

RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2005

RAMSAY HEALTH CARE LIMITED

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SECTION 1
RESULTS FOR ANNOUNCEMENT
TO THE MARKET

RAMSAY HEALTH CARE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.1 HIGHLIGHTS OF RESULTS

	% increase/ (decrease)	2005 \$'000	2004 \$'000
Revenues from ordinary activities	88%	1,445,737	769,273
Profit from ordinary activities before specific items, goodwill amortisation and income tax expense	29%	80,076	61,997
* Core net profit after tax	27%	54,134	42,705
Profit from ordinary activities before income tax expense	(9%)	51,518	56,670
Profit from ordinary activities after income tax expense	(21%)	30,398	38,353
Net profit for the period attributable to members	(22%)	30,071	38,353

* Core net profit after tax = Net profit after tax before amortisation of goodwill and specific items.

Ordinary Dividends	Amount per security	Franked amount per security
Current year		
- Interim dividend	8.5¢	8.5¢
- Final dividend	11.5¢	11.5¢
Total dividend	20.0¢	20.0¢
Previous corresponding period		
- Interim dividend	7.5¢	7.5¢
- Final dividend	10.0¢	10.0¢
Total dividend	17.5¢	17.5¢
Record date for determining entitlements to the ordinary dividend	5:00 pm Friday, 30 September 2005	
Date the final current year ordinary dividend is payable	14 October 2005	

CARES Dividends	
Record date for determining entitlements to the CARES dividend	5:00 pm Thursday, 6 October 2005
Date of payment of the CARES dividend	Thursday, 20 October 2005

The results are for the 12 months ended 30 June 2005. The comparative results are for the 12 month period ended 30 June 2004.

Dividend Reinvestment Plan (DRP)

The company has a fully underwritten DRP for the next four ordinary dividends (excluding any special dividend) commencing with the dividend for the period ending 31 December 2005. Currently the shares will be issued at a discount of 2.5% to the volume weighted average price of the shares on the ASX over the 5 days following the record date for the relevant dividend. The last date for receipt of an election notice for participation in the DRP is 30 September 2005.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS

29 August 2005

RAMSAY HEALTH CARE 2004/5 CORE NET PROFIT RISES 27%

Financial Highlights

- Core* net profit after tax increased 27% to \$54.1 million
- Excluding Affinity, core net profit rose 21% to \$51.8 million
- Core* EPS rose 18% to 39 cents
- Revenue increased 88% to \$1,443 million
- EBITA up 62% to \$125.8 million
- EBITA excluding Affinity up 25% to \$96.8 million
- EBITA margin remained at 10% for existing Ramsay hospitals
- Final Dividend 11.5 cents, fully franked, up 13%, making full year dividend 20.0 cents, up 14%

* *Before amortisation of goodwill and intangibles and before non-recurring items.*

Note Full year results include earnings from Affinity from the date of acquisition on 14 April.

Overview

Private hospital operator Ramsay Health Care Limited today announced a 27% rise in core net profit (before amortisation of goodwill and intangibles and before non-recurring charges) to \$54.1 million for the year to 30 June 2005, up from \$42.7 million in the 2004 financial year.

Excluding Affinity hospitals, which Ramsay acquired on 14 April 2005, Ramsay's core net profit was 21% higher at \$51.8 million.

As previously announced, Ramsay recorded non-recurring charges of \$11.1 million (net of tax) in the 2005 financial year for costs and provisions related to the \$1.4 billion Affinity acquisition and associated debt and equity financing.

After these non-recurring charges and amortisation of goodwill and intangibles, net profit after tax was \$30.1 million down from \$38.3 million in the 2004 financial year.

The financial year 2005 results include the first full year contribution from the Benchmark hospitals.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

Total revenue rose 88% to \$1,442.8 million for the year. Excluding Affinity, revenue rose 44%. Group EBITA rose 62% to \$125.8 million, while excluding Affinity, EBITA was 25% higher at \$85.9 million.

FY2005	Ramsay excluding Affinity and Benchmark	Ramsay excluding Affinity	Total Ramsay Group
Admissions (% inc)	8%	43%	91.6%
Revenue	\$862.6m	\$1,105.9m	\$1,442.8m
EBITDAR	\$121.6m	\$153.7m	\$195.6m
EBITDAR margin	14.1%	13.9%	13.6%
EBITA	\$85.9m	\$96.8m	\$125.8m
EBITA margin	10.0%	8.8%	8.7%

Directors have declared a fully franked final dividend of 11.5 cents per share, up from 10 cents in the previous corresponding half-year, taking the full year dividend to 20.0 cents, an increase of 14% on the 17.5 cents paid in FY2004. The Directors have also decided to reinstate the dividend reinvestment plan, the details of which will be distributed to shareholders in due course.

Ramsay Managing Director Pat Grier said:

“2005 has been a transforming year for the company and one that underlines the strength and earnings quality of the existing Ramsay hospitals.

“This stronger-than-expected full year profit result is founded on the strong contribution from Ramsay’s existing hospitals, even before accounting for acquisitions.

“In April 2005, Ramsay acquired Affinity Healthcare, a strategically significant acquisition that brought together two groups of high quality hospital facilities and greatly enhanced Ramsay’s presence in the private hospital sector where it has a proven track record of profitable growth and creating value for our shareholders.

“Ramsay plans to apply its proven management and systems to improve Affinity margins closer to those achieved by Ramsay and will in due course realise significant cost and revenue synergies through the integration process.

“While this large transaction required a significant amount of our resources and attention, we did not lose focus from the efficient management of the existing Ramsay hospitals, which performed strongly throughout the second half.

“The underlying Ramsay business reported core net profit growth of 21% for the year, which is significantly above our initial expectations for the 2005 financial year. The better than expected result was due to higher revenue and ongoing cost containment across the group.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

“We are pleased with the initial results from Affinity. While we have consolidated into our 2005 results revenue and earnings from the 51 Affinity hospital facilities, as required under our ‘hold separate’ agreement with the ACCC, we have not made any changes to the management nor commenced implementing our integration strategy. Ramsay will shortly commence this integration process on non-divestment hospitals.

“However, during this ‘hold separate’ period, we have been able to further refine our integration strategy. We believe we are well-placed to achieve our targets for synergies and future earnings from these hospitals.”

Divestments following ACCC ruling on Ramsay acquisition of Affinity

Ramsay is pleased with the outcome of the Australian Competition and Consumer Commission’s investigations into its acquisition of Affinity.

Ramsay had offered to sell 17 hospitals as part of its negotiations with the ACCC. Following the ACCC’s investigations, it advised last week a requirement for Ramsay to divest an additional two hospitals.

While Ramsay was keen to retain as many Affinity hospitals as possible it is pleased with this outcome.

Ramsay is continuing negotiations with the CVC Ironbridge consortium in relation to the sale of 14 of the Affinity hospitals. The company has had a number of approaches from industry and financial sponsors expressing interest in any hospitals Ramsay has to divest, which suggests Ramsay can expect to achieve competitive prices for these hospitals.

Acquisition funding and Cashflow

The acquisition of Affinity was funded using a combination of debt and equity. A new senior debt facility of \$1.465 billion was raised and approximately \$1 billion of this facility was used to fund the acquisition of Affinity. The remainder of the acquisition was funded by new ordinary equity totaling \$200 million and a \$260 million offer of Convertible Adjustable Rate Equity Securities (CARES).

The net proceeds realised from the hospital divestments will be applied against Senior Debt.

Cash flow generation in FY2005 was consistent with profitability. Strong cash flow management resulted in gross operating cash flow of \$218 million exceeding EBITDA (pre-non recurring items) of \$169.0 million. This compares with last year’s gross operating cash flow of \$113 million exceeding EBITDA of \$106 million.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

Ramsay's robust cash generation and its revenue and earnings track record mean the company can service a high level of ongoing debt, but the company's plans to reduce debt levels over time include reinstatement of the dividend reinvestment plan, which is underwritten by Goldman Sachs JB Were for two years, covering four dividends.

