HEALTHSCOPE GROUP

AGGREGATED FINANCIAL REPORT

For the half-year ended 31 December 2012

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 2012 ('**Report**').

PURPOSE

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

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

- 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 with an understanding of the financial position of the Healthscope Group which was referred to in the Issuer's prospectus dated 24 November 2010 as the 'Security Group'.

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

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
Mr M.D. Hunter	Mr M.D. Hunter	Mr G.A.R. Warris
Mr S.J. Schneider	Mr S.J. Schneider	
Mr R. Seow	Mr R. Seow	
Mr A.J. Shastry	Mr A.J. Shastry	
Mr T.B. Sisitsky	Mr T.B. Sisitsky	
Mr S. Wise	Mr S. Wise	

Healthscope Group

RESPONSIBLE BODY'S REPORT

REVIEW OF OPERATIONS

Net profit/(loss) for the half-year was ($109.1) million (2011: $10.0 million).

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

Operating EBITDA	**Half-year ended 31 December 2012 $'000**	**Half-year ended 31 December 2011 $'000**
Net profit/(loss) for the period	**(109,145)**	**10,021**
Add back:		
Income tax expense	2,863	3,468
Net finance cost	92,262	92,118
Depreciation and amortisation	46,704	41,406
Earnings before finance costs, income tax depreciation and amortisation (EBITDA)	**32,684**	**147,013**
Add back:		
Other revenue and expenses items:		
Profit on sale of WA Pathology business	(4,203)	-
Acquisition costs	475	923
Restructure and other costs	7,054	3,479
Impairment of goodwill	120,000	-
Total other expenses	123,326	4,402
Corporate costs	6,388	5,710
Operating earnings before finance costs, income tax depreciation and amortisation (Operating EBITDA)	**162,398**	**157,125**

Other revenue and expense items

On 17 October 2012 the business and assets of the Western Australia Pathology business (WA Pathology) were sold to Sonic Healthcare Ltd for $18.0 million, generating a profit on sale of $4.2 million.

Restructure costs relate primarily to the restructure of Healthscope Limited and its subsidiaries.

Impairment of goodwill

The carrying value of the Pathology Australia cash generating unit (CGU) exceeded its value in use as at 31 December 2012. Accordingly an impairment charge of $120.0 million has been recognised against the carrying value of goodwill held by the Pathology Australia CGU.

Impairment testing analysis did not result in an impairment charge being allocated beyond goodwill and as such the impairment charge has been disclosed as "impairment of goodwill" in the Condensed Aggregated Statement of Profit or Loss and Other Comprehensive Income.

This impairment charge is a "non-cash" item and has no impact on the Group's syndicated debt facility or banking covenant ratios.

The impact of the federal government's deregulation of the Australian pathology industry resulted in a rapid increase in Approved Collection Centres (ACC's) as pathology operators sought to protect and maintain existing volumes and market share. The costs of operating these additional facilities have had an adverse impact on margins. Federal government funding cuts to the pathology sector in the form of changes to the Medicare funding models have also negatively impacted the industry.

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 2012.

Operating EBITDA	**Half-year ended 31 December 2012 $'000**	**Half-year ended 31 December 2011 $'000**
Hospitals Australia	136,391	126,232
Pathology Australia	5,004	12,311
Pathology International	21,003	18,582
	162,398	**157,125**

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the half-year financial report.

ROUNDING OFF OF AMOUNTS

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

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

On behalf of the Responsible Body,

R. Cooke
Executive Chairman and Managing Director
Melbourne
13 February 2013

Deloitte Touche Tohmatsu
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Responsible Body
Healthscope Group
Level 1, 312 St Kilda Road
MELBOURNE VIC 3004

13 February 2013

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 2012, 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 accounts 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 2012

