



Healthscope

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## APPENDIX 4D

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### FULL YEAR REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A.3

**Reporting period**  
Half-year ended 31 December 2018

**Comparative period**  
Half-year ended 31 December 2017

Results	\$'m	% change increase/ (decrease)
<b>From continuing operations</b>		
Revenue from ordinary activities	1,224.6	3.0%
Profit from ordinary activities after tax attributable to members	66.9	(6.7%)
Net profit / (loss) attributable to members	66.9	(6.7%)
Operating EBITDA <sup>(i)</sup>	198.1	7.7%
Operating EBIT <sup>(ii)</sup>	138.5	7.1%
<b>From continuing and discontinued operations</b>		
Revenue from ordinary activities	1,235.0	0.0%
Profit from ordinary activities after tax attributable to members	236.6	199.1%
Net profit / (loss) attributable to members	236.6	199.1%

<sup>(i)</sup> Operating EBITDA represents Statutory net profit before the allocation of depreciation, amortisation, investment revenue, finance costs, income tax expense and non-operating items (other items of income and expense).

<sup>(ii)</sup> Operating EBIT represents Statutory net profit before the investment revenue, finance costs, income tax expense and non-operating items (other items of income and expense).

Dividends and distributions	Record Date	Payment Date	Amount per security	Franked amount per security
Interim dividend – fully franked	5 March 2019	26 March 2019	3.5¢	3.5¢

No foreign conduit income is attributable to the dividends.

#### Dividend reinvestment plan

Healthscope advises that it has suspended the dividend reinvestment plan (DRP) and it will not operate for this interim dividend.

Net tangible assets backing (NTA backing)	31 December 2018	31 December 2017
Net tangible asset per ordinary security	\$0.42	\$0.37

#### Other information regarding the accounts

For additional Appendix 4D disclosures, refer to the accompanying Media Release the accompanying Media Release, Director's Report and the Financial Report for the half year ended 31 December 2018.



# **HEALTHSCOPE LIMITED**

**ABN: 65 144 840 639**

## **HALF-YEAR FINANCIAL REPORT**

**For the half-year ended 31 December 2018**

# HEALTHSCOPE LIMITED

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# HEALTHSCOPE LIMITED

## DIRECTORS' REPORT

The Directors present their report, together with the half-year financial report of Healthscope Limited ('Healthscope') and its controlled entities ('the Healthscope Group', 'the Group') for the half-year ended 31 December 2018.

### BOARD OF DIRECTORS

The directors of Healthscope Limited during the half-year ended 31 December 2018 and up to the date of this report are listed below. Directors were in office for this entire period, except where otherwise stated.

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

### REVIEW OF OPERATIONS

The consolidated profit of the Healthscope Group for the half-year ended 31 December 2018, after income tax expense, was \$236.6 million (31 December 2017: \$79.1 million).

#### Analysis of results

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

	Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'m	\$'m
<b>Continuing operations</b>		
Statutory net profit for the half-year	66.9	71.7
<i>Add back:</i>		
Income tax expense	29.0	30.7
Net finance costs	31.6	25.9
Depreciation and amortisation	59.6	54.6
<b>Earnings before finance costs, income tax, depreciation and amortisation (EBITDA)</b>	<b>187.1</b>	<b>182.9</b>
<i>Add back:</i>		
Other income and expense items	11.0	1.0
<b>Operating earnings before finance costs, income tax, depreciation and amortisation (Operating EBITDA) from continuing operations</b>	<b>198.1</b>	<b>183.9</b>

# HEALTHSCOPE LIMITED

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS (*continued*)

The following table provides an analysis of the Operating EBITDA achieved for each reportable segment for the half-year ended 31 December 2018.

	Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'m	\$'m
<b>Operating EBITDA from continuing operations</b>		
Hospitals Australia	185.7	170.7
Pathology New Zealand	29.0	28.8
<b>Total continuing operations before corporate costs</b>	<b>214.7</b>	<b>199.5</b>
Corporate	(16.6)	(15.6)
<b>Total continuing operations</b>	<b>198.1</b>	<b>183.9</b>
<b>Operating EBITDA from discontinued operations <sup>(i)</sup></b>		
Asian Pathology	4.1	9.6
Medical Centres	-	1.5
<b>Total discontinued operations</b>	<b>4.1</b>	<b>11.1</b>
<b>Total all segments</b>	<b>202.2</b>	<b>195.0</b>

<sup>(i)</sup> Further details regarding discontinued operations are disclosed in Note 4: Discontinued Operations.

#### Operating EBITDA

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

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

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 4 of the half-year financial report.

