

RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2003

INDEX

1.	Highlights of Results
2.	Appendix 4E Financial Statements for the year ended 30 June 2003
3.	Analyst Information
4.	Commentary on Results
5.	Audit Update

SECTION 1
HIGHLIGHTS OF RESULTS

HIGHLIGHTS OF RESULTS

	% increase/ (decrease)	2003 \$'000	2002 \$'000
Revenues from ordinary activities	20%	663,601	555,361
Profit from ordinary activities before income tax expense	23%	53,545	43,555
Profit from ordinary activities after income tax expense	19%	37,055	31,071
Net profit for the period attributable to members	19%	37,055	31,071

Dividends	Amount per security	Franked amount per security
Current year		
- Interim dividend	6.5¢	6.5¢
- Final dividend	9.0¢	9.0¢
Total dividend	15.5¢	15.5¢
Previous corresponding period		
- Interim dividend	4.5¢	0.0¢
- Final dividend	6.5¢	0.0¢
Total dividend	11.0¢	0.0¢
Record date for determining entitlements to the dividend	5:00p.m. Monday 20 October 2003	
Date the final current year dividend is payable	Friday 31 October 2003	

The results are for the 12 months ended 30 June 2003. The comparative results are for the 12 month period ended 30 June 2002.

SECTION 2

APPENDIX 4E FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

APPENDIX 4E FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
APPENDIX 4E FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

CONTENTS	PAGE
Statement of Financial Performance	4
Statement of Financial Position.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements	7

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
Revenues:					
Operating revenue		662,177	549,792	2,997	2,369
Dividends received		-	-	9,303	-
Interest income		861	1,177	2	10
Proceeds on sale of assets		563	4,392	-	-
Total revenue from ordinary activities	2	663,601	555,361	12,302	2,379
Details of Expenditure:					
Personnel costs		(359,918)	(286,119)	(160)	(946)
Occupancy costs		(27,513)	(25,538)	-	-
Medical consumables and supplies		(157,532)	(116,310)	(3)	-
Cost of services		(26,238)	(40,992)	(768)	(716)
Depreciation and amortisation	3 (a)	(24,725)	(22,889)	-	-
Borrowing cost expense	3 (a)	(13,674)	(15,985)	-	-
Carrying value of assets sold		(456)	(3,973)	-	-
		(610,056)	(511,806)	(931)	(1,662)
Profit from ordinary activities before income tax expense		53,545	43,555	11,371	717
Income tax expense relating to ordinary activities	4	(16,490)	(12,484)	(620)	(215)
Profit from ordinary activities after income tax expense		37,055	31,071	10,751	502
Net profit		37,055	31,071	10,751	502
Net profit attributable to members of Ramsay Health Care Limited		37,055	31,071	10,751	502
Net increase/(decrease) in asset revaluation reserve		101	-	-	-
Increase/(decrease) in retained profits on adoption of revised accounting standards: AASB 1028 "Employee Benefits"		(643)	-	-	-
Total revenue, expenses and valuation adjustment recognised directly in equity		(542)	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		36,513	31,071	10,751	502
Basic earnings per share (cents per share)	35	28.9 cents	24.5 cents		
Diluted earnings per share (cents per share)	35	28.9 cents	24.3 cents		
Unfranked dividends per share (cents per share)	5	Nil cents	11.0 cents		
Franked dividends per share (cents per share)	5	15.5 cents	Nil cents		

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Notes	Consolidated 2003 \$000	2002 \$000	Ramsay Health Care Limited 2003 \$000	2002 \$000
CURRENT ASSETS					
Cash assets		16,880	5,287	195	15
Receivables	6	67,751	55,727	66	-
Inventories	7	11,189	9,646	-	-
Other	8	13,766	3,688	-	-
TOTAL CURRENT ASSETS		<u>109,586</u>	<u>74,348</u>	<u>261</u>	<u>15</u>
NON CURRENT ASSETS					
Receivables	9	-	-	-	-
Other financial assets	10	245	245	149,997	149,997
Property, plant & equipment	11	512,548	439,416	-	-
Intangible assets	12	6,744	7,111	-	-
Deferred tax assets	13, 4	21,976	20,049	1,669	-
Other	14	2,953	3,830	-	-
TOTAL NON CURRENT ASSETS		<u>544,466</u>	<u>470,651</u>	<u>151,666</u>	<u>149,997</u>
TOTAL ASSETS		<u>654,052</u>	<u>544,999</u>	<u>151,927</u>	<u>150,012</u>
CURRENT LIABILITIES					
Accounts payable	15	79,115	71,749	11	12
Interest-bearing liabilities	16	28,593	23,468	-	-
Provisions	17	26,941	30,523	780	9,267
Current tax liabilities	4	11,481	-	-	-
TOTAL CURRENT LIABILITIES		<u>146,130</u>	<u>125,740</u>	<u>791</u>	<u>9,279</u>
NON CURRENT LIABILITIES					
Accounts payable	18	-	3,293	6,923	1,258
Interest-bearing liabilities	19	198,570	143,961	-	-
Provisions	20	24,856	21,258	-	-
Deferred tax liabilities	21, 4	31,367	27,671	1,368	921
TOTAL NON CURRENT LIABILITIES		<u>254,793</u>	<u>196,183</u>	<u>8,291</u>	<u>2,179</u>
TOTAL LIABILITIES		<u>400,923</u>	<u>321,923</u>	<u>9,082</u>	<u>11,458</u>
NET ASSETS		<u>253,129</u>	<u>223,076</u>	<u>142,845</u>	<u>138,554</u>
SHAREHOLDERS' EQUITY					
Contributed equity	22	121,490	119,590	121,490	119,590
Reserves	23	54,533	54,432	-	-
Retained profits	23	77,106	49,054	21,355	18,964
TOTAL SHAREHOLDERS' EQUITY		<u>253,129</u>	<u>223,076</u>	<u>142,845</u>	<u>138,554</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated 2003 \$000	2002 \$000	Ramsay Health Care Limited 2003 \$000	2002 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		650,148	547,604	2,931	2,368
Payments to suppliers & employees		(586,758)	(476,080)	(2,931)	(840)
Dividends Received		-	-	9,303	-
Income tax paid		(3,239)	(3,773)	-	-
Borrowing costs paid		(14,597)	(16,500)	-	-
Interest received		861	2,630	2	10
GST received		31,215	17,168	-	-
GST paid		(10,139)	(5,275)	-	-
Net cash flows from operating activities	25 (a)	<u>67,491</u>	<u>65,774</u>	<u>9,305</u>	<u>1,538</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11(c)	(80,698)	(41,379)	-	-
Purchase of business	25(e) & (f)	(15,744)	(11,085)	-	-
Proceeds from sale of property, plant and equipment		563	4,392	-	-
Expenditure on capitalised borrowing costs		(19)	(3,605)	-	-
Net cash flows used in investing activities		<u>(95,898)</u>	<u>(51,677)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of ordinary shares		1,901	4,928	1,901	4,928
Dividends paid		(16,688)	(12,037)	(16,688)	(12,037)
Repayment of finance lease - principal		(1,094)	(2,706)	-	-
Borrowings – receipts other		55,881	-	5,662	5,321
Borrowings – repayment other		-	(9,293)	-	-
Net cash flows from/(used in) financing activities		<u>40,000</u>	<u>(19,108)</u>	<u>(9,125)</u>	<u>(1,788)</u>
Net increase/(decrease) in cash held		11,593	(5,011)	180	(250)
Add opening cash brought forward		5,287	10,298	15	265
CLOSING CASH CARRIED FORWARD	25 (b)	<u><u>16,880</u></u>	<u><u>5,287</u></u>	<u><u>195</u></u>	<u><u>15</u></u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are set out below:

