

COMMENT BY DIRECTORS

The Directors of Ramsay Health Care are pleased to announce the half-yearly interim net profit of \$6.5 million for the six months ended 31 December 2000, as compared with \$2.7 million for the same period last year.

The Group's interim result has shown a significant improvement over the previous corresponding period. Total patient revenue for the period was \$186.5 million, an increase of 15% over the same period last year while group earnings before interest and tax increased by 20% to \$18.4 million.

As a result, the Directors are pleased to declare an increase in the interim dividend of 3.5 cents per share (last year: 3 cents per share), which will be unfranked. The dividend will be payable on 30 April 2001 with the record date for determining entitlement to the dividend being 17 April 2001.

Detailed below is a summary of results:

Half Year ended 31 December 2000 \$000's							
	Continuing Operations		Discontinued Operations (Flinders)		Total		%
	2000	1999	2000	1999	2000	1999	
Operating Revenue	<u>173,642</u>	<u>151,804</u>	<u>12,888</u>	<u>10,157</u>	<u>186,530</u>	<u>161,961</u>	<u>15%</u>
EBITDA	27,745	25,829	687	(180)	28,432	25,649	11%
EBIT	19,239	17,412	(814)	(2,011)	18,425	15,401	20%
Profit before tax and abnormals	11,443	9,375	(2,572)	(4,573)	8,871	4,802	85%
NPAT before abnormals	8,717	7,012	(2,199)	(2,927)	6,518	4,085	60%
Abnormal loss (net of tax)	-	(1,384)	-	-	-	(1,384)	
NPAT	<u>8,717</u>	<u>5,628</u>	<u>(2,199)</u>	<u>(2,927)</u>	<u>6,518</u>	<u>2,701</u>	
EBIT Margin	11.1%	11.4%	-	-	9.9%	9.5%	
EBIT Margin (excl. Mildura Base Hospital)	11.8%	11.4%	-	-	10.5%	9.5%	
EPS (cents per share)					6.0	2.5	
Interim Dividend (cents per share)					3.5	3.0	

Revenue from continuing operations, excluding Flinders Private Hospital rose by 14% to \$173.6 million, while EBIT increased by 10.4% to \$19.2 million giving an EBIT margin of 11.1% as compared with 11.4% for the same period last year. The EBIT margin for the continuing operations was 11.8%. This excludes the dilutive impact of the new Mildura Base Hospital, which is off balance sheet and is still in the start-up phase.

The half year NPAT result is pleasing given the fact that the recovery within private health care and the flow on effect of improved reimbursement rates has not as yet fully impacted these results.

On 30 November 2000, the sale of Flinders Private Hospital to Adelaide Community Healthcare Alliance Inc. was finalised. While the sale contained a number of components, the total consideration for the sale was approximately \$41.7 million, being the net amount of debt assumed by the purchaser. As a consequence of the decision to devalue the Flinders Private Hospital in the financial year ended 30 June 2000, the pre tax loss recorded this period on the sale of the hospital was limited to \$343,000. After including this loss on sale, the total NPAT loss of the Hospital for the five months to 30 November 2000 was \$2.2 million which has been included in the consolidated profit for the period.

The performance of the Company's other co-located hospital, North Shore Private Hospital, has continued to improve as a consequence of improved health fund reimbursements, continued high occupancy and better utilisation of hospital resources.

On the 19 September 2000, the Company commenced a fifteen-year contract with the Victorian Government for the management of the new Mildura Base Hospital. This hospital is a new 153-bed privatised public hospital, which replaces the older, existing public hospital in Mildura. The hospital is forecast to break even in the first 12 months after commissioning and the result for the period to 31 December 2000 was in line with expectations.

Given the success of the Federal Governments' initiatives and the significant increases in the membership of private health insurance the Directors are confident that the recovery within the healthcare industry will continue in the foreseeable future. Historically our second half results are usually lower than the first half, due to seasonality. However this year the Directors anticipate that the continued strong management and increases in the level of reimbursement from the health funds will off set this, such that profitability for the second half of the financial year will at least be maintained at the level of the first half of the year, (based on continuing operations without Flinders Private Hospital).