### STATE OF AFFAIRS

#### *Sale of Asian Pathology operations*

On 17 August 2018, Healthscope announced that it had completed the sale of its Asian Pathology operations in Singapore, Malaysia and Vietnam to entities controlled by funds which are managed by TPG Capital Asia. The consideration of \$279.0 million was received in cash.

As the sale proceeds (including costs to sell) were higher than the fair value of the related assets and liabilities, a net gain of \$166.9 million was recorded.

The current period consolidated net profit after tax includes \$2.8 million attributable to the Asian Pathology operations which reflects its trading result in the period from 1 July 2018 to 17 August 2018, being the date the sale was completed.

#### *Implementation Deed with Brookfield Business Partners*

Healthscope announced on 1 February, 2018 that it had entered into an Implementation Deed with Brookfield Business Partners, and its institutional partners (together, 'Brookfield') under which Brookfield undertakes to acquire 100% of Healthscope by way of scheme of arrangement representing total value of \$2.50 per share, and a simultaneous off-market takeover offer representing total value of \$2.40 per share. The total value of the scheme and off-market takeover is inclusive of an interim dividend of 3.5 cents per share. A Scheme Meeting is expected to be held in May / June 2019 and, if approved, the Scheme would be implemented shortly thereafter.

# HEALTHSCOPE LIMITED

## DIRECTORS' REPORT

### DIVIDENDS

#### Interim dividend

The Directors have resolved to pay a franked interim dividend of 3.5 cents per share in respect to the financial year ending 30 June 2019. The record date is 5 March 2019. This dividend has not been included as a liability in these financial statements as it was not resolved until after 31 December 2018.

#### Dividends paid during the financial period

During the half-year ended 31 December 2018, Healthscope Limited paid an unfranked dividend of 3.5 cents per share in respect to the financial year ended 30 June 2018 that resulted in a dividend payment of \$60.9 million.

### ROUNDING OF AMOUNTS

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

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



**Paula J. Dwyer**

**Chairman**

Melbourne, 14 February 2019

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

14 February 2019

Dear Board Members

### Healthscope Limited

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

As lead audit partner for the review of the financial statements of Healthscope Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Andrew Reid  
Partner  
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Healthscope Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 21.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Healthscope Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

# Deloitte.

## *Auditor's Independence Declaration*

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

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Andrew Reid  
Partner  
Chartered Accountants  
Melbourne, 14 February 2019

# HEALTHSCOPE LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year ended	
		31 Dec 2018	31 Dec 2017
		\$'m	\$'m
<b>Continuing operations</b>			
Revenue		1,224.6	1,189.4
Employee benefits expense		(556.5)	(545.1)
Medical and consumable supplies		(152.7)	(149.3)
Prosthetics expenses		(154.2)	(154.7)
Occupancy costs		(33.4)	(35.7)
Service costs		(129.7)	(120.7)
Other income and expense items	3	(11.0)	(1.0)
		<hr/>	<hr/>
<b>Profit before finance costs, income tax, depreciation and amortisation</b>		<b>187.1</b>	<b>182.9</b>
Depreciation and amortisation		(59.6)	(54.6)
		<hr/>	<hr/>
<b>Profit before finance costs and income tax</b>		<b>127.5</b>	<b>128.3</b>
Net finance costs		(31.6)	(25.9)
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>95.9</b>	<b>102.4</b>
Income tax expense		(29.0)	(30.7)
		<hr/>	<hr/>
<b>Profit for the period from continuing operations</b>		<b>66.9</b>	<b>71.7</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	4	169.7	7.4
		<hr/>	<hr/>
<b>NET PROFIT FOR THE PERIOD</b>		<b>236.6</b>	<b>79.1</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchanges differences arising on translation of foreign operations		9.7	(10.0)
Gain on cash flow hedges taken directly to equity		7.1	3.0
Income tax credit relating to other comprehensive income		(2.8)	(1.1)
		<hr/>	<hr/>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>14.0</b>	<b>(8.1)</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>250.6</b>	<b>71.0</b>
<b>Earnings per share</b>			
From continuing and discontinued operations			
Basic (cents per share)	5	13.6	4.6
Diluted (cents per share)	5	13.5	4.5
From continuing operations			
Basic (cents per share)	5	3.8	4.1
Diluted (cents per share)	5	3.8	4.0

