

Ramsay Health Care Limited

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12 March, 2002

Dear fellow shareholder,

I am very pleased to inform you of another strong financial result for Ramsay Health Care.

Ramsay Health Care has reported a 127% rise in net profit to a record \$14.8 million for the six months ended 31 December, 2001, up from \$6.5 million in the previous corresponding period.

This is a very pleasing result for your Company and follows on from strong profit growth in the 2000/2001 financial year. The half year net profit includes the results of Alpha Healthcare Limited over which Ramsay Health acquired a controlling interest on 31 May, 2001.

Importantly, cash flows from operating activities continued to strengthen. Net operating cash flow increased 40% to \$42.5 million in the half year, demonstrating the strength of the underlying business and the company's ability to maximise returns from its portfolio.

Interim Dividend

As a result of this successful half-year, your Directors have declared a higher interim dividend of 4.5 cents per share, increased from 3.5 cents in the previous six-month period. The dividend is unfranked and will be payable on 30 April, 2002 to shareholders registered on 15 April, 2002.

Due to a low participation rate and to avoid unnecessary administrative costs, the Directors have decided to suspend the dividend reinvestment plan for the time being.

Strength of underlying businesses

These latest results demonstrate the strength and potential of the existing Ramsay hospitals even before including the Alpha Healthcare hospitals acquired in May last year. Earnings before interest and tax for the existing Ramsay hospitals rose by 31% from the same period last year.

This strong performance is the result of continued management efficiencies, as well as the improved trading environment within the private hospital sector and improved health fund reimbursement rates in line with the quality of care provided by Ramsay hospitals.

Alpha

The integration of Alpha Healthcare is proceeding well and revenue and earnings outcomes have exceeded expectations due to the synergies, benefits and savings achieved through the merger post-acquisition. We are very pleased with the Alpha acquisition. It has proven to be a very successful addition to, and a good fit with, our existing operations.

A letter from the Chairman - Paul Ramsay

Outlook

We are confident of at least matching the first half profit in the second half of the year despite the fact the second half is seasonally weaker.

Ramsay Health Care's good relationships with health funds and strategic profile of its hospital portfolio will position the Company well to capitalise on the improved environment in the private hospital sector.

Based upon the strength of our hospitals, the expected additional occupancy in the former Alpha hospitals, and added capacity coming onstream over the next few years, and assuming market conditions are in line with expectations, we see solid profit growth continuing over the medium term.

The Company will continue to investigate growth and acquisition opportunities in the private hospital sector, as well as actively investigating ways to leverage our management expertise in related markets within the wider health care environment.

Recently, Ramsay Health Care reached an agreement to acquire the 76-bed Lake Macquarie Private Hospital from the Medical Benefits Fund of Australia. This acquisition will be earnings per share positive and the Company intends to redevelop this hospital to increase its capacity and further enhance its financial returns.

Ramsay Health Care is committed to maximising returns for all our shareholders and to capitalising on our strengths in the private health care sector to continue to deliver strong results.

Yours sincerely,



Paul Ramsay
Chairman

SUMMARY OF FINANCIAL PERFORMANCE

	Half Year ended 31 December		
	(\$000's)		
	2001	2000	% Increase
Operating Revenue	264,860	186,530	42%
Earnings Before Interest, Tax, Depreciation & Amortization	40,210	28,432	41%
Earnings Before Interest & Tax (EBIT)	28,930	18,425	57%
Profit before tax	21,220	8,871	139%
Net profit after tax	14,770	6,518	127%
EBIT Margin	10.9%	9.9%	
EPS (cents per share)	11.7¢	6.0¢	