	Note	Half-year ended 31 Dec 2012 $'000	Half-year ended 31 Dec 2011 $'000
Revenue		1,114,260	1,058,300
Share of profits of associates and jointly controlled entities		1,064	1,448
Employee benefits expense		(518,517)	(488,880)
Medical and consumable supplies		(157,677)	(151,350)
Prosthetics expenses		(118,325)	(112,578)
Occupancy costs		(58,690)	(52,252)
Service costs		(106,105)	(103,273)
Other items of income and expense:			
Profit on sale of WA Pathology business	4	4,203	-
Acquisition costs	4	(475)	(923)
Restructure and other costs	4	(7,054)	(3,479)
Impairment of goodwill	4	(120,000)	-
Profit before depreciation, amortisation, finance costs and income tax		**32,684**	**147,013**
Depreciation and amortisation		(46,704)	(41,406)
Profit/(loss) before finance costs and income tax		**(14,020)**	**105,607**
Net finance costs		(92,262)	(92,118)
Profit/(loss) before income tax		**(106,282)**	**13,489**
Income tax expense		(2,863)	(3,468)
Net profit/(loss) for the period		**(109,145)**	**10,021**
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		1,072	40
Gain/(loss) on cash flow hedges taken directly to equity		2,603	(38,392)
Income tax relating to components of other comprehensive income		(781)	11,518
Other comprehensive income for the period (net of tax)		2,894	(26,834)
Total comprehensive loss for the period		**(106,251)**	**(16,813)**

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

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	31 Dec 2012 $'000	30 Jun 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents		84,070	56,644
Trade and other receivables		72,365	85,466
Prepayments		15,544	14,777
Current tax asset		-	1,793
Inventories		46,589	43,205
Assets classified as held for sale		-	88,552
Deferred settlement receivable		3,402	-
TOTAL CURRENT ASSETS		**221,970**	**290,437**
NON CURRENT ASSETS			
Trade and other receivables		2,500	4,000
Other financial assets		2,419	2,730
Investments accounted for using the equity method		711	711
Property, plant and equipment		1,182,995	1,141,421
Intangible assets	6	1,829,823	1,904,430
Deferred tax assets		82,407	77,298
TOTAL NON CURRENT ASSETS		**3,100,855**	**3,130,590**
TOTAL ASSETS		**3,322,825**	**3,421,027**
CURRENT LIABILITIES			
Trade and other payables		212,738	212,795
Current tax liabilities		1,608	1,093
Deferred revenue		2,022	2,858
Borrowings	7	78,990	63,956
Other financial liabilities	8	29,261	23,631
Provisions		113,246	107,911
Liabilitiies directly associated with assets classified as held for sale		-	4,110
Deferred purchase consideration		-	1,160
TOTAL CURRENT LIABILITIES		**437,865**	**417,514**
NON CURRENT LIABILITIES			
Borrowings	7	1,503,939	1,515,016
Other financial liabilities	8	545,532	554,023
Deferred tax liabilities		46,259	37,900
Provisions		24,144	25,237
TOTAL NON CURRENT LIABILITIES		**2,119,874**	**2,132,176**
TOTAL LIABILITES		**2,557,739**	**2,549,690**
NET ASSETS		**765,086**	**871,337**
EQUITY			
Issued capital		962,167	962,167
Reserves		(39,622)	(42,516)
Accumulated losses		(157,459)	(48,314)
TOTAL EQUITY		**765,086**	**871,337**

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

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Half-year ended 31 Dec 2012 $'000	Half-year ended 31 Dec 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,132,673	1,076,524
Payment to suppliers and employees		(956,888)	(920,620)
Cash generated from operations		**175,785**	**155,904**
Interest received		927	1,247
Interest and costs of finance paid		(87,515)	(87,051)
Income tax paid		(2,376)	(4,576)
Other items of income and expenses		(11,830)	(15,860)
Net cash provided by operating activities		**74,991**	**49,664**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		2,097	3,537
Proceeds from disposal of WA Pathology business		14,598	-
Proceeds for insurance claim		167	951
Payments for property, plant and equipment		(33,067)	(45,080)
Brownfield facility developments		(21,010)	(32,561)
Payments for operating rights		(1,557)	(1,923)
Proceeds from ACHA loan		1,500	-
Payments for business combinations		(1,064)	(1,826)
Net cash used in investing activities		**(38,336)**	**(76,902)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Facility fees paid		-	(76)
Proceeds from borrowings		31,000	94,200
Repayments of borrowings		(34,000)	(60,250)
Net proceeds from / (repayments of) receivables securitisation		(5,653)	7,526
Net proceeds from / (repayments of) finance leases		(770)	376
Net cash provided by financing activities		**(9,423)**	**41,776**
Net increase in cash and cash equivalents		**27,232**	**14,538**
Cash and cash equivalents at the beginning of the period		56,644	18,864
Effects of exchange rate changes on the balance of cash held in foreign currencies		194	(231)
Cash and cash equivalents at the end of the period		**84,070**	**33,171**

