CURRENT		
Interest rate swaps	21,817	22,823
NON CURRENT		
Advance from related parties[(i)]	546,207	546,207
Interest rate swaps	15,048	22,686
	561,255	568,893

(i) Represents an advance from Healthscope Hospitals Holdings Pty Ltd and Healthscope Pathology Holdings Pty Ltd as part of the acquisition of Healthscope Limited in 2010. The advance is non-interest bearing and will only become payable upon completion of an exit event at the discretion of the Responsible Body with reference to whether the Healthscope Group has the financial capacity to repay.

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/financial liabilities	Fair value as at 31 Dec 2013 $'000	Fair value as at 31 Dec 2012 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)
Interest rate swaps	36,865	58,733	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the various counterparties.	N/A

NOTE 10: FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Responsible Body considers that the carrying amounts of financial assets and financial liabilities recognised in the aggregated financial statements approximate their fair value.

	31 Dec 2013		31 Dec 2012	
	Carrying amount $'000	Fair Value $'000	Carrying amount $'000	Fair Value $'000
Financial assets				
Trade receivables	77,307	77,307	67,327	67,327
Financial liabilities				
Trade and other payables	208,916	208,916	212,738	212,738
Lease liabilities	24,124	24,124	25,157	25,157
Mortgage	-	-	10,000	10,000
Bank loans	1,142,693	1,142,693	1,391,500	1,391,500
Debt securities	505,000	527,725	200,000	216,800

NOTE 11: 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.

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.

On behalf of the Responsible Body,

R.J. Cooke
Executive Chairman and Managing Director
27 February 2014

Deloitte.

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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 2013, and the condensed aggregated statement of profit or loss and other 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 23.

The Healthscope Group comprises the aggregation of:

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

and the entities they controlled as at 31 December 2013 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 the 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 the 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 2013 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

DELOITTE TOUCHE TOHMATSU

T Imbesi
Partner
Chartered Accountants
Melbourne
27 February 2014