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

**HEALTHSCOPE LIMITED**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Note	31 Dec 2018 \$'m	30 Jun 2018 \$'m
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	108.7	156.8
Trade and other receivables		189.9	166.5
Receivable from NSW State Government		-	376.5
Consumable supplies at cost		57.2	52.9
Prepayments		17.2	15.8
Derivative financial instruments		0.7	-
Assets classified as held for sale		15.8	136.9
<b>TOTAL CURRENT ASSETS</b>		<b>389.5</b>	<b>905.4</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		8.3	8.2
Derivative financial instruments		4.7	-
Investments in joint ventures		0.7	1.2
Property, plant and equipment		2,197.0	2,235.9
Intangibles	7	1,783.7	1,642.2
Deferred tax assets		86.3	77.6
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,080.7</b>	<b>3,965.1</b>
<b>TOTAL ASSETS</b>		<b>4,470.2</b>	<b>4,870.5</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		258.0	236.7
Current tax liabilities		23.8	15.3
Borrowings		417.7	690.4
Derivative financial instruments		-	5.7
Other financial liabilities		3.5	3.9
Provisions		153.3	141.2
Liabilities directly associated with assets classified as held for sale		-	22.1
<b>TOTAL CURRENT LIABILITIES</b>		<b>856.3</b>	<b>1,115.3</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		903.3	1,224.9
Derivative financial instruments		-	22.0
Other payables		20.4	22.5
Deferred tax liabilities		62.9	49.6
Provisions		88.8	90.6
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,075.4</b>	<b>1,409.6</b>
<b>TOTAL LIABILITIES</b>		<b>1,931.7</b>	<b>2,524.9</b>
<b>NET ASSETS</b>		<b>2,538.5</b>	<b>2,345.6</b>
<b>EQUITY</b>			
Issued capital	8	2,714.7	2,713.4
Reserves		(231.6)	(247.5)
Retained earnings / (accumulated losses)		55.4	(120.3)
<b>TOTAL EQUITY</b>		<b>2,538.5</b>	<b>2,345.6</b>

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

# HEALTHSCOPE LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended	
	31 Dec 2018	31 Dec 2017
Continuing and discontinued operations <sup>(i)</sup>	\$'m	\$'m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,238.7	1,267.1
Payment to suppliers and employees	(1,020.3)	(1,057.4)
<b>Cash generated from operations</b>	<b>218.4</b>	<b>209.7</b>
Interest received	2.1	1.5
Interest and costs of finance paid	(28.6)	(26.6)
Income tax paid	(18.4)	(7.6)
Other income and expense items	(16.4)	(6.4)
<b>Net cash provided by operating activities</b>	<b>157.1</b>	<b>170.6</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	0.1	0.1
Proceeds from disposal of operations	(2.7)	55.0
Payments for property, plant and equipment	(28.1)	(38.8)
Brownfield facility development payments for plant and equipment	(71.2)	(73.0)
Northern Beaches facility development payments for plant and equipment	(80.5)	(106.0)
Net payments for business combinations	268.2	-
<b>Net cash used in investing activities</b>	<b>85.9</b>	<b>(162.7)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from project finance	-	82.1
Proceeds from bank borrowings	65.0	-
Proceeds from the NSW State Government	398.4	-
Repayment of project finance	(690.0)	-
Net proceeds from receivables securitisation	(3.9)	18.2
Finance leasing payments	(1.2)	(3.1)
Dividend reinvested through Dividend Reinvestment Plan	-	2.2
Dividends paid	(59.6)	(60.9)
Facility fees paid	(0.1)	(0.2)
<b>Net cash provided by finance activities</b>	<b>(291.3)</b>	<b>38.3</b>
<b>Net increase in cash and cash equivalents</b>	<b>(48.3)</b>	<b>46.2</b>
Cash and cash equivalents at the beginning of the period	156.8	195.9
Effects of exchange rate changes on the balance of cash held in foreign currencies	0.2	(0.1)
<b>Cash and cash equivalents at the end of the period</b>	<b>108.7</b>	<b>242.0</b>

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

<sup>(i)</sup> The Condensed Consolidated Statement of Cash Flows include cash flows associated with continuing and discontinued operations (Asian Pathology).