RULES 4.1, 4.3

APPENDIX 4B (RULE 4.13(A))

Half yearly/preliminary final report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

RAMSAY HEALTH CARE LIMITED

ACN, ARBN or ARSN

001 288 768

Half yearly
(tick)



Preliminary
final (tick)



Half year/financial year ended ('current
period')

31 December 2000

Equity accounted results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Extracts from this report for announcement to the market (see note 1).

\$A 000

Sales (or equivalent operating) revenue (item 1.1)	Up	15%	to	186,530
Abnormal items after tax attributable to members (item 2.5)	(Loss) of			Nil
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (item 1.26)	Up	139%	to	6,604
+Operating profit (loss) after tax attributable to members (item 1.10)	Up	141%	to	6,518
Extraordinary items after tax attributable to members (item 1.13)	Gain (loss) of			
+Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	Up	141%	to	6,518

Dividends (distributions)	Amount per security	Franked amount per security at 36% tax
Final dividend (Preliminary final report only - item 15.4)	¢	0.0¢
Interim dividend (Half yearly report only - item 15.6)	3.5¢	0.0¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)	¢ 3.0¢	¢ 0¢

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)

17 April 2001

Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Sales (or equivalent operating) revenue	186,530	161,961
1.2 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	Nil	Nil
1.3 Other revenue	407	389
1.4 +Operating profit (loss) before abnormal items and tax	186,937	162,350
1.5 Abnormal items before tax (detail in item 2.4)	8,871	4,802
1.6 +Operating profit (loss) before tax (items 1.4 + 1.5)	-	(1,759)
1.7 Less tax	8,871	3,043
1.8 +Operating profit (loss) after tax but before outside +equity interests	(2,353)	(342)
1.9 Less outside +equity interests	6,518	2,701
1.10 +Operating profit (loss) after tax attributable to members	Nil	Nil
1.11 Extraordinary items after tax (detail in item 2.6)	Nil	Nil
1.12 Less outside +equity interests	Nil	Nil
1.13 Extraordinary items after tax attributable to members	Nil	Nil
1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)	6,518	2,701
1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	Nil	Nil
1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	6,518	2,701
1.17 Retained profits (accumulated losses) at beginning of financial period	26,179	27,613
1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	Nil	Nil
1.19 Aggregate of amounts transferred from reserves	Nil	Nil
1.20 Total available for appropriation (carried forward)	32,697	30,314

+ See chapter 19 for defined terms.

Consolidated profit and loss account continued

1.20	Total available for appropriation (<i>brought forward</i>)	32,697	30,314
1.21	Dividends provided for or paid	(3,807)	(3,263)
1.22	Aggregate of amounts transferred to reserves	Nil	Nil
1.23	Retained profits (accumulated losses) at end of financial period	28,890	27,051

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous period corresponding \$A'000
1.24 +Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	6,604	2,764
1.25 Less (plus) outside +equity interests	Nil	Nil
1.26 +Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	6,604	2,764

Intangible, abnormal and extraordinary items

<i>Consolidated – current period</i>				
	Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1 Amortisation of goodwill	86	Nil	Nil	86
2.2 Amortisation of other intangibles	N/A	N/A	N/A	N/A
2.3 Total amortisation of intangibles	86	Nil	Nil	86
2.4 Abnormal items	Nil	Nil	Nil	Nil
2.5 Total abnormal items	Nil	Nil	Nil	Nil
2.6 Extraordinary items	Nil	Nil	Nil	Nil
2.7 Total extraordinary items	Nil	Nil	Nil	Nil

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated +operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	N/A	N/A
3.2 Consolidated +operating profit (loss) after tax attributable to members for the 2nd half year	N/A	N/A

+ See chapter 19 for defined terms.

