ASX ANNOUNCEMENT

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RAMSAY HEALTH CARE REPORTS STRONG RISE IN CORE NET PROFIT

Financial Highlights (excluding Capio UK which contributed six weeks to the half year result)

- Core net profit after tax up 13.2% to $63.6 million
- Core EPS up 13.5% to 31.6 cents
- Revenues up 7.0% to $1.13 billion
- EBIT up 11.0% to $120.4 million

Financial Highlights (including Capio UK)

- Core net profit after tax up 9.0% to $61.22 million
- Core EPS up 8.6% to 30.2 cents
- Revenues up 12.6% to $1.19 billion
- EBIT up 10.7% to $120.1 million
- Net profit after tax (after specific items, amortization of intangibles and divested operations) down 7% to $50.9 million

- Interim dividend 15.0 cents, fully franked, up 15.4%

Overview

Australia's largest private hospital operator Ramsay Health Care today announced a 13.2% increase in core net profit after tax from continuing operations (before specific items and amortisation of intangibles), to $63.6 million for the six months to 31 December, 2007.

This result, excluding Capio UK ("Ramsay UK") which was acquired on 23 November 2007, positions the company to meet its full-year growth targets.

The core net profit translates into core earnings per share (EPS) of 31.6 cents for the half year - a 13.5% increase on the 27.8 cents recorded in the previous corresponding period.

Ramsay recorded specific items of $8.5 million (net of tax) in the December half relating to the write off of borrowing costs associated with the April 2005 debt financing of $5.5 million (net of tax) and development, restructuring and integration costs of $2.9 million (net of tax). The borrowing costs were written off because Ramsay entered into a new financing agreement in November 2007.

Directors have declared a fully franked interim dividend of 15.0 cents per share, up 15.4% from 13.0 cents paid in the previous corresponding half year. The Directors have decided to continue the dividend reinvestment plan at a discount of 2.5%.

Ramsay Managing Director Pat Grier said the result was impressive, delivering organic growth across the portfolio.

“This is an excellent result for Ramsay Health Care considering it is largely organic growth, on a like for like basis with the prior year, with only a small amount of residual synergies from Affinity coming through.

“It is also a positive result on the basis that it takes into account the dilution from the cessation of the exclusive DVA contracts at Hollywood and Greenslopes.

“These hospitals are continuing to make the transition to increasing the number of private patients, with an improved performance from Greenslopes and Hollywood showing signs of stabilising.

“Overall, we are very pleased with the underlying performance of the business in the first half and we are well positioned to achieve our financial and operational targets for the full 2008 financial year.”

Including a six-week contribution from Ramsay UK, Ramsay’s core net profit after tax for the six months to 31 December 2007 rose 9% to $61.2 million.

EBIT rose 10.7% to $120.1 million while core EPS from continuing operations rose 8.6% to 30.2 cents.

Ramsay UK

“Ramsay UK contributed only six weeks to the consolidated first half result. As expected, seasonal factors during this period had an adverse effect on the first half result. The result for January 2008 was ahead of budget.

“NHS (National Health Service) activity is rising significantly with an increase in both the number of spot contracts being negotiated and NHS referrals and this is extremely pleasing.

"We remain very upbeat about Ramsay UK's tremendous growth prospects".

Operational highlights

Ramsay achieved 9% EBIT growth at its Australian hospitals, reflecting an improved performance across the portfolio including the veterans' hospitals.

EBITDA margins for the Australian hospitals improved to 15.4% from 15.2%, including prosthesis. For Indonesia, the EBITDA margin eased to 22.1% from 24.4%.

Overall, EBITDA margins for Ramsay hospitals, excluding Ramsay UK, improved to 15.6% from 15.4% and the Group EBIT margin excluding Ramsay UK rose to 10.7% from 10.3%, reflecting ongoing cost containment.

Total admissions during the December half grew 3.7%.

Capital Management and Cash Flow

The acquisition of Ramsay UK was debt funded. A new 5-year, underwritten senior debt facility of $1.535 billion and £290 million was entered into in November 2007 to refinance existing debt, fund the unspent balance of the brownfield capital expenditure programme and the acquisition of Ramsay UK. Ramsay is not exposed to any refinancing risk for the next 5 years.