HEALTHSCOPE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital	Retained earnings / (accumulated losses)	Group reorganisation Reserve	Foreign currency translation reserve	Hedge reserve	Equity settled employee benefits reserve	Total equity
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
<b>Opening balance at 1 July 2017</b>	<b>2,708.2</b>	<b>(93.3)</b>	<b>(282.2)</b>	<b>40.3</b>	<b>(12.3)</b>	<b>7.0</b>	<b>2,367.7</b>
Profit for the period	-	79.1	-	-	-	-	79.1
Other comprehensive income / (loss) for the period net of tax	-	-	-	(10.0)	1.9	-	(8.1)
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>79.1</b>	<b>-</b>	<b>(10.0)</b>	<b>1.9</b>	<b>-</b>	<b>71.0</b>
New shares issued	3.6	-	-	-	-	-	3.6
Recognition of share based payments	-	-	-	-	-	1.3	1.3
Dividends paid	-	(60.7)	-	-	-	-	(60.7)
<b>Closing balance at 31 December 2017</b>	<b>2,711.8</b>	<b>(74.9)</b>	<b>(282.2)</b>	<b>30.3</b>	<b>(10.4)</b>	<b>8.3</b>	<b>2,382.9</b>
<b>Opening balance at 1 January 2018</b>	<b>2,711.8</b>	<b>(74.9)</b>	<b>(282.2)</b>	<b>30.3</b>	<b>(10.4)</b>	<b>8.3</b>	<b>2,382.9</b>
Profit for the period	-	10.3	-	-	-	-	10.3
Other comprehensive income for the period net of tax	-	-	-	2.5	3.3	-	5.8
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>10.3</b>	<b>-</b>	<b>2.5</b>	<b>3.3</b>	<b>-</b>	<b>16.1</b>
New shares issued	1.6	-	-	-	-	-	1.6
Recognition of share based payments	-	-	-	-	-	0.7	0.7
Dividends paid	-	(55.7)	-	-	-	-	(55.7)
<b>Closing balance at 30 June 2018</b>	<b>2,713.4</b>	<b>(120.3)</b>	<b>(282.2)</b>	<b>32.8</b>	<b>(7.1)</b>	<b>9.0</b>	<b>2,345.6</b>
<b>Opening balance at 1 July 2018</b>	<b>2,713.4</b>	<b>(120.3)</b>	<b>(282.2)</b>	<b>32.8</b>	<b>(7.1)</b>	<b>9.0</b>	<b>2,345.6</b>
Profit for the period	-	236.6	-	-	-	-	236.6
Other comprehensive income for the period net of tax	-	-	-	9.7	4.3	-	14.0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>236.6</b>	<b>-</b>	<b>9.7</b>	<b>4.3</b>	<b>-</b>	<b>250.6</b>
New shares issued	1.3	-	-	-	-	-	1.3
Recognition of share based payments	-	-	-	-	-	1.9	1.9
Dividends paid	-	(60.9)	-	-	-	-	(60.9)
<b>Closing balance at 31 December 2018</b>	<b>2,714.7</b>	<b>55.4</b>	<b>(282.2)</b>	<b>42.5</b>	<b>(2.8)</b>	<b>10.9</b>	<b>2,538.5</b>

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

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### GENERAL INFORMATION AND BASIS OF PREPARATION

#### General information

This general purpose financial report for the half year ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Healthscope Limited for the year ended 30 June 2018 and any public announcements made by Healthscope Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The principal place of business of the Group is:

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

The principal activities of Healthscope Group during the half-year ended 31 December 2018 were the provision of healthcare services through the ownership and management of hospitals and the provision of pathology diagnostic services.

#### Basis of preparation and consolidation

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

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

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report for Healthscope Limited for the financial year ended 30 June 2018.

#### Adoption of new and revised Standards and Interpretations

During the current financial period, all mandatory new and revised standards, including AASB 15 and AASB 9 (refer below), and amendments thereof and Interpretations were adopted which had no material impact.

#### AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 '*Revenue from Contracts with Customers*' from 1 July 2018.

#### Hospitals Australia

##### *Patient Revenue*

The Group's performance obligations to patients relate to surgical and non-surgical services provided. The performance obligations are satisfied over a short term (period from admission of the patient to discharge) and the revenue is based on a schedule of rates, which are contractually agreed with funding bodies (per procedure or per day of stay) depending on the type of service provided. Revenue from the provision of services to patients is finalised on completion of medical coding on patient discharge. At period end management accrue revenue for patients who are yet to be discharged the hospital, based on services provided to the patient at reporting date. There has been no material impact to the revenue recognition on adoption of AASB 15.

##### *Management fee revenue*

Healthscope derives a management fee for the provision of day-to-day management of three private hospitals on behalf of Adelaide Community Healthcare Alliance Incorporated (ACHA). The performance obligations are satisfied over a short-term period (monthly). The revenue recognised is based on the achievement of key performance indicators of the hospitals, which are measured against contractual criteria. There has been no material impact to the revenue recognition on adoption of AASB 15.

##### *Pathology services*

Healthscope have contracts with the New Zealand District Health Boards ("DHBs") to provide Pathology and laboratory testing services in New Zealand. Under these contracts, Healthscope is required to provide Pathology and laboratory testing services to eligible patients and the contract is for a fixed fee over the service period. The performance obligation is satisfied over the contract term, and as a result, the revenue is recognised on a straight-line basis over the contract term. There has been no material impact to the revenue recognition on adoption of AASB 15.