While the company is committed to using its strong cash flow to reduce gearing, Ramsay will still have capacity to spend capital where it is accretive to shareholder value and important to maintaining earnings and the high quality of the portfolio. The company intends to review all capital expenditure, excluding routine maintenance, with this objective in mind.

Operational Highlights

For existing Ramsay hospitals (excluding Benchmark and Affinity), admissions rose 8%. Including Benchmark but excluding Affinity, admissions were up 43%.

All Ramsay existing hospital divisions -- medical surgical, veteran, psychiatric and rehabilitation -- reported solid EBITA growth for the year. Organic growth accounted for approximately 6% of EBITA growth for the year.

During the year, Ramsay achieved satisfactory outcomes from health fund negotiations. Together with cost containment initiatives, this resulted in the EBITA margin for the existing Ramsay hospitals remaining at 10% despite the dilutionary impact of prosthesis revenue.

The benefits of previous capacity expansion at existing Ramsay hospitals continue to flow through to earnings, achieving returns on investments at or above the company's expectations and contributing approximately 5% to EBITA growth during the year.

As previously advised, Greenslopes and Hollywood are further developing strategies to manage the end of the exclusive contract with the Department of Veterans' Affairs this year.

Plans to transition these hospitals to a higher private patient intake have been in place for a number of years, and it is unclear yet what the negative impact, if any, of the DVA contract changes will be on the hospitals' earnings. Ramsay has been focused on positioning Greenslopes and Hollywood for continued strong growth in the medium to longer term.

During the 2005 financial year, the company successfully completed a number of acquisitions in addition to the Affinity purchase.

In April, Ramsay finalised the purchase of five aged care facilities in Victoria from Ellis Residential Care for \$51 million.

Also in April, Ramsay acquired two stand-alone hospital facilities – Murray Valley (30 beds) in Wodonga and Coastal Private Hospital (45 beds) in Perth. Both of these hospitals are close to existing Ramsay facilities, allowing for enhancement of service provision.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

Benchmark hospitals are trading in line with Ramsay's prior statement that they would be slightly earnings per share positive in the 2005 financial year.

Following all of these acquisitions, and post the divestment of 19 hospitals referred to earlier, Ramsay's portfolio will consist of 70 hospital facilities, three hospitals in Indonesia and 474 operating aged care places.

Affinity

The Affinity hospitals have performed in line with Ramsay's expectations during the period of the hold separate arrangement, which will terminate shortly for non-divestment hospitals.

During this time, Ramsay has received the earnings from all the Affinity hospitals and will continue to do so until those that are to be divested are sold. No synergies have yet been realised.

As announced at the time of the acquisition, Ramsay still expects the Affinity acquisition to be neutral to mildly accretive to core EPS in FY 2006 and accretive to core EPS in FY 2007 and beyond.

The integration plan, which Ramsay expected would take effect from September 2005, is scheduled to see Affinity, subject to the planned divestments, substantially integrated over the following 24 months.

Ramsay has further refined plans to make substantial savings from integrating corporate functions and utilising current Ramsay infrastructure. In addition, Ramsay will be better able to utilise labour across the enlarged group through micro-management and economies of scale.

Following the Affinity acquisition Ramsay still expects to achieve pre-tax cost synergies of approximately \$35 million per annum by year three (ie FY2008). Approximately 45% of these pre-tax synergies are expected to be achieved in the first full year (ie FY 2006).

In addition, Ramsay still expects to achieve pre-tax revenue synergies of approximately \$15 million per annum by year three (ie FY2008). Approximately 50% of these synergies are expected to be achieved in the second full year (ie FY2007).

As a result of revenue and cost benefits, the company expects that incremental core EBITDA of approximately \$50 million per annum can still be achieved in year three (ie. FY2008).

Based on its assessment of the Affinity group over the past few months, Ramsay expects to at least achieve these synergy targets.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

Aged Care

At the time of the acquisition of the five Ellis facilities in April this year, Ramsay said it expected the acquisition to have little financial impact in the 2005 financial year and less than half a cent earnings per share dilution in financial year 2006, during the transition process. The Ellis facilities are trading in line with these expectations.

During the year, Ramsay will undertake a strategic review of its aged care portfolio and strategy following the Affinity acquisition.

Outlook

Ramsay expects to produce continued solid growth through focusing on its core hospital management expertise. In addition, management will focus on successfully integrating Affinity and realising the identified synergies over the next few years.

Priorities in the current FY2006 year will include:

- Successfully implementing the integration plan for the Affinity hospital facilities;
- Continuing to focus Ramsay's core hospital management expertise across the whole portfolio to achieve optimal revenue and cost containment outcomes; and
- Effectively using robust cash flows to reduce gearing and to invest in enhancing the quality of the Ramsay portfolio.

Post divestment of the 19 hospitals, Ramsay will undertake a strategic review of all its assets to optimise shareholder value, including the possibility of further investment in brownfields development.

In the absence of unforeseen circumstances, Ramsay expects core net profit growth to be significantly higher in FY2006 principally from the Affinity contribution. However, Ramsay is targeting low double digit growth in core earnings per share on the increased number of shares on issue in 2006 compared with 2005.

Beyond FY2006, Ramsay believes profit contributed from the Affinity hospitals will see further increases in earnings.

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RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS – (Continued)

Summary of Financial Performance

	Year ended 30 June 2005		
	\$000's		
	2005	2004	%
Operating Revenue	1,442,777	768,104	88
EBITDA	169,330	105,761	60
EBITA	125,756	77,591	62
Non-recurring Items (net of tax)	11,060	3,693	
Net Profit After Tax	30,071	38,353	-22
Core Net Profit After Tax ⁽¹⁾	54,134	42,705	27
Core EPS (cents per share) ⁽¹⁾	39.0¢	33.1¢	18
Total dividend (cents per share) fully franked	20.0¢	17.5¢	14

⁽¹⁾ Core Net Profit and Core Earnings per Share are before amortisation of goodwill and intangibles and before non-recurring items

SECTION 2

**FINANCIAL INFORMATION
FOR THE YEAR ENDED
30 JUNE 2005**

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
APPENDIX 4E
FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005

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RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Consolidated		Ramsay Health Care Limited	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Revenues:					
Operating revenue		1,442,771	767,659	580	3,119
Dividends received		6	445	136,772	-
Interest income		971	784	-	1
Proceeds on sale of assets		1,989	385	-	-
Total revenue from ordinary activities	2	<u>1,445,737</u>	<u>769,273</u>	<u>137,352</u>	<u>3,120</u>
Details of Expenditure:					
Personnel costs (excluding specific items)		(761,888)	(414,034)	(234)	(160)
Occupancy costs (excluding specific items)		(72,895)	(31,557)	-	-
Medical consumables and supplies		(383,139)	(187,088)	-	-
Cost of services		(55,525)	(29,666)	(1,274)	(1,007)
Depreciation and amortisation	3 (a)	(56,748)	(28,305)	-	-
Borrowing cost expense (excluding specific item)	3 (a)	(46,649)	(16,396)	-	-
Carrying value of assets sold		(1,820)	(908)	-	-
Specific items					
- Borrowing costs associated with divestment hospitals	3 (c)	(2,602)	-	-	-
- Borrowing costs associated with bridge funding	3 (c)	(3,873)	-	-	-
- Corporate restructuring	3 (c)	(6,222)	-	-	-
- Due Diligence costs associated with Mayne's Bid	3 (c)	-	(2,493)	-	-
- Unamortised borrowing costs written off	3 (c)	(2,858)	(2,156)	-	-
Total expenses from ordinary activities		<u>(1,394,219)</u>	<u>(712,603)</u>	<u>(1,508)</u>	<u>(1,167)</u>
Profit from ordinary activities before income tax expense		51,518	56,670	135,844	1,953
Income tax expense relating to ordinary activities		<u>(21,120)</u>	<u>(18,317)</u>	<u>(13,426)</u>	<u>(586)</u>
Profit from ordinary activities after income tax expense		30,398	38,353	122,418	1,367
Profit attributable to minority interest		(327)	-	-	-
Net profit attributable to members of Ramsay Health Care Limited		<u>30,071</u>	<u>38,353</u>	<u>122,418</u>	<u>1,367</u>
Share issue costs		(17,705)	-	(17,705)	-
Total revenue, expenses and valuation adjustment recognised directly in equity		<u>(17,705)</u>	<u>-</u>	<u>(17,705)</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>12,366</u>	<u>38,353</u>	<u>104,713</u>	<u>1,367</u>
Basic earnings per share (cents per share)		21.7 cents	29.8 cents		
Diluted earnings per share (cents per share)		21.7 cents	29.8 cents		
Franked dividends per share (cents per share)	4	20.0 cents	17.5 cents		