Cash flow generation in the half year was largely consistent with profitability. Strong cash flow management resulted in a high conversion rate of EBITDA into total gross operating cash flow. EBITDA of $157 million was converted into total gross operating cash flow of $145 million. This was particularly pleasing given that cash flow had been adversely affected in earlier periods by the impact of the transition out of the DVA contracts. These past shortfalls have largely been made up.

Ramsay's robust cash generation and its revenue and earnings track record means the company can service its debt levels comfortably. Ramsay also adopts a conservative stance towards the management of interest rate risk and currently has approximately 85% of its interest rate exposure hedged for periods of 2–5 years.

Planned Capacity Expansion

Ramsay has approved approximately $550 million for improvements and capacity expansion for the Hollywood, Joondalup, Greenslopes, North West, John Flynn and North Shore Private hospitals. Around 25% of these funds have been spent.

All projects are tracking well and are expected to meet their target completion dates.

Ramsay has identified opportunities to create additional mega referral centres across the country which are at various stages of planning: Pindara (master planning stage), Westmead (well developed), St George (progressing well) and Warringal (well developed) hospitals.

Ramsay is targeting a return on investment of 15% on the brownfield expansion two-to-three years after construction is completed.

Outlook

With Ramsay UK's tremendous growth prospects, the solid organic growth from existing hospitals and a substantial brownfield expansion programme, Ramsay remains very upbeat about its future growth.

Including Ramsay UK, Ramsay is targeting low double-digit growth for the total group for the 2008 financial year, on the back of strong growth in Australia.

While seasonal factors impacted initial contributions from Ramsay UK, this was in line with expectations and the outlook for the business is strong. Ramsay UK is forecast to be 1.5-2.0 cents per share dilutive for its contribution to the full 2008 financial year (approx. 7.5 months) and, as previously indicated, is targeted to be Core EPS accretive in the 2010 financial year and beyond.

Ramsay's significant brownfield expansion programme is expected to start delivering earnings growth towards the end of the 2008 financial year.

Ramsay will continue to focus on growing the Ramsay UK business and will investigate opportunities for bolt-on acquisitions which complement Ramsay UK. Ramsay will also explore potential hospital acquisitions within Australia where it is not facing competition issues.

Given the strong fundamentals and stability of the private hospital industry - including the ageing population, growing private health insurance membership and consumer demand – Ramsay, with its quality portfolio of hospital facilities and strong management team, is confident about its future growth prospects.

Contacts:

Mr Pat Grier
Managing Director
Ramsay Health Care
+ 612 9433 3444

Joanne Collins
Gavin Anderson & Company
+ 612 9552 4499
+ 61 423 029 932

Summary of Financial Performance

	Half Year Ended 31 December $000's					
	RAMSAY (Excluding Ramsay UK)			RAMSAY GROUP		
	2007	**2006**	**% inc/ (dec)**	**2007**	**2006**	**% inc/ (dec)**
Continuing Operations						
Operating Revenue	1,128,911	1,055,221	7.0%	1,188,125	1,055,221	12.6%
EBITDA	153,451	138,555	10.8%	156,618	138,555	13.0%
EBIT	120,410	108,504	11.0%	120,103	108,504	10.7%
Core Net Profit After Tax - Continuing operations	**63,601**	**56,182**	**13.2%**	**61,220**	**56,182**	**9.0%**
Loss after tax - divested operations				(720)	(110)	
Specific items and amortisation of intangibles (net of tax)				(9,566)	(1,318)	
Net Profit After Tax				50,934	54,754	-7.0%

Earnings Per Share (cents per share)						
Core EPS - Continuing operations	**31.6**	**27.8**	**13.5%**	30.2	27.8	8.6%
Basic EPS				24.4	27.2	-10.3%

Dividends (cents per share)						
Interim dividend fully franked	**15.0**	**13.0**	**15.4%**	15.0	13.0	15.4%

Notes

1) 'Core Net Profit After Tax - Continuing Operations' and 'Core Earnings Per Share - Continuing Operations' are before Specific items, amortisation of intangibles and divested operations.

2) All EPS calculations are based upon Net Profit after tax adjusted for Preference Dividends.

3) Prior year restated for operations divested in first half 2008.

4) Ramsay UK was acquired on 23 November 2007. Ramsay UK results have been consolidated into the Ramsay Group from the date of acquisition to 31 December 2007.