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### **AASB 9 Financial Instruments**

The Group has adopted AASB 9 'Financial Instruments' from 1 July 2018.

#### *Classification and Measurement*

AASB 9 changed the classification of complex financial instruments, calculation of impairment losses of financial assets, and hedge accounting. The Group assessed which business models apply to the financial instruments held by the Group and have classified them into the appropriate AASB 9 categories.

On the adoption of AASB 9, the Group classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Group financial instruments.

#### *Hedge Accounting*

The revision to hedge accounting aligns the hedge accounting requirements with risk management activities. The group confirms the Group's existing hedges qualify as effective hedges upon adoption of AASB 9 and has determined there is no material impact on the financial statements.

#### *Impairment*

AASB 9 requires an expected credit loss model to be applied to determine the allowance for trade receivables. The Group has no history of material credit losses and the group's trade receivable balance is made up of Australian Healthfund Providers and Government organisations, as a result of the adoption to AASB 9 there has been no material impact on the financial statements.

### **Effects of Standards that are issued but not yet effective**

#### **AASB 16 Leases**

AASB 16 *Leases* will replace existing accounting requirements under AASB 117 *Leases* and related interpretations. AASB 16 eliminates the classification between operating and finance leases and introduces a single lessee accounting model.

#### *Recognition and Measurement*

As a lessee, the Group will recognise new assets and liabilities for its operating leases of hospitals in Australia and pathology laboratories in New Zealand. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously the Group recognised operating lease expense on a straight-line basis over the lease term, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The Group has performed a preliminary assessment on the impact of AASB 16, however, a reliable estimate of the quantitative impact cannot yet be provided due to unresolved matters, including the determination of lease term extension options in certain hospital leases, and conclusion on appropriate discount rates. The Group will provide an estimate of the financial impact of the new standard once these matters are resolved and the financial impact can be assessed reliably.

#### *Transition*

AASB 16 *Leases* is effective for periods beginning on or after 1 January 2019 and therefore the Group will be required to initially adopt the new standard in the Group's annual reporting period ending 30 June 2020.

The Group plans to apply AASB 16 using the cumulative catch up approach. Therefore a right-of-use asset will be recognised at the date of initial application in respect of leases previously classified as operating leases.

### **ATO Review**

In July 2018, ATO completed a streamlined assurance review of Healthscope's Australian business. The ATO has now initiated an audit in respect of various matters identified during the assurance review that relate to the pre-IPO period (October 2010 to July 2014), and Healthscope's utilisation in the post-IPO period of tax losses. All information requested to date as part of the audit has been submitted to the ATO by Healthscope.

The Group is regularly subject to information requests and audit activities by revenue authorities. The outcome of these reviews depends upon various factors which may result in further tax payments or refunds of tax payments already made to the Group. Provisions for potential further payments will be recognised if a present obligation in relation to a taxation liability is assessed as probable and can be reliably estimated.

## HEALTHSCOPE LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### **Working capital position**

The working capital position of the Group as at 31 December 2018 reflects a net current liability position of \$466.8 million (30 June 2018: \$209.9 million net current liability position). This has primarily been caused by a reclassification of bank loans of \$415.0 million from non-current to current as well as the receipt (received December 2018) of the receivable from the NSW State Government in relation to the Northern Beaches Hospital which was classified as a current asset at 30 June 2018 with a value of \$376.5m.

The Group has continued to generate cash flows from operating activities, after servicing debt costs of \$157.1 million (30 June 2018: \$283.4 million) and consistently recorded a cash conversion ratio of greater than 95%, representing cash generated from operations divided by operating EBITDA.

The Directors 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 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. Should the change in control transaction not complete by 30 June 2019, the Company will complete refinancing of the external debt prior to the maturity date of 31 October 2019.

#### **Rounding of amounts**

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

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### NOTE 1: DIVIDENDS

During the current reporting period, Healthscope Limited paid an unfranked final dividend of 3.5 cents per share in respect of the financial year ended 30 June 2018 that resulted in a dividend payment of \$60.9 million.

On 13 February 2019, the Directors resolved to pay a franked interim dividend of 3.5 cents (31 December 2017: 3.5 cents) in respect of the financial year ending 30 June 2019 that will result in a dividend payment of approximately \$59.6 million (31 December 2017: \$60.9 million). The interim dividend has not been included as a liability in these financial statements, as it was not resolved until after 31 December 2018.