Consolidated balance sheet

(See note 5)

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets			
4.1 Cash	11,246	12,030	11,974
4.2 Receivables	35,563	36,004	36,453
4.3 Investments	Nil	Nil	Nil
4.4 Inventories	4,552	4,516	4,795
4.5 Other (provide details if material)	Nil	Nil	Nil
4.6 Total current assets	51,361	52,550	53,222
Non-current assets			
4.7 Receivables	Nil	Nil	2,827
4.8 Investments in associates	Nil	Nil	Nil
4.9 Other investments	387	411	646
4.10 Inventories	Nil	Nil	Nil
4.11 Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	N/A	N/A	N/A
4.12 Development properties (+mining entities)	N/A	N/A	N/A
4.13 Other property, plant and equipment (net)	344,770	391,783	436,538
4.14 Intangibles (net)	3,206	3,269	3,762
4.15 Other (provide details if material):			
- Future income tax benefit	18,657	19,169	21,473
- Capitalised costs	759	258	962
4.16 Total non-current assets	367,779	414,890	466,208
4.17 Total assets	419,140	467,440	519,430
Current liabilities			
4.18 Accounts payable	41,945	31,166	28,807
4.19 Borrowings	13,015	13,675	14,098
4.20 Provisions	15,149	15,712	14,650
4.21 Other (provide details if material)			
Unearned revenue	8,819	6,251	4,105
4.22 Total current liabilities	78,928	66,804	61,660
Non-current liabilities			
4.23 Accounts payable	1,980	163	178
4.24 Borrowings	144,100	214,698	227,439
4.25 Provisions	10,672	6,588	7,192
4.26 Other (provide details if material)			
- Deferred income tax liability	19,434	17,872	20,046
4.27 Total non-current liabilities	176,186	239,321	254,855
4.28 Total liabilities	255,114	306,125	316,515
4.29 Net assets	164,026	161,315	202,915

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

	Equity			
4.30	Capital	80,704	80,704	80,704
4.31	Reserves	54,432	54,432	95,160
4.32	Retained profits (accumulated losses)	28,890	26,179	27,051
4.33	Equity attributable to members of the parent entity	164,026	161,315	202,915
4.34	Outside +equity interests in controlled entities	Nil	Nil	Nil
4.35	Total equity	164,026	161,315	202,915
4.36	Preference capital included as part of 4.33	Nil	Nil	Nil

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	N/A	N/A
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisitions, disposals, revaluation increments, etc.		
5.5 Expenditure transferred to Development Properties		
5.6 Closing balance as shown in the consolidated balance sheet (item 4.11)	N/A	N/A

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding Period - \$A'000
6.1 Opening balance	N/A	N/A
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisitions, disposals, revaluation increments, etc.		
6.6 Expenditure transferred to mine properties		
6.7 Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A	N/A

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

(See note 6)

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	182,942	159,042
7.2 Payments to suppliers and employees	(143,014)	(136,602)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	407	389
7.6 Interest and other costs of finance paid	(9,961)	(10,988)
7.7 Income taxes paid	-	(2,154)
7.8 Other (provide details if material)	-	-
7.9 Net operating cash flows	30,374	9,687
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(5,286)	(3,529)
7.11 Proceeds from sale of property, plant and equipment	-	1,227
7.12 Payment for purchases of equity investments	-	(353)
7.13 Proceeds from sale of equity investments	-	--
7.14 Loans to other entities	-	(183)
7.15 Loans repaid by other entities	3,369	-
7.16 Other (provide details if material):		
- Payment for purchase of business	-	(1,992)
- Payment for assignment of management contract	(3,293)	-
7.17 Net investing cash flows	(5,210)	(4,830)
Cash flows related to financing activities		
7.18 Proceeds from issues of +securities (shares, options, etc.)	-	-
7.19 Proceeds from borrowings	-	9,914
7.20 Repayment of borrowings	(21,162)	(11,338)
7.21 Dividends paid	(4,786)	(4,786)
7.22 Other (provide details if material)	-	-
7.23 Net financing cash flows	(25,948)	(6,210)
7.24 Net increase (decrease) in cash held	(784)	(1,353)
7.25 Cash at beginning of period (see Reconciliation of cash)	12,030	13,327
7.26 Exchange rate adjustments to item 7.25	-	-
7.27 Cash at end of period (see Reconciliation of cash)	11,246	11,974