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Notes	Consolidated		Ramsay Health Care Limited	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
CURRENT ASSETS					
Cash assets	6(b)	51,434	22,488	99	46
Receivables		306,545	74,773	2,674	74
Inventories		48,673	12,849	-	-
Other		23,005	11,346	-	-
TOTAL CURRENT ASSETS		<u>429,657</u>	<u>121,456</u>	<u>2,773</u>	<u>120</u>
NON CURRENT ASSETS					
Receivables		-	-	607,212	18,235
Other financial assets		3,000	305	139,997	139,997
Property, plant & equipment		1,476,407	519,084	-	-
Intangible assets		807,867	7,996	-	-
Deferred tax assets		95,554	25,062	34,680	25,062
Other		17,563	16,266	-	-
TOTAL NON CURRENT ASSETS		<u>2,400,391</u>	<u>568,713</u>	<u>781,889</u>	<u>183,294</u>
TOTAL ASSETS		<u>2,830,048</u>	<u>690,169</u>	<u>784,662</u>	<u>183,414</u>
CURRENT LIABILITIES					
Accounts payable		266,419	82,831	95	12
Interest-bearing liabilities		10,653	7,545	-	-
Provisions		102,038	29,133	3,644	940
Current tax liabilities		18,357	11,971	-	11,971
TOTAL CURRENT LIABILITIES		<u>397,467</u>	<u>131,480</u>	<u>3,739</u>	<u>12,923</u>
NON CURRENT LIABILITIES					
Accounts payable		11,942	-	3,146	15,498
Interest-bearing liabilities		1,380,200	225,956	-	-
Provisions		176,107	30,470	-	-
Deferred tax liabilities		64,215	31,674	32,984	31,674
TOTAL NON CURRENT LIABILITIES		<u>1,632,464</u>	<u>288,100</u>	<u>36,130</u>	<u>47,172</u>
TOTAL LIABILITIES		<u>2,029,931</u>	<u>419,580</u>	<u>39,869</u>	<u>60,095</u>
NET ASSETS		<u>800,117</u>	<u>270,589</u>	<u>744,793</u>	<u>123,319</u>
SHAREHOLDERS' EQUITY					
Ordinary Issued Capital	9	393,556	121,870	393,556	121,870
Convertible Adjustable Rate Equity Securities	9	252,165	-	252,165	-
Reserves	10	54,307	54,533	-	-
Retained profits	10	99,462	94,186	99,072	1,449
Parent Interests		799,490	270,589	744,793	123,319
Minority Interests		627	-	-	-
TOTAL SHAREHOLDERS' EQUITY		<u>800,117</u>	<u>270,589</u>	<u>744,793</u>	<u>123,319</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Consolidated		Ramsay Health Care Limited	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,486,955	766,734	580	3,111
Payments to suppliers & employees		(1,301,919)	(670,573)	(1,425)	(944)
Dividends Received		6	445	-	-
Income tax paid		(28,714)	(21,042)	-	-
Borrowing costs paid		(58,308)	(17,506)	-	-
Interest received		971	784	-	1
GST received		49,195	30,318	-	-
GST paid		(14,737)	(12,631)	-	-
Expenditure on capitalised borrowing costs		(20,672)	(2,788)	-	-
Net cash flows from / (used in) operating activities	6 (a)	<u>112,777</u>	<u>73,741</u>	<u>(845)</u>	<u>2,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(61,691)	(34,112)	-	-
Purchase of business		-	(2,938)	-	-
Acquisition of Benchmark Healthcare Group	7(a)	(106,619)	(13,478)	-	-
Acquisition of Gracedale Private Nursing Home	7(b)	(9,802)	-	-	-
Acquisition of Ellis Aged Care	7(c)	(38,457)	-	-	-
Acquisition of Murray Valley Private Hospital	7(d)	(1,926)	-	-	-
Acquisition of Rockingham Family Hospital	7(e)	(1,489)	-	-	-
Acquisition of Affinity Healthcare Ltd	7(f)	(811,808)	-	-	-
Acquisition of Home Care Services	7(g)	(1,485)	-	-	-
Proceeds from sale of property, plant and equipment		1,989	385	-	-
Net cash flows used in investing activities		<u>(1,031,288)</u>	<u>(50,143)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		281,557	379	281,557	378
Issue costs – Ordinary shares		(9,870)	-	(9,870)	-
Proceeds from issue of CARES		260,000	-	260,000	-
Issue costs - CARES		(7,835)	-	(7,835)	-
Dividends paid		(24,796)	(21,273)	(24,796)	(21,273)
Repayment of finance lease - principal		(6,320)	(774)	-	-
Borrowings – receipts other		976,159	9,400	-	18,578
Borrowings – repayment other		(521,438)	(5,722)	-	-
Advances to related parties		-	-	(498,158)	-
Net cash flows from / (used in) financing activities		<u>947,457</u>	<u>(17,990)</u>	<u>898</u>	<u>(2,317)</u>
Net increase/(decrease) in cash held		28,946	5,608	53	(149)
Add opening cash brought forward		22,488	15,011	46	195
(Increase)/Decrease in restricted cash balances		<u>(2,455)</u>	<u>1,869</u>	<u>-</u>	<u>-</u>
CLOSING CASH CARRIED FORWARD	6 (b)	<u><u>48,979</u></u>	<u><u>22,488</u></u>	<u><u>99</u></u>	<u><u>46</u></u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES NOTES FOR THE YEAR ENDED 30 JUNE 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE YEAR END FINANCIAL INFORMATION

The financial information does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The financial information should be read in conjunction with the Annual Financial Report of Ramsay Health Care Limited as at 30 June 2004. It is also recommended that the financial information be considered together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the year ended 30 June 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The financial information has been prepared in accordance with the historical cost convention, except for property and certain plant and equipment, measured at fair value.

The financial information has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

(b) Changes in Accounting Policy

The accounting policies adopted are consistent with those of the previous year.

(c) Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Ramsay Health Care Ltd and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group intend to enter into a tax sharing arrangement to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated group is Ramsay Health Care Ltd. Ramsay Health Care Ltd has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

