RAMSAY
HEALTH CARE

DIRECTORS REPORT

The Directors of Ramsay Health Care are pleased to announce a half-year net profit of $18.5 million for the six months ended 31 December 2002, an increase of 25% over the same period last year.

The Group's interim result has shown a significant improvement over the previous corresponding period. Total operating revenue for the period rose 21% over the same period a year ago to $320.1 million, while group earnings before interest and tax increased by 14% to $32.9 million. There were no unusual items in the latest period.

Earnings per share rose to 14.4 cents, an increase of 23% over the corresponding period last year.

The Directors have declared an increased interim dividend of 6.5 cents per share, fully franked. Future dividends may be franked if sufficient franking credits are available. The dividend will be paid on 30 April 2003 to shareholders registered on 14 April 2003. 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		
		2002	**2001**	**% Increase**
Operating Revenue		320,151	264,860	21%
EBITDA		45,068	40,210	12%
Depreciation and amortisation		12,186	11,280	
EBIT		32,882	28,930	14%
Net Borrowing Costs		6,861	7,710	
Profit before tax		26,021	21,220	23%
NPAT		18,454	14,770	25%
EPS (cents per share)		14.4	11.7	23%
Interim Dividend (cents per share)	*	6.5	4.5	44%

* December 2002 interim dividend fully franked/December 2001 interim dividend unfranked.

Occupancy has continued to improve and the former Alpha hospitals continue to improve the earnings of the Group's hospital portfolio.

The half year NPAT increase of 25% over the corresponding period highlights the quality of the Group's portfolio of hospitals and managements ability to improve occupancy and contain costs.

Cash flows from operating activities remained strong. The Group generated net operating cash flows of $33.7 million for the six month period.

On 11 November 2002, Ramsay Health Care Limited purchased Cairns Calvary Hospital from the Diocese of Cairns. To reflect the change of ownership, the 141 bed hospital has been renamed Cairns Private Hospital. Cairns Private Hospital is a medical-surgical hospital with a strong regional catchment. The Diocese chose to sell the hospital due to the dramatic pace of change in acute hospital care, particularly in relation to technological advances, capital requirements and length of stays.

Despite industry challenges, Ramsay Health Care expects conditions to remain favourable in the private hospital sector, particularly for the high quality services and facilities that the Ramsay Group provides.

DIRECTORS

The names of the Directors of the Company in office during the six months to 31 December 2002 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

I.P.S Grier
Director

Date: 3 March 2003

Rules 4.1, 4.3

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

RAMSAY HEALTH CARE LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Full year/financial year ended ('current period')
001 288 768	✓		31 December 2002

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	20%	to	320,546
Revenue from sales or services *(item 1.23)*	up	21%	to	320,151
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	up	25%	to	18,454
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d))*	gain (loss) of	-		-
Net profit (loss) for the period attributable to members *(item 1.11)*	up	25%	to	18,454

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)*	¢	¢
Interim dividend *(Half yearly report only - item 15.6)*	6.5¢	6.5¢
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	¢ 4.5¢	¢ 0.0¢

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

14 APRIL 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities *(see items 1.23 –1.25)*	320,546	266,200
1.2	Expenses from ordinary activities (*see items 1.26, & 1.27 + 2.3)*	287,269	235,927
1.3	Borrowing costs	7,256	9,053
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)	Nil	Nil
1.5	**Profit (loss) from ordinary activities before tax**	**26,021**	**21,220**
1.6	Income tax on ordinary activities *(see note 4)*	(7,567)	(6,450)
1.7	**Profit (loss) from ordinary activities after tax**	**18,454**	**14,770**
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	Nil	Nil
1.9	**Net profit (loss)**	**18,454**	**14,770**
1.10	Net profit (loss) attributable to outside +equity interests	Nil	Nil
1.11	**Net profit (loss) for the period attributable to members**	**18,454**	**14,770**
Non-owner transaction changes in equity			
1.12	Increase (decrease) in revaluation reserves	Nil	Nil
1.13	Net exchange differences recognised in equity	Nil	Nil
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)	Nil	Nil
1.15	Initial adjustments from UIG transitional provisions	Nil	Nil
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	Nil	Nil
1.17	**Total changes in equity not resulting from transactions with owners as owners**	Nil	Nil

Earnings per security (EPS)		Current period	Previous corresponding period
1.18	Basic EPS	14.42¢	11.70¢
1.19	Diluted EPS	14.37¢	11.59¢

+ See chapter 19 for defined terms.