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

On 30 November 2000 Flinders Private Hospital was sold. The total consideration for the sale was the assumption of \$41.7 million of net debt by the purchaser.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period \$A'000	Previous Corresponding period - \$A'000
8.1	Cash on hand and at bank	7,127	4,020
8.2	Deposits at call	-	-
8.3	Bank overdraft	Nil	Nil
8.4	Other – restricted cash deposits	4,119	7,954
8.5	Total cash at end of period (item 7.26)	11,246	11,974

Ratios

		Current period	Previous corresponding Period
9.1	Profit before abnormals and tax / sales Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	4.8%	3.0%
9.2	Profit after tax / +equity interests Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	4.0%	1.3%

Earnings per security (EPS)

		Current period	Previous corresponding period
10.1	Calculation of the following in accordance with <i>AASB 1027: Earnings per Share</i>		
(a)	Basic EPS	6.00¢	2.48¢
(b)	Diluted EPS (if materially different from (a))	5.87¢	2.48¢
(c)	Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	108,783,866	108,783,866

+ See chapter 19 for defined terms.

NTA backing (see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	\$1.49	\$1.81

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.4	407	389
12.2 Interest revenue included in item 12.1 but not yet received (if material)	Nil	Nil
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	9,961	10,988
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	Nil	Nil
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	Nil	Nil
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	9,921	10,186

Control gained over entities having material effect

(See note 8)

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group of entities)	Flinders Private Hospital (including Ramsay Bedford Park Pty Ltd)
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$(1,973,000) *
14.3	Date to which the profit (loss) in item 14.2 has been calculated	30 November 2000
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$(2,927,000)
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$(343,000) *

* The combined NPAT loss from Flinders Private Hospital to date of sale was \$2,199,000.

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

The economic entity operates within the health care industry predominantly in Australia.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	30 April 2001
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	17 April 2001
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

+ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	N/A	N/A	Nil
15.5	Previous year	N/A	N/A	Nil
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	3.5¢	Nil	Nil
15.7	Previous year	3.0¢	Nil	Nil

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	N/A	N/A
15.9 Preference +securities	N/A	N/A

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	3,807	3,263
15.11 Preference +securities	N/A	N/A
15.12 Total	3,807	3,263

The +dividend or distribution plans shown below are in operation.

Dividend Reinvestment Plan

The last date(s) for receipt of election notices for the +dividend or distribution plans

Tuesday 17 April 2001 at 5.00pm

Any other disclosures in relation to dividends (distributions)

The issue price of shares to participants in the Dividend Reinvestment Plan will be the weighted average market price per share of all shares traded on the ASX during the period of five trading days commencing the first trading day after the record date of the interim dividend, ie: 17 April 2001, discounted by 5%.

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates

Entity's share of associates'		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Operating profit (loss) before income tax	N/A	-
16.2	Income tax expense	-	-
16.3	Operating profit (loss) after income tax	-	-
16.4	Extraordinary items net of tax	-	-
16.5	Net profit (loss)	-	-
16.6	Outside equity interests	-	-
16.7	Net profit (loss) attributable to members	-	-