Ramsay Health Care Ltd acquired 100% of the share capital of Affinity Holdings SARL on 14 April 2005. As Affinity Holdings SARL is not a resident company of Australia as at 30 June 2005, it is not included in the tax consolidated group of Ramsay Health Care Ltd and its 100% owned subsidiaries.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities:				
Revenue from services	<u>1,414,132</u>	<u>752,253</u>	<u>-</u>	<u>-</u>
Management fees				
Controlled entities (fully owned)	-	-	580	619
Rental income				
Other persons/corporations	10,935	6,773	-	-
Guarantee fee				
Controlled entities (fully owned)	-	-	-	2,500
Bad debts recovered	24	44	-	-
Income from ancillary services	<u>17,680</u>	<u>8,589</u>	<u>-</u>	<u>-</u>
Total revenue from operating activities	<u><u>1,442,771</u></u>	<u><u>767,659</u></u>	<u><u>580</u></u>	<u><u>3,119</u></u>
Revenue from non-operating activities:				
Dividends and distributions				
Other persons/corporations	6	445	-	-
Controlled entities (fully owned)	-	-	136,772	-
Interest				
Controlled entities (fully owned)	-	-	-	1
Other persons/corporations	971	784	-	-
Proceeds on sale of property, plant and equipment	<u>1,989</u>	<u>385</u>	<u>-</u>	<u>-</u>
Total revenue from outside the operating activities	<u>2,966</u>	<u>1,614</u>	<u>136,772</u>	<u>1</u>
Total revenues from ordinary activities	<u><u>1,445,737</u></u>	<u><u>769,273</u></u>	<u><u>137,352</u></u>	<u><u>3,120</u></u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
3. EXPENSES AND LOSSES / (GAINS)				
(a) Expenses				
Amortisation of non-current assets:				
- Goodwill	13,003	658	-	-
- Leasehold improvements	596	405	-	-
- Capitalised leased assets	1,254	469	-	-
	<u>14,853</u>	<u>1,532</u>	-	-
Depreciation of non-current assets:				
- Plant and equipment	32,773	19,226	-	-
- Buildings	9,122	7,547	-	-
	<u>41,895</u>	<u>26,773</u>	-	-
Total depreciation and amortisation	<u>56,748</u>	<u>28,305</u>	-	-
Bad and doubtful debts:				
- Trade debtors	632	295	-	-
Rental - operating leases	26,269	5,837	-	-
Contributions to superannuation funds	36,347	25,194	-	-
Borrowing costs:				
- Interest expense				
Other persons/corporations	45,946	16,284	-	-
- Finance charges - lease liability	158	112	-	-
- Finance charges - hire purchase	545	-	-	-
	<u>46,649</u>	<u>16,396</u>	-	-
Borrowing costs disclosed as specific items:				
- Borrowing costs related to divestment hospitals	2,602	-	-	-
- Borrowing costs related to divestment bridge funding	3,873	-	-	-
- Unamortised borrowing costs written off	2,858	2,156	-	-
	<u>9,333</u>	<u>2,156</u>	-	-
- Borrowing costs associated with 2005 refinancing	18,070	-	-	-
- Borrowing costs associated with 2004 refinancing	-	2,788	-	-
Total Borrowing Costs	<u>74,052</u>	<u>21,340</u>	-	-
Less: Borrowing Costs Capitalised	<u>(18,070)</u>	<u>(2,788)</u>	-	-
Total Borrowing Costs Expensed	<u>55,982</u>	<u>18,552</u>	-	-
(b) Losses / (Gains)				
Net (gain) / loss on disposal of property, plant and equipment	(169)	523	-	-

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
3. EXPENSES AND LOSSES / (GAINS) (Continued)				
(c) Specific Items				
- Borrowing costs associated with divestment hospitals	2,602	-	-	-
- Borrowing costs associated with bridge funding	3,873	-	-	-
- Write off borrowing costs associated with July 2004 refinancing	2,858	-	-	-
- Corporate restructuring costs associated with Affinity acquisition	6,222	-	-	-
- Due diligence costs associated with the unsuccessful bid for Mayne's Hospital Portfolio	-	2,493	-	-
- Write off of borrowing costs associated with 2001 refinancing	-	2,156	-	-
	<u>15,555</u>	<u>4,649</u>	<u>-</u>	<u>-</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES				
(a) Dividends paid during the year:				
<i>(i) Interim dividend paid</i>				
Franked dividends – ordinary (8.5 cents per share) (2004: 7.5 cents per share)	11,902	9,670	11,902	9,670
<i>(ii) Previous year final dividend paid</i>				
Franked dividends – ordinary (10 cents per share) (2004: 9 cents per share)	12,893	11,603	12,893	11,603
	<u>24,795</u>	<u>21,273</u>	<u>24,795</u>	<u>21,273</u>
(b) Dividend proposed and not recognised as a liability:				
<i>Current year final dividend proposed</i>				
Franked dividends – ordinary (11.5 cents per share) (2004: 10 cents per share)	19,594	12,893	19,594	12,893

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

6. STATEMENT OF CASH FLOWS

(a) Reconciliation of net profit after tax to the net cash flows from operations

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Profit from ordinary activities after tax	30,071	38,353	122,418	1,367
Non Cash Items				
Interest received from related entity	-	-	-	(1)
Dividends received from related entity	-	-	-	-
Amortisation and depreciation	56,748	28,305	-	-
Net (profit)/ loss on sale of non current assets	(169)	523	-	-
Changes in assets and liabilities				
Future income tax benefit	(70,492)	(3,086)	(9,618)	1,405
Receivables	(231,772)	(7,512)	(2,600)	(8)
Prepayments	(11,662)	2,423	-	-
Intangibles	(799,872)	(1,252)	-	-
Creditors and provisions	1,018,106	11,235	(97,764)	161
Deferred income tax liability	32,541	307	(1,310)	(1,367)
Provision for employee benefits	118,714	5,616	-	-
Inventory	(35,823)	(1,661)	-	-
Tax provisions	6,387	490	(11,971)	611
Net cash flow from / (used in) operating activities	112,777	73,741	(845)	2,168

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
(b) Reconciliation of Cash				
Cash balances comprise:				
Cash on hand	109	43	-	-
Cash at bank and on deposit	51,325	22,445	99	46
	51,434	22,488	99	46
Restricted cash balances	(2,455)	-	-	-
	48,979	22,488	99	46

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR

(a) Acquisition of Benchmark Healthcare Group – July 2004

In July 2004 Ramsay Health Care Ltd acquired all the shares in Benchmark Healthcare Group. The acquisition was funded by debt and cash reserves.

Benchmark operates and manages 10 hospitals in Victoria and South Australia, comprising 980 hospital beds and 68 aged care beds. The Group has annual revenue of approximately \$200 million.

Of the 9 hospitals operated by Benchmark, four are owned outright and five are leased. One hospital is managed under a management contract whereby the owner retains full operator risk.

The purchase increased the number of facilities in Ramsay Health Care's portfolio to 35 and the number of licensed beds to approximately 4000.

The components of the acquisition are:

	2005 \$'000
CONSIDERATION	
-Cash Paid	122,334
Net Assets of Benchmark Healthcare Ltd at 1 July 2004	
CURRENT ASSETS	
Cash Assets	2,237
Receivables	17,154
Inventories	4,240
Other	8,348
NON-CURRENT ASSETS	
Property, plant and equipment	58,634
Deferred tax assets	6,671
CURRENT LIABILITIES	
Payables	(28,485)
Interest bearing liabilities	(2,431)
Provisions	(17,419)
NON-CURRENT LIABILITIES	
Payables	-
Interest bearing liabilities	(4,969)
Provisions	(6,975)
Deferred tax liabilities	(1,443)
FAIR VALUE OF NET TANGIBLE ASSETS	<u>35,562</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	122,334
less: Fair Value of Net Tangible Assets	<u>(35,562)</u>
Goodwill arising on acquisition	<u>86,772</u>
Net Cash Effect:	
-Cash consideration paid	122,334
-Cash included in net assets acquired	<u>(2,237)</u>
Cash paid for purchase of controlled entity	<u>120,097</u>

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)**

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(b) Acquisition of Gracedale Private Nursing Home – March 2005

Acquisition of Controlled Entity in Current Year

In March 2005, Ramsay Health Care acquired Gracedale Private Nursing Home for an outlay of \$9.8 million. Gracedale has 75 beds. Gracedale has annual revenue of approximately \$5 million. Ramsay Health Care funded the acquisitions using existing cash reserves and credit facilities.

The components of the acquisition are:

The components of the acquisition are:

	2005 \$'000
CONSIDERATION	
- Cash paid	9,802
Net Assets of Gracedale Private Nursing Home at 1 March 2005	
CURRENT ASSETS	
- Prepayments	6
NON-CURRENT ASSETS	
- Property, plant, equipment and bed licences	11,878
CURRENT LIABILITIES	
- Provisions	(1,150)
NON-CURRENT LIABILITIES	
- Provisions	(168)
- Accommodation bonds	(3,680)
FAIR VALUE OF NET TANGIBLE ASSETS	<u>6,886</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	9,802
less: Fair Value of Net Tangible Assets	<u>(6,886)</u>
Goodwill arising on acquisition	<u>2,916</u>
NET CASH EFFECT	
- Consideration paid	<u>9,802</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(c) Acquisition of Four Aged Care Facilities from Ellis Aged Care – April 2005

In April 2005, Ramsay Health Care acquired four aged care facilities in Victoria from Ellis Aged Care for an outlay of \$38.5 million.

