

DIRECTORS REPORT

The Directors of Ramsay Health Care are pleased to announce a half-year net profit of \$14.8 million for the six months ended 31 December 2001, more than double the \$6.5 million result recorded for the same period last year. The half-year net profit includes the results of Alpha Healthcare Limited over which the Company acquired a controlling interest on 31 May 2001.

The Group's interim result has shown a significant improvement over the previous corresponding period. Total operating revenue for the period rose 42% over the same period a year ago to \$264.8 million, while group earnings before interest and tax increased by 57% to \$28.9 million. There were no unusual items in the latest period.

Earnings per share rose to 11.7 cents per share, an increase of 95% over the corresponding period last year.

The Directors have declared an increased interim dividend of 4.5 cents per share, unfranked. The dividend will be paid on 30 April 2002 to shareholders registered on 15 April 2002. The Directors have suspended the dividend reinvestment plan until further notice.

Detailed below is a summary of results:

	Half Year ended 31 December \$000's		
	2001	2000	% Increase
Operating Revenue	264,860	186,530	42%
EBITDA	40,210	28,432	41%
Depreciation and amortisation	11,280	10,007	
EBIT	28,930	18,425	57%
Net Borrowing Costs	7,710	9,554	
Profit before tax	21,220	8,871	139%
NPAT	14,770	6,518	127%
EBIT Margin	10.9%	9.9%	
EBIT Margin (excl. Mildura Base Hospital)	11.7%	10.5%	
EPS (cents per share)	11.7	6.0	
Interim Dividend (cents per share)	4.5	3.5	

The strong operating revenue and EBIT outcomes resulted in an EBIT margin of 10.9%, up from 9.9% for the same period last year.

The increased EBIT result has been underpinned by strong earnings from the existing Ramsay hospitals, excluding those acquired in the Alpha acquisition. EBIT for the Ramsay hospitals (not including the 8 Alpha hospitals), rose 31% over the same period last year.

The Group EBIT margin without Mildura Base Hospital, which is a management contract, rose to 11.7%, compared with 10.5% a year ago

The half year NPAT increase of 127% over the corresponding period reflects the strength of the Ramsay business and the success of the management's business and growth strategies and the effect of "Lifetime Community Rating" introduced mid 2000. The improved operating conditions are expected to be sustained for the foreseeable future.

Cash flows from operating activities continued to strengthen. Net operating cash flow increased 40% to \$42.5 million. The increase in operating cash flow was reflected in a corresponding increase in EBITDA.

On 31 May 2001, Ramsay Health Care Limited acquired a controlling interest in Alpha Healthcare. This acquisition added an additional eight hospitals to Ramsay's existing portfolio, taking the total number of hospitals under Ramsay's management to 22. Since acquisition, these eight New South Wales based hospitals have performed better than anticipated at both the operating and NPAT line. Further improvement is expected to materialise in FY2003 as the Alpha under utilised capacity, reduced running costs through integration with Ramsay and improved health fund rebates flow through to the earnings of these recently acquired hospitals.

Directors believe the outlook for the rest of the financial year remains positive. Profit in the second half should at least match the NPAT result achieved in the first half, despite the fact the second half result is usually lower than the first half due to seasonal factors.

DIRECTORS

The names of the Directors of the Company in office during the six months to 31 December 2001 and until the date of this report are:

P.J. Ramsay – Non-Executive Chairman
M.S. Siddle – Non-Executive Deputy Chairman
M.L. Brislee – Non-Executive Director
A.J. Clark – Non-Executive Director
P.J. Evans – Non-Executive Director
R.H. McGeoch – Non-Executive Director
K.C.D. Roxburgh – Non-Executive Director
I.P.S. Grier – Managing Director
B.R. Soden – Finance Director

The Directors were in office for the entire period.

ROUNDING

The amounts contained in the half-yearly report have been rounded off under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.

B.R. Soden
Director

Appendix 4B (rule 4.13(b))

Half yearly/preliminary final report

Introduced 1/7/2000. Amended 30/9/2001.