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity		Percentage of ownership interest held at end of period or date of disposal		Contribution to +operating profit (loss) and extraordinary items after tax (item 1.14)	
17.1	Equity accounted associates	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
		N/A	N/A	N/A	N/A
17.2	Total				
17.3	Other material interests				
17.4	Total				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 15) (cents)	Amount paid up per security (see note 15) (cents)
18.1 Preference +securities <i>(description)</i>	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
18.3 +Ordinary securities	108,783,866	108,783,866	N/A	N/A
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 +Convertible debt securities <i>(description and conversion factor)</i>	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7 Options <i>(description and conversion factor)</i>			<i>Exercise Price</i>	<i>Expiry Date (if any)</i>
	2,232,500	-	\$1.85	17/09/02 #
	155,000	-	\$1.85	23/09/02 #
	217,500	-	\$1.85	15/12/03 #
18.8 Issued during current period	1,255,000	-	\$1.50	11/11/03 *
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	75,000	-	\$1.85	various
18.11 Debentures <i>(totals only)</i>	-	-		
18.12 Unsecured notes <i>(totals only)</i>	-	-		

On 11 October 2000, a further 1,255,000 options to subscribe for ordinary shares in the company's share capital were issued to executive directors and senior management.

Expiry date is five years after issue. In each case, none of the options are exercisable within two years of the date of issue. Up to 40% of the options are exercisable after 2 years, a further 20% of the options are exercisable in the final three months of each of the subsequent three years, or at any time thereafter up to and until the fifth anniversary of the issue.

* The expiry date of the options is 3 years from the issue date, i.e. 11 October 2003. The options cannot be exercised unless the market price of the Company's ordinary shares remains above \$1.50. The options will vest over a two year period with 25% of the options becoming exercisable six months after the issue date and after each subsequent six monthly period, or at anytime thereafter, up to and until the third anniversary of the issue. The exercise price is \$1.50.

+ See chapter 19 for defined terms.

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last ⁺annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to attachment entitled "Comment by Directors"

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

The interim dividend is unfranked and the final dividend is unlikely to be franked as it is unlikely there will be any franking credits available.

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

No material changes

⁺ See chapter 19 for defined terms.

Additional disclosure for trusts

19.1	Number of units held by the management company or responsible entity or their related parties.	N/A
19.2	<p>A statement of the fees and commissions payable to the management company or responsible entity.</p> <p>Identify:</p> <ul style="list-style-type: none"> • initial service charges • management fees • other fees 	N/A

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the +annual report will be available	N/A

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used	Nil
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- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed (see note 2).

+ See chapter 19 for defined terms.

4 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.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.*)

6 The entity has a formally constituted audit committee.

Sign here: BRUCE SODEN Date: 27 February 2001
(Director/Company secretary)

Print name: BRUCE SODEN

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.

2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated profit and loss account**

Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.

Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.

+ See chapter 19 for defined terms.

- Item 1.4 “+operating profit (loss) before abnormal items and tax” is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**
Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.
- Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last +annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc*.
6. **Statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.

+ See chapter 19 for defined terms.

9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating "Operating profit (loss) after tax attributable to members" (item 1.10) and "Investments in associates" (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the "For announcement to the market" section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors' report and statement, if lodged with the +ASIC, must be given to ASX.
13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

+ See chapter 19 for defined terms.

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.C.N. 001 288 768
HALF YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2000

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.C.N. 001 288 768
HALF YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2000

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RAMSAY HEALTH CARE LIMITED

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2000.

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.H. McGeoch
K.C.D. 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 2000 is \$6.5 million.

The group's interim result has shown a significant improvement over the last six months. Total patient revenue for the period was \$186.5 million, an increase of 15% over the same period last year while group earnings before interest and tax increased by 20% to \$18.4 million.

On 30 November 2000, the sale of Flinders Private Hospital to Adelaide Community Healthcare Alliance Inc was finalised. While the sale contained a number of components, the total consideration for the sale was approximately \$41.7 million, being the net amount of debt assumed by the purchaser. As a consequence of the decision to devalue the Flinders Private Hospital in the financial year ended 30 June 2000, the pretax loss recorded this period on the sale of the hospital was limited to \$343,000. After including this loss on sale, the total NPAT loss of the hospital for the five months to 30 November 2000 was \$2.2 million which has been included in the consolidated profit for the period.