### NOTE 2: SEGMENT INFORMATION

As a result of the completed divestment of Asian Pathology operations, the reportable segments were revised to reflect the continuing business. The comparable period has been restated in order to reflect this change.

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

- Hospitals Australia - the management and provision of surgical and non-surgical private hospitals
- Pathology New Zealand - the provision of pathology services in New Zealand

Continuing Operations	Segment revenue		Segment Operating EBITDA <sup>(i)</sup>		Segment Profit <sup>(iii)</sup>	
	Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Hospitals Australia	1,101.8	1,070.1	185.7	170.7	133.5	124.3
Pathology New Zealand	122.8	119.3	29.0	28.8	23.1	23.3
<b>Total all segments</b>	<b>1,224.6</b>	<b>1,189.4</b>	<b>214.7</b>	<b>199.5</b>	<b>156.6</b>	<b>147.6</b>
Corporate			(16.6)	(15.6)	(18.1)	(18.3)
<b>Total all segments after Corporate</b>			<b>198.1</b>	<b>183.9</b>	<b>138.5</b>	<b>129.3</b>
Other income and expense items (Note 3)					(11.0)	(1.0)
Net finance costs					(31.6)	(25.9)
<b>Profit before income tax</b>					<b>95.9</b>	<b>102.4</b>
Income tax expense					(29.0)	(30.7)
<b>Net profit from continuing operations</b>					<b>66.9</b>	<b>71.7</b>

### Discontinued Operations

	Segment revenue		Segment Operating EBITDA <sup>(i)</sup>		Segment Operating EBIT <sup>(ii)</sup>	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Asian Pathology <sup>(iii)</sup>	10.4	32.7	4.1	9.6	3.5	7.5
Medical Centres	-	13.2	-	1.5	-	0.5
<b>Total all segments</b>	<b>10.4</b>	<b>45.9</b>	<b>4.1</b>	<b>11.1</b>	<b>3.5</b>	<b>8.0</b>
Other income and expense items					166.9	1.2
Finance costs					(0.1)	(0.2)
<b>Profit before income tax</b>					<b>170.3</b>	<b>9.0</b>
Income tax expense					(0.6)	(1.6)
<b>Profit from discontinued operations</b>					<b>169.7</b>	<b>7.4</b>
<b>Net profit from continuing &amp; discontinued operations</b>					<b>236.6</b>	<b>79.1</b>

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

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

<sup>(iii)</sup> Previously reported within the "Other" segment. Asian Pathology is principally engaged in the provision of pathology services in Singapore, Malaysia and Vietnam.

## HEALTHSCOPE LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### NOTE 2: SEGMENT INFORMATION *(continued)*

##### Other segment information

	Hospitals Australia \$'m	Pathology New Zealand \$'m	Corporate \$'m	Total Continued Operations	Discontinued Operations \$'m	Total \$'m
<b>December 2018</b>						
Total assets	4,203.0	264.5	2.6	4,470.1	0.1	<b>4,470.2</b>
Total liabilities	(1,919.9)	(22.8)	-	(1,942.7)	11.0	<b>(1,931.7)</b>
<b>June 2018</b>						
Total assets	4,465.3	263.9	20.1	4,749.3	121.2	<b>4,870.5</b>
Total liabilities	(2,455.7)	(47.1)	-	(2,502.8)	(22.1)	<b>(2,524.9)</b>

#### NOTE 3: OTHER INCOME AND EXPENSE ITEMS

	Half-year ended	
	31 Dec 2018 \$'m	31 Dec 2017 \$'m
<b>Continuing operations</b>		
Hospital commissioning costs <sup>(i)</sup>	(8.6)	(0.4)
Closure and restructure costs <sup>(ii)</sup>	(2.4)	(0.4)
Bid assessment costs <sup>(iii)</sup>	(1.0)	-
Onerous leases and related costs <sup>(iv)</sup>	1.0	-
Loss relating to appointment of liquidators for a supplier group <sup>(v)</sup>	-	(0.2)
	<b>(11.0)</b>	<b>(1.0)</b>

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

<sup>(ii)</sup> Current year closure costs relate to the exit from Mosman Private. Restructure costs primarily relate to a general reorganisation within the Hospital Australia business.

<sup>(iii)</sup> The current period expense relates to the professional advisory fees for the assessment of unsolicited and conditional acquisition proposals.

<sup>(iv)</sup> Onerous leases and related costs primarily relate to the reversal of onerous and make good provisions previously provided for the hospital leases at Pacific Private Hospital upon re-assignment of these leases during the current financial period, net of the incentive fee paid in relation to the arrangement.