Notes to the consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

		Current period - $A'000	Previous corresponding period - $A'000
1.20	Profit (loss) from ordinary activities after tax (*item 1.7*)	18,454	14,770
1.21	Less (plus) outside +equity interests	Nil	Nil
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**18,454**	**14,770**

Revenue and expenses from ordinary activities

(see note 15)

		Current period - $A'000	Previous corresponding period - $A'000
1.23	Revenue from sales or services	320,151	264,857
1.24	Interest revenue	395	1,343
1.25	Other relevant revenue		
	▪ Proceeds on sale of assets	Nil	Nil
1.26	Details of relevant expenses		
	▪ Personnel Costs	173,543	143,770
	▪ Occupancy Costs (excluding depreciation)	13,627	12,251
	▪ Medical Consumables and Supplies	74,953	55,372
	▪ Cost of Services	12,961	13,255
	▪ Carrying value of assets sold	Nil	Nil
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	11,881	10,945
Capitalised outlays			
1.28	Interest costs capitalised in asset values	782	Nil
1.29	Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	Nil	Nil

Consolidated retained profits

		Current period - $A'000	Previous corresponding period - $A'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	49,054	32,112
1.31	Net profit (loss) attributable to members (*item 1.11*)	18,454	14,770
1.32	Net transfers from (to) reserves *(details if material)*	Nil	Nil
1.33	Net effect of changes in accounting policies	8,328	Nil

+ See chapter 19 for defined terms.

1.34	Dividends and other equity distributions paid or payable	(8,328)	(5,779)
1.35	**Retained profits (accumulated losses) at end of financial period**	**67,508**	**41,103**

Intangible and extraordinary items

		Consolidated - current period			
		Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside +equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (d)
2.1	Amortisation of goodwill	304	-	-	304
2.2	Amortisation of other intangibles	-	-	-	-
2.3	**Total amortisation of intangibles**	**304**	-	-	**304**
2.4	Extraordinary items (details)	-	-	-	-
2.5	**Total extraordinary items**	-	-	-	-

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 1.22 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

+ See chapter 19 for defined terms.

	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	20,106	5,287	17,805
4.2	Receivables	58,324	55,727	47,140
4.3	Investments	Nil	Nil	Nil
4.4	Inventories	11,062	9,646	6,848
4.5	Tax assets	Nil	Nil	Nil
4.6	Prepayments	9,139	3,688	4,954
4.7	**Total current assets**	**98,631**	**74,348**	**76,747**
	Non-current assets			
4.8	Receivables	Nil	Nil	Nil
4.9	Investments (equity accounted)	Nil	Nil	Nil
4.10	Other investments	301	245	406
4.11	Inventories	Nil	Nil	Nil
4.12	Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*	N/A	N/A	N/A
4.13	Development properties (+mining entities)	N/A	N/A	N/A
4.14	Other property, plant and equipment (net)	484,981	439,623	414,362
4.15	Intangibles (net)	7,057	7,111	6,114
4.16	Tax assets	Nil	Nil	Nil
4.17	Other (provide details if material)			
	▪ Future Income Tax Benefit	18,624	20,049	22,999
	▪ Capitalised Costs	3,395	3,830	4,603
4.18	**Total non-current assets**	**514,358**	**470,858**	**448,484**
4.19	**Total assets**	**612,989**	**545,206**	**525,231**
	Current liabilities			
4.20	Payables	66,939	64,563	60,471
4.21	Interest bearing liabilities	18,461	22,697	17,707
4.22	Tax liabilities	5,530	Nil	Nil
4.23	Provisions exc. tax liabilities	23,974	30,523	36,202
4.24	Unearned revenue	8,801	7,957	9,420
4.25	**Total current liabilities**	**123,705**	**125,740**	**123,800**
	Non-current liabilities			
4.26	Payables	3,500	3,500	Nil
4.27	Interest bearing liabilities	192,079	143,961	149,440
4.28	Tax liabilities	Nil	Nil	Nil
4.29	Provisions exc. tax liabilities	22,718	21,258	11,833
4.30	Other (provide details if material)			
	▪ Deferred income tax liability	28,282	27,671	25,452
4.31	**Total non-current liabilities**	**246,579**	**196,390**	**186,725**

+ See chapter 19 for defined terms.