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

Healthscope Group

CONDENSED AGGREGATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued capital $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Total equity $'000
Opening balance at 1 July 2011	**962,167**	**(63,806)**	**(3,183)**	**(7,845)**	**887,333**
Profit for the period	-	10,021	-	-	10,021
Exchange differences arising on translation of foreign operations	-	-	40	-	40
Loss on cash flow hedges	-	-	-	(38,392)	(38,392)
Income tax relating to components of other comprehensive income	-	-	-	11,518	11,518
Other comprehensive income for the period, net of tax	-	-	40	(26,874)	(26,834)
Total comprehensive income for the period	**-**	**10,021**	**40**	**(26,874)**	**(16,813)**
Closing balance at 31 December 2011	**962,167**	**(53,785)**	**(3,143)**	**(34,719)**	**870,520**
Opening balance at 1 July 2012	**962,167**	**(48,314)**	**418**	**(42,934)**	**871,337**
Loss for the period	-	(109,145)	-	-	(109,145)
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 for the period, net of tax	-	-	1,072	1,822	2,894
Total comprehensive income for the period	**-**	**(109,145)**	**1,072**	**1,822**	**(106,251)**
Closing balance at 31 December 2012	**962,167**	**(157,459)**	**1,490**	**(41,112)**	**765,086**

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

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

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

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

- 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 with an understanding of the financial position of the Healthscope Group which was referred to in the Issuer's prospectus dated 24 November 2010 as the 'Security Group'.

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

The principal place of business of the Healthscope Group is:

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

The principal activities of the Healthscope Group during the half-year ended 31 December 2012 were the provision of healthcare services through the ownership and management of hospitals, medical centres and the provision of diagnostic services (pathology).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance
This half-year financial report is a general-purpose financial report, 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 13 February 2013. The Responsible Body comprises the directors of Healthscope Hospital Holdings No. 2 Pty. Ltd., Healthscope Pathology Holdings No. 2 Pty. Ltd., and CT HSP Holdings (Dutch) B.V.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Working capital position

The working capital position of the Healthscope Group as at 31 December 2012 continues to reflect a surplus of current liabilities over current assets of $215.9 million (30 June 2012: $215.6 million, excluding assets classified as held for sale).

The contributing factors to this deficiency are:

(i) The Group continued to utilise its accounts receivable securitisation facility of $140 million. During the period $108.4 million of receivables were sold to the Bank under this facility and the proceeds from the sale were used to retire non-current debt and reduce the overall cost of debt servicing.

(ii) Certain liabiliites 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 entititlements of $98.1 million (30 June 2012: $93.0 million) and current other financial liabilities relating to the fair value of interest rate swaps of $27.3 million (30 June 2012: $23.6 million).

The Healthscope Group has continued to generate strong cash flows from operating activities of $75.0 million (31 December 2011: $49.7 million). 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. Cost is based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the annual financial report of the Healthscope Group for the financial year ended 30 June 2012 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.

Basis of aggregation

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

- 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 Pillar in the presentation and preparation of their consolidated financial information.

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

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 relevent 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 relevent to the Group include:

- Amendments to AASB 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.However the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

(a) items that will not be reclassified subsequently to profit or loss and
(b) items that may be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income

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 2012, (2011: Nil).

NOTE 4: OTHER ITEMS OF INCOME AND EXPENSE

	Half-year ended	
	31 Dec 2012 $'000	**31 Dec 2011 $'000**
Profit on sale of WA Pathology business(i)	4,203	-
Acquisition costs(ii)	(475)	(923)
Restructure and other costs(iii)	(7,054)	(3,479)
Impairment of goodwill(iv)	(120,000)	-
	(123,326)	**(4,402)**

(i) On 17 October 2012 the business and assets of the Western Australia Pathology business (WA Pathology) were sold to Sonic Healthcare Ltd for $18.0 million, generating a profit on sale of $4.2 million.
(ii) Acquisition costs relate to the acquisition of Healthscope Limited and other minor business combinations
(iii) Restructure costs relate primarilly to the post-acquisition restructure of Healthscope Limited and its subsidiaries.
(iv) See Note 6 for further explanation.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 5: SEGMENT INFORMATION