(a) Basis of Accounting

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

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

(b) Changes in Accounting Policy

The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to the provision for dividends and employee benefits.

(i) Provision for dividends

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 the dividends provision. 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 dividends will only be recognised at the reporting date where the dividends have been 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 at the beginning of the year by \$8,327,979 (refer to Note 23(b)). In accordance with the new Standard, no provision for dividend has been recognised for the year ended 30 June 2003.

(ii) Employee benefits

The consolidated entity has adopted the revised Accounting Standard AASB 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on the remuneration rates expected to be paid when the liability is settled. The effect of the revised policy has been to decrease consolidated retained profits and increase employee benefit liabilities at the beginning of the year by \$643,138. In addition, current year profits have decreased by \$105,731 due to an increase in the employee benefits expense. Current provisions at 30 June 2003 have also increased by \$105,731 and non-current provisions have increased by \$ Nil as a result of the change in accounting policy.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Ramsay Health Care Limited (the parent entity) and all entities which Ramsay Health Care Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign Currencies

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year, or where applicable the contractual exchange rate.

All exchange differences arising on settlement or restatement are brought to account in determining the profit or loss for the financial period.

(e) Cash

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Interest is taken up as income on an accrual basis.

(g) Inventories

Inventories are recorded using the FIFO method and valued at the lower of cost and net realisable value. Inventories include medical and food supplies to be consumed in providing future patient services.

(h) Investments

Investments are valued at the lower of cost and recoverable amount. Dividends, distributions, and interest are brought to account when received.

(i) Recoverable Amount

Non current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have been discounted to their present value, using a market determined risk adjusted discount rate.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property, Plant and Equipment

Cost and Valuation

Property, plant and equipment, including land and buildings of licensed private hospitals are measured on a fair value basis. At each reporting date, the value of each asset in these classes is reviewed to ensure that it does not differ materially from the assets fair value at that date. Where necessary, the asset is revalued to reflect its fair value. Any surplus on revaluation is credited directly to the asset revaluation reserve and excluded from income. Any net downward revaluation of the class of assets in excess of the consolidated asset revaluation reserve for that class is recognised as an expense. Potential capital gains tax on assets acquired after the introduction of capital gains tax has not been taken into account in determining the fair value.

Other items are held at cost. The cost of property, plant and equipment constructed within the Group includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overhead. Interest payable and related borrowing costs are capitalised on qualifying assets having a total value in excess of \$100,000, subject to the overall effect of such capitalisation not being to overstate the recoverable amount of such asset. Costs related to development projects are capitalised from the time the Company becomes the successful tenderer.

Any gain or loss on the disposal of assets, including revalued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from disposal and is included in the results of the Group in the period of disposal.

Depreciation

All property, plant and equipment including capitalised leasehold assets, but excluding freehold land are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Costs of renewal and replacement of surgical instruments are charged directly to the profit and loss.

Hospital and bed licences are stated at fair value and no amortisation has been provided against these assets as the Directors believe that the life of such licences is of such duration, and the residual value would be such that the amortisation charge, if any, would not be material.

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land.

Major depreciation periods are:

- | | |
|---|--|
| ▪ Buildings and integral plant | - 40 years |
| ▪ Leasehold improvements | - over lease term |
| ▪ Plant and equipment, other than plant integral to buildings | - various periods not exceeding 10 years |

There has been no change in the depreciation periods from prior year.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible Assets

Goodwill

Purchased goodwill and goodwill arising on consolidation represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight line basis over the period during which benefits are expected to be received. These periods range between 10 and 20 years.

(l) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(m) Interest Bearing Liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Finance Leases

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the statement of financial performance.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(o) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee benefits;

are recognised against profits on a net basis in their respective categories.

The chief entity and controlled entities contribute to industry and individual superannuation funds. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum. Any contributions made to the superannuation plans are recognised against profits when due.

The value of the employee share option scheme described in note 22 is not being charged as an employee benefits expense.

(p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Patient Revenue

Revenue from services is recognised on the date on which the services were provided to the patient.

Interest

Interest is accrued on a daily basis based on the principal amount and prevailing interest rate.

Dividends

Dividends are recognised when received.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rental Revenue

Rental income is recognised on an accruals basis.

(q) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

The income tax expense for the year is calculated using the 30% tax rate.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Earnings per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(t) Insurance

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles. A provision is made for the actuarially assessed liability.

(u) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(v) Derivative financial instruments

Interest rate swaps

Ramsay Health Care Ltd enters into interest rate swap agreements that are used to convert the variable interest rate of its long term borrowings to long term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates.

It is the company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(i) AASB 1028

As a result of the first time application of the revised AASB 1028 "Employee Benefits", comparatives for employee options, as set out in Note 24 have been classified and positioned to be consistent with current year disclosures.

