

HALF YEAR INFORMATION GIVEN TO THE ASX UNDER LISTING RULE 4.2A

Name of entity

Healthscope Limited

ABN

85 006 405 152

Reporting period

Half Year Ended 31 Dec 2007

Previous corresponding period

Half Year Ended 31 Dec 2006

This information contained in this report should be read in conjunction with the most recent annual financial report.

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1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities	up	16.5%	to \$	726,160
Profit before amortisation, depreciation, borrowing costs, significant and income tax (EBITDA)	up	13.1%	to \$	96,080
Net profit for the period	down	66.7%	to \$	15,660
Net profit for the period attributable to members	down	66.5%	to \$	15,660

Dividends per Share	Amount per share	Franked amount per share at 30% tax
	Interim	9.5 cents

Record date for determining entitlements to dividends 3-March-08

Payment Date for Dividend 7-April-08

OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current Period \$	Previous corresponding period \$
(0.15)	0.06

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control Gained Over Entities During the Period

The acquisition of NM&IG Medical Pty Ltd (NMIG) was completed during the reporting period. It did not materially contribute to the financial performance of the Group and has not been included in this disclosure.

The acquisition of New Zealand Diagnostics Group Holdings Ltd (NZDG) was also completed during the reporting period. It too did not materially contribute to the financial performance of the Group and has not been included in this disclosure.

3.2 Control Lost Over Entities During the Period

The company did not dispose or lose control over any entities during the current reporting period.

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounts Associates and Joint Venture Entities

	%Ownership Interest		Contribution to Net Profit	
	Current Period	Previous Corresponding Period	Current Period \$ '000	Previous Corresponding Period \$ '000
Darwin Angiography Cardiac Laboratory	50%	50%	122	112
Mount Hospital Cath Labs Pty Ltd Joint Venture	50%	50%	930	898

4.2 Aggregate Share of Profits (Losses) of Associates and Joint Venture Entities

Group's Share of Associates and Joint Venture Entities

	Current Period \$'000	Previous Corresponding Period \$'000
Profit from ordinary activities before tax	1,052	1,010
Income Tax on ordinary activities	(316)	(303)
Profit from ordinary activities after tax	736	707
Net Profit	736	707
Share of net profit of associates and joint venture entities	736	707

5. DIVIDENDS

5.1 Dividends per Share

Final
 - current period
 - previous correspondence period

Amount per share	Franked amount per share at 30% tax	Amounts per share of foreign source dividend
9.0 cents	9.0 cents	0 cents
7.5 cents	7.5 cents	0 cents

5.2 Total Dividends

Final dividend paid on 8 October 2007

Current Period \$'000	Previous Corresponding Period \$'000
21,422	17,430

All dividends reflected as distributions above were paid during the Period.

5.3 Dividends Reinvestment Plans

The Company operates a Dividend Reinvestment Plan. This will Continue to be available to shareholders at a 2.5% discount.

The last date for receipt of election notices for participation in any Dividend reinvestment plans.

3-Mar-08

6. ACCOUNTING STANDARDS

Australian Accounting Standards have been used in compiling the Information contained in this Appendix 4D.

7. OTHER INFORMATION REGARDING THE ACCOUNTS

7.1 The information contained in this Appendix 4D is based on_ accounts which have been subject to review.



Healthscope Limited

ABN 85 006 405 152

Financial Report

For the Half-Year Ended 31 December 2007

HEALTHSCOPE LIMITED
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AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your directors submit the financial report of Healthscope Limited and controlled entities for the half-year ended 31 December 2007.

DIRECTORS

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

Mr. H Kevin McCann	Ms Linda B Nicholls
Mr. Richard A F England	Mr. David Evans
Dr. Ziggy E Switkowski	Mr. Bruce R Dixon
Mr. Philip Bullock (appointed 14 September 2007)	

Directors have been in office since the start of the financial half-year to the date of this report unless otherwise stated.

