



COMMENT BY DIRECTORS

The Directors of Ramsay Health Care are pleased to announce the half-yearly interim net profit before abnormal items of \$4.1 million for the six months ended 31 December 1999 despite the continuing tough health insurance environment.

Detailed below is a summary of results:

Six months ended 31 December \$000's						
	Established Hospitals		Co-located Hospitals		Total	
	1999	1998	1999	1998	1999	1998
Operating Revenue	127,773	113,756	34,188	6,058	161,961	119,814
EBITDA	23,501	20,014	2,148	739	25,649	20,753
EBIT	17,198	14,483	(1,796)	167	15,401	14,648
Profit before tax and abnormals					4,802	9,294
NPAT before abnormals					4,085	6,921
Abnormal loss (net of tax)					(1,384)	(2,884)
NPAT					2,701	4,037
EBIT Margin	13.5%	12.7%	-	-	9.5%	12.2%
Pre abnormal EPS (cents per share)					3.8	6.4
EPS (cents per share)					2.5	3.7

Revenue from the established non co-located hospitals (i.e. the veteran hospitals, rural medical surgical hospitals and psychiatric hospitals) rose by 12% to \$128 million, while EBIT increased by 19% to \$17 million giving an EBIT margin of 13.5% as compared with 12.7% for the same period last year. The results of the non co-located hospitals have been

pleasing and reflect the Company's strategy to diversify away from a reliance on private health insurance.

The performance of the co-located hospitals (i.e. North Shore Private Hospital and Flinders Private Hospital) which are still maturing, have continued to be adversely affected by the difficult health insurance environment. Although occupancy levels have been high, the level of reimbursement from private health funds, particularly in relation to the more expensive advanced surgical procedures, has severely impacted each hospital's profitability. Management will continue to negotiate with the private health funds for an improvement in reimbursement rates. The Directors do not anticipate a significant improvement in the performance of these two hospitals in the short term.

Overall group revenue rose by 35% to \$162 million, while group NPAT before abnormals was \$4.1 million, after absorbing the impact of significantly higher depreciation and interest costs associated with the commissioning of North Shore Private Hospital and Flinders Private Hospital.

After an abnormal loss of \$1.4 million (net of tax), the net profit for the six-month period was \$2.7 million. The abnormal loss related to the write-off of discontinued development projects. A significant proportion of the abnormal loss relates to the anticipated net cost of the cessation of the Company's involvement in the Berwick Community Hospital privatisation.

In accordance with Company policy, an independent valuation of licensed private hospitals will be undertaken at 30 June 2000. At the present time the Directors do not believe that this exercise will result in a material net variation in the current carrying value of these assets.

Given the on-going difficulties experienced within the health care industry, the Company resolved, to withdraw from the Princess Alexandra co-location, and Berwick Community Hospital privatisation projects, in order to concentrate on the Mildura Base Hospital Project and the improvement of group profitability, particularly that of the two new co-located hospitals.

The development of the new Mildura Base Hospital is proceeding well, and the Company is working closely with the Victorian Government to ensure the success of the project. The hospital is on schedule to open in late September 2000, and is forecast to reach break-even in the first twelve months after commissioning.

On the strength of the established non co-located hospitals, the Directors are pleased to declare an interim dividend of 3 cents per share, which will be unfranked. The dividend will be payable on 28 April 2000 with the record date for determining entitlement to the dividend being 13 April 2000. The Directors will review the payment of future dividends in the light of the Company's continuing performance.

The private hospital industry remains tough and the Directors expect the difficult conditions to continue in the second half of the financial year.

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.C.N. 001 288 768
HALF YEAR FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 1999

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RAMSAY HEALTH CARE LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 1999.

DIRECTORS

The names of the directors of the company in office during the financial period and until the date of this report are:

P.J. Ramsay (Chairman)
M.S. Siddle (Deputy Chairman)
I.P.S. Grier (Managing Director)
M.L. Brislee (Chairman of the Quality Improvement Committee)
A.J. Clark
P.J. Evans (Chairman of the Audit and Remuneration Committees)
R. McGeoch
K. Roxburgh
B.R. Soden (Finance Director)

REVIEW OF OPERATING RESULTS

The consolidated profit after income tax expense for the six-month period to 31 December 1999 is \$3,417,000.