The performance of the Company's other co-located hospital, North Shore Private Hospital, has continued to improve during the period as a consequence of improved health fund reimbursements, continued high occupancy and better utilisation of hospital resources.

On the 19 September 2000, the Company commenced a fifteen-year contract with the Victorian Government for the management of the new Mildura Base Hospital. This hospital is a new 153-bed privatised public hospital, which replaces the older, existing public hospital in Mildura. The hospital is forecast to break even in the first 12 months after commissioning and the result for the period to 31 December 2000 is in line with expectations.

RAMSAY HEALTH CARE LIMITED
DIRECTORS' REPORT (continued)

SHARE OPTIONS

On the 11 October 2000, a further 1,255,000 options to subscribe for ordinary shares in the Company's share capital were issued to executive directors and senior management on the following terms:

- a) The expiry date of the options is 3 years from the issue date, i.e. 11 October 2003;
- b) The options cannot be exercised unless the market price of the Company's ordinary shares remains above \$1.50;
- c) The options will vest over a two year period with 25% of the options becoming exercisable six months after the issue date and after each subsequent six monthly period, or at anytime thereafter, up to and until the third anniversary of the issue.
- d) The exercise price is \$1.50.

The issue included the following options issued to executive directors on approval of Company shareholders at the Annual General Meeting held on 21 November 2000:

- 250,000 options issued to the Managing Director, Mr Ian Patrick Grier; and
- 100,000 options issued to the Finance Director, Mr Bruce Soden.

DIVIDENDS

An interim dividend of 3.5 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 2000. The payment date has been set for 30 April 2001 and the record date for determining the entitlement to the interim dividend is 17 April 2001.

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.

B.R. Soden
Director

Sydney, 27 February 2001

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 2000, set out on pages 5 to 10 including the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising 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 in Australia, 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 to 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 2000 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, 27 February 2001

RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION
HALF-YEAR ENDED 31 DECEMBER 2000

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 report and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2000 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complies with Accounting Standard AASB 1029: Half-Year Accounts and Consolidated Accounts 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.R. Soden
Director

Sydney, 27 February 2001

RAMSAY HEALTH CARE LIMITED
PROFIT AND LOSS STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2000

	Notes	Consolidated 2000 \$000	Consolidated 1999 \$000
Sales Revenue		186,530	161,961
Other Revenue		407	389
Operating Revenue		<u>186,937</u>	<u>162,350</u>
Operating Profit before Abnormal items and Income Tax	2	8,871	4,802
Abnormal (loss)	3	-	(1,759)
Operating Profit before Income Tax		<u>8,871</u>	<u>3,043</u>
Income Tax Attributable to Operating Profit		(2,353)	(342)
Operating Profit after Income Tax		<u>6,518</u>	<u>2,701</u>
Retained Profits at the beginning of the half-year		26,179	27,613
Total Available for Appropriation		<u>32,697</u>	<u>30,314</u>
Dividends Provided For or Paid	4	3,807	3,263
Retained Profits at the end of the half-year		<u>28,890</u>	<u>27,051</u>