OPERATING RESULTS

The consolidated operating profit attributable to the equity holders of the parent entity for the half-year, after income tax expense, amounted to \$15,660,000 (2006 - \$46,772,000).

GROUP RESULTS

The 17% improvement in the net profit after tax before Significant Items resulted from strong revenue growth and margin improvement from the hospitals group together with a full Half Year's contribution from acquisitions completed in the previous year. The acquisitions included:

- Brisbane Private Hospital – February 2007
- Newcastle Private hospital – May 2007
- Campbelltown Private Hospital – June 2007
- DoctorsLab (Singapore) – December 2006
- Skin Alert Skin Cancer Clinics – June 2007

The acquisitions of NMIG Medical (November 2007) and New Zealand Diagnostic Group (December 2007) provided a negligible contribution to the overall result.

The loss of market share in the WA pathology business impacted both revenue and earnings and also adversely impacted Australian Human Pathology margins.

The table below provides an analysis of the growth in EBITDA achieved in HY December 2007 compared with the previous half year. A more detailed analysis is contained in the Review of Operations.

EBITDA	HY Dec 2007 \$ Millions	HY Dec 2006 \$ Millions	Variation %
Hospitals	79.9	67.9	17.7
Pathology	21.7	20.3	6.9
Corporate	(5.5)	(3.7)	(48.7)
Other	-	0.4	-
Total-before Significant Items	96.1	84.9	13.2

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Group Results – after Significant Items & Discontinued Operations

The reduction of Net Profit after tax attributable to shareholders of \$15.7 million (HY Dec 2006- \$46.8 million) resulted from a number of Significant Items, which cumulatively reduced the Group Result by \$21.4 million (net of tax). The prior year's result was favourably impacted by the gain on sale of certain hospitals to Health Care of \$15.1 million (net of tax).

This year's items primarily related to costs incurred in the proposed acquisition by the Company of Symbion Health's pathology, diagnostic imaging and medical centre assets and the holding costs of Healthscope's 11.9% interest in Symbion Health held through an equity swap. A charge of \$8.3 m was taken to the Company's accounts due to the movement in the market value of Symbion shares at the time of entering the swap (\$4.09 per share) and the market value at 31 December (\$3.98 per share).

It is expected that the Symbion acquisition costs will be substantially recovered from receipt of the break-fee payable under the Transition Implementation Deed entered into with Symbion Health. The close out of the equity swap on Symbion shares will also result in a reversal of the mark-to-market charge taken in the December 2007 Half Year.

A break up of the after tax value of Significant Items is detailed below:

SIGNIFICANT ITEMS	NPAT \$Millions
Symbion acquisition costs written-off	(10.8)
Carrying costs relating to the equity swap	(1.6)
Change in fair value of equity swap	(8.3)
Other items	(0.7)
Total	(21.4)

DIVIDEND

An interim fully franked final dividend of 9.5 cents per share will be paid on 7th April 2008 to shareholders registered on 3rd March 2008. This represents an increase of 1.0 cents (12%) over the previous year's interim dividend. The Dividend Re-Investment Programme will be retained with shares issued under the DRP at a 2.5% discount.

REVIEW OF OPERATIONS

A brief overview of each operating division's performance is as follows:

Hospitals

	Half Year End 31 Dec 2007	Half Year End 31 Dec 2006	Variation
Revenue*	\$502.5m	\$427.5m	17.5%
EBITDA	\$79.9m	\$67.9m	17.7%
EBITDA Margin	15.9%	15.9%	-
EBITDA Margin - like for like	16.5%	15.9%	60 bps

*Excluding prosthetics revenue of \$83.2M (FY2007 - \$69.0m)

The hospitals business contributes approximately 80% of the Company's revenue and of EBITDA.