(ii) AASB 1044

As a result of the first time application of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", comparatives for provisions, as set out in Note 23(b) have been repositioned to be consistent with current year disclosures.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
2. REVENUE FROM ORDINARY ACTIVITIES				
Revenue from operating activities:				
Revenue from services	<u>646,252</u>	<u>538,850</u>	<u>-</u>	<u>-</u>
Management fees				
Controlled entities (fully owned)	-	-	497	494
Rental income				
Other persons/corporations	6,624	5,291	-	-
Guarantee fee				
Controlled entities (fully owned)	-	-	2,500	1,875
Bad debts recovered	53	26	-	-
Income from ancillary services	<u>9,248</u>	<u>5,625</u>	<u>-</u>	<u>-</u>
Total revenue from operating activities	<u>662,177</u>	<u>549,792</u>	<u>2,997</u>	<u>2,369</u>
Revenue from non-operating activities:				
Dividends and distributions				
Controlled entities (fully owned)	-	-	9,303	-
Interest				
Controlled entities (fully owned)	-	-	2	10
Other persons/corporations	861	1,177	-	-
Proceeds on sale of property, plant and equipment	<u>563</u>	<u>4,392</u>	<u>-</u>	<u>-</u>
Total revenue from outside the operating activities	<u>1,424</u>	<u>5,569</u>	<u>9,305</u>	<u>10</u>
Total revenues from ordinary activities	<u>663,601</u>	<u>555,361</u>	<u>12,302</u>	<u>2,379</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
3. EXPENSES AND LOSSES / (GAINS)				
(a) Expenses				
Amortisation of non-current assets:				
- Goodwill	606	573	-	-
- Leasehold improvements	282	282	-	-
- Capitalised leased assets	721	1,084	-	-
	<u>1,609</u>	<u>1,939</u>	<u>-</u>	<u>-</u>
Depreciation of non-current assets:				
- Plant and equipment	16,980	15,378	-	-
- Buildings	6,136	5,572	-	-
	<u>23,116</u>	<u>20,950</u>	<u>-</u>	<u>-</u>
Total depreciation and amortisation	<u>24,725</u>	<u>22,889</u>	<u>-</u>	<u>-</u>
Bad and doubtful debts:				
- Trade debtors	289	464	-	-
Rental - operating leases	5,701	6,747	-	-
Contributions to superannuation funds	21,569	16,226	-	-
Borrowing costs:				
- Interest expense				
Other persons/corporations	13,410	15,683	-	-
- Finance charges - lease liability	264	302	-	-
	<u>13,674</u>	<u>15,985</u>	<u>-</u>	<u>-</u>
(b) Losses / (Gains)				
Net (gain) / loss on disposal of property, plant and equipment	(107)	(418)	-	-

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003	2002	2003	2002
		\$000	\$000	\$000	\$000

4. INCOME TAX

The prima facie tax on profit from ordinary activities differs from the income tax provided in the financial statements as follows:

Profit from ordinary activities before income tax		<u>53,545</u>	<u>43,555</u>	<u>11,381</u>	<u>717</u>
Prima facie tax on profit from ordinary activities at 30% (2002: 30%)		16,063	13,067	3,414	215
Tax effect of permanent differences:					
- Net allowable deductions/add backs		427	(583)	-	-
- Tax effect of prior year timing differences and tax losses not previously brought to account		-	-	-	-
- Rebateable Dividends		<u>-</u>	<u>-</u>	<u>(2,794)</u>	<u>-</u>
Income tax expense attributable to ordinary activities		<u>16,490</u>	<u>12,484</u>	<u>620</u>	<u>215</u>

Deferred tax assets and liabilities

Current tax payable		11,481	-	-	-
Provision for deferred income tax – current		-	-	-	-
Provision for deferred income tax – non-current					
	21	31,367	27,671	1,368	921
Future income tax benefit – non-current	13	21,976	20,049	1,669	-

Income tax losses

Future income tax benefit carried forward as an asset that is attributable to tax losses		-	4,844	-	-
--	--	---	-------	---	---

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and an amount sufficient to enable the benefit to be realised;
- (a) the conditions for deductibility imposed by the tax legislation continue to be complied with; and
- (b) no changes in tax legislation adversely affect the economic entity in realising the benefit.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Ramsay Health Care Ltd and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group intend to enter into a tax sharing arrangement to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The head entity of the tax consolidated group is Ramsay Health Care Ltd. Ramsay Health Care Ltd will formally notify the Australian Taxation Office of its adoption of the tax consolidation regime by the due date.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES				
(a) Dividends proposed and recognised as a liability				
- Unfranked dividends – ordinary (Nil cents per share) (2002: 6.5 cents)	-	8,328	-	8,328
(b) Dividend paid during the year:				
<i>(i) Interim dividend paid</i>				
- Franked dividends – ordinary (6.5 cents per share) (2002: Nil cents)	8,360	-	8,360	-
- Unfranked dividends – ordinary (Nil cents per share) (2002: 4.5 cents)	-	5,801	-	5,801
	<u>8,360</u>	<u>5,801</u>	<u>8,360</u>	<u>5,801</u>
<i>(ii) Previous year final dividend paid</i>				
- Unfranked dividends – ordinary (6.5 cents per share) (2002: 4.4 cents)	<u>8,328</u>	<u>6,263</u>	<u>8,328</u>	<u>6,263</u>
(c) Dividends proposed and not recognised as a liability				
- Franked dividends – ordinary (9 cents per share) (2002: Nil cents)	<u>11,604</u>	-	<u>11,604</u>	-
(d) Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
- franking account balance as at the end of the financial year at 30% (2002: 30%)			583	-
- franking credits that will arise from the payment of income tax payable as at the end of the financial year *			11,481	-
- franking debits that will arise from the payment of dividends as at the end of the financial year			(4,973)	-
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date			-	-
			<u>7,091</u>	<u>-</u>

* As Ramsay Health Care Ltd and its 100% owned subsidiaries have formed a tax consolidated group, effective 1 July 2003, this represents the current tax payable for the group.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

**5. DIVIDENDS PAID OR PROVIDED FOR ON
ORDINARY SHARES (Continued)**

The tax rate at which paid dividends have been franked is 30% (2002: nil%). Dividends proposed will be franked at the rate of 30% (2002: nil%).

As of 1 July 2002, the new imputation system requires a company's franking credits to be expressed on a tax-paid basis. The franking account surplus existing at 30 June 2002 has been reinstated to a tax paid amount by multiplying the Class C franking surplus by 30/70.

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
Trade debtors	64,627	52,107	-	-
Provision for doubtful debts	(2,328)	(2,767)	-	-
	<u>62,299</u>	<u>49,340</u>	<u>-</u>	<u>-</u>
Other debtors	5,731	6,666	66	-
Provision for doubtful debts	(279)	(279)	-	-
	<u>5,452</u>	<u>6,387</u>	<u>66</u>	<u>-</u>
	<u>67,751</u>	<u>55,727</u>	<u>66</u>	<u>-</u>
Movement in provision for doubtful debts:				
- Balance at beginning of year	(3,046)	(2,967)	-	-
- Bad debts previously provided for written-off during the year	728	385	-	-
- Bad and doubtful debts provided for during the year	(289)	(464)	-	-
Balance at end of year	<u>(2,607)</u>	<u>(3,046)</u>	<u>-</u>	<u>-</u>

Terms and Conditions:

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Credit sales are mainly on 15 to 30 day terms, dependent on the conditions of specific contracts.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

6. RECEIVABLES (CURRENT) (Continued)

Concentration of Credit Risk:

The economic entity's maximum exposure to credit risk at balance date is the carrying value of those assets as indicated in the balance sheet. This does not take into account the value of any security held in the event of other entities/parties failing to perform their obligations under the financial instruments in question.