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

- 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	
	2012	2011	2012	2011	2012	2011
Reporting Segments	$'000	$'000	$'000	$'000	$'000	$'000
Hospitals Australia	836,801	796,116	136,391	126,232	109,675	102,781
Pathology Australia	183,717	181,452	5,004	12,311	(5,326)	3,405
Pathology International	93,742	80,732	21,003	18,582	13,886	11,683
Total all segments	**1,114,260**	**1,058,300**	**162,398**	**157,125**	**118,235**	**117,869**
Corporate					(8,929)	(7,860)
Total all segments after corporate					**109,306**	**110,009**
Other items of income and expense (Note 4)					(123,326)	(4,402)
Finance costs					(92,262)	(92,118)
Profit before income tax					**(106,282)**	**13,489**
Income tax expense					**(2,863)**	**(3,468)**
Net profit/(loss)					**(109,145)**	**10,021**

(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 with the allocation of central administrative costs, 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.

Total assets by reportable segment	**31 Dec 2012 $'000**	**30 Jun 2012 $'000**
Hospitals Australia	2,688,234	2,655,810
Pathology Australia	292,947	428,161
Pathology International	325,103	328,146
Total all segments	**3,306,284**	**3,412,117**
Corporate	16,541	8,910
Total	**3,322,825**	**3,421,027**

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 6: INTANGIBLES

	Half-year ended 31 Dec 2012 $'000	Half-year ended 31 Dec 2011 $'000
Goodwill		
Gross carrying amount		
Balance at the beginning of the reporting period	1,813,952	1,904,945
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	344	589
Balance at the end of the reporting period	**1,865,227**	**1,905,534**
Accumulated impairment losses		
Impairment losses for the period	(120,000)	-
Balance at the end of the reporting period	**(120,000)**	**-**
Net book value		
At the beginning of the reporting period	1,813,952	1,904,945
At the end of the reporting period	1,745,227	1,905,534
Other intangibles		
Balance at the beginning of the reporting period	90,478	98,715
Other additions to intangibles	1,120	1,846
Amortisation of identifiable intangibles	(7,438)	(7,016)
Effect of foreign currency exchange differences	436	-
Balance at the end of the reporting period	**84,596**	**93,545**
Total intangibles	**1,829,823**	**1,999,079**

Impairment of goodwill

As required under accounting standard AASB 136 Impairment of Assets, the Healthscope Group performs an impairment assessment 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 2012. A review for impairment indicators was undertaken at 31 December 2012.

Impairment indicators

After considering the trading peformance of each of the Healthscope Group's CGU's for the six months to 31 December 2012, an impairment indicator was identified with respect to the Pathology Australia CGU.

Impairment testing approach

Impairment testing compares the carrying value of a CGU with its recoverable amount based on the higher of its value in use (present value of future cash flows) or fair value less costs to sell (net selling price).

At 30 June 2012, the Healthscope Group assessed the Pathology Australia CGU for impairment using the fair value less cost to sell method based on the expected proceeds from the sale of the QLD, NSW and WA Pathology businesses to Sonic Healthcare Ltd. Using this method, no impairment was identified.

Subsequent to the release of the annual financial statements of the Healthscope Group for the year ended 30 June 2012:

- The sale of the Western Australian operation to Sonic Healthcare Ltd was successfully executed on 17 October 2012.
- The agreed timeline to execute the sale of the New South Wales business lapsed causing both parties to terminate the sale.
- The proposed sale of the Queensland business failed to achieve the necessary regulatory approval from the Australian Competition and Consumer Commission (ACCC).

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 6: INTANGIBLES (Cont'd)

As a result, the assets previously held for sale with respect to the QLD and NSW Pathology businesses have been transferred from assets held for sale to their previous classification.

Furthermore, as no active market or commited sale agreement exists Healthscope have elected to adopt the value in use method as at 31 December 2012.

Assumptions
The assumptions used for determining the recoverable amount of each CGU are based on past experience and expectations for the future. Cash flow projections are based on managements forecasts. These forecasts require management estimates to determine income, expenses, working capital movements, capital expenditure, and cash flows for each CGU. The projected cash flows for each individual CGU are discounted using an appropriate discount rate and terminal growth rate unique to each CGU.

The following assumptions were used in determining the recoverable amount of the Pathology Australia CGU as at 31 December 2012.

- *Discount rate* - The discount rate of 9.3% represents the pre-tax discount rate applied to the cash flow projections of the Pathology Australia CGU.

- *Organic growth rate* - The organic growth rate of 3.0% represents the growth rate applied to the cash flows within the five year forecast period, reflecting operational efficiencies, capacity utilisation, volume growth and cost rationalisation.