The facilities purchased include Bairnsdale Aged Care Facility, Lakeview Aged Care Facility (Lakes Entrance), Paynesville Aged Care Facility and Sale Aged Care Facility, which together have a total of 331 high care and low care places. The acquisition of these four facilities also includes the acquisition of vacant land adjoining some of the facilities, which provides Ramsay Health Care with expansion opportunities. The Ellis facilities have annual revenue of approximately \$15 million.

Ramsay Health Care funded the acquisitions using existing cash reserves and credit facilities.

The components of the acquisition are:

	2005
	\$'000
CONSIDERATION	
- Cash paid	38,457
Net Assets of four Private Nursing Homes at 1 April 2005	
CURRENT ASSETS	
- Prepayments	36
NON-CURRENT ASSETS	
- Property, plant, equipment and bed licences	47,000
CURRENT LIABILITIES	
- Provisions	(463)
NON-CURRENT LIABILITIES	
- Provisions	(4,159)
- Accommodation bonds	(7,310)
FAIR VALUE OF NET TANGIBLE ASSETS	<u>35,104</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	38,457
less: Fair Value of Net Tangible Assets	(35,104)
Goodwill arising on acquisition	<u>3,353</u>
NET CASH EFFECT	
- Consideration paid	<u>38,457</u>
Cash paid for purchase of 100% of the assets of four Private Nursing Homes as reflected in the consolidated financial report	<u>38,457</u>

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)**

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(d) Acquisition of Murray Valley Private Hospital – February 2005

In February 2005, Ramsay Health Care acquired Murray Valley Private Hospital for an outlay of \$1.9 million.

Murray Valley Private Hospital is a 30 bed medical-surgical hospital geographically located on the Wodonga side of the border in Victoria. The hospital is in close proximity to existing Ramsay Health Care facility allowing for enhancement of service provision. Murray Valley Private Hospital has annual revenue of approximately \$5 million.

The components of the acquisition are:

	2005 \$'000
CONSIDERATION	
- Cash paid	1,926
Net Assets of Murray Valley Private Hospital at 6 February 2005	
CURRENT ASSETS	
- Prepayments	20
- Inventory	20
NON-CURRENT ASSETS	
- Property plant and equipment	2,409
CURRENT LIABILITIES	
- Provisions	(197)
NON-CURRENT LIABILITIES	
- Provisions	(453)
FAIR VALUE OF NET TANGIBLE ASSETS	<u>1,799</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	1,926
less: Fair Value of Net Tangible Assets	<u>(1,799)</u>
Goodwill arising on acquisition	<u>127</u>
NET CASH EFFECT	
- Consideration paid	<u>1,926</u>
Cash paid for purchase of 100% of the assets of Murray Valley Private Hospital as reflected in the consolidated financial report	<u>1,926</u>

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)**

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(e) Acquisition of Rockingham Family Hospital – March 2005

In March 2005, Ramsay Health Care acquired Rockingham Family Hospital for an outlay of \$1.5 million.

Rockingham Family Hospital is a 45 bed acute medical-surgical and maternity hospital. It is in close proximity to an existing Ramsay Health Care facility allowing for enhancement of service provision. Rockingham Family Hospital has annual revenue of approximately \$5 million.

The components of the acquisition are:

	2005
	\$'000
CONSIDERATION	
- Cash paid	1,089
- Retained in trust account	400
	<u>1,489</u>
Net Assets of Rockingham Family Hospital at 2 March 2005	
CURRENT ASSETS	
- Prepayments	36
- Inventory	270
NON-CURRENT ASSETS	
- Property plant and equipment	1,728
CURRENT LIABILITIES	
- Provisions	(336)
- Creditors	(5)
NON-CURRENT LIABILITIES	
- Provisions	(204)
Fair value of net tangible assets	<u>1,489</u>
Net cash effect	
- Consideration paid	1,489
- Retained in trust account	(400)
Cash paid for purchase of 100% of the assets of Rockingham Family Hospital as reflected in the consolidated financial report	<u>1,089</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(f) Acquisition of Affinity Holdings SARL – April 2005

In April 2005 Ramsay Health Care Ltd acquired Affinity Holdings SARL for an Enterprise Value of approximately \$1.4 billion.

The acquisition was funded through an institutional placement, a 1-for-9 Accelerated Renounceable Entitlement Offer of shares to Ramsay shareholders, a preference share offer of Convertible Adjustable Rate Equity Securities and bank debt.

Affinity currently operates 48 hospitals across metropolitan and regional Australia and 3 hospitals in Indonesia. Affinity has annual revenue of approximately \$1.3 billion. Simultaneously, Ramsay entered into a non-binding Heads of Agreement to divest 14 hospitals for net proceeds of \$406 million to certain former owners of Affinity, being CVC Asia Pacific and Ironbridge Capital.

Pre-acquisition, Ramsay had 42 facilities throughout Australia including 36 private hospitals, 5 aged care facilities and 1 day surgery. The acquisition of Affinity provides Ramsay with a unique opportunity to expand significantly in its core private hospital business through one transaction and allow Ramsay to apply its successful hospital management expertise across a greater number of facilities for the benefit of its shareholders, doctors, patients and employees.

The components of the acquisition are:

	2005
	\$'000
CONSIDERATION	
- Cash Paid	805,018
- Transaction costs	70,614
- Cash Paid	<u>875,632</u>
 Net Assets of Affinity Holdings SARL at 14 April 2005	
CURRENT ASSETS	
Cash Assets	63,824
Receivables	196,502
Inventories	29,562
Other	8,726
NON-CURRENT ASSETS	
Other financial assets	3,277
Property, plant and equipment	819,540
Deferred tax assets	56,980
Other	11
CURRENT LIABILITIES	
Payables	(170,258)
Interest bearing liabilities	(33,833)
Current tax liabilities	(9,048)
Provisions	(80,204)
NON-CURRENT LIABILITIES	
Payables	-
Interest bearing liabilities	(602,548)
Provisions	(93,567)
Deferred tax liabilities	(31,834)
OUTSIDE EQUITY INTEREST	(462)
FAIR VALUE OF NET TANGIBLE ASSETS	<u>156,668</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	875,632
less: Fair Value of Net Tangible Assets	(156,668)
Goodwill arising on acquisition	<u>718,964</u>
Net Cash Effect:	
-Cash consideration paid	875,632
-Cash included in net assets acquired	(63,824)
Cash paid for purchase of controlled entity as reflected in the consolidated financial report	<u>811,808</u>

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005 (Continued)**

7. ACQUISITION OF CONTROLLED ENTITIES IN THE CURRENT YEAR (Continued)

(g) Acquisition of Home Care Services (HCS) – April 2005

In April 2005, Ramsay Health Care acquired Home Care Services (HCS), a residential homecare business operating in Adelaide, through its subsidiary Glad Pty Limited for an outlay of \$1.5 million.

HCS operates one of the largest commercial home care businesses in South Australia. Established over 12 years ago, it has grown to have offices in Adelaide, Victor Harbour, Port Augusta and Tiwi Islands. HCS has annual revenue of approximately \$8 million.

The acquisition of HCS will give Ramsay Health Care a significant stake in the South Australian homecare market.

The components of the acquisition are:

	2005 \$ 000
Consideration	
- Cash paid	1,485
Net Assets of HCS at 22 April 2005	
CURRENT ASSETS	
- Prepayments	3
- Inventory	
NON-CURRENT ASSETS	
- Property plant and equipment	9
CURRENT LIABILITIES	
- Provisions	(361)
NON-CURRENT LIABILITIES	
- Provisions	(89)
FAIR VALUE OF NET TANGIBLE (LIABILITIES)	<u>(438)</u>
GOODWILL ARISING ON ACQUISITION	
Consideration paid	1,485
add: Fair Value of Net Tangible Liabilities	438
Goodwill arising on acquisition	<u>1,923</u>
Net cash effect	
- Consideration paid	<u>1,485</u>
Cash paid for purchase of 100% of the assets of HCS as reflected in the consolidated financial report	<u>1,485</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

8. SEGMENT INFORMATION

The consolidated entity operates in the private health care industry segment (hospitals and aged care), predominantly in the geographical segment of Australia.