The economic entity's credit risk is low in relation to trade debtors because the majority of transactions are with the Government and Health Funds. Other debtors primarily relates to rental and ancillary services. Concentration of credit risk on trade debtors arise as follows:

	Consolidated Maximum Credit Risk Exposure			
	Percentage of Total Trade Debtors (%)		\$000	
	2003	2002	2003	2002
Health funds	70	66	43,556	32,490
Government	21	24	13,181	11,892
Other	9	10	5,562	4,958
	100	100	62,299	49,340

Consolidated		Ramsay Health Care Limited	
2003	2002	2003	2002
\$000	\$000	\$000	\$000

7. INVENTORIES (CURRENT)

Amount of medical and food supplies to be consumed in providing future patient services - at cost

<u>11,189</u>	<u>9,646</u>	<u>-</u>	<u>-</u>
---------------	--------------	----------	----------

8. OTHER ASSETS (CURRENT)

Prepayments

<u>13,766</u>	<u>3,688</u>	<u>-</u>	<u>-</u>
---------------	--------------	----------	----------

9. RECEIVABLES (NON-CURRENT)

Amounts receivable from controlled entities

<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Refer to note 34 for the details of the terms and conditions of related party receivables.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
10. OTHER FINANCIAL ASSETS (NON-CURRENT)					
Investments at cost comprise:					
Ordinary Shares:					
- Listed on a prescribed stock exchange		10	10	-	-
- Other		110	110	-	-
		<u>120</u>	<u>120</u>	<u>-</u>	<u>-</u>
Units in unit trust:					
- Listed on a prescribed stock exchange		60	60	-	-
- Unsecured notes – unlisted		65	65	-	-
		<u>125</u>	<u>125</u>	<u>-</u>	<u>-</u>
		<u>245</u>	<u>245</u>	<u>-</u>	<u>-</u>
Investment in controlled entities:					
- Unlisted shares and units	10 (a)	<u>-</u>	<u>-</u>	<u>149,997</u>	<u>149,997</u>
		245	245	149,997	149,997

Listed shares and units are carried at the lower of cost or recoverable amount. Dividend income is recognised when the dividends are received from the investee.

Unlisted shares and notes are carried at the lower of cost or recoverable amount. Distributions are recognised as income when received.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2003 %	2002 %	2003 \$000	2002 \$000
10. OTHER FINANCIAL ASSETS					
(NON-CURRENT) (continued)					
10 (a) Investments in controlled entities					
Investments in controlled entities comprise:					
Retrogen Sdn Bhd # (in liquidation)	Malaysia	100%	100%	10,000	10,000
RHC Nominees Pty Limited	Australia	100%	100%	*	*
RHC Developments Pty Limited and its Controlled entities:	Australia	100%	100%	139,997	139,997
Health Care Development Unit Trust	-	100%	100%		
Ramsay Health Care Investments Pty Limited and its controlled entities:	Australia	100%	100%	*	*
Ramsay Hospital Holdings Pty Limited	Australia	100%	100%	*	*
Ramsay Hospital Holdings (Queensland) Pty Limited	Australia	100%	100%	*	*
Ramsay Aged Care Holdings Limited and its controlled entity (formerly Berwick Community Hospital) Pty Ltd	Australia	100%	100%		
Ramsay Aged Care Pty Limited (formerly Ramsay Health Care (Princess Alexandra) Pty Ltd	Australia	100%	100%		
Ramsay Centauri Pty Limited and its controlled entities:					
Alpha Healthcare Limited and its controlled entities	Australia	100%	100%		
ADL Unit Trust	Australia	100%	100%		
Admed Pty Limited	Australia	100%	100%		
Alpha Imaging Unit Trust	Australia	100%	100%		
Alpha MBH Pty Limited	Australia	100%	100%		
Alpha Pacific Hospitals Pty Limited	Australia	100%	100%		
Alpha Westmead Private Hospital Pty Limited	Australia	100%	100%		
APL Hospital Holdings Pty Ltd	Australia	100%	100%		
Bowral Management Company Pty Limited	Australia	100%	100%		
Health Care Corporation Pty Limited	Australia	100%	100%		
Herglen Pty Limited	Australia	100%	100%		
Balance carried forward				149,997	149,997

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2003	2002	2003	2002
		%	%	\$000	\$000
10. OTHER FINANCIAL ASSETS					
(NON-CURRENT) (continued)					
10 (a) Investments in controlled entities (continued)					
Balance brought forward				149,997	149,997
Ramsay Centauri Pty Limited and its controlled entities (continued):					
Alpha Healthcare Limited and its controlled entities (continued):					
Illawarra Private Hospital Holdings Pty Limited	Australia	100%	100%		
Imaging Unit Trust	Australia	100%	100%		
Karia Services Pty Limited	Australia	100%	100%		
LDH (North Turrumurra) Pty Limited	Australia	100%	100%		
Mt Wilga Pty Limited	Australia	100%	100%		
Navjot Pty Limited	Australia	100%	100%		
Northern Private Hospital Pty Limited	Australia	100%	100%		
Ragan Pty Limited (formerly Alpha Imaging Group Pty Limited)	Australia	100%	100%		
Sibdeal Pty Limited	Australia	100%	100%		
Simpac Services Pty Limited	Australia	100%	100%		
The M.A.R.C. 1 Unit Trust	Australia	100%	100%		
Westmead Private Hospital Pty Limited	Australia	100%	100%		
Workright Pty Limited	Australia	100%	100%		
Ramsay Health Care Australia Pty Limited and its controlled entities:					
Ramsay Professional Services Pty Limited	Australia	100%	100%		
Phiroan Pty Limited	Australia	100%	100%		
New Farm Hospitals Pty Limited	Australia	100%	100%		
Ramsay Health Care (Victoria) Pty Limited	Australia	100%	100%		
Adelaide Clinic Holdings Pty Limited	Australia	100%	100%		
Ramsay Health Care (South Australia) Pty Limited	Australia	100%	100%		
North Shore Private Hospital Pty Limited	Australia	100%	100%		
E Hospital Pty Limited	Australia	100%	100%		
RHC China Pty Limited	Australia	100%	100%		
Balance carried forward				<u>149,997</u>	<u>149,997</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2003 %	2002 %	2003 \$000	2002 \$000
10. OTHER FINANCIAL ASSETS (NON-CURRENT) (continued)					
10 (a) Investments in controlled entities (continued)					
Balance brought forward				149,997	149,997
Ramsay Health Care Australia Pty Limited and its controlled entities (continued):					
	Australia	100%	100%		
Ramsay Health Care (Asia Pacific) Pty Limited and its controlled entities:	Australia	100%	100%		
Ramsay Health and Management Services Sdn Bhd # (in liquidation)	Malaysia	100%	100%		
				<u>149,997</u>	<u>149,997</u>