Name of entity

RAMSAY HEALTH CARE LIMITED

ABN

57 001 288 768

Half yearly
(tick)



Preliminary
final (tick)



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

31 December 2001

For announcement to the market

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

\$A'000

Revenues from ordinary activities (item 1.1)	Up	42%	to	266,200
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (item 1.20)	Up	129%	to	15,105
Profit (loss) from ordinary activities after tax attributable to members (item 1.23)	Up	127%	to	14,770
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))	Gain (loss) of			Nil
Net profit (loss) for the period attributable to members (item 1.11)	Up	127%	to	14,770
Dividends (distributions)	Amount per security	Franked amount per security		
Final dividend (Preliminary final report only - item 15.4)	¢	0.0¢		
Interim dividend (Half yearly report only - item 15.6)	4.5¢	0.0¢		
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)	3.5¢	0.0¢		

+ See chapter 19 for defined terms.

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

15 April 2002

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:

Consolidated Statement of Financial Performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities	266,200	186,937
1.2 Expenses from ordinary activities (see <i>items 1.24 + 12.5 + 12.6 + 2.3</i>)	235,927	168,105
1.3 Borrowing costs	9,053	9,961
1.4 Share of net profit (loss) of associates and joint venture entities (see <i>item 16.7</i>)	-	-
1.5 Profit (loss) from ordinary activities before tax	21,220	8,871
1.6 Income tax on ordinary activities (see <i>note 4</i>)	(6,450)	(2,353)
1.7 Profit (loss) from ordinary activities after tax	14,770	6,518
1.8 Profit (loss) from extraordinary items after tax (see <i>item 2.5</i>)	-	-
1.9 Net profit (loss)	14,770	6,518
1.10 Net profit (loss) attributable to outside *equity interests	-	-
1.11 Net profit (loss) for the period attributable to members	14,770	6,518
Total revenue, expenses and revaluation adjustments attributable to members and recognised directly in Equity	-	-
Total changes in Equity other than those resulting from transactions with owners as owners	14,770	6,518

+ See chapter 19 for defined terms.

Consolidated retained profits

1.12	Retained profits (accumulated losses) at the beginning of the financial period	32,112	26,179
1.13	Net profit (loss) attributable to members (<i>item 1.11</i>)	14,770	6,518
1.14	Net transfers to and from reserves	-	-
1.15	Net effect of changes in accounting policies	-	-
1.16	Dividends and other equity distributions paid or payable	(5,779)	(3,807)
1.17	Retained profits (accumulated losses) at end of financial period	41,103	28,890

Profit restated to exclude amortisation of goodwill

		Current period \$A'000	Previous corresponding period \$A'000
1.18	Profit (loss) from ordinary activities after tax before outside equity interests (<i>items 1.7</i>) and amortisation of goodwill	15,105	6,604
1.19	Less (plus) outside +equity interests	Nil	Nil
1.20	Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	15,105	6,604

Profit (loss) from ordinary activities attributable to members

		Current period \$A'000	Previous corresponding period \$A'000
1.21	Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	14,770	6,518
1.22	Less (plus) outside +equity interests	-	-
1.23	Profit (loss) from ordinary activities after tax, attributable to members	14,770	6,518

+ See chapter 19 for defined terms.

Revenue and expenses from ordinary activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.

	Current period \$A'000	Previous corresponding period \$A'000
1.24 Details of revenue and expenses		
Revenue		
Operating revenue	264,857	186,530
Interest Income	1,343	407
Total revenue from ordinary activities	266,200	186,937
Details of expenditure		
Personnel costs		
Occupancy costs	137,667	99,816
Goods and services	12,251	8,053
	74,730	50,272
Total expenses	224,648	158,141

Intangible and extraordinary items

		Consolidated – current period			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	334	Nil	Nil	334
2.2	Amortisation of other intangibles	N/A	N/A	N/A	N/A
2.3	Total amortisation of intangibles	334	Nil	Nil	334
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	Total extraordinary items	Nil	Nil	Nil	Nil

+ See chapter 19 for defined terms.