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The significant improvement in the revenue for the period was driven by combination of revenue growth of the existing portfolio of 9.8% and the revenue (7.7%) from acquisitions completed in the second half of FY 2007 (Brisbane Private and Newcastle Private) and Campbelltown Private, which was commissioned in June 2007. The EBITDA improvement for the Half Year for the hospitals group was largely due to margin improvement from the existing hospital portfolio combined with the contribution of the 2 acquired hospitals.

Improvements in activity and operating efficiency continue to be achieved across the division, combined with the addition of new service offerings.

EBITDA margins showed a minor improvement only over the prior period, with the margin gains from existing hospitals offset partly by the lower margins of the above mentioned new additions to the hospitals portfolio, two of which were start up hospitals. On a like for like basis the hospitals EBITDA margins improved from 15.9% to 16.5%. It should be noted that the H/Y 2006 margins have been restated from those previously reported (14.8%) to exclude the impact of Modbury Hospital revenue and earnings.

The management contract with the Adelaide Community Healthcare Alliance also delivered a management fee of \$5.0m for the half year (\$4.9m – HY Dec 2006).

Construction of the Norwest Private Hospital commenced in January 2008. This hospital, consisting of 169 beds and 10 operating theatres, is expected to be completed by December 2009. In addition the Company has identified and is currently pursuing further brown field expansion, which are expected to increase the bed numbers of the Group by approximately 430 beds over the next 2-3 years.

Pathology

	Half Year Dec 2007	Half Year Dec 2006	Variation
Revenue	\$141.6m	\$128.1m	10.6%
EBITDA	\$21.7m	\$20.3m	6.9%
EBITDA Margin	15.3%	15.8%	50 bps

The composition of the revenue growth of the Pathology Group is detailed in the table below:

Revenue	Half Year Dec 2007 \$Millions	Half Year Dec 2006 \$Millions	Variation %
Australian Pathology	108.0	102.7	5.1
New Zealand	9.1	9.0	1.0
Malaysia & Singapore	17.3	13.5	28.2
Medical Centres/Skin Clinics	7.2	2.9	148.4
Total	141.6	128.1	10.6

The Pathology business recorded EBITDA of \$21.7 million representing an increase of \$1.4million from that reported for period ended December 2006.

Australian Human Pathology revenues increased 5% to \$108.0 million. Revenue growth in all states except WA was largely in line with the industry average of 7.6%, however a loss of revenue of 15% in WA (due to the departure of key staff to open a competing pathology business) resulted in below industry growth levels.

The pathology operations in Malaysia and Singapore have continued to deliver excellent growth in both revenue and earnings, despite adverse foreign exchange movements due to the strengthening A\$. (A\$1.2 million negative impact on revenue). The performance of the Singapore based operations

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has exceeded expectations since the completion of the acquisition of DoctorsLab Diagnostics Pte Ltd in December 2006 and its integration with Healthscope's existing Quest Laboratories.

The performance of New Zealand pathology business has been relatively flat as compared the prior year's performance. The Northland Pathology revenue has grown by 10%, however this has been offset by a combination of weakness due to drought in the veterinary pathology market and increased competition for vet markets. Northland Pathology has received an extension to its contract for community pathology services in the Northland region for a further 12-month period to 30 June 2009.

The Group's medical centres and skin cancer clinics have significantly increased reported revenues compared with the prior corresponding half year. This increase is largely driven by revenues from the Skin Alert clinics acquired in June 2007 and the NM&IG medical clinics acquired in November 2007.

The overall pathology margins showed a decline of 50bps over the H/Y December 2006. This decline in margin (equivalent to a negative EBITDA variation of \$0.6 million) resulted largely from the impact of reduced volumes in WA and the dilutive impact of the recently acquired skin and medical clinics whose operating margins diluted the overall group result.

OUTLOOK

The Company expects underlying earnings in the second half of FY 2008 to at least match that of the first half. It is expected that improvements on the first half earnings from the Company's Australian pathology business and the earnings from the acquisitions undertaken in the first half will offset the normal seasonal second half reduction in hospital earnings and the impact of rising interest rates.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration by the lead auditor under section 307C of the Corporations Act 2001 has been reproduced on page 7 of the half year report.