Consolidated		Ramsay Health Care Limited	
2005	2004	2005	2004
\$000	\$000	\$000	\$000

9. CONTRIBUTED EQUITY

9.1 Ordinary Shares

(a) Issued and paid up capital

- 170,378,468 ordinary shares fully paid
(30 June 2004: 128,928,506 ordinary shares fully paid)

<u>393,556</u>	<u>121,870</u>	<u>393,556</u>	<u>121,870</u>
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	2005		2004	
	Number of Shares	\$000	Number of Shares	\$000
(b) Movements in share issue:				
Beginning of financial year	128,928,506	121,869	128,687,756	121,490
Issued during the period:				
- Exercise of options	-	-	240,750	380
- Share Placement (Institutional) @ \$7.35	5,442,177	40,000	-	-
- Share Purchase Plan (Retail Investors) @ \$7.35	220,524	1,621	-	-
- Share Placement (Paul Ramsay Holdings Pty Ltd) @ \$7.35	5,442,177	40,000	-	-
	<u>11,104,878</u>	<u>81,621</u>	<u>240,750</u>	<u>380</u>
Less: Issue Costs		<u>(1,285)</u>		<u>-</u>
		80,336		380
- Institutional Placement @ \$7.00	14,746,504	103,225	-	-
- Entitlement Offer \$6.20	15,598,580	96,711	-	-
	<u>30,345,084</u>	<u>199,936</u>	<u>-</u>	<u>-</u>
Less: Issue Costs		<u>(8,585)</u>		<u>-</u>
		191,351		-
Balance at 30 June 2005	<u>170,378,468</u>	<u>393,556</u>	<u>128,928,506</u>	<u>121,870</u>

(c) Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005

	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
9.2 Convertible Adjustable Rate Equity Securities (CARES)				
(a) Issued and paid up capital				
2,600,000 CARES shares fully paid (30 June 2004: nil CARES shares fully paid)	252,165	-	252,165	-
	2005		2004	
	Number of Shares	\$000	Number of Shares	\$000
(b) Movements in share issue				
Beginning of financial year	-	-	-	-
Issued during the period:				
- CARES issue @ \$100	2,600,000	260,000	-	-
	2,600,000	260,000	-	-
Less: Issue Costs		(7,835)		-
		252,165		-
Balance at 30 June 2005	2,600,000	252,165	-	-

(c) Terms and conditions of CARES

Issuer	Ramsay Health Care Limited (ABN 57 001 288 768)
Security	Convertible Adjustable Rate Equity Securities (CARES) which are a non-cumulative, redeemable and convertible preference shares in Ramsay.
Face Value	\$100 Per CARES.
Dividends	The holder of each CARES is entitled to a preferred, non-cumulative, floating rate dividend equal to: Dividend Entitlement = $\frac{\text{Dividend Rate} \times \text{Face Value} \times N}{365}$ where: N is the number of days in the Dividend Period The payment of Dividends is at the Directors' discretion and is subject to there being funds legally available for the payment of Dividends and the restrictions which apply in certain circumstances under the financing arrangements. If declared, the first Dividend will be payable on each CARES in arrears on 20 October 2005 and thereafter on each 20 April and 20 October until CARES are converted or exchanged.
Dividend Rate	The Dividend Rate for each Dividend Period is calculated as: Dividend Rate = (market Rate + Margin) x (1-T) where: The Market Rate is the 180 day Bank Bill Swap Rate applying on the first day of the Dividend Period expressed as a percentage per annum. The Margin for the period to 20 October 2010 is 2.85% per annum. It was determined by the Bookbuild held on 26 April 2005. T is the prevailing Australian corporate tax rate applicable on the Allotment Date. If Ramsay does not convert or exchange by 20 October 2010 the Margin will be increased by a one time step up of 2.00% (200 basis points) per annum.
Step-up	One-time 2.00% (200 basis points) step-up in the Margin at 20 October 2010
Franking	Ramsay expects the Dividends paid on CARES to be fully franked. If a Dividend is not fully franked, the Dividend will be grossed up to compensate for the unfranked component. If, on a Dividend Payment Date, the Australian corporate tax differs from the Australian corporate tax rate on the Allotment Date, the Dividend will be adjusted downwards or upwards accordingly.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

9.3 Convertible Adjustable Rate Equity Securities (CARES) (Continued)

(c) Terms and conditions of CARES (Continued)

Conversion or exchange by Ramsay	CARES have no maturity. Ramsay may convert or exchange some or all CARES at its election for shares or \$100 in cash for each CARES on 20 October 2010 and each Dividend Payment Date thereafter. Ramsay also has the right to: <ul style="list-style-type: none"> • convert or exchange CARES after the occurrence of a Regulatory Event; and • convert CARES on the occurrence of a Change in Control Event. Ramsay cannot elect to convert or exchange only some CARES if such conversion or exchange would result in there being less than \$50 million in aggregate Face Value of CARES on issue.
Conversion Ratio	The rate at which CARES will convert into Shares will be calculated by reference to the market price of Shares during 20 business days immediately preceding, but not including, the conversion date, less a conversion discount of 2.5%. An adjustment is made to the market price calculation in the case of a Change in Control Event. The Conversion Ratio for each CARES will not be greater than 400 shares.
Ranking	CARES rank equally amongst themselves in all respects and are subordinated to all creditors but rank in priority to Shares.
Participation	Unless CARES are converted into Shares, CARES confer no rights to subscribe for new shares in any fundraisings by Ramsay or to participate in any bonus or rights issues by Ramsay.
Voting Rights	CARES do not carry a right to vote at general meeting of Ramsay except in limited circumstances.

Notes	Consolidated		Ramsay Health Care Limited	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000

10. RESERVES AND RETAINED PROFITS

Asset revaluation	10(a)	<u>54,533</u>	<u>54,533</u>	<u>-</u>	<u>-</u>
Foreign exchange translation reserve	10 (b)	<u>(226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Retained profits	10(c)	<u>99,462</u>	<u>94,186</u>	<u>99,072</u>	<u>1,449</u>

(a) Reserves

Asset revaluation	<u>54,533</u>	<u>54,533</u>	<u>-</u>	<u>-</u>
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(i) Nature and purpose of reserves:

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(ii) Movements in reserve:

Balance at beginning of year	54,533	54,533	-	-
Revaluation increments on revaluation of:				
- Licensed Private Hospitals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>54,533</u>	<u>54,533</u>	<u>-</u>	<u>-</u>

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

10. RESERVES AND RETAINED PROFITS (Continued)

	Notes	Consolidated		Ramsay Health Care Limited	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
(b) Foreign Exchange Translation Reserve					
Balance at beginning of year		-	-	-	-
Revaluation reserve decrement		(226)	-	-	-
Balance at end of year		<u>(226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(c) Retained profits					
Balance at the beginning of year		94,186	77,106	1,449	21,355
Net profit attributable to members of Ramsay Health Care Limited		30,071	38,353	122,418	1,367
Total available for appropriation		<u>124,257</u>	<u>115,459</u>	<u>123,867</u>	<u>22,722</u>
Dividends provided for or paid		<u>(24,795)</u>	<u>(21,273)</u>	<u>(24,795)</u>	<u>(21,273)</u>
Balance at end of year		<u>99,462</u>	<u>94,186</u>	<u>99,072</u>	<u>1,449</u>

11. REFINANCING

(a) Note Sale and Purchase Facility and Working Capital Facility

On 7 June 2005 the Ramsay Group entered into a Senior Sale and Purchase Agreement and related documents for the issue, sale and purchase of notes (“SSPA”). The SSPA has 2 Facilities, Facility A with a commitment amount of \$1,045,000,000 expiring April 2010 and Facility B with a commitment amount of \$350,000,000 expiring July 2006. The SSPA was jointly arranged on a fully underwritten basis by Australia and New Zealand Banking Group Limited (“ANZ”) and National Australia Bank Limited (“NAB”).

