

HALF-YEAR ENDED 31 DECEMBER 2013
INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

Healthscope Notes Limited

ABN

69 147 250 780

Reporting period

Half-year ended 31 Dec 2013

Comparative period

Half-year ended 31 Dec 2012

Note holders may wish to obtain the half-year financial report of the Healthscope Group in order to gain an understanding of its financial performance for the half-year ended 31 December 2013 and its financial position as at that date.

Results for announcement to the market	Up / down	% Movement	\$'000
Revenue from ordinary activities	up	140%	29,041
Profit from ordinary activities after tax attributable to members	up	136%	26
Net profit/(loss) attributable to members	up	136%	26

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 half-year ended 31 December 2013 (2012: Nil) and has not declared any distributions for the half-year ended 31 December 2013 (2012: Nil).

For the half-year ended 31 December 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 Notes II issued on 27 March 2013

Net tangible assets (NTA backing)	31 December 2013 cents per security	31 December 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 4D is based on financial statements, which have been subject to review. 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

FINANCIAL REPORT

For the half-year ended 31 December 2013

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Healthscope Notes Limited
ABN 69 147 250 780

DIRECTORS' REPORT

The directors of Healthscope Notes Limited submit the financial report of the Company for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of the directors of the company in office at any time during or since the end of the half-year are:

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

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 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 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 12.50% per annum (Notes I) and 11.16% per annum (Notes II) respectively.

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During the half-year, interest payments were made to holders of Healthscope Notes I and Healthscope Notes II on 25 September 2013 and 27 December 2013 totalling \$26,721,308 (2012: \$ 11,280,792). The balance of the finance costs incurred during the half-year comprised of the amortisation of borrowing costs.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 3 of the half-year financial report.

SUBSEQUENT EVENTS

To the best knowledge of the Directors, 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 Company's operations or state of affairs in future financial periods.

ROUNDING OFF OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the half-year financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the Directors



R.J. Cooke
Executive Chairman and Managing Director

Melbourne, 27 February 2014

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

27 February 2014

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 review of the financial statements of Healthscope Notes Limited 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 Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



T Imbesi
Partner
Chartered Accountants

Healthscope Notes Limited
ABN 69 147 250 780

**CONDENSED 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	31 Dec 2012 \$'000
Interest revenue	3	29,041	12,110
Finance costs	3	(28,862)	(12,036)
Service costs		(142)	(58)
Profit /(loss) before income tax		37	16
Income tax expense		(11)	(5)
Net profit for the period		26	11
Other comprehensive income for the period net of tax		-	-
Total comprehensive income for the period		26	11

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

Healthscope Notes Limited
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CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents		30	43
Trade and other receivables	5	7,147	5,121
Prepayments		389	400
TOTAL CURRENT ASSETS		7,566	5,564
NON-CURRENT ASSETS			
Trade and other receivables	5	497,179	497,179
TOTAL NON-CURRENT ASSETS		497,179	497,179
TOTAL ASSETS		504,745	502,743
CURRENT LIABILITIES			
Trade and other payables		12,321	12,338
TOTAL CURRENT LIABILITIES		12,321	12,338
NON-CURRENT LIABILITIES			
Debt securities	6	492,360	490,367
TOTAL NON-CURRENT LIABILITIES		492,360	490,367
TOTAL LIABILITES		504,681	502,705
NET ASSETS		64	38
EQUITY			
Issued capital		-	-
Retained earnings		64	38
TOTAL EQUITY		64	38

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

Healthscope Notes Limited
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CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year ended	
Note	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(129)	(46)
Cash generated from operations	(129)	(46)
Interest received	27,011	11,310
Interest and costs of finance paid	(26,721)	(11,280)
Net cash provided by/(used in) operating activities	161	(16)
CASH FLOWS FROM INVESTING ACTIVITIES		
Amounts advanced to related entities	(174)	-
Net cash used in investing activities	(174)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(13)	(16)
Cash and cash equivalents at the beginning of the period	43	81
Cash and cash equivalents at the end of the period	30	65