Consolidated statement of financial position continued

4.32	**Total liabilities**	**370,284**	**322,130**	**310,525**
4.33	**Net assets**	**242,705**	**223,076**	**214,706**

	Equity			
4.34	Capital/contributed equity	120,765	119,590	119,171
4.35	Reserves	54,432	54,432	54,432
4.36	Retained profits (accumulated losses)	67,508	49,054	41,103
4.37	**Equity attributable to members of the parent entity**	**242,705**	**223,076**	**214,706**
4.38	Outside +equity interests in controlled entities	Nil	Nil	Nil
4.39	**Total equity**	**242,705**	**223,076**	**214,706**

4.40	Preference capital included as part of 4.37	Nil	Nil	Nil

Notes to the consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		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 4.12)*	N/A	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 4.13)*	**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	317,570	265,122
7.2	Payments to suppliers and employees	(286,789)	(223,399)
7.3	Dividends received from associates	Nil	Nil
7.4	Other dividends received	Nil	Nil
7.5	Interest and other items of similar nature received	395	1,375
7.6	Interest and other costs of finance paid	(7,592)	(8,575)
7.7	Income taxes paid	Nil	Nil
7.8	Other - GST Received	10,151	8,014
7.9	**Net operating cash flows**	**33,735**	**42,537**
	Cash flows related to investing activities		
7.10	Payment for purchases of property, plant and equipment	(39,898)	(18,008)
7.11	Proceeds from sale of property, plant and equipment	Nil	Nil
7.12	Acquisition of business	(15,744)	Nil
7.13	Proceeds from sale of equity investments	Nil	Nil
7.14	Loans to other entities	Nil	Nil
7.15	Loans repaid by other entities	Nil	Nil
7.16	Other – Borrowing costs associated with refinancing	Nil	(4,830)
7.17	**Net investing cash flows**	**(55,642)**	**(22,838)**

+ See chapter 19 for defined terms.

	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	1,175	4,508
7.19	Payment of share issue costs	Nil	Nil
7.20	Proceeds from borrowings	44,523	Nil
7.21	Repayment of borrowings	(641)	(10,365)
7.22	Dividends paid	(8,331)	(6,335)
7.23	Other (provide details if material)	Nil	Nil
7.24	**Net financing cash flows**	**36,726**	**(12,192)**
7.25	**Net increase (decrease) in cash held**	14,819	7,507
7.26	Cash at beginning of period *(see Reconciliation of cash)*	5,287	10,298
7.27	Exchange rate adjustments to item 7.25.	Nil	Nil
7.28	**Cash at end of period** *(see Reconciliation of cash)*	**20,106**	**17,805**

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	11,348	11,636
8.2	Deposits at call	8,758	6,169
8.3	Bank overdraft	Nil	NIl
8.4	Other (provide details)	Nil	Nil
8.5	**Total cash at end of period** *(item 7.28)*	**20,106**	**17,805**

Other notes to the financial statements

Ratios		Current period	Previous corresponding period
9.1	**Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	8.1%	8.0%
9.2	**Profit after tax / +equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	7.6%	6.9%

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

		Current period	Previous corresponding period
(a)	Basic EPS	14.42 ¢	11.70 ¢
(b)	Diluted EPS	14.37 ¢	11.59 ¢
(c)	Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	127,991,693	126,276,505
(d)	The amount used as the numerator in calculating basic EPS	18,454,000	14,770,000
(e)	The amount used as the numerator in calculating diluted EPS	18,454,000	14,770,000
(f)	The weighted average number of ordinary shares and potential ordinary shares of the entity used as the denominator in calculating diluted EPS	128,414,921	127,389,698
(g)	The weighted average number of lapsed potential ordinary shares included in the calculation of diluted EPS.	Nil	37,349

NTA backing *(see note 7)*		Current period	Previous corresponding period
11.1	Net tangible asset backing per +ordinary security	$1.91	$1.67

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

+ See chapter 19 for defined terms.

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 controlled 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 controlled 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 controlled 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	
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled 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

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	30 April 2003
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer 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)	14 April 2003
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 30% tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only)				
15.4	**Final dividend:**	Current year	N/A	0.0 ¢	N/A
15.5		Previous year	N/A	0.0 ¢	N/A
	(Half yearly and preliminary final reports)				
15.6	**Interim dividend:**	Current year	6.5 ¢	6.5 ¢	N/A
15.7		Previous year	4.5 ¢	0.0 ¢	N/A

"Current year interim dividend has not been recognised in accordance with AASB 1044."

