



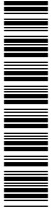
**RAMSAY**  
HEALTH CARE

**Ramsay Health Care Limited**

ABN 57 001 288 768

**All correspondence to:**

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8 September 2006

Dear Shareholder,

I have great pleasure in providing you with an update of the financial performance of Ramsay Health Care for the year ended 30 June 2006, including the announcement of a higher dividend.

**Our strong results**

Ramsay Health Care Limited has reported a 69% rise in core net profit (before specific items and amortization of intangibles) to \$93.3 million for the year to 30 June 2006, up from \$55.1 million in the 2005 financial year.

This is an outstanding result. The result includes the first full year of contribution from Affinity hospitals which we acquired in April 2005 and which effectively doubled the size of our portfolio of hospitals.

Ramsay now owns or operates 65 hospital facilities in Australia and three in Indonesia. We employ over 20,000 people and provide care for more than 750,000 patients per year.

The strong 2006 financial year profit translates into core earnings per share of 46 cents on substantially enlarged capital, a 16% increase from the 39.7 cents recorded for FY2005, and ahead of the company's expectations for the year.

A summary table of our results is attached at the end of this letter.

**We have declared a 20% higher dividend this year and have decided to suspend the dividend reinvestment plan**

Your Directors have declared a fully franked final dividend of 13.5 cents per share, up from 11.5 cents in the previous corresponding half year, taking the full year dividend to 24.0 cents, an increase of 20%. The dividend will be paid on 13 October 2006 to shareholders registered on 29 September 2006.

Directors have decided to suspend the Dividend Reinvestment Plan due to our stronger than expected financial position which followed faster debt reduction due to the higher than expected proceeds from divestments.

### **We have the best hospital portfolio in Australia**

Following the Affinity purchase, which was a company transforming acquisition, Ramsay conducted a strategic review and rationalised its portfolio, resulting in the divestment of a number of hospital facilities and its aged care business for higher than expected proceeds. The divestments released a substantial amount of capital which will be used to fund future growth prospects.

We have the premier hospital portfolio in Australia – the hospitals doctors want to refer their patients to, the ones that private health fund members want to go to and the hospitals which are leading the way in patient care, medical practice, teaching and employee relations.

### **Our continuing growth prospects are strong**

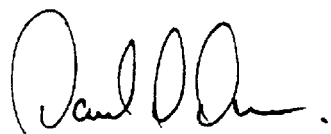
This portfolio not only provides a solid base to continue to grow the Ramsay business organically, but exciting opportunities to further grow through capacity enhancements and expansion and, possibly, further acquisitions. We have up to \$400 million available to us to invest in our portfolio of quality hospital facilities.

The 2006 financial year result is an exceptionally pleasing result for all of us at Ramsay Health Care in a year in which we have created the best hospital portfolio in Australia.

While it was a year of consolidating and integrating the Affinity hospitals, we continued to build on the strength and earnings quality of the existing Ramsay hospitals which continue to underpin our earnings growth.

Thank you for your continued support.

Yours sincerely



Paul Ramsay AO  
Chairman

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Our Share Registry is located at:

#### **Computershare Investor Services Pty Limited**

Level 3, 60 Carrington Street  
Sydney NSW 2000.

All correspondence to:  
GPO Box 7045  
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## Summary of Financial Performance

Year ended 30 June  
\$000's

	2006	2005	%
<b><u>Continuing Operations</u></b>			
Operating Revenue	1,983,489	1,143,784	73%
EBITDA	251,568	145,256	73%
EBIT	193,339	107,804	79%
<b>Core Net Profit after tax - continuing operations</b>	<b>91,372</b>	<b>50,251</b>	<b>82%</b>
<b><u>Divested Operations</u></b>			
Core Net Profit after tax – divested operations	1,907	4,844	
<b>Total Core Net Profit after tax</b>	<b>93,280</b>	<b>55,096</b>	<b>69%</b>
Specific Items (net of tax)	5,690	23,445	
Net Profit after tax	87,590	31,650	177%
<b>Total Core EPS (cents per share)</b>	<b>46.0¢</b>	<b>39.7¢</b>	<b>16%</b>
<b>Total dividend (cents per share) fully franked</b>	<b>24.0¢</b>	<b>20.0¢</b>	<b>20%</b>

*Notes:*

- 1) *Core Net Profit and Core Earnings per Share are before specific items and amortisation of intangibles.*
- 2) *EPS is based upon Net Profit after tax adjusted for preference dividend.*
- 3) *Prior year restated for Australian International Financial Reporting Standards and divested operations.*

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