RAMSAY HEALTH CARE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2000

	Notes	Consolidated 31/12/00 \$000	Consolidated 30/6/00 \$000	Consolidated 13/12/99 \$000
CURRENT ASSETS				
Cash		11,246	12,030	11,974
Receivables		35,563	36,004	36,453
Inventories		4,552	4,516	4,795
TOTAL CURRENT ASSETS		51,361	52,550	53,222
NON CURRENT ASSETS				
Receivables		-	-	2,827
Investments		387	411	646
Property, Plant & Equipment		344,770	391,783	436,538
Other		22,622	22,696	26,197
TOTAL NON CURRENT ASSETS		367,779	414,890	466,208
TOTAL ASSETS		419,140	467,440	519,430
CURRENT LIABILITIES				
Accounts payable		41,945	31,166	28,807
Borrowings		13,015	13,675	14,098
Provisions		15,149	15,712	14,650
Other – Unearned revenue		8,819	6,251	4,105
TOTAL CURRENT LIABILITIES		78,928	66,804	61,660
NON CURRENT LIABILITIES				
Accounts payable		1,980	163	178
Borrowings		144,100	214,698	227,439
Provisions		30,106	24,460	27,238
TOTAL NON CURRENT LIABILITIES		176,186	239,321	254,855
TOTAL LIABILITIES		255,114	306,125	316,515
NET ASSETS		164,026	161,315	202,915
SHAREHOLDERS' EQUITY				
Share capital		80,704	80,704	80,704
Reserves		54,432	54,432	95,160
Retained profits		28,890	26,179	27,051
TOTAL SHAREHOLDERS' EQUITY		164,026	161,315	202,915

RAMSAY HEALTH CARE LIMITED
STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2000

	Consolidated 2000 \$000	Consolidated 1999 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	182,942	159,042
Payments to suppliers and employees	(143,014)	(136,602)
Interest received	407	389
Interest and other costs of finance paid	(9,961)	(10,988)
Income taxes paid	-	(2,154)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>30,374</u>	<u>9,687</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant & equipment	(5,286)	(3,529)
Proceeds from sale of property, plant & equipment	-	1,227
Payment for purchases of equity investments	-	(353)
Repayment of / (Payment for) loans to other entities	3,369	(183)
Acquisition of business	-	(1,992)
Payment on disposal of Flinders Private Hospital	(3,293)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(5,210)</u>	<u>(4,830)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings – other	-	9,914
Borrowing repayments – other	(21,162)	(11,338)
Dividends paid	(4,786)	(4,786)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(25,948)</u>	<u>(6,210)</u>
NET INCREASE/(DECREASE) IN CASH HELD	(784)	(1,353)
Add opening cash brought forward	<u>12,030</u>	<u>13,327</u>
CLOSING CASH CARRIED FORWARD	<u><u>11,246</u></u>	<u><u>11,974</u></u>

RAMSAY HEALTH CARE LIMITED
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 2000

1. BASIS OF PREPARATION OF THE ACCOUNTS

The half-year financial report is a general purpose financial report 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 2000 together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half-year ended 31 December 2000 in accordance with the continuous disclosure obligations arising under the Corporations Law.

For the purpose of preparing the half-year financial report, 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 2000 \$000	Consolidated 1999 \$000
2. OPERATING PROFIT		
Included in the operating profit before tax are the following items of revenue and expense:		
(a) interest revenue	407	389
(b) interest expense	9,961	10,988
3. ABNORMAL ITEMS		
Write off of costs of discontinued development projects	-	1,759
Tax (benefit)	-	(375)
	<u>-</u>	<u>1,384</u>
4 DIVIDENDS PAID OR PROVIDED FOR		
Dividends proposed:		
Unfranked dividends	3,807	3,263
	<u>3,807</u>	<u>3,263</u>

On 20 February 2001, the Directors resolved to activate the Dividend Reinvestment Plan which provides shareholders with the opportunity to receive ordinary shares in lieu of the cash dividend. The Directors have also resolved to vary the terms of the Dividend Reinvestment Plan by offering a discount of 5% from the issue price.

RAMSAY HEALTH CARE LIMITED
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS FOR THE
HALF YEAR ENDED 31 DECEMBER 2000

	Consolidated 2000 \$000	Consolidated 1999 \$000
5. EARNINGS PER SHARE		
(a) Basic earnings per share (cents per share)	6.00c	2.48c
(b) Diluted earnings per share (cents per share)	5.87c	2.48c

6. NON-CASH FINANCING ACTIVITIES

Sale of Flinders Private Hospital

On 30 November 2000, Flinders Private Hospital was sold. The total consideration for the sale was the assumption of \$41.7 million of debt by the purchaser.