

## 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 2008

### Previous corresponding period

Half Year Ended 31 Dec 2007

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

<b>Contents</b>	<b>Item</b>
Results for announcement to the market	1.
Net tangible assets per ordinary share	2.
Details of controlled entities	3.
Details of associates and joint venture entities	4.
Dividends	5.
Accounting standards	6.
Other information regarding the accounts	7.

## 1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				<b>\$'000</b>
Revenue from ordinary activities	Up	13.9%	to \$	827,200
Profit before amortisation, depreciation, borrowing costs, non-recurring items and income tax (EBITDA)	Up	16.1%	to \$	111,540
Net profit for the period	Up	145.3%	to \$	38,420
Net profit for the period attributable to members	Up	145.3%	to \$	38,420

Dividends per Share	Amount per share	Franked amount per share at 30% tax
	Interim	10.50 cents

Record date for determining entitlements to dividends 2 March 2009

Payment Date for Dividend 6 April 2009

## OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

Current Period \$	Previous corresponding period \$
0.04	(0.15)

### 3. DETAILS OF CONTROLLED ENTITIES

#### 3.1 Control Gained Over Entities During the Period

The acquisition of the assets of DSA Pathology (DSA) was completed during the reporting period. This acquisition did not materially contribute to the financial performance of the Group and has not been included in this disclosure.

The acquisition of the assets of Five Docks was also 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 Noosaville Pty Ltd was also 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.

### 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 Accounted 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%	226	122
Mount Hospital Cath Labs Pty Ltd Joint Venture	50%	50%	1,176	930

### 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	1,402	1,052
Income Tax on ordinary activities	(421)	(316)
Profit from ordinary activities after tax	981	736
Net Profit	981	736
Share of net profit of associates and joint venture entities	981	736

## 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
10.0 cents	10.0 cents	0 cents
9.0 cents	9.0 cents	0 cents

### 5.2 Total Dividends

Final dividend paid on 6 October 2008

Current Period \$'000	Previous Corresponding Period \$'000
24,468	21,422

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

### 5.3 Dividend 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.

2-Mar-09

## 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 2008**

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**Table of Contents**

1. Directors' Report	3
2. Auditor's Independence Declaration	7
3. Condensed Consolidated Income Statement	8
4. Condensed Consolidated Balance Sheet	9
5. Condensed Consolidated Cash Flow Statement	10
6. Condensed Consolidated Statement of Changes in Equity	11
7. Notes to the Financial Report	12
8. Directors' Declaration	16
9. Auditor's Independent Review Report	17

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

*Your directors submit the financial report of Healthscope Limited and controlled entities for the half-year ended 31 December 2008.*

**DIRECTORS**

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

Mr. H Kevin McCann (resigned 17 October 2008)	Ms Linda B Nicholls
Mr. Richard A F England	Mr. David Evans
Dr. Ziggy E Switkowski	Mr. Bruce R Dixon
Mr. Philip Bullock	

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 \$38,420,000 (2007 - \$15,660,000).

**GROUP RESULTS**

The 9% improvement in the net profit after tax from continuing operations before Non-recurring Items resulted from strong revenue growth across all divisions and margin improvement particularly from the hospitals division.

Interest costs increased on last year as a result of the increased borrowing margins on re-financing the company's debt facility to June 2011.

The table below provides an analysis of the growth in EBITDA achieved in HY Dec 2008 compared with the previous year. A more detailed analysis is contained in the Review of Operations

<b>EBITDA – Continuing Operations</b>	<b>HY Dec 2008 \$ Millions</b>	<b>HY Dec 2007 Millions</b>	<b>Variation %</b>
Hospitals	91.3	79.9	14.3
Pathology	27.0	21.7	24.4
Corporate	(6.8)	(5.5)	23.6
<b>Total-before Non-recurring Items</b>	<b>111.5</b>	<b>96.1</b>	<b>16.0</b>

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

***Group Results – after Non-recurring Items***

The Net Profit after tax attributable to shareholders of \$38.4 million (HY Dec 2007 \$15.7 million) was impacted by a small number of NRI's, which cumulatively reduced the Group result by \$1.9 million (net of tax). These items related to business restructure costs (\$1.3 m), and failed acquisition costs (\$0.6 m).