Audited by other member firms of Ernst & Young International
 * Denotes \$2

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
11. PROPERTY, PLANT AND EQUIPMENT				
Licensed private hospitals at fair value (a)	439,020	374,709	-	-
Leasehold improvements – at cost	10,676	8,756	-	-
Less: accumulated amortisation	(1,643)	(1,206)	-	-
	9,033	7,550	-	-
Total land and buildings	448,053	382,259	-	-
Plant and equipment				
Plant and equipment – at cost	154,816	131,281	-	-
Less: accumulated depreciation	(92,038)	(76,839)	-	-
	62,778	54,442	-	-
Plant and equipment under lease	3,709	3,947	-	-
Less: accumulated amortisation	(1,992)	(1,232)	-	-
	1,717	2,715	-	-
Total plant and equipment	64,495	57,157	-	-
Total property, plant and equipment	512,548	439,416	-	-

(a) Valuations

The fair values of hospital assets have been determined by reference to director valuations, based upon independent valuations previously obtained. Such valuations are performed on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

(b) Assets pledged as security

Refer to note 29 Contingent Liabilities.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Reconciliation

Reconciliations of the carrying amounts of hospital land and buildings and plant and equipment at the beginning and end of the current financial year:

		Consolidated		Ramsay Health Care Limited	
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
	Notes				
Licensed private hospitals					
Carrying amount at beginning		374,709	337,484	-	-
Additions		56,613	28,043	-	-
Net amount of revaluation increments less decrements	23 (a) (ii)	101	-	-	-
Additions through acquisition of entities/operations	25(e)	13,733	14,754	-	-
Depreciation expense	3(a)	(6,136)	(5,572)	-	-
		<u>439,020</u>	<u>374,709</u>	<u>-</u>	<u>-</u>
Leasehold improvements					
Carrying amount at beginning		7,550	7,181	-	-
Additions		1,765	860	-	-
Disposals		-	(209)	-	-
Additions through acquisition of entities/operations	25(e)	-	-	-	-
Depreciation expense	3(a)	(282)	(282)	-	-
		<u>9,033</u>	<u>7,550</u>	<u>-</u>	<u>-</u>
Plant and equipment at cost					
Carrying amount at beginning		54,442	56,499	-	-
Additions		22,320	12,476	-	-
Disposals		(178)	(843)	-	-
Additions through acquisition of entities/operations	25(e)	3,174	1,688	-	-
Depreciation expense	3(a)	(16,980)	(15,378)	-	-
		<u>62,778</u>	<u>54,442</u>	<u>-</u>	<u>-</u>
Plant and equipment under lease					
Carrying amount at beginning		2,715	6,720	-	-
Additions		-	-	-	-
Disposals		(277)	(2,921)	-	-
Additions through acquisition of entities/operations		-	-	-	-
Depreciation expense	3(a)	(721)	(1,084)	-	-
		<u>1,717</u>	<u>2,715</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment		<u>512,548</u>	<u>439,416</u>	<u>-</u>	<u>-</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Ramsay Health Care Limited	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
Goodwill		7,827	7,588	-	-
Accumulated amortisation		(1,083)	(477)	-	-
		<u>6,744</u>	<u>7,111</u>	<u>-</u>	<u>-</u>

13. DEFERRED TAX ASSETS

Future income tax benefit		<u>21,976</u>	<u>20,049</u>	<u>1,669</u>	<u>-</u>
---------------------------	--	---------------	---------------	--------------	----------

14. OTHER ASSETS (NON-CURRENT)

Capitalised borrowing costs		4,790	4,771	-	-
Accumulated amortisation		(1,837)	(941)	-	-
		<u>2,953</u>	<u>3,830</u>	<u>-</u>	<u>-</u>

The amortisation of borrowing costs is included in interest expense.

15. ACCOUNTS PAYABLE (CURRENT)

Accounts payable		41,205	32,771	-	-
Deferred payment	15(a)	3,293	3,500	-	-
Sundry creditors and accrued expenses		<u>34,617</u>	<u>35,478</u>	<u>11</u>	<u>12</u>
		<u>79,115</u>	<u>71,749</u>	<u>11</u>	<u>12</u>

- (a) At reporting date, the Company had a deferred cash settlement representing the present value of the remaining consideration payable for the acquisition of Lake Macquarie Private Hospital, discounted at the rate of 6.5% and payable on 14 April 2004.

Terms and conditions: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Trade liabilities are normally settled on 30 day terms.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
16. INTEREST BEARING LIABILITIES (CURRENT)					
Secured:					
- Bank loans (b)	33	18,371	19,457	-	-
- Lease liabilities (a)		754	1,146	-	-
- Bank overdraft (b)		-	-	-	-
- Loan – insurance funding (c)	33(iv)	9,468	771	-	-
		<u>28,593</u>	<u>21,374</u>	<u>-</u>	<u>-</u>
Unsecured:					
- Loans		-	2,094	-	-
- Bank overdraft		-	-	-	-
		<u>-</u>	<u>2,094</u>	<u>-</u>	<u>-</u>
		<u>28,593</u>	<u>23,468</u>	<u>-</u>	<u>-</u>

(a) Lease liabilities are effectively secured by the leased asset.

(b) Further information on the bank loans and bank overdraft are set out in notes 29 and 33.

(c) Loan – insurance funding. This loan is carried at the principal amount less any repayments. It is secured by the unexpired position of the insurance policy.

17. PROVISIONS (CURRENT)

Dividend on ordinary shares	17(a)	-	8,328	-	8,328
Employee benefits	24	25,742	20,943	-	-
Other		<u>1,199</u>	<u>1,252</u>	<u>780</u>	<u>939</u>
		<u>26,941</u>	<u>30,523</u>	<u>780</u>	<u>9,267</u>

(a) Terms and conditions: No dividends have been provided for the year ended 30 June 2003. Dividends payable on ordinary shares represent a final dividend of 6.5 cents per ordinary share for the financial year ended 30 June 2002. The extent to which the dividends are franked, details of the franking account balance at balance date and franking credits available for the subsequent financial year are disclosed in note 5.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
18. ACCOUNTS PAYABLE (NON-CURRENT)					
Deferred payment	18(a)	-	3,293	-	-
Amounts payable to controlled entities		-	-	6,923	1,258
		-	3,293	6,923	1,258

(a) Deferred payment relates to an amount payable for the purchase of Lake Macquarie Private Hospital. Refer to 33(b)(ii).