The proceeds of the initial issue and sale of notes under the SSPA documents were used to:

- repay the senior debt facility entered into on 13 April 2005 with ANZ and NAB, the proceeds of which were used to acquire the Affinity Group; and
- replace, refinance and expand existing banking facilities and financing arrangements of the Ramsay Group (including the Affinity Group).

The SSPA was syndicated on 29 June, 2005. The aggregate amount outstanding under the SSPA on 30 June 2005 was \$ 1,362,000,000.

On 7 June 2005, the Ramsay Group also entered into a Working Capital Facility Agreement (“Working Capital Facility”) with ANZ and NAB with a commitment amount of \$50,000,000. No amounts were drawn under the Working Capital Facility as at 30 June 2005.

The SSPA and the Working Capital Facility are fully secured. The Company and all wholly owned subsidiaries of the Company (except for dormant companies) have given guarantees and all asset security. The all asset security includes fixed and floating charges and specific property mortgages over freehold land (including improvements and fixtures thereon).

(b) Bilateral Facilities

These facilities were entered into in conjunction with the SSPA and its subsequent syndication, and are provided by ANZ, NAB and Westpac Banking Corporation (“Westpac”).

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES NOTES FOR THE YEAR ENDED 30 JUNE 2005

11. REFINANCING (Continued)

(b) Bilateral Facilities (Continued)

The commitment limit under the ANZ facility for working capital is \$35,000,000; which comprises a cash advance facility, overdraft facility and indemnity/guarantee facility. A further transactional encashment facility is also provided which permits the encashment of payroll and other cheques at any ANZ branch.

The limit on the NAB facility for working capital is \$10,000,000; which comprises a cash advance facility, overdraft facility and indemnity/guarantee facility.

The Westpac facility comprises various transactional banking facilities including set-off and lease line facilities. Westpac also provides a bank guarantee facility with a limit of approximately \$4,000,000.

Under these facilities as at 30 June 2005 bank guarantees totalling \$32,236,195 had been issued.

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team has engaged expert consultants to assist in managing the transition to AIFRS. The project team report to an AIFRS Steering Committee which is chaired by a Non Executive Director and reports quarterly to the audit committee. The project team has prepared a detailed timetable for managing the transition and is currently on schedule.

The project team has analysed AIFRS and has identified the accounting policy changes that will be required. In some cases there is a choice of accounting policy available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

a) Income Tax

Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

a) Income Tax (Continued)

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 it would have resulted in the recognition of an additional deferred tax asset of \$12,650,727 and a further deferred tax liability of \$20,954,721. The impact of these adjustments would have been reflected in a reduction in goodwill of \$3,219,486, a reduction in retained earnings of \$16,582,607 and an increase in the equity balance of \$5,059,127. There would have been an increase of \$389,198 in the tax expense 2005.

For Capital Gains Tax purposes, Ramsay will allocate the Affinity acquisition cost to the Affinity assets. In determining the amounts disclosed in relation to the AIFRS note above, the cost base of the acquired Affinity assets has not been finalised and once complete, will result in changes to those amounts as disclosed above.

b) Property, Plant and Equipment, including Licenses

(i) Amortisation

Under AASB 138 *Intangible Assets*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

If the policy required by AASB 3 had been applied during the year ended 30 June 2005, consolidated goodwill at 30 June 2005 would have been \$13,003,184 higher and consolidated amortisation expense for the year ended 30 June 2005 would have been \$13,003,184 lower.

There would have been no impact on the parent entity's financial statements.

(ii) Measurement

Licenses

Under AASB 138 *Intangible Assets*, from 1 July 2004 the group is required to measure an intangible fixed asset after initial recognition as follows:

- (i) at its cost less any accumulated amortisation and any accumulated losses (cost model); or
- (ii) at a re-valued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses, but only where fair value can be determined by reference to an active market (revaluation model).

Previously the group had re-valued hospital bed licenses, as part of licensed private hospitals, by reference to Australian GAAP provisions. This re-valuation is no longer permitted under AIFRS and this will result in a change to the current accounting policy with licenses being written down to cost at 1 July 2004 and then carried under the cost model.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Property, Plant & Equipment

Under AASB 116, Property, Plant & Equipment, from 1 July 2004 the group is required to measure a tangible fixed asset after initial recognition under either of the models listed below:

(i) Cost Model

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Revaluation model

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a re-valued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations should be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value.

The group have elected to utilise the cost model from 1 July 2004. This is a change from the current accounting policy whereby property, plant and equipment are periodically re-valued.

Impact of AIFRS on Property, Plant and Equipment, including Licenses

If the policy required by AASB 138 and AASB 116 had been applied during the year ended 30 June 2005 then the consolidated opening balances in respect of the following accounts would have been amended as noted: Property, Plant and Equipment, including Licenses would have been \$19,145,422 lower, the revaluation reserve would have been \$11,053,034 lower and retained earnings would have been \$8,092,388 lower.

There would have been no impact on the parent entity's financial statements.

c) Share Based Payments

Under AASB 2 Share-based Payment, from 1 July 2004 the group is required to recognise an expense for those options that were issued to employees under the Executive Performance Rights Plan (Equity) and the rights that were issued to employees under the Executive Incentive Rights Plan (Cash Settled) after 7 November 2002 but that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation which was settled by equity.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, the following consolidated and parent entity balances would have been different:

- the share based payment reserve at 30 June 2005 would have been \$988,268 higher
- retained earnings at 1 July 2004 would have been \$145,000 lower
- and the employee benefit expense for the year ended 30 June 2005 would have been \$843,268 higher.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

d) Effects of changes in Foreign Exchange Rates

Under AASB 121 The Effects of Changes in Foreign Exchange Rates, goodwill and fair value adjustments will be treated as assets and liabilities of the foreign operations (for the purposes of foreign exchange translation) and translated at the closing balance sheet date.

Under AASB 121 the financial statements of the foreign entities (which are independent of the parent) will be translated as follows:

- balance sheet amounts translated at the exchange rate on the balance sheet date;
- income statement amounts translated at the exchange rate on the date of transaction (or an approximation thereof such as an average rate for the year); and
- translation differences are recorded in equity, in the foreign currency translation reserve.

The translation differences accumulated in equity should be recognised in income when the related foreign entity is sold or liquidated.

This will result in a change to the current accounting policy which is for all exchange differences arising on settlement or restatement to be brought to account in determining the profit or loss for the financial period.

If the policy required by AASB 121 had been applied during the year ended 30 June 2005 there would have been no impact on either the consolidated or parent financial statements.

e) Financial Instruments

The group will be taking advantage of the exemption available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 July 2005. This allows the group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 132, the current classification of financial instruments issued by entities in the consolidated entity would not change.

AASB 139 is likely to have the following impacts:

(i) Classification and measurement of financial assets and liabilities

Under AASB 139, financial assets held by entities in the consolidated entity will be classified as either at fair value through profit or loss, held-to-maturity, available for sale or loans and receivables and, depending on the classification, measured at fair value or amortised cost.

Under AASB 139, the following classifications will apply:

- loans and receivables and financial liabilities classifications will remain unchanged. Measurement of these instruments will initially be at fair value with subsequent measurement at amortised cost, using the effective interest method.
- investments will be classified as held-to-maturity investments. Measurement of these financial assets will initially be at fair value with subsequent measurement at amortised cost, using the effective interest method.

This does not effectively result in a change to the current accounting policy, under which financial assets are carried at the lower of cost and recoverable amount, with changes recognised in the profit or loss.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

e) Financial Instruments (Continued)

(ii) Cash flow hedges

Under AASB 139, interest rate swap contracts held for hedging purposes will be accounted for as cash flow hedges in the financial statements. The contracts will be recognised at fair value and changes in the fair value of those contracts will be recognised directly in equity until the hedged transaction occurs, in which case the amounts recognised in equity will be included in the initial cost of the assets acquired.