<sup>(v)</sup> The prior year expense represents write-off in relation to deposit paid to an insolvent supplier for the maintenance contract for theatre equipment.

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### NOTE 4: DISCONTINUED OPERATIONS

*Discontinued operations for the period ended 31 December 2018*

On 17 August 2018, the Group announced that effective 17 August 2018, it had completed the sale of its Asian Pathology operations in Singapore, Malaysia and Vietnam for cash proceeds of \$279.0 million. As part of the completion of sale, a working capital adjustment of \$4.7 million was recorded.

As the sale proceeds (including costs to sell) were higher than the fair value of the related assets and liabilities, a net gain of \$166.9 million was recorded.

*Discontinued operations for the period ended 31 December 2017*

The comparative figures for the half-year ended 31 December 2017 have been restated in order to reflect the results of the Asian Pathology operations as discontinued operations in the Statement of Profit or Loss and Other Comprehensive Income.

On 30 September 2017, Healthscope completed the sale of its standalone Medical Centres operations to Fullerton Health Medical Centres Pty Ltd which were classified as discontinued operations in the period to 31 December 2017.

	Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'m	\$'m
Revenue	10.4	45.9
Expenses	(6.9)	(37.9)
Other income and expense items <sup>(i)</sup>	166.9	1.2
<b>Profit before finance costs and income tax</b>	170.4	9.2
Net finance costs	(0.1)	(0.2)
<b>Profit before income tax</b>	170.3	9.0
Income tax expense	(0.6)	(1.6)
<b>Profit for the period from discontinued operations</b>	<b>169.7</b>	<b>7.4</b>

*Reconciliation of statutory net profit from discontinued operations to operating earnings before finance costs, income tax, depreciation and amortisation (Operating EBITDA)*

<b>Net profit for the year from discontinued operations</b>	169.7	7.4
<i>Add back:</i>		
Income tax expense	0.6	1.6
Net finance costs	0.1	0.2
Depreciation and amortisation	0.6	3.1
Other income and expense items <sup>(i)</sup>	(166.9)	(1.2)
<b>Operating EBITDA from discontinued operations</b>	<b>4.1</b>	<b>11.1</b>
Medical Centres	-	1.5
Asian Pathology	4.1	9.6
<b>Operating EBITDA from discontinued operations</b>	<b>4.1</b>	<b>11.1</b>

The current period financial performance is for the period 1 July 2018 to 17 August 2018.

<sup>(i)</sup> Relates to gain on sale recorded upon completion of sale of Asian Pathology operations on 17 August 2018

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### NOTE 5: EARNINGS PER SHARE

	Half-year ended	
	31 Dec 2018	31 Dec 2017
<b>Basic earnings per share (cents per share)</b>		
From continuing operations	3.8	4.1
From discontinued operations	9.8	0.5
<b>Total basic earnings per share</b>	<b>13.6</b>	<b>4.6</b>

<b>Diluted earnings per share (cents per share)</b>		
From continuing operations	3.8	4.0
From discontinued operations	9.7	0.5
<b>Total diluted earnings per share</b>	<b>13.5</b>	<b>4.5</b>

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

	Half-year ended	
	31 Dec 2018	31 Dec 2017
	\$'m	\$'m
<i>Basic and diluted earnings per share</i>		
Profit for the period attributable to owners of the Company		
- Profit for the period from continuing operations	66.9	71.7
- Profit for the period from discontinuing operations	169.7	7.4
	<b>236.6</b>	<b>79.1</b>

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

	31 Dec 2018	31 Dec 2017
	Number 'm	Number 'm
Weighted average number of ordinary shares used in calculating basic earnings per share	1,740.3	1,737.1
Adjustments for calculation of diluted earnings per share:		
- LTI Performance rights	7.2	5.9
- STI Performance rights	1.7	1.6
	<b>8.9</b>	<b>7.5</b>
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	1,749.2	1,744.6

**(c) Information concerning the classification of securities**

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

# HEALTHSCOPE LIMITED

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### NOTE 6: CASH AND CASH EQUIVALENTS

#### Reconciliation of cash and cash equivalents

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

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'m</b>	<b>\$'m</b>
Cash and cash equivalents	108.7	89.2
Restricted cash <sup>(i)</sup>	-	71.3
	<b>108.7</b>	<b>160.5</b>
Transferred to assets held for sale	-	(3.7)
<b>Total cash and cash equivalents</b>	<b>108.7</b>	<b>156.8</b>

<sup>(i)</sup> At 30 June 2018 restricted cash represents funds that can only be applied towards the development of Northern Beaches Hospital.