ROUNDING OFF OF AMOUNTS

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

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



B R Dixon
Managing Director

Dated this 21st day of February 2008, Melbourne, Victoria.

21 February 2008

The Directors
Healthscope Limited
Level 1
407 Royal Parade
PARKVILLE VIC 3052

Dear Directors

AUDITORS'S INDEPENDENCE DECLARATION TO 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.

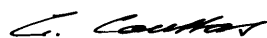
As lead audit partner for the review of the financial statements of Healthscope Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner

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CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Entity	
	Half-Year Ended 31 December 2007 \$'000	Half-Year Ended 31 December 2006 \$'000
Continuing operations		
Revenue	726,160	623,573
Other income	83	352
Share of net profits of associates and joint ventures accounted for using the equity method	1,052	1,010
Employee benefits expense	(353,968)	(298,496)
Medical and consumable supplies	(182,424)	(146,358)
Rent, rates & taxes	(22,288)	(18,257)
Contractors and consultants	(17,853)	(23,689)
Utilities	(10,056)	(9,525)
Insurance premiums	(5,077)	(5,317)
Other expenses	(39,549)	(38,336)
Profit before depreciation, amortisation, finance costs, significant items and income tax (EBITDA)	96,080	84,957
Depreciation and amortisation	(20,884)	(16,565)
Profit before finance costs, significant items and income tax	75,196	68,392
Finance costs	(24,359)	(23,644)
Profit before significant items and income tax	50,837	44,748
Significant Items		
Restructuring costs	(1,163)	(2,146)
Acquisition costs written off and provided against	(15,958)	-
Finance costs relating to Symbion equity swap	(2,240)	-
Change in fair value of Symbion equity swap	(8,277)	-
Total Significant Items	(27,638)	(2,146)
Profit before income tax expense and discontinued operations	23,199	42,602
Income tax expense	(7,539)	(12,590)
Profit after income tax expense and before discontinued operations	15,660	30,012
Profit after tax from discontinued operations	-	17,035
Net profit after tax	15,660	47,047
Attributable to		
Equity holders of the parent	15,660	46,772
Minority interest	-	275
	15,660	47,047
Earnings per share		
Basic (cents per share)	6.6	20.1
Diluted (cents per share)	6.5	20.0

The accompanying notes numbered 1 to 6 form part of this financial report.

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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Consolidated Entity		
	31 Dec	30 June	31 Dec
	2007	2007	2006
	\$'000	\$'000	\$'000
CURRENT ASSETS			
Cash assets	17,864	2,441	731
Receivables	72,967	76,018	176,067
Prepayments	8,852	10,742	7,676
Inventories	33,514	31,151	25,998
Other	1,226	262	-
TOTAL CURRENT ASSETS	134,423	120,614	210,472
NON CURRENT ASSETS			
Trade and other receivables	7,489	7,847	8,764
Other financial assets	4,769	4,159	-
Investments accounted for using the equity method	10	2,109	2,510
Property, plant and equipment	679,941	657,177	557,397
Deferred acquisition costs	-	2,159	-
Intangibles	843,529	794,023	760,860
Deferred tax assets	30,896	32,612	30,295
TOTAL NON CURRENT ASSETS	1,566,634	1,500,086	1,359,826
TOTAL ASSETS	1,701,057	1,620,700	1,570,298
CURRENT LIABILITIES			
Trade and other payables	147,530	128,316	118,987
Deferred purchase consideration	1,018	1,018	-
Borrowings	821	20,868	1,542
Other financial liabilities	8,277	-	-
Current tax liabilities	5,538	13,986	17,574
Provisions	77,998	76,550	74,584
TOTAL CURRENT LIABILITIES	241,182	240,738	212,687
NON CURRENT LIABILITIES			
Borrowings	611,269	534,049	551,023
Deferred purchase consideration	5,522	5,522	-
Deferred tax liabilities	24,282	24,748	21,132
Provisions	10,201	9,172	9,280
TOTAL NON CURRENT LIABILITIES	651,274	573,491	581,435
TOTAL LIABILITIES	892,456	814,229	794,122
NET ASSETS	808,601	806,471	776,176
EQUITY			
Contributed equity	746,188	737,806	728,758
Reserves	4,062	4,552	453
Accumulated profits	58,351	64,113	46,952
Parent entity interest	808,601	806,471	776,163
Minority interest	-	-	13
TOTAL EQUITY	808,601	806,471	776,176