**19. INTEREST BEARING
LIABILITIES (NON-
CURRENT)**

Secured liabilities:					
- Bank loans	19(a)	197,229	141,917	-	-
- Lease liabilities	19(b)	1,341	2,044	-	-
		198,570	143,961	-	-

(a) Further information on bank loans are set out in notes 29 and 33.

(b) Lease liabilities are effectively secured by the leased asset.

**20. PROVISIONS
(NON-CURRENT)**

Employee benefits	24	15,310	12,187	-	-
Insurance	(a) 1(t)	6,976	6,288	-	-
Surplus lease space		649	1,177	-	-
Other		1,921	1,606	-	-
		24,856	21,258	-	-

(a) This includes an insurance provision of \$3.6 million (2002: \$3.8 million) raised to provide for estimated claims relating to the period during which Alpha Healthcare Ltd was insured with HIH and FAI.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Ramsay Health Care Limited	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
20. PROVISIONS					
(NON-CURRENT) (Continued)					
(b) Movements in provisions					
<i>(i) Insurance</i>					
Carrying amount at the beginning of the financial year		6,288	3,875	-	-
Additional provision		977	2,413	-	-
Amounts utilised during the year		(289)	-	-	-
Carrying amount at the end of the financial year		<u>6,976</u>	<u>6,288</u>	<u>-</u>	<u>-</u>
<i>(ii) Surplus lease</i>					
Carrying amount at beginning		1,177	1,346	-	-
Amounts utilised during the year		(528)	(169)	-	-
Carrying amount at end		<u>649</u>	<u>1,177</u>	<u>-</u>	<u>-</u>
21. DEFERRED TAX LIABILITIES					
Deferred income tax liability		<u>31,367</u>	<u>27,671</u>	<u>1,368</u>	<u>921</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Consolidated		Ramsay Health Care Limited	
		2003 \$000	2002 \$000	2003 \$000	2002 \$000
22. CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
128,687,756 ordinary shares fully paid (2002: 127,556,006 ordinary shares fully paid)		<u>121,490</u>	<u>119,590</u>	<u>121,490</u>	<u>119,590</u>

	Number of Shares	2003 \$000	2002 Number of Shares	2002 \$000
(b) Movements in share issue:				
Beginning of financial year	127,556,006	119,590	125,263,423	114,662
Issued during the year:				
- dividend reinvestment	-	-	332,083	1,449
- exercise of options	<u>1,131,750</u>	<u>1,900</u>	<u>1,960,500</u>	<u>3,479</u>
End of financial year	<u>128,687,756</u>	<u>121,490</u>	<u>127,556,006</u>	<u>119,590</u>

(c) Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

22. CONTRIBUTED EQUITY (continued)

Share Options:

At the end of the year there were 240,750 (2002: 1,372,500) unissued Ordinary Shares in respect of share options issued to directors, executives and senior management. These options were issued on the following dates for no consideration:

Date Issued	Number of Options	Expiry Date
15 December 1998 #	49,000	Five years from date of issue, i.e. 15 December 2003
11 October 2000 *	191,750	Three years from date of issue, ie: 11 October 2003
Total outstanding options at 30 June 2003	240,750	
Exercised during the current period	518,500	at \$1.85 exercise price
Lapsed during the current period	613,250	at \$1.50 exercise price
	-	Five year options with various expiry dates

At the date of this report there was a total of 193,750 (2002: 756,000) options on issue to 10 executive and senior management employees of the company.

An employee incentive scheme has been established where directors, executives and certain members of staff of the consolidated entity are issued with options over the ordinary shares of Ramsay Health Care Limited. The options, issued for nil consideration, are issued in accordance with performance guidelines established by the directors of Ramsay Health Care Limited. The options can not be transferred, give no voting rights, and will not be quoted on the ASX. There are currently 46 (2002: 46) executives and staff eligible for this scheme.

Options issued on 15 December 1998 were issued under the following exercise conditions:

- The expiry date of the options is five years after the date of issue as shown above;
- None of the options can be exercised within two years of the issue date;
- 40% of options issued are exercisable after the second anniversary date of the issue with a further 20% becoming exercisable three months before the anniversary date of the issue in each of the subsequent three years or at any time thereafter up until the fifth anniversary date of the issue;
- The options can not be exercised unless the market price of the company's shares exceeds \$2.20;
- The exercise price is \$1.85.

* Options issued on 11 October 2000, were issued under the following exercise conditions:

- The expiry date of the options is three years after the date of issue as shown above;
- 25% of the options can be exercised six months after the date of issue with a further 25% exercisable after each subsequent six monthly period, or at anytime thereafter, up and until the third anniversary date of the issue;
- The exercise price is \$1.50.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
23. RESERVES AND RETAINED PROFITS					
Assets revaluation	23(a)	<u>54,533</u>	<u>54,432</u>	<u>-</u>	<u>-</u>
Retained profits	23(b)	<u>77,106</u>	<u>49,054</u>	<u>21,355</u>	<u>18,964</u>
(a) Reserves					
Assets revaluation		<u>54,533</u>	<u>54,432</u>	<u>-</u>	<u>-</u>
(i) Nature and purpose of reserves:					
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.					
(ii) Movements in reserve:					
Balance at beginning of year		54,432	54,432	-	-
Revaluation increments/(decrements) on revaluation of:					
- Licensed Private Hospitals		<u>101</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year		<u>54,533</u>	<u>54,432</u>	<u>-</u>	<u>-</u>
(b) Retained profits					
Balance at the beginning of year		49,054	32,112	18,964	32,591
Net profit attributable to members of Ramsay Health Care Limited		37,055	31,071	10,751	502
Adjustment arising from adoption of revised accounting standard:					
AASB 1028 "Employee Benefits"		(643)	-	-	-
AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		<u>8,328</u>	<u>-</u>	<u>8,328</u>	<u>-</u>
Total available for appropriation		<u>93,794</u>	<u>63,183</u>	<u>38,043</u>	<u>33,093</u>
Dividends provided for or paid		<u>(16,688)</u>	<u>(14,129)</u>	<u>(16,688)</u>	<u>(14,129)</u>
Balance at end of year		<u>77,106</u>	<u>49,054</u>	<u>21,355</u>	<u>18,964</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
	Notes	2003 \$000	2002 \$000	2003 \$000	2002 \$000
24. EMPLOYEE ENTITLEMENTS					
The aggregate employee benefit liability is comprised of:					
- Provisions (current)	17	25,742	20,943	-	-
- Provisions (non-current)	20	15,310	12,187	-	-
- Accrued salaries, wages and on costs		<u>10,657</u>	<u>9,042</u>	<u>-</u>	<u>-</u>
		51,709	42,172	-	-