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 *(each class separately)*	8,351	5,728
15.11	Preference +securities *(each class separately)*	N/A	N/A
15.12	Other equity instruments *(each class separately)*	N/A	N/A
15.13	**Total**	**8,351**	**5,728**

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

Monday, 14 April 2003

+ See chapter 19 for defined terms.

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

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

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
16.1 Profit (loss) from ordinary activities before tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	-	-

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 dd/mm/yy") or disposal ("to dd/mm/yy").)*

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	N/A	N/A	N/A	N/A
17.3 Other material interests	N/A	N/A	N/A	N/A
17.4 Total	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include 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	**128,225,006**	**128,225,006**	**Fully Paid**	**Fully Paid**
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks (c) Dividend reinvestment				
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)*			*Exercise price*	*Expiry date (if any)*
	491,500		$1.85	17/9/02 #
	4,000		$1.85	23/9/02 #
	72,000		$1.85	15/12/03 #
	805,000		$1.50	11/10/03 *
Total at beginning of current period	**1,372,500**			
18.8 Issued during current period	Nil	Nil	N/A	N/A
18.9 Exercised during current period				
	491,500	491,500	$1.85	17/9/02 #
	4,000	4,000	$1.85	23/9/02 #
	-	-	$1.85	15/12/03 #
	173,500	173,500	$1.50	11/10/03 *
Total exercised during current period	**669,000**	**669,000**		
18.10 Expired during current period	Nil	Nil	N/A	N/A
Total options on issue at end of period	**703,500**			

+ See chapter 19 for defined terms.

18.11	**Debentures** *(description)*		
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted		
18.13	**Unsecured notes** *(description)*		
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted		

\# *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 two 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 three years from the issue date, ie, 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*

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's +accounts should be reported separately and attached to this report.)

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

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Interim Financial Reporting. 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 financial report preparation

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Ramsay Health Care Ltd as at 30 June 2002. It is also recommended that the half-year financial report be considered together with any public announcements made by Ramsay Health Care Ltd and its controlled entities during the half-year ended 31 December 2002 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

+ See chapter 19 for defined terms.

(a) **Basis of Accounting**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

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

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

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

On 11 November 2002, Ramsay Health Care Limited purchased Calvary Cairns Hospital from the Diocese of Cairns. To reflect the change of ownership, the 141 bed hospital has been renamed Cairns Private Hospital. Cairns Private Hospital is a medical-surgical hospital with a strong regional catchment. The Diocese chose to sell the hospital due to the dramatic pace of change in acute hospital care, particularly in relation to technological advances, capital requirements and length of stays.

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

N/A

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

The interim dividend to be paid on 30 April 2003 will be fully franked. Future dividends may be franked if sufficient franking credits are available.

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

The consolidated entity has adopted the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for dividend provisions. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions by $8,351,000. In accordance with the new Standard, no provision for dividend has been recognised for the half-year ended 31 December 2002. The change in accounting policy has had no effect on basic and diluted EPS.

+ See chapter 19 for defined terms.

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

NO

Additional disclosure for trusts

20.1	Number of units held by the management company or responsible entity or their related parties.	N/A
20.2	A statement of the fees and commissions payable to the management company or responsible entity. Identify: • 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

+ See chapter 19 for defined terms.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used: N/A

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does/~~does not~~* *(delete one)* 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 will follow immediately they are available. *(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: ....3 March 2003.....
(Director)

Print name: .....……Bruce Soden.....

+ See chapter 19 for defined terms.

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. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.

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 statement of financial performance**

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. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franked amount per security at % tax" for items 15.4 to 15.7.

5. **Consolidated statement of financial position**

Format The format of the consolidated statement of financial position 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: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions 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.

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.

+ See chapter 19 for defined terms.

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. If an entity reports exact figures, the $A'000 headings must be 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, and the $A'000 headings must be amended.

10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.

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 director's 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 exists) must be complied with.

13. **Corporations Act financial statements** 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. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their +accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

+ See chapter 19 for defined terms.

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*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards 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.

17. Discontinuing operations

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their +accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. Format

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

+ See chapter 19 for defined terms.

RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION
HALF YEAR ENDED 31 DECEMBER 2002

In accordance with a resolution of the directors of Ramsay Health Care Limited, we 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 2002 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

B.R. Soden
Director

I.P.S Grier
Director

Sydney, 3 March 2003

+ See chapter 19 for defined terms.