Comparison of half year profits
(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.23 in the half yearly report)	N/A	N/A
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	N/A	N/A

Consolidated Statement of Financial Position

	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	17,805	10,298	11,246
4.2 Receivables	54,007	54,650	35,563
4.3 Investments	Nil	Nil	Nil
4.4 Inventories	6,848	6,434	4,552
4.5 Other (provide details if material)	Nil	Nil	Nil
4.6 Total current assets	78,660	71,382	51,361
Non-current assets			
4.7 Receivables	Nil	177	Nil
4.8 Investments (equity accounted)	Nil	Nil	Nil
4.9 Other investments	406	269	387
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)	414,362	407,634	344,770
4.14 Intangibles (net)	6,114	10,777	3,206
4.15 Other (provide details if material)			
- Future income tax benefit	22,999	20,348	18,657
- Capitalised costs	4,603	251	759
4.16 Total non-current assets	448,484	439,456	367,779
4.17 Total assets	527,144	510,838	419,140
Current liabilities			
4.18 Payables	62,384	50,262	41,945
4.19 Interest bearing liabilities	17,707	19,137	13,015
4.20 Provisions	36,202	36,007	15,149

+ See chapter 19 for defined terms.

Appendix 4B (rule 4.13(a))
Half yearly/preliminary final report

4.21	Other (provide details if material) - Unearned revenue	9,420	7,654	8,819
4.22	Total current liabilities	125,713	113,060	78,928
	Non-current liabilities			
4.23	Payables	Nil	Nil	1,980
4.24	Interest bearing liabilities	149,440	158,376	144,100
4.25	Provisions	11,833	17,615	10,672
4.26	Other (provide details if material) - Deferred income tax liability	25,452	20,581	19,434
4.27	Total non-current liabilities	186,725	196,572	176,186
4.28	Total liabilities	312,438	309,632	255,114
4.29	Net assets	214,706	201,206	164,026
	Equity			
4.30	Capital/contributed equity	119,171	114,662	80,704
4.31	Reserves	54,432	54,432	54,432
4.32	Retained profits (accumulated losses)	41,103	32,112	28,890
4.33	Equity attributable to members of the parent entity	214,706	201,206	164,026
4.34	Outside +equity interests in controlled entities	-	-	-
4.35	Total equity	214,706	201,206	164,026
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
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

+ See chapter 19 for defined terms.

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

Consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	265,122	182,942
7.2 Payments to suppliers and employees	(223,399)	(147,587)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	1,375	407
7.6 Interest and other costs of finance paid	(8,575)	(9,961)
7.7 Income taxes paid	-	-
7.8 Other – GST received	8,014	4,573
7.9 Net operating cash flows	42,537	30,374
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(18,008)	(5,286)
7.11 Proceeds from sale of property, plant and equipment	-	-
7.12 Payment for purchases of equity investments	-	-

+ See chapter 19 for defined terms.

7.13	Proceeds from sale of equity investments	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	3,369
7.16	Other (provide details if material)		
	- Payment for assignment of management contract	-	(3,293)
	- Borrowing costs associated with refinancing	(4,830)	-
7.17	Net investing cash flows	(22,838)	(5,210)
	Cash flows related to financing activities		
7.18	Proceeds from issues of *securities (shares, options, etc.)	4,508	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	(10,365)	(21,162)
7.21	Dividends paid	(6,335)	(4,786)
7.22	Other (provide details if material)	-	-
7.23	Net financing cash flows	(12,192)	(25,948)
7.24	Net increase (decrease) in cash held	7,507	(784)
7.25	Cash at beginning of period (see <i>Reconciliation of cash</i>)	10,298	12,030
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period (see <i>Reconciliation of cash</i>)	17,805	11,246

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.

N/A

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	11,636	7,127
8.2	Deposits at call	6,169	-
8.3	Bank overdraft	Nil	Nil
8.4	Other – restricted cash balances	Nil	4,119
8.5	Total cash at end of period (item 7.27)	17,805	11,246

+ See chapter 19 for defined terms.

Ratios		Current period	Previous corresponding period
9.1	Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	8.0%	4.8%
9.2	Profit after tax / +equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.9</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.33</i>)	6.9%	4.0%

Earnings per security (EPS)		Current period	Previous corresponding period
10.1	Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
	(a) Basic EPS	11.7¢	6.0¢
	(b) Diluted EPS (if materially different from (a))	11.5¢	5.9¢
	(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	126,276,505	108,783,866

NTA backing (see note 7)		Current period	Previous corresponding period
11.1	Net tangible asset backing per +ordinary security	\$1.67	\$1.49

Details of specific receipts/outlays, revenues/ expenses

		Current period \$A'000	Previous corresponding period - \$A'000
12.1	Interest revenue included in determining item 1.5	1,343	407
12.2	Interest revenue included in item 12.1 but not yet received (if material)	Nil	Nil
12.3	Interest costs excluded from borrowing costs, capitalised in asset values	Nil	Nil

+ See chapter 19 for defined terms.