Employee Share Incentive Scheme

An employee share scheme has been established where Ramsay Health Care Limited may, at the discretion of management, grant options over the ordinary shares of Ramsay Health Care Limited to directors, executives and certain members of staff of the consolidated entity. The options, issued for nil consideration, are granted in accordance with performance guidelines established by the directors of Ramsay Health Care Limited, although the management of Ramsay Health Care Limited retains the final discretion on the issue of the options. The options cannot be transferred and will not be quoted on the ASX. All directors with the exception of the Chairman, Mr Paul Ramsay, and all executive staff are eligible for this scheme.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
25. STATEMENT OF CASH FLOWS				
(a) Reconciliation of the net profit after tax to the net cash flows from operations				
Profit from ordinary activities after tax	37,055	31,071	10,751	502
Non cash items				
Interest received/(paid) related entity	-	-	(2)	(10)
Amortisation and depreciation	24,725	22,889	-	-
Net (profit)/loss on sale of non current assets	(107)	(418)	-	-
Borrowing costs capitalised	19	3,605	-	-
(Decrease) in retained profits on adoption of revised accounting standards: AASB 1028 "Employee Benefits"	(643)	-	-	-
Changes in assets and liabilities				
Future income tax benefit	(1,927)	296	(1,668)	2
Receivables	(13,315)	(2,772)	(66)	-
Prepayments	(10,078)	147	-	-
Receivable – related companies	-	-	-	4,062
Intangibles	367	3,441	-	-
Creditors	9,841	8,719	(157)	(3,133)
Deferred income tax liability	3,693	7,090	447	115
Provision for employee benefits	7,923	(5,082)	-	-
Inventory	(1,543)	(3,212)	-	-
Tax provisions	11,481	-	-	-
Net cash flow from operating activities	<u>67,491</u>	<u>65,774</u>	<u>9,305</u>	<u>1,538</u>
(b) Reconciliation of cash				
Cash balances comprise:				
Cash on hand	39	35	-	-
Cash at bank and on deposit	16,841	5,252	195	15
Bank overdraft	-	-	-	-
Closing cash balance	<u>16,880</u>	<u>5,287</u>	<u>195</u>	<u>15</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

25. STATEMENT OF CASH FLOWS (continued)

(c) Bank facilities

The economic entity has bank borrowing facilities available to the extent of \$282,541,724 (2002: \$283,885,394). At 30 June 2003 these facilities have been drawn down to \$215,599,752 (2002: \$161,374,829).

(d) Restricted cash balances

Of the amount of \$16,880,000 (2002: \$5,252,000) shown as cash at bank and on deposit, the amount of \$1,868,694 (2002: \$1,656,000) is held in restricted accounts.

(e) Acquisition of business in current year

In 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 components of the acquisition were:

		2003 \$000
Consideration		
- Cash paid		16,753
- Cash received		<u>(1,009)</u>
		<u>15,744</u>
Net Assets of Cairns Private Hospital at November 2002		
Current assets		
- Prepayments		52
- Inventories		526
Non-current assets		
- Property, plant and equipment, hospital and bed licenses	11(c)	16,907
Current liabilities		
- Provisions		(500)
Non-current liabilities		
- Provisions		(1,241)
Fair value of net tangible assets		<u>15,744</u>
Net cash effect:		
- Consideration paid		<u>15,744</u>
Cash paid for purchase of 100% of the assets of Cairns Private Hospital as reflected in the consolidated financial report		<u><u>15,744</u></u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

25. STATEMENT OF CASH FLOWS (continued)

(f) Acquisition of business in prior year

On 14 April 2002, Ramsay Health Care Limited purchased 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. The components of the acquisition were:

	2002
	\$000
Consideration	
- Cash paid	11,085
- Deferred payment to be made on 14 April 2003	3,500
- Deferred payment to be made on 14 April 2004	3,293
	<u>17,878</u>
Net Assets of Lake Macquarie Private Hospital at 14 April 2002	
Current assets	
- Inventories	1,540
Non-current assets	
- Property, plant and equipment, hospital and bed licenses	11(c) 16,442
Current liabilities	
- Provisions	(104)
Fair value of net tangible assets	<u>17,878</u>
Net cash effect:	
- Consideration paid	17,878
- Deferred payments	<u>(6,793)</u>
Cash paid for purchase of 100% of the assets of Lake Macquarie Private Hospital as reflected in the consolidated financial report	<u><u>11,085</u></u>

(g) Non-cash financing and investing activities

Deferred Payments

During the previous financial year the consolidated entity acquired the assets of Lake Macquarie Private Hospital. Part of the consideration was funded by deferred payments amounting to \$6,793,000.

The deferred cash settlement of \$3,293,000 represents the present value of the remaining consideration payable. Refer to Note 15 for further details.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

		Consolidated		Ramsay Health Care Limited	
		2003	2002	2003	2002
		\$000	\$000	\$000	\$000
26. EXPENDITURE COMMITMENTS					
(a) Finance leases					
- not later than one year		758	1,341	-	-
- later than one year but not later than five years		1,386	2,165	-	-
- later than five years		-	167	-	-
Total minimum lease payments		2,144	3,673	-	-
- future finance charges		(49)	(483)	-	-
- lease liability		2,095	3,190	-	-
- current liability	16	754	1,146	-	-
- non-current liability	19	1,341	2,044	-	-
		2,095	3,190	-	-
Total lease liability accrued for:					
<i>Current</i>					
- Surplus lease space (operating lease)(i)	17	662	126	-	-
- Finance leases	16	754	1,146	-	-
		1,416	1,272	-	-
<i>Non-current</i>					
- Surplus lease space (operating lease)(i)	20	649	1,177	-	-
- Finance leases	19	1,341	2,044	-	-
		1,990	3,221	-	-
		3,406	4,493	-	-

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

26. EXPENDITURE COMMITMENTS
(continued)

(a) Finance leases (continued)

Finance lease liability: The lease liability is accounted for in accordance with AASB 1008. As at balance date, the economic entity had finance leases with an average lease term of 2 years. The average discount rate implicit in the leases is 8.4% (2002: 8.4%). The security over finance leases is disclosed in note 33.