The accompanying notes numbered 1 to 6 form part of this financial report.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Consolidated Entity	
	Half-Year Ended 31 December 2007 \$'000	Half-Year Ended 31 December 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	739,797	680,409
Payment to suppliers and employees	(639,562)	(594,062)
Interest received	444	312
Interest and costs of finance paid	(24,900)	(23,148)
Income tax paid	(14,619)	(9,682)
Net cash provided by operating activities	61,160	53,829
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	2,854	13,042
Purchase of property, plant and equipment	(31,486)	(30,923)
Greenfield facility developments (property, plant and equipment)	(10,111)	-
Net repayments from ACHA	210	201
Capitalised acquisition costs	(11,744)	-
Acquisition of business	(50,267)	(20,851)
Net cash used in investing activities	(100,544)	(38,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds / (repayment) of borrowings	67,838	(24,477)
Dividends paid	(21,422)	(17,430)
Net proceeds from the issue of shares	8,378	17,577
Net cash generated by / (used in) financing activities	54,794	(24,330)
Net increase / (decrease) in cash held	15,410	(9,032)
Effects of exchange rate changes on opening cash	13	(29)
Cash at beginning of the half-year	2,441	9,792
Cash at end of the half-year	17,864	731

The accompanying notes numbered 1 to 6 form part of this financial report

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Issued Capital	Retained Earnings	Foreign Currency Translation Reserve	Employee Benefits Reserves	Hedging Reserve	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2006	711,181	17,610	(2,672)	1,112	-	727,231	3,992	731,223
Profit for the period	-	46,772	-	-	-	46,772	275	47,047
Minority interest acquired	-	-	-	-	-	-	(4,254)	(4,254)
Dividends paid	-	(17,430)	-	-	-	(17,430)	-	(17,430)
Conversion of executive share options	209	-	-	-	-	209	-	209
Dividend reinvestment scheme	8,193	-	-	-	-	8,193	-	8,193
Underwritten cash component of dividend	9,237	-	-	-	-	9,237	-	9,237
Transaction costs	(62)	-	-	-	-	(62)	-	(62)
Cost of share based payments	-	-	-	570	-	570	-	570
Translation of foreign based controlled entities	-	-	1,443	-	-	1,443	-	1,443
Closing balance at 31 December 2006	728,758	46,952	(1,229)	1,682	-	776,163	13	776,176
Opening balance at 1 July 2007	737,806	64,113	(1,857)	2,250	4,159	806,471	-	806,471
Profit for the period	-	15,660	-	-	-	15,660	-	15,660
Dividends paid	-	(21,422)	-	-	-	(21,422)	-	(21,422)
Conversion of executive share options	693	-	-	-	-	693	-	693
Dividend reinvestment scheme	7,745	-	-	-	-	7,745	-	7,745
Gain on cashflow hedges	-	-	-	-	551	551	-	551
Vesting of performance rights	-	-	-	(693)	-	(693)	-	(693)
Less transaction costs	(56)	-	-	-	-	(56)	-	(56)
Cost of share based payments	-	-	-	583	-	583	-	583
Translation of foreign based controlled entities	-	-	(931)	-	-	(931)	-	(931)
Closing balance at 31 December 2007	746,188	58,351	(2,788)	2,140	4,710	808,601	-	808,601