The prior year was impacted by a number of NRI's primarily related to costs incurred in the proposed acquisition of Symbion Health (\$10.8m net of tax) and the holding costs of Healthscope's 11.9% interest in Symbion Health held under an equity swap with Goldman Sachs JBWere (\$8.3m net of tax).

**DIVIDEND**

An interim dividend of 10.5 cents per share will be paid on 6 April 2009 to shareholders registered on 2 March 2009. The Dividend Re-Investment Programme will be retained with shares issued under the DRP at a 2.5% discount and will be fully underwritten.

**REVIEW OF OPERATIONS**

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

**Hospitals**

	<b>Half-Year Dec 2008</b>	<b>Half-Year Dec 2007</b>	<b>Variation</b>
Revenue*	\$549.0m	\$502.5 m	9.3 %
EBITDA	\$91.3m	\$79.9m	14.3 %
EBITDA Margin	16.6%	15.9%	70 bps

\*Excluding prosthetics revenue of \$94.7m (HY2007 - \$83.2 m)

The hospitals business contributes approximately 78% of the Company's gross revenue and 82% of EBITDA.

The significant growth in revenue for the period was driven by a combination of growth in admissions, improved patient management and strong growth from several of the larger high acuity hospitals. Brisbane Private, Sunnybank Private, and Melbourne Private achieved double-digit revenue growth over the prior year.

EBITDA margins increased by 70bps on last year as a result of further efficiencies and volume leverage particularly from the acute hospitals. The Campbelltown Private hospital commissioned in June 2007 is performing well and with strong revenue growth in the last 6 months is achieving significantly improved margin compared to the start up phase of last year.

The management contract with the Adelaide Community Healthcare Alliance delivered a management fee of \$7.8m for the half year compared to \$5.0m for the same period last year.

The construction of the Norwest Private Hospital is running ahead of schedule and will be commissioned in the first quarter of FY10. Work is also progressing on the development of an additional level at the Campbelltown Private Hospital, which is expected to be completed in May 2009. Planning approvals have been received for developments at Knox Private, The Melbourne Clinic, Campbelltown Private and Victoria Rehabilitation Centre. Planning approval has not yet been

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

received for the development of Brisbane Private (Stage 1), but this project is anticipated to be completed by November 2009.

**Pathology**

	<b>Half-Year Dec 2008</b>	<b>Half-Year Dec 2007</b>	<b>Variation</b>
Revenue	\$184.9 m	\$141.6m	30.6 %
EBITDA	\$27.0m	\$21.7m	24.4 %
EBITDA Margin	14.6%	15.3%	- 70 bps
EBITDA Margin – like for like (1)	15.0%	15.3%	- 30 bps

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

<b>Revenue</b>	<b>Half-Year Dec 2008 \$Millions</b>	<b>Half-Year Dec 2007 \$Millions</b>	<b>Variation %</b>
Australia	132.5	115.2	15.0
New Zealand	30.2	9.1	231.9
Malaysia & Singapore	22.2	17.3	28.3
<b>Total</b>	<b>184.9</b>	<b>141.6</b>	<b>30.6</b>

The Pathology business recorded EBITDA of \$27.0 m an increase of \$5.3 m from that reported for the previous half year. The results included \$21m of revenue from the NZDG business in New Zealand which was acquired in December 2007. NZDG is a lower margin business and excluding NZDG the like for like EBITDA margin of 15.0% was 30 bps below last year.

The reduction in EBITDA margins was a result of the impact of the government fee changes introduced in July 2008, affecting margins in the Australian operations in the early months of the half. Revenue and margins were improved in the latter months of the half though an increased proportion of co-payments billed to patients.