- *Terminal growth rate* - The terminal growth rate rate of 3.0% represents the growth rate applied to extrapolate the cash flows beyond the five year forecast period. The growth rate is based upon expectations of the CGU's long term performance

Results
The carrying value of the Pathology Australia CGU exceeded its value in use as at 31 December 2012. Accordingly an impairment charge of $120.0 million has been recognised against the carrying value of goodwill held by the Pathology Australia CGU.

Impairment testing analysis did not result in an impairment charge being allocated beyond goodwill and as such the impairment charges have been disclosed as "impairment of goodwill" in the Condensed Aggregated Statement of Profit or Loss and Other Comprehensive Income..

This impairment charge is a "non-cash" item and has no impact on the Group's syndicated debt facility or banking covenant ratios.

The impact of the federal government's deregulation of the Australian pathology industry resulted in a rapid increase in Approved Collection Centres (ACC's) as pathology operators sought to protect and maintain existing volumes and market share. The costs of operating these additional facilities have had an adverse impact on margins. Federal government funding cuts to the pathology sector in the form of changes to the Medicare funding models have also negatively impacted the industry.

Whilst these industry conditions have been considered in estimating the expected future cash flows of the Pathology Australia CGU, it is possible that the assumptions used in estimating value in use may change over time which could impact on the assessment of the carrying amount of the Pathology Australia CGU in the future.

NOTES TO THE CONDENSED AGGREGATED FINANCIAL STATEMENTS

NOTE 7: BORROWINGS

	31 Dec 2012 $'000	30 Jun 2012 $'000
Secured – at amortised cost		
Finance lease liabilities[(i)]	17,910	18,898
Hire purchase facilities	7,247	7,029
Mortgage[(ii)]	10,000	20,000
Bank loans[(iii)]	1,391,500	1,384,500
Prepaid loan facility establishment fees	(43,728)	(51,455)
Debt securities[(iv)]	200,000	200,000
	1,582,929	1,578,972
Current	78,990	63,956
Non-current	1,503,939	1,515,016
	1,582,929	1,578,972

Summary of borrowing arrangements

(i) The finance lease liabilities are secured by way of fixed charges over the leased assets to which they relate and have lease terms ranging from 1 to 7 years.

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

(iii) Bank loans are secured by asset security (in the nature of fixed and floating charges, share and loan mortgages and real property mortgages over certain parcels of material real property interests held by certain Group members) from certain entities of the Group including the entities who own the key operating assets of the Group.

(iv) The debt securities are subordinated debt obligations of Healthscope Notes Limited which rank behind the Senior Debt as set out in the Inter-creditor Deed, and rank equally without any preference among themselves. The maturity date of these notes is 17 June 2016. The notes are secured over the assets and entities of the Healthscope Group on a subordinated basis to the Senior Debt.

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

A syndicated facility of $1.55 billion (ultilised at 31 December 2012: $1.39 billion) was put in place on 22nd September 2010. The facility is a 5-year revolving debt and part amortising facility, which matures on 11 October 2015.

NOTE 8: OTHER FINANCIAL LIABILITIES

	31 Dec 2012 $'000	30 Jun 2012 $'000
CURRENT		
Interest rate swaps	27,343	23,631
Other	1,918	-
	29,261	23,631
NON CURRENT		
Intercompany loans	511,339	516,318
Interest rate swaps	31,390	37,705
Other	2,803	-
	545,532	554,023

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

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

RESPONSIBLE BODY'S DECLARATION

The Directors of each of:

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

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

The Responsible Body declares that in its opinion:

a) there are reasonable grounds to believe that the Healthscope Group will be able to pay its debts as and when they become due and payable; and

b) the attached financial statements and notes thereto are in accordance with accounting standards and give a true and fair view of the financial position and performance of the Healthscope Group.

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

On behalf of the Responsible Body,

R Cooke
Executive Chairman and Managing Director
Melbourne
13 February 2013

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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 2012, 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 5 to 16.

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 2012 or from time to time during the period.

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

The Responsible Body of the Healthscope Group is responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards and for such internal control as the Responsible Body determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of the Healthscope Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Deloitte.

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 2012 and of its financial performance for the half-year ended on that date in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

DELOITTE TOUCHE TOHMATSU

T Imbesi
Partner
Chartered Accountants
Melbourne, 13 February 2013