The accompanying notes numbered 1 to 6 form part of this financial report

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NOTE 1: SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

This general purpose consolidated financial report for the half year ended 31 December 2007 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 IAS34 Interim Financial Reporting. The financial report for the half-year ended 31 December 2007 does not include all of the notes normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the financial year ended 30 June 2007 and any public announcements made by Healthscope Limited and its controlled entities ('the consolidated entity') during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the valuation of certain non-current assets and financial instruments. Cost is based on fair values of consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/010, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and the methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2007 annual report for the financial year ended 30 June 2007.

Working Capital Position

The working capital position as at 31 December 2007 for the consolidated entity results in a surplus of current liabilities over current assets of \$106.759 million.

The contributing factor to this deficiency is the accounts receivable securitisation facility of \$110 million with Westpac Banking Corporation established in the financial year ended 30 June 2007. The value of receivables sold to Westpac under this facility was \$89.1 million at 31 December 2007, an increase of \$10.2 million from 30 June 2007. The proceeds from the sale were used to retire non current debt and reduce the overall cost of debt servicing.

The directors continually monitor the group's working capital position including forecast working capital requirements in light of the group's existing debt facility. The Company has in place committed long term financing facilities to cover the excess of current liabilities over current assets.

NOTE 2: DIVIDENDS PAID ON ORDINARY SHARES

	Consolidated Entity	
	Half Year Ended 31 December 2007 \$'000	Half Year Ended 31 December 2006 \$'000
Ordinary dividend of 7.5 cents per share fully franked at the tax rate of 30%, paid on 18 September 2006.	-	17,430
Ordinary dividend of 9.0 cents per share fully franked at the tax rate of 30%, paid on 8 October 2007.	21,422	-
Total dividends paid	21,422	17,430

Since the end of the half-year, the directors have recommended payment of an interim dividend amounting to \$22,740,505 representing a fully franked dividend of 9.5 cents per fully paid ordinary share (2007: \$20,064,420 – 8.5 cents). The dividend has not been provided for in the half-year interim financial report.

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NOTE 3: CONTINGENT LIABILITIES

Details of the contingent liabilities of the group are as follows:

	Consolidated Entity	
	31 December	30 June
	2007	2007
	\$'000	\$'000
Retirement and termination benefits payable in certain circumstances to executive officers under service agreement.	1,172	1,172
The consolidated entity has given a bank guarantee of \$6,091,000 (2007: \$5,156,000) in respect of property leases	6,091	5,156
The parent entity has given a bank guarantee of \$670,000 (2007 - \$987,000) to the Workcover Corporation of South Australia, in order to satisfy certain statutory agreements.	670	987
	670	987

NOTE 4: CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

During the half-year the following changes to the consolidated entity were completed by the company.

1) Acquisition of NM&IG Medical Pty Ltd.

On 12th November 2007, Healthscope Limited acquired 75% of NM&IG Medical Pty Ltd, being the balance of the shareholding not already owned by the consolidated group. The purchase consideration was \$23,409,000. Details of the composition of the acquisition are as follows,

	\$'000
Net assets acquired	
Cash and cash equivalents	1,152
Trade receivables	978
Property, plant & equipment	990
Intangibles	9,888
Deferred tax asset	226
Trade payables	(2,800)
Provisions	(889)
Fair value of net assets acquired	9,545
Goodwill arising on acquisition	13,864
	23,409
Consideration	
Costs on acquisition	342
Cash	23,067
Total consideration paid	23,409

The initial accounting for the acquisition of NM&IG Medical Pty Ltd has only been provisionally determined at reporting date. NM&IG Medical Pty Ltd became a wholly owned subsidiary on acquisition.