Australian Pathology revenues increased 15%, which was significantly above market growth. Revenue growth was in line with or above market growth in all states. Growth in the NSW market was particularly strong.

The pathology operations in Malaysia and Singapore continued to deliver excellent revenue growth and margin improvements. The movement in the A\$ had a favourable impact on revenue of \$2.4 million.

The New Zealand pathology business has performed well and although the margins compared to the prior year are impacted by the acquisition of NZDG, overall margins are improving as cost efficiencies are being achieved.

In September 2008, the Court of Appeal found in favour of Healthscope owned Labtests reinstating Labtests' eight-year contract with the Auckland region's three District Health Board's (DHB's). The incumbent service provider DML, sought leave to appeal this decision. The Supreme Court denied leave to appeal in a decision announced on 12 February, 2009. The Supreme Court decision now provides certainty as to the future of the contract, and Labtests will be in a position to commence providing service in August 2009.

This contract will add approximately NZ\$70m in revenue from the first full year of operation and is for a term of 8 years.

(1) EBITDA margin like for like pathology excludes NZDG

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**OUTLOOK**

The strong first-half result gives the Company confidence that the revenue growth experienced in both hospitals and pathology will continue in the second half. Focus will remain on gaining market share whilst maintaining margins, in both sectors. Continued strong cash generation is anticipated and the Company is on track to deliver a strong full-year result.

**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 18<sup>th</sup> day of February 2009, Melbourne, Victoria.

The Board of Directors  
Healthscope Limited  
Ground Floor  
312 St Kilda Road  
MELBOURNE VIC 3004

18 February 2009

Dear Board Members

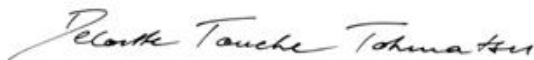
### Healthscope Limited

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 2008, 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 faithfully



DELOITTE TOUCHE TOHMATSU



**G Couttas**  
Partner  
Chartered Accountant

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Consolidated Entity</b>	
	<b>Half-Year Ended</b>	<b>Half-Year Ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>		
Revenue	827,200	726,160
Other income	-	83
Share of net profits of associates and joint ventures accounted for using the equity method	1,402	1,052
Employee benefits expense	(387,772)	(353,968)
Medical and consumable supplies	(201,894)	(182,424)
Rent, rates and taxes	(27,080)	(22,288)
Contractors and consultants	(28,982)	(17,853)
Utilities	(11,521)	(10,056)
Insurance premiums	(5,024)	(5,077)
Other expenses	(54,789)	(39,549)
<b>Profit before depreciation, amortisation, finance costs, non-recurring items and income tax (EBITDA)</b>	<b>111,540</b>	<b>96,080</b>
Depreciation and amortisation	(24,642)	(20,884)
<b>Profit before finance costs, non-recurring items and income tax</b>	<b>86,898</b>	<b>75,196</b>
Finance costs	(29,477)	(24,359)
<b>Profit before non-recurring items and income tax</b>	<b>57,421</b>	<b>50,837</b>
<b>Non-recurring Items</b>		
Restructuring costs	(1,873)	(1,163)
Acquisition costs written off and provided against	(777)	(15,958)
Finance costs relating to Symbion equity swap	-	(2,240)
Change in fair value of Symbion equity swap	-	(8,277)
<b>Total Non-recurring Items</b>	<b>(2,650)</b>	<b>(27,638)</b>
<b>Profit before income tax expense</b>	<b>54,771</b>	<b>23,199</b>
Income tax expense	(16,351)	(7,539)
<b>Net profit after income tax expense</b>	<b>38,420</b>	<b>15,660</b>
Attributable to		
Equity holders of the parent	38,420	15,660
Minority interest	-	-
	<b>38,420</b>	<b>15,660</b>
<b>Earnings per share</b>		
Basic (cents per share)	15.6	6.6
Diluted (cents per share)	15.6	6.5