12.4	Outlays (except those arising from the *acquisition of an existing business) capitalised in intangibles (if material)	Nil	Nil
12.5	Depreciation and amortisation (excluding amortisation of intangibles)	10,945	9,921
12.6	Other specific relevant items not shown in item 1.24 (see note 15)	Nil	Nil

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	N/A
13.2	Consolidated profit (loss) from ordinary activities 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	Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

+ See chapter 19 for defined terms.

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 2002
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)	15 April 2002
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	(Preliminary final report only) Final dividend: Current year	N/A	N/A	N/A
15.5	Previous year	N/A	N/A	N/A
15.6	(Half yearly and preliminary final reports) Interim dividend: Current year	4.5¢	Nil	Nil
15.7	Previous year	3.5¢	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

+ See chapter 19 for defined terms.

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

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	5,728	3,807
15.11 Preference +securities	N/A	N/A
15.12 Other equity instruments	N/A	N/A
15.13 Total	5,728	3,807

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

The Directors have suspended the dividend reinvestment plan until further notice.

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

N/A

Any other disclosures in relation to dividends (distributions)

N/A

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before income tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities 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 net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates and joint venture entities				
	N/A	N/A	N/A	N/A
17.2 Total				
17.3 Other material interests				
	N/A	N/A	N/A	N/A
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 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1	Preference +securities (description)				
18.2	Changes during current period				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buybacks, redemptions				
18.3	*Ordinary securities	127,288,506	127,288,506	N/A	N/A
18.4	Changes during current period				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buybacks	-	-	-	-
	(c) Dividend reinvestment	332,083	332,083	N/A	N/A
18.5	+Convertible debt securities (description and conversion factor)				
18.6	Changes during current period				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
18.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry Date (if any)</i>
		597,000		\$1.85	17/09/2002#
		4,000		\$1.85	23/09/2003#
		103,500		\$1.85	15/12/2003#
		958,500		\$1.50	11/10/2003*

+ See chapter 19 for defined terms.

18.8	Issued during current period	-	-	-	-
18.9	Exercised during current period	1,365,500	1,365,500	\$1.85	17/09/2002
		16,000	16,000	\$1.85	23/09/2003
		44,000	44,000	\$1.85	15/12/2003
		267,500	267,500	\$1.50	11/10/2003
18.10	Expired during current period	162,500	-	\$1.85	17/09/2002
18.11	Debentures (totals only)				
18.12	Unsecured notes (totals only)				

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.

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 Act) 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. The interim financial report does not include notes of the type normally included in an annual financial report.

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

Refer to attachment entitled "Directors Report"

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)

On 18 February 2002, Ramsay Health Care Ltd announced that it had entered into an agreement for the purchase of Lake Macquarie Private Hospital from the Medical Benefits Fund of Australia Limited. The 76 bed private hospital specialising in cardio-thoracic and vascular surgery and interventional cardiology is located at Gateshead in New South Wales. Settlement is expected to take place by mid April 2002.

+ See chapter 19 for defined terms.

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

Dividends in the current financial year are not expected to be franked as there are insufficient 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 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

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 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

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

⁺ See chapter 19 for defined terms.

Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 12).

Identify other standards used

Nil

- 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).

- 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 Act.*)

- 6 The entity has a formally constituted audit committee.

Sign here:

Date: 28 February 2002

(Director)

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.

+ See chapter 19 for defined terms.

3. **Consolidated profit and loss account**

- Item 1.1 The definition of “revenue” and an explanation of “ordinary activities” are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
- Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (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: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. 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. **Consolidated 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.
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.

⁺ See chapter 19 for defined terms.

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. **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 Act must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **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.
13. **Corporations Act financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **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.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

+ See chapter 19 for defined terms.

**RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION
HALF-YEAR ENDED 31 DECEMBER 2001**

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 in the form of Appendix 4B of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2001 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complies with Accounting Standard AASB 1029: Interim Financial Reporting 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, 28 February 2002