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

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

	Issued capital \$'000	Retained earnings \$'000	Total equity \$'000
2012			
Opening balance at 1 July 2012	-	7	7
Profit for the period	-	11	11
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	11	11
Closing balance at 31 December 2012	-	18	18
2013			
Opening balance at 1 July 2013	-	38	38
Profit for the period	-	26	26
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	26	26
Closing balance at 31 December 2013	-	64	64

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDING 31 DECEMBER 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

The half-year financial report is a general purpose financial report, prepared in accordance with the Corporations Act 2001 and *AASB 134 Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The half-year financial report was authorised for issue by the directors on 27 February 2014.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. 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.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are 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 company's 2013 annual report for the financial year ended 30 June 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

The Company 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 Company 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'

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- 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'

With the exception of AASB13, the application of the above standards has had no material impact on the financial statements.

Impact of the application of AASB 13

The Company 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 Company 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 financial statements.

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

NOTE 3: RESULTS FOR THE PERIOD

	Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Interest revenue		
- Healthscope Group	29,039	12,110
- Bank	2	-
	29,041	12,110
Finance costs		
- Healthscope subordinated notes	(27,103)	(11,343)
- Amortisation of capitalised borrowing costs	(1,759)	(693)
	(28,862)	(12,036)

The coupon interest rate on the Healthscope Notes I debt securities is 11.25% per annum and Healthscope Notes II debt securities is 10.25% per annum paid quarterly.

NOTE 4: DIVIDENDS

During the half-year the Company did not make any dividend payments (2012: Nil). Since the end of the half-year no dividend has been declared or paid.

NOTE 5: TRADE AND OTHER RECEIVABLES

	31 Dec 2013	30 Jun 2013
	\$'000	\$'000
Current		
Accrued interest on loans to the Healthscope Group	7,147	5,121
	7,147	5,121
Non-current		
Loans to Healthscope Finance Pty. Ltd. (Notes I)	192,179	192,179
Loans to Healthscope Finance Pty. Ltd. (Notes II)	305,000	305,000
	497,179	497,179

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

NOTE 6: BORROWINGS

	31 Dec 2013 \$'000	30 Jun 2013 \$'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	305,000
Capitalised borrowing costs	(12,640)	(14,633)
	492,360	490,367

(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: 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.

(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 7: 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.

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

NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company has no financial assets and financial liabilities that are measured at fair value at the end of each reporting period.

Healthscope Notes Limited has the following financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

	31 Dec 2013		31 Dec 2012	
	Carrying amount \$'000	Fair Value \$'000	Carrying amount \$'000	Fair Value \$'000
Financial assets				
Loans and receivables				
- Loans to the Healthscope Group	497,179	497,179	192,179	192,179
- Trade and other receivables	7,147	7,147	3,457	3,457
Financial liabilities				
Amortised cost				
- Debt securities: Fixed interest rate	505,000	527,725	200,000	216,800
Loans to the Healthscope Group	11,290	11,290	516	516
Trade and other payables	1,031	1,031	432	432

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

To the best knowledge of the Directors, 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 Company's operations or state of affairs in future financial periods.

Healthscope Notes Limited
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DIRECTORS' DECLARATION

The Directors of Healthscope Notes Limited declare that:

1. In the opinion of the directors: There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. 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.

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

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'R.J. Cooke', written in a cursive style.

R.J. Cooke
Executive Chairman and Managing Director

Melbourne, 27 February 2014

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

We have reviewed the accompanying half-year financial report of Healthscope Notes Limited, which comprises the condensed statement of financial position as at 31 December 2013, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the company as set out on pages 4 to 13.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Healthscope Notes Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Healthscope Notes Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Healthscope Notes Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Healthscope Notes Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU


T Imbesi
Partner
Chartered Accountants
Melbourne, 27 February 2014