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

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<b>Consolidated Entity</b>		
	<b>31 Dec</b>	<b>30 Jun</b>	<b>31 Dec</b>
	<b>2008</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11,335	2,108	17,864
Trade and other receivables	104,664	96,032	72,967
Prepayments	10,011	12,235	6,633
Inventories	38,791	34,398	33,514
Other	-	-	1,226
<b>TOTAL CURRENT ASSETS</b>	<b>164,801</b>	<b>144,773</b>	<b>132,204</b>
<b>NON CURRENT ASSETS</b>			
Trade and other receivables	10,660	6,954	7,489
Other financial assets	-	3,367	4,769
Investments accounted for using the equity method	-	2	10
Property, plant and equipment	734,242	688,166	679,941
Intangibles	861,184	847,759	843,529
Deferred tax assets	47,504	36,565	30,896
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,653,590</b>	<b>1,582,813</b>	<b>1,566,634</b>
<b>TOTAL ASSETS</b>	<b>1,818,391</b>	<b>1,727,586</b>	<b>1,698,838</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	152,053	133,485	147,530
Deferred purchase consideration	3,574	3,618	1,018
Deferred revenue	2,785	2,142	-
Borrowings	1,184	12,382	821
Other financial liabilities	11,751	-	8,277
Current tax liabilities	8,701	9,968	5,538
Provisions	85,424	77,076	77,998
<b>TOTAL CURRENT LIABILITIES</b>	<b>265,472</b>	<b>238,671</b>	<b>241,182</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	606,963	586,935	609,050
Deferred purchase consideration	2,265	2,265	5,522
Deferred revenue	7,315	8,360	-
Deferred tax liabilities	36,495	33,500	24,282
Other financial liabilities	17,626	-	-
Provisions	11,129	9,773	10,201
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>681,793</b>	<b>640,833</b>	<b>649,055</b>
<b>TOTAL LIABILITIES</b>	<b>947,265</b>	<b>879,504</b>	<b>890,237</b>
<b>NET ASSETS</b>	<b>871,126</b>	<b>848,082</b>	<b>808,601</b>
<b>EQUITY</b>			
Issued capital	794,745	768,832	746,188
Reserves	(21,988)	(5,169)	4,062
Retained earnings	98,327	84,375	58,351
Equity attributable to equity holders of the parent	871,084	848,038	808,601
Minority interest	42	44	-
<b>TOTAL EQUITY</b>	<b>871,126</b>	<b>848,082</b>	<b>808,601</b>

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

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Consolidated Entity</b>	
	<b>Half-Year Ended</b>	<b>Half-Year Ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	800,379	739,797
Payment to suppliers and employees	(692,332)	(639,562)
Interest received	385	444
Interest and costs of finance paid	(24,229)	(24,900)
Income tax paid	(15,652)	(14,619)
<b>Net cash provided by operating activities</b>	<b>68,551</b>	<b>61,160</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	96	2,854
Purchase of property, plant and equipment	(46,898)	(31,486)
Greenfield facility developments	(5,293)	(10,111)
Brownfield facility developments	(15,537)	-
Net (advances to) / repayments from ACHA	(1,790)	210
Capitalised acquisition costs	(2,235)	(11,744)
Acquisition of business	(9,343)	(50,267)
<b>Net cash used in investing activities</b>	<b>(81,000)</b>	<b>(100,544)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	47,000	111,000
Repayments of borrowings	(32,000)	(46,000)
Proceeds from receivables securitisation	13,525	10,210
Finance Leasing	(6,910)	(7,372)
Dividends paid	(12,204)	(13,677)
Net proceeds from the issue of shares	12,204	633
<b>Net cash provided by / (used in) financing activities</b>	<b>21,615</b>	<b>54,794</b>
Net increase in cash held	9,166	15,410
Cash at beginning of the half-year	2,108	2,441
Net cash on acquisition	-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	61	13
<b>Cash at end of the half-year</b>	<b>11,335</b>	<b>17,864</b>