For tax purposes, the tax values of NM&IG Medical Pty Ltd's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations have not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on directors' best estimate of the likely tax values. The market value for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

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NOTE 4: CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY (cont)

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire NM&IG Medical Pty Ltd. In addition the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of NM&IG Medical Pty Ltd. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

2) Acquisition of New Zealand Diagnostics Group Pty Ltd.

On 17th December 2007, the consolidated entity acquired 100% of New Zealand Diagnostics Group Pty Ltd. The purchase consideration was \$28,010,000. Details of the composition of the acquisition are as follows,

	\$'000
Net assets acquired	
Cash and cash equivalents	-
Trade receivables	3,905
Inventories	777
Investments	59
Property, plant & equipment	3,216
Intangibles	9,655
Deferred tax assets	569
Trade payables	(1,867)
Provisions	(1,075)
Fair value of net assets acquired	15,239
Goodwill arising on acquisition	12,771
	28,010
Consideration	
Costs on acquisition	325
Cash	27,685
Total consideration paid	28,010

The initial accounting for the acquisition of New Zealand Diagnostic Group Pty Ltd (NZDG) has only been provisionally determined at reporting date. NZDG became a wholly owned subsidiary on acquisition. For tax purposes, the tax values of NZDG's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations have not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on directors' best estimate of the likely tax values. The market value for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Goodwill arose in the business combination because the cost of the combination included a control premium paid to acquire NZDG. In addition the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of NZDG. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

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NOTE 5: SEGMENT INFORMATION

Primary reporting – business segments

SEGMENT REVENUES

	Half Year Ended 31 Dec 2007 \$'000	Half Year Ended 31 Dec 2006 \$'000
Continuing operations		
Hospitals	585,659	496,513
Pathology	141,636	128,070
Other	-	352
	<hr/> 727,295	<hr/> 624,935
Discontinued operations		
Hospitals	-	65,033
	<hr/> -	<hr/> 65,033
Total of all segments	<hr/> 727,295	<hr/> 689,968

SEGMENT RESULTS

Earnings before depreciation, interest & tax

Continuing operations

Hospitals	79,932	67,950
Pathology	21,705	20,347
Corporate	(5,557)	(3,692)
Other	-	352
	<hr/> 96,080	<hr/> 84,957

Discontinued operations

Hospitals	-	19,901
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Total of all segments before significant items

	<hr/> 96,080	<hr/> 104,858
Restructure costs	(1,163)	(2,146)
Acquisition costs written off and provided against	(15,958)	-
Depreciation	(20,884)	(17,167)
Finance costs	(24,359)	(23,644)
Finance costs relating to Symbion equity swap	(2,240)	-
Change in fair value of Symbion equity swap	(8,277)	-
Profit before income tax	<hr/> 23,199	<hr/> 61,901
Income tax expense	(7,539)	(14,854)
Profit after income tax	<hr/> 15,660	<hr/> 47,047

NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

Healthscope advised the market on 20 February 2008 that it had issued Goldman Sachs JBWere Capital Markets Limited with an early termination notice in relation to the equity swap it holds over 77.1m shares in Symbion Health Limited.

Although Healthscope cannot control the actions of the counterparty to the swap, it is currently anticipated that the swap hedge shares will be accepted into Primary Health Care Limited's unconditional bid. In the event that this occurs, Healthscope will record a small net gain on the position in its annual accounts.

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DIRECTORS' DECLARATION

The Directors of Healthscope Limited declare that:

1. The financial statements and notes, as set out on pages 8 to 15:
 - (a) comply with accounting standards and are in accordance with the Corporations Act 2001,
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
3. They have been given the declarations required by section 295A of the Act.

Signed in accordance with a resolution of directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors



B R Dixon
Managing Director

Dated this 21st day of February 2008, Melbourne, Victoria.

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 balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes 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 8 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2007 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.



Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2007 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*.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "G. Couttas".

G Couttas
Partner
Chartered Accountants
Sydney, 21 February 2008