### NOTE 7: INTANGIBLES

	<b>For six months ended</b>		
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>	<b>31 Dec 2017</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
<b>Goodwill</b>			
Gross carrying amount			
Balance at the beginning of the reporting period	1,597.7	1,681.2	1,689.3
Impairment of goodwill	-	(0.8)	-
Reclassified to held for sale	-	(84.5)	-
Effect of foreign currency exchange differences	6.5	1.8	(8.1)
<b>Balance at the end of the reporting period</b>	<b>1,604.2</b>	<b>1,597.7</b>	<b>1,681.2</b>
<b>Other intangibles <sup>(i)</sup></b>			
Balance at the beginning of the reporting period	44.5	46.8	49.8
Transfer from Capital Work in Progress <sup>(ii)</sup>	138.4	-	-
Disposals	-	-	-
Amortisation	(4.3)	(2.4)	(2.5)
Effect of foreign currency exchange differences	0.9	0.1	(0.5)
<b>Balance at the end of the reporting period</b>	<b>179.5</b>	<b>44.5</b>	<b>46.8</b>
<b>Total intangibles</b>	<b>1,783.7</b>	<b>1,642.2</b>	<b>1,728.0</b>

<sup>(i)</sup> Other intangibles include contract development costs, contract management rights and operating rights.

<sup>(ii)</sup> Represents the shared portion of the co-located Northern Beaches Hospital, which has been transferred from Capital Works in Progress to intangible assets reflecting a 'right to use the assets' over the term of the Public-Private Partnership arrangement with the NSW Government.

#### **Impairment of goodwill and indefinite life intangible assets**

The Healthscope Group performs an impairment assessment when there is an indication or trigger of a possible impairment of its non-current assets. In addition, at least annually, the Healthscope Group performs an impairment review of goodwill and indefinite life intangible assets, regardless of whether an impairment indicator has been identified. For the half-year ended 31 December 2018, there were no indicators present for any of the Group's cash generating units.

The annual review of goodwill and indefinite life intangible assets for impairment was performed at 30 June 2018.

## HEALTHSCOPE LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### NOTE 8: ISSUED CAPITAL

	Number of shares	Share Capital \$'m
Balance at 1 July 2018	1,739,703,286	2,713.4
New shares issued	1,458,509	1.3
<b>Balance at 31 December 2018</b>	<b>1,741,161,795</b>	<b>2,714.7</b>

#### NOTE 9: FAIR VALUE MEASUREMENT

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

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

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

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

	31 Dec 2018		30 Jun 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'m	\$'m	\$'m	\$'m
<b>Borrowings</b>				
US Private Placement (AUD)	400.3	421.6	371.8	397.8

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

##### **Borrowings**

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

##### **Derivative financial instruments**

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

##### **Other financial assets (promissory note)**

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

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

#### NOTE 10: COMMITMENTS

	31 Dec 2018 \$'m	30 Jun 2018 \$'m
<i>Capital expenditure committed but not provided for and payable:</i>		
- Not longer than 1 year	153.8	148.6
- Longer than 1 year but not longer than 5 years	-	2.4
- Longer than 5 years	-	-
	<b>153.8</b>	<b>151.0</b>

## HEALTHSCOPE LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

#### NOTE 11: CONTINGENT LIABILITIES

	31 Dec 2018	30 Jun 2018
	\$'m	\$'m
Estimates of material amounts of contingent liabilities not provided for:		
Bank guarantee to various Workcover authorities	21.3	16.2
Bank guarantee in respect of the Northern Beaches development	5.0	161.8
Bank guarantee in respect of the Northern Beaches operations	60.0	-
Bank guarantees in respect of property leases	13.6	10.0

#### NOTE 12: EVENTS SUBSEQUENT TO BALANCE DATE

Healthscope announced on 1 February, 2018 that it had entered into an Implementation Deed with Brookfield Business Partners and its institutional partners (together, 'Brookfield') under which Brookfield undertakes to acquire 100% of Healthscope by way of scheme of arrangement representing a total value of \$2.50 per share, and a simultaneous off-market takeover offer representing total value of \$2.40 per share. The total value of the scheme and off-market takeover is inclusive of an interim dividend of 3.5 cents per share. A Scheme Meeting is expected to be held in May / June 2019 and, if approved, the Scheme would be implemented shortly thereafter.

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

**HEALTHSCOPE LIMITED**  
**DIRECTORS' DECLARATION**

In the opinion of the Directors:

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and

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

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

On behalf of the Directors



**Paula J. Dwyer**  
**Chairman**



**Gordon Ballantyne**  
**Managing Director and Chief Executive Officer**

Melbourne, 14 February 2019