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

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Retained Earnings	Foreign Currency Translation Reserve	Employee Benefits Reserve	Hedging Reserve	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2007</b>	<b>737,806</b>	<b>64,113</b>	<b>(1,857)</b>	<b>2,250</b>	<b>4,159</b>	<b>806,471</b>	-	<b>806,471</b>
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
Fair value movement in cashflow hedges	-	-	-	-	551	551	-	551
Vesting of performance rights	-	-	-	(693)	-	(693)	-	(693)
Transaction costs	(56)	-	-	-	-	(56)	-	(56)
Cost of share based payments	-	-	-	583	-	583	-	583
Translation of foreign based controlled entities	-	-	(931)	-	-	(931)	-	(931)
<b>Closing balance at 31 December 2007</b>	<b>746,188</b>	<b>58,351</b>	<b>(2,788)</b>	<b>2,140</b>	<b>4,710</b>	<b>808,601</b>	-	<b>808,601</b>
<b>Opening balance at 1 July 2008</b>	<b>768,832</b>	<b>84,375</b>	<b>(10,181)</b>	<b>2,655</b>	<b>2,357</b>	<b>848,038</b>	<b>44</b>	<b>848,082</b>
Profit for the period	-	38,420	-	-	-	38,420	-	38,420
Dividends paid	-	(24,468)	-	-	-	(24,468)	-	(24,468)
Conversion of executive share options	1,538	-	-	-	-	1,538	-	1,538
Dividend reinvestment scheme	12,264	-	-	-	-	12,264	-	12,264
Underwritten cash component of dividend	12,204	-	-	-	-	12,204	-	12,204
Fair value movement in cashflow hedges	-	-	-	-	(32,744)	(32,744)	-	(32,744)
Vesting of performance rights	-	-	-	(1,538)	-	(1,538)	-	(1,538)
Transaction costs	(93)	-	-	-	-	(93)	-	(93)
Cost of share based payments	-	-	-	524	-	524	-	524
Deferred tax accounts	-	-	-	-	9,823	9,823	-	9,823
Translation of foreign based controlled entities	-	-	7,116	-	-	7,116	(2)	7,114
<b>Closing balance at 31 December 2008</b>	<b>794,745</b>	<b>98,327</b>	<b>(3,065)</b>	<b>1,641</b>	<b>(20,564)</b>	<b>871,084</b>	<b>42</b>	<b>871,126</b>

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

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL REPORT**

**NOTE 1: SUMMARY OF ACCOUNTING POLICIES**

**Statement of Compliance**

This general purpose consolidated financial report for the half year ended 31 December 2008 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 2008 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 2008 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 2008 annual report for the financial year ended 30 June 2008.

**Working Capital Position**

The working capital position as at 31 December 2008 for the consolidated entity results in a surplus of current liabilities over current assets of \$100.7 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 \$104.6 million at 31 December 2008, an increase of \$13.5 million from 30 June 2008. 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.

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**NOTE 2: DIVIDENDS PAID ON ORDINARY SHARES**

	<b>Consolidated Entity</b>	
	<b>Half Year Ended</b>	<b>Half Year Ended</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary dividend of 9.0 cents per share fully franked at the tax rate of 30%, paid on 8 October 2007.	-	21,422
Ordinary dividend of 10.0 cents per share fully franked at the tax rate of 30%, paid on 6 October 2008.	24,468	-
Total dividends paid	24,468	21,422

Since the end of the half-year, the directors have recommended payment of an interim dividend amounting to \$26,280,104 representing a fully franked dividend of 10.5 cents per fully paid ordinary share (2008: \$22,740,505 – 9.5 cents). The dividend has not been provided for in the half-year interim financial report.

**NOTE 3: CONTINGENT LIABILITIES**

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

	<b>Consolidated Entity</b>	
	<b>31 December</b>	<b>30 June</b>
	<b>2008</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Retirement and termination benefits payable in certain circumstances to executive officers under service agreement.	1,316	1,316
The consolidated entity has given a bank guarantee of \$8,356,000 (2008: \$6,091,000) in respect of property leases	8,356	6,825
The parent entity has given a bank guarantee of \$670,000 (2008 - \$670,000) to the Workcover Corporation of South Australia, in order to satisfy certain statutory agreements.	670	670

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**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.