- (i) These commitments represent payments due for vacant leased premises under a non-cancellable operating lease, and have been recognised as a liability in the current financial year, as the remaining payments for the premises will provide no further benefits to the consolidated entity. The payments have been discounted at the rate implicit in the lease.

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
(b) Lease expenditure commitments				
Operating leases (non-cancellable):				
Minimum lease payments				
- not later than one year	6,293	6,892	-	-
- later than one year but not later than five years	17,692	22,246	-	-
- later than five years	17,408	20,404	-	-
Aggregate lease expenditure contracted for at balance date	<u>41,393</u>	<u>49,542</u>	<u>-</u>	<u>-</u>
Amounts provided for:				
- surplus lease space - current	662	126	-	-
- non-current	649	1,177	-	-
	<u>1,311</u>	<u>1,303</u>	<u>-</u>	<u>-</u>
Amounts not provided for:				
- rental commitments	<u>40,082</u>	<u>48,239</u>	<u>-</u>	<u>-</u>
Aggregate lease expenditure contracted for at balance date	<u>41,393</u>	<u>49,542</u>	<u>-</u>	<u>-</u>

- (i) Operating leases have an average lease term of 5 years and an average implicit interest rate of 9% (2002: 9%). Assets which are the subject of operating leases include motor vehicles and items of medical equipment.

Certain assets under leases have been sub-let to third parties. The total of future minimum lease payments expected to be received at the reporting date is \$1,270,130 (2002: \$1,699,638).

Current	752	601	-	-
Non-current	518	1,099	-	-
	<u>1,270</u>	<u>1,700</u>	<u>-</u>	<u>-</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

Consolidated		Ramsay Health Care Limited	
2003	2002	2003	2002
\$000	\$000	\$000	\$000

26. EXPENDITURE COMMITMENTS
(continued)

(c) Capital expenditure commitments

Estimated capital expenditure contracted for at balance date but not provided for, payable:

- not later than one year	19,693	39,628	-	-
- later than one year but not later than five years	-	1,459	-	-
	<u>19,693</u>	<u>41,087</u>	<u>-</u>	<u>-</u>

(d) Commitment to manage and operate the Mildura Base Hospital:

Ramsay Health Care Pty Limited has a 15 year agreement with Mildura Base Hospital Pty Limited to manage and operate the Mildura Base Hospital, in accordance with the Hospital Service Agreement between Mildura Base Hospital Pty Limited and the State of Victoria. Under this agreement Ramsay Health Care Australia Pty Limited takes full operator risk. The Hospital was opened on 19 September 2000.

27. SEGMENTAL INFORMATION

The consolidated entity operates in the private hospital industry segment, predominantly in the geographical segment of Australia.

28. SUPERANNUATION COMMITMENTS

The chief entity and controlled entities contribute to industry and individual superannuation funds established for the provision of benefits to employees of entities within the economic entity on retirement, death or disability. Benefits provided under these plans are based on contributions for each employee and for retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life assurance companies. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

29. CONTINGENT LIABILITIES

(a) Syndicated Loan Facility

During September 2001 the consolidated entity (other than companies in the Alpha Healthcare Group) signed a new 5 year facility agreement for \$250 million. \$183.1 million of the facility was utilised at 30 June 2003 (June 2002: \$127.5 million).

In respect of this facility the consolidated entity (other than companies in the Alpha Healthcare Limited Group) have provided cross guarantees to ensure full payment, on a timely basis, of the facility provided by the lenders to Ramsay Health Care Australia Pty Limited, Ramsay Hospital Holdings Pty Limited and Ramsay Hospital Holdings (Queensland) Pty Limited.

The consolidated entity (other than companies in the Alpha Healthcare Limited Group) are subject to a negative pledge and certain financial undertakings in connection with the facility.

North Shore Private Hospital Pty Limited has given a fixed and floating charge (debenture trust deed) over all its assets to secure the facility. Ramsay Hospital Holdings (Queensland) Pty Limited and Ramsay Hospital Holdings Pty Limited have each given a fixed and floating charge over all its assets and a mortgage of all its hospital land to secure the facility.

Also, Ramsay Health Care Limited and Ramsay Health Care Investments Pty Limited, as shareholders in Ramsay Hospital Holdings Pty Limited and Ramsay Hospital Holdings (Queensland) Pty Limited, have mortgaged their shares to secure the facility.

Under one of the tranches in the facility the consolidated entity has issued bank guarantees:

- totalling \$3,950,000 (2002: \$3,950,000) in connection with the financing arrangements for the Mildura Base Hospital and the performance obligations of Ramsay Health Care Australia Pty Limited as operator of the Mildura Base Hospital; and
- for \$7,000,000 (2002: \$7,000,000) to secure the deferred consideration payable to Medical Benefits Fund of Australia Limited in relation to the acquisition of Lake Macquarie Private Hospital.

(b) Westmead Facility

Alpha Westmead Private Hospital Pty Limited has entered into a Construction and Term Loan Facility Agreement. Alpha Westmead Private Hospital Pty Limited has granted a mortgage over the Alpha Westmead Private Hospital land and a fixed and floating charge (debenture stock trust deed) over all its assets to secure the fully drawn balance of the facility of \$32,541,724 (2002: \$33,885,394). Health Care Corporation Pty Limited, as shareholders in Alpha Westmead Private Hospital Pty Limited, has mortgaged its shares in Alpha Westmead Private Hospital Pty Limited to secure the facility.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$
30. REMUNERATION OF DIRECTORS				
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party				
	<u>2,282,039</u>	<u>2,060,730</u>		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the chief entity, directly or indirectly, from Ramsay Health Care Limited or any related party				
			<u>2,282,039</u>	<u>2,060,738</u>
The number of directors of Ramsay Health Care Limited whose income (including superannuation contributions) falls within the following bands are:				
	2003	2002	2003	2002
\$120,000 - \$129,999	-	1	-	1
\$140,000 - \$149,999	1	5	1	5
\$160,000 - \$169,999	5	-	5	-
\$280,000 - \$289,999	1	1	1	1
\$340,000 - \$349,999	-	1	-	1
\$360,000 - \$369,999	1	-	1	-
\$580,000 - \$589,999	-	1	-	1
\$660,000 - \$669,999	1	-	1	-

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$

31. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers of the consolidated entity whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise

<u>8,851,290</u>	<u>7,248,014</u>
------------------	------------------

Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more, from the Company or any related party, in connection with the management of the affairs of the Company or any related party whether as an executive officer or otherwise

<u>1