This will result in a change to the current accounting policy which currently does not recognise interest rate swaps in the financial statements.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of cash flow hedges from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005 as a result of the exemption.

The existing hedge positions are expected to qualify as effective hedge relationships under AIFRS at the date of transition.

f) Impairment

Under AASB 136 Impairment of Assets, from 1 July 2004 the group is required to assess at the reporting date that the recoverable amount of an asset be determined and compared with its carrying amount whenever there is an indication that the asset may be impaired and, irrespective of whether there is an impairment indicator present, requires that the recoverable amount of an intangible asset with an indefinite useful life or an intangible asset not yet available for use be determined annually at the same time each year and compared with the intangible asset's carrying amount.

AASB 136 defines the recoverable amount as being the higher of fair value less costs to sell and value in use.

This will result in a change to the current accounting policy under which the recoverable amount is determined solely by reference to value in use.

If the policy required by AASB 136 had been applied during the year ended 30 June 2005 then there would have been no impact on the financial statements.

g) Investments in associates

The group will be taking advantage of the exemption available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards in respect of AASB 128 Investments in Associates. That is, an entity may elect not to apply AASB 128 retrospectively to all past acquisitions of investments in associates. There are no changes in accounting for investments in associates to the consolidated or parent entity from applying AASB 128.

h) Non – current assets held for Sale and Discontinued Operations

Under AASB 5 Non-current assets held for Sale and Discontinued Operations, a non-current asset will be classified as held for sale if its carrying amount is to be recovered principally through a sale transaction rather than through continued use. The asset will be measured at the lower of carrying amount and fair value less costs to sell. No depreciation will be charged on the assets classified as held for sale. Under the provisions of AASB 3, Business Combinations, the carrying value of assets and liabilities of newly acquired subsidiaries will be fair value.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES FOR THE YEAR ENDED 30 JUNE 2005**

12. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

h) Non – current assets held for Sale and Discontinued Operations (Continued)

This will result in a change to the current accounting policy, under which disposal groups that are newly acquired subsidiaries are consolidated in the statement of financial position within non - current assets and are not separately disclosed as being held for sale on acquisition. Depreciation is currently charged on these assets.

A further change to accounting policy will be that for assets within newly acquired subsidiaries, which are to be classified as held for sale, will have goodwill allocated to them to the extent that this value will be recovered by the estimated sale proceeds less costs to sell.

During the year ended 30 June 2005, fourteen hospitals were acquired from Affinity Holdings SARL on 15 April 2005 and, as at 30 June 2005, these entities are intended to be sold to non-group entities.

If the policy required by AASB 5 had been applied during the year ended 30 June 2005, then the depreciation charge would have been \$1,931,492 lower. A proportion of Property, Plant & Equipment and goodwill relating to the fourteen divestment hospitals would have been re-classified to "Current assets - Assets of disposal group classified as held for sale".

i) Business Combinations

AASB 1 First time adoption of Australian Equivalents to International Financial Reporting Standards permits an entity to not elect to apply AASB 3 Business Combinations retrospectively to past business combinations (being business combinations that occurred before the date of transition to Australian equivalents to IFRS, 1 July 2004). Ramsay has elected to apply this exemption.

The parent entity acquired 100% of the share capital of Benchmark Healthcare Ltd and Affinity Holdings SARL on 1 July 2004 and 14 April 2005 respectively. The parent entity also acquired 100% of the net assets of Gracedale Nursing Home and four aged care facilities from Ellis Residential Care on 1 March 2005 and 1 April 2005 respectively. These acquisitions have resulted in the following differences under AASB 3 when compared to current accounting policy.

(i) Provision for restructuring costs

Under AASB 3, provisions for restructuring costs can only be recognised as part of the acquisition accounting if the acquired entity had, at the acquisition date, recognised an existing liability for restructuring. This is different to the current accounting policy under which a provision is recognised provided the acquirer had developed the main features of the restructuring plan at the date of the acquisition and developed a detailed plan within three months after the date of the acquisition.

Had the policy required by AASB 3 been applied to the acquisitions, no provision for restructuring would have been recognised in the consolidated statement of financial position at the date of acquisition totalling \$7,757,880 and goodwill would have decreased by the corresponding amount. Restructuring costs of \$6,014,420 would then have been charged to the profit and loss account in the year ended 30 June 2005.

(ii) Purchased goodwill

Under AASB 3, goodwill acquired in a business combination shall not be amortised. Instead, the acquirer tests it for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with AASB 136 Impairment of Assets. The impairment of goodwill is recognised as an expense to the extent that future benefits are no longer probable.

This is different to the current accounting policy under which purchased goodwill is amortised (using the straight-line method) over twenty years

Refer to section (bii) of this note above for the impact of this change in accounting policy.

**RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Ramsay Health Care Limited, I state that:

In the opinion of the directors:

- (a) the financial information and notes of the consolidated entity:
 - (i) give a true and fair view for the financial position as at 30 June 2005 and the performance for the year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



I.P.S Grier
Director



B. R Soden
Director

Sydney, 29 August 2005.

SECTION 3
ANALYST INFORMATION

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2005

ANALYST INFORMATION

1) Earnings per share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2005	2004
	\$000	\$000
Net profit	30,071	38,353
Earnings used in calculating basic and diluted earnings per share	<u>30,071</u>	<u>38,353</u>
	Number of shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	138,826,061	128,808,131
Effect of dilutive securities:		
Share options	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>138,826,061</u>	<u>128,808,131</u>
Basic earnings per share	21.7c	29.8c
Diluted earnings per share	21.7c	29.8c

Effect of CARES dividend on earnings per share.

Subject to certain conditions, Holders of CARES will be entitled to Dividends that are due to be paid half-yearly in arrears on 20 April and 20 October each year, or if that day is not a business day, then the next Business Day. The first Dividend will be paid in respect of the period from the date on which CARES are first allotted to 20 October 2005.

For the year ending 30 June 2006, the CARES Dividend paid should be factored into the 'Earnings used in calculating basic and diluted earnings per share' ie:

Earnings used in calculating basic = (Net profit less CARES dividend paid)
and diluted earnings per share.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2005

ANALYST INFORMATION (Continued)

2) Dividends

Dividends	Amount per security	Franked amount per security
Current year		
- Interim dividend	8.5¢	8.5¢
- Final dividend	11.5¢	11.5¢
Total dividend	20.0¢	20.5¢
Previous corresponding period		
- Interim dividend	7.5¢	7.5¢
- Final dividend	10.0¢	10.0¢
Total dividend	17.5¢	17.5¢
Record date for determining entitlements to the dividend	5:00 pm Friday, 30 September 2005	
Date the final current year dividend is payable	14 October 2005	

Final Dividend	2005 \$000	2004 \$000
Ordinary Securities	19,594	12,893

The current year interim dividend will be franked at the rate of 30% (2004: 30 %)

Dividend Reinvestment Plan (DRP)

The company has a fully underwritten DRP for the next four ordinary dividends (excluding any special dividend) commencing with the dividend for the period ending 31 December 2005. Currently the shares will be issued at a discount of 2.5% to the volume weighted average price of the shares on the ASX over the 5 days following the record date for the relevant dividend. The last date for receipt of an election notice for participation in the DRP is 30 September 2005.

**RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
 APPENDIX 4E
 FOR THE YEAR ENDED 30 JUNE 2005**

3) NTA backing	2005	2004
Net tangible asset backing per ordinary share	\$(0.28)	\$2.09

4) Annual meeting

The annual meeting will be held as follows:

Place	Shangri-La Hotel 176 Cumberland Street, The Rocks Sydney NSW
Date	22 November 2005
Time	10:30 am
Approximate date the annual report will be available	24 October 2005

RAMSAY HEALTH CARE LIMITED
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2005

SECTION 4
STATUS OF AUDIT

RAMSAY HEALTH CARE LIMITED
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2005

AUDIT UPDATE

This report is based on accounts to which one of the following applies.

(Tick one)

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.