- Acquisition of 100% of the net assets of the trading entity DSA Pathology on 26 August 2008,
- Acquisition of 100% of the net assets of the trading entity Five Dock Medical Centre on 8 September 2008 and
- Acquisition of 100% of the share capital of the Noosaville 7-Day Medical Centre on 17 November 2008.

The total consideration for these purchases was \$9,342,732. Details of the composition of the acquisitions are as follows,

	<b>Book Value \$'000</b>	<b>Fair Value Adjustments \$'000</b>	<b>Revised Net Assets \$'000</b>
Net assets acquired			
Cash and cash equivalents	21	-	21
Inventory	65	-	65
Trade receivables	105	-	105
Prepayments	32	-	32
Property, plant & equipment	49	-	49
Deferred tax asset	34	-	34
Trade payables	(39)	-	(39)
Employee Entitlements	(37)	-	(37)
Provisions	(13)	-	(13)
Fair value of net assets acquired	<u>217</u>	<u>-</u>	<u>217</u>
Goodwill arising on acquisition	<u>9,126</u>	<u>-</u>	<u>9,126</u>
	<u>9,343</u>	<u>-</u>	<u>9,343</u>
Consideration			
Costs on acquisition	640	-	640
Cash	<u>8,703</u>	<u>-</u>	<u>8,703</u>
Total consideration paid	<u>9,343</u>	<u>-</u>	<u>9,343</u>

The initial accounting for these acquisitions has only been provisionally determined at reporting date.

For tax purposes, the tax values of the acquired operations 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 these operations. 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 workforces of the above operations. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**NOTE 5: SEGMENT INFORMATION**

**Primary reporting – business segments**

	Revenue		EBITDA		Depreciation and Amortisation		Profit before finance costs, non-recurring items and income tax	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Hospitals	643,722	585,659	91,352	79,932	(17,658)	(14,968)	73,694	64,964
Pathology	184,880	141,636	27,006	21,705	(6,984)	(5,916)	20,022	15,790
Corporate	-	-	(6,818)	(5,557)	-	-	(6,818)	(5,557)
<b>Total all segments before non-recurring items</b>	<b>828,602</b>	<b>727,295</b>	<b>111,540</b>	<b>96,080</b>	<b>(24,642)</b>	<b>(20,884)</b>	<b>86,898</b>	<b>75,196</b>
Restructure costs							(1,873)	(1,163)
Acquisition costs written off and provided against							(777)	(15,958)
Finance costs							(29,477)	(24,359)
Finance costs relating to the Symbion equity swap							-	(2,240)
Change in fair value of Symbion equity swap							-	(8,277)
<b>Profit before income tax</b>							<b>54,771</b>	<b>23,199</b>
Income tax expense							(16,351)	(7,539)
<b>Profit after income tax</b>							<b>38,420</b>	<b>15,660</b>

**NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE**

On 12 February 2009, the Supreme Court of New Zealand announced its decision to deny leave for a further appeal by Sonic Healthcare's New Zealand subsidiary, DML in relation to the three Auckland Region Health Board contracts. This will result in Healthscope's subsidiary, Labtests taking over the region's community pathology service. The contract is for a term of eight years and Labtests will be in a position to commence providing service in August 2009.

**HEALTHSCOPE LIMITED**  
**ACN 006 405 152**  
**AND CONTROLLED ENTITIES**

**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 2008 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 18<sup>th</sup> day of February 2009, 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 2008, 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 2008 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.

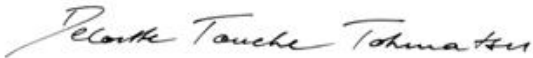
## *Auditor's Independence Declaration*

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 2008 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



G Couttas  
Partner  
Chartered Accountants  
Melbourne, 18 February 2009