This profit incorporates the abnormal loss of \$668,000 (net of tax) in relation to the write off of costs associated with discontinued development projects. Consolidated profit before income tax and abnormals was \$4,802,000, as compared with \$9,294,000 for the same period last year, after absorbing significantly higher depreciation and interest costs, associated with the commissioning of North Shore Private Hospital and Flinders Private Hospital.

The performance of the group's established non co-located hospitals (i.e. the veteran hospitals, rural medical surgical hospitals and psychiatric hospitals) for the six months is pleasing given the continuing difficulties experienced in the health insurance industry. Revenue for the non co-located hospitals rose by 12% to \$128 million, while EBIT increased by 19% to \$17 million giving an EBIT margin of 13.5% as compared with 12.7% for the same period last year.

The performance of the two new co-located hospitals (i.e. North Shore Private Hospital and Flinders Private Hospital, which are still in the developmental stage) have continued to be adversely affected by the difficult health insurance environment. In particular the level of reimbursement from private health insurance in relation to the more expensive advanced surgical procedures has severely impacted each hospital's profitability. Management will continue to negotiate with the private health funds for an improvement in the rate of reimbursement. The Directors do not anticipate an improvement in the performance of either hospital in the short term.

Given the on-going difficulties experienced within the health care industry, the Directors resolved, to withdraw from the Princess Alexandra Project, and the Berwick Community Hospital Project, in order to concentrate on the Mildura Base Hospital Project and the improvement of group profitability, particularly that of the two new co-located hospitals.

RAMSAY HEALTH CARE LIMITED
DIRECTORS' REPORT (continued)

REVIEW OF OPERATING RESULTS (continued)

The development of the new Mildura Base Hospital is proceeding well, and the Company is working closely with the Victorian Government to ensure the success of the project. The hospital is on schedule to open in late September 2000, and is forecast to break-even in the first year of operation.

DIVIDENDS

An interim dividend of 3 cents per share, unfranked, has been declared payable by the directors of the company and has been provided for in the financial accounts for the half year to 31 December 1999. The payment date has been set for 28 April 2000 and the record date for determining the entitlement to the interim dividend is 13 April 2000.

ROUNDING

The amounts contained in this report and the half-year financial statements have been rounded off under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which this class order applies.

Signed in accordance with a resolution of the directors.

P.J. Evans
Director

Sydney, 8 March 2000

INDEPENDENT REVIEW REPORT

To the members of Ramsay Health Care Limited

Scope

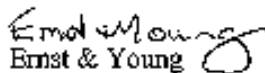
We have reviewed the financial report of Ramsay Health Care Limited for the half-year ended 31 December 1999, set out on pages 5 to 10, including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising of Ramsay Health Care Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and other mandatory professional reporting requirements and statutory requirements and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

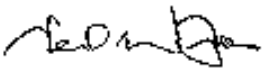
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to inquiries of the disclosing entity's personnel and analytical review procedures applied to financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement

As a result of our review, we have not become aware of any matter that makes us believe that the half-year financial report of Ramsay Health Care Limited is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 1999 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts and the Corporations Regulations;
- (b) other mandatory professional reporting requirements.


Ernst & Young



N. E. Wykes
Partner
Sydney, 8 March 2000

RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION
HALF-YEAR ENDED 31 DECEMBER 1999

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 statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 1999 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standards and the Corporations Regulations; and
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

B.S. Soden
Director

Sydney, X March 2000

RAMSAY HEALTH CARE LIMITED
PROFIT AND LOSS STATEMENT
HALF-YEAR ENDED 31 DECEMBER 1999

	Notes	Consolidated 1999 \$000	Consolidated 1998 \$000
Sales Revenue		161,961	119,814
Other Revenue		389	197
Operating Revenue		<u>162,350</u>	<u>120,011</u>
Operating Profit before Abnormal items and Income Tax	2	4,802	9,294
Abnormal (loss)	3	(1,043)	(4,506)
Operating Profit before Income Tax		<u>3,759</u>	<u>4,788</u>
Income Tax Attributable to Operating Profit		(342)	(751)
Operating Profit after Income Tax		<u>3,417</u>	<u>4,037</u>
Retained Profits at the beginning of the half-year		27,613	29,699
Total Available for Appropriation		<u>31,030</u>	<u>33,736</u>
Dividends Provided For or Paid	4	3,263	3,263
Retained Profits at the end of the half-year		<u>27,767</u>	<u>30,473</u>

RAMSAY HEALTH CARE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1999

	Notes	Consolidated 31/12/99 \$000	Consolidated 30/6/99 \$000	Consolidated 13/12/98 \$000
CURRENT ASSETS				
Cash		11,974	13,327	13,431
Receivables		36,480	33,433	24,213
Inventories		4,795	4,730	2,994
TOTAL CURRENT ASSETS		53,249	51,490	40,638
NON CURRENT ASSETS				
Receivables		2,827	2,924	-
Investments		646	297	221
Property, Plant & Equipment		436,538	444,341	446,564
Intangibles		3,762	-	-
Other		22,435	22,380	16,437
TOTAL NON CURRENT ASSETS		466,208	469,942	463,222
TOTAL ASSETS		519,457	521,432	503,860
CURRENT LIABILITIES				
Accounts payable		32,223	35,006	26,482
Borrowings		14,098	13,574	14,158
Provisions		14,650	16,480	12,216
TOTAL CURRENT LIABILITIES		60,971	65,060	52,856
NON CURRENT LIABILITIES				
Accounts payable		178	262	290
Borrowings		227,439	227,200	223,959
Provisions		27,238	25,433	20,418
TOTAL NON CURRENT LIABILITIES		254,855	252,895	244,667
TOTAL LIABILITIES		315,826	317,955	297,523
NET ASSETS		203,631	203,477	206,337
SHAREHOLDERS' EQUITY				
Share capital	6	80,704	80,704	80,704
Reserves		95,160	95,160	95,160
Retained profits		27,767	27,613	30,473
TOTAL SHAREHOLDERS' EQUITY		203,631	203,477	206,337

RAMSAY HEALTH CARE LIMITED
STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 1999

	Consolidated 1999 \$000	Consolidated 1998 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	159,042	117,923
Payments to suppliers and employees	(136,602)	(109,427)
Interest received	389	197
Interest and other costs of finance paid	(10,988)	(5,551)
Income taxes paid	(2,154)	(1,414)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>9,687</u>	<u>1,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment	(3,529)	(54,687)
Proceeds from disposals of property, plant and equipment	1,227	-
Cash paid for investments	(353)	-
Loans to related parties	(183)	-
Acquisition of Intangibles	(1,886)	-
Expenditure on Capitalised Costs	(106)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(4,830)</u>	<u>(54,687)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	9,914	65,966
Borrowing repayments	(11,296)	(14,654)
Finance lease principal	(42)	-
Dividends paid	(4,786)	(4,786)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(6,210)</u>	<u>46,526</u>
NET INCREASE/(DECREASE) IN CASH HELD	(1,353)	(6,433)
Add opening cash brought forward	13,327	19,864
CLOSING CASH CARRIED FORWARD	<u><u>11,974</u></u>	<u><u>13,431</u></u>

RAMSAY HEALTH CARE LIMITED
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 1999

1. BASIS OF PREPARATION OF THE ACCOUNTS

The half-year financial statements are general purpose financial reports which have been prepared in accordance with the requirements of the Corporations Law, applicable Accounting Standards including AASB 1029: Half-year Accounts and Consolidated Accounts and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

It is recommended that the half-year report is read in conjunction with the Annual Financial Statements of Ramsay Health Care Limited as at 30 June 1999 together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half-year ended 31 December 1999 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

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

	Consolidated 1999 \$000	Consolidated 1998 \$000
2. OPERATING PROFIT		
Included in the operating profit before tax are the following items of revenue and expense:		
(a) interest revenue	389	197
(b) interest expense	10,987	5,551
3. ABNORMAL ITEMS		
Commissioning Costs		
- North Shore Private Hospital		4,506
Tax (benefit)		(1,622)
- Costs associated with abortive software and other project costs	837	
Tax (benefit)	(301)	
-Non-core property disposals	206	
Tax (benefit)	(74)	
	<u>668</u>	<u>2,884</u>
Total abnormal loss before income tax benefit	1,043	
4 DIVIDENDS PAID OR PROVIDED FOR		
Dividends proposed:		
Franked dividends (franked to 80%)	-	2,610
Unfranked dividends	3,263	653
	<u>3,263</u>	<u>3,263</u>

RAMSAY HEALTH CARE LIMITED
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 1999

	Consolidated 1999 \$000	Consolidated 1998 \$000
5 EARNINGS PER SHARE		
(a) Basic earnings per share (cents per share)	3.14c	3.71c
(b) Diluted earnings per share (cents per share)	3.14c	3.71c
(c) Pre abnormal earnings per share (cents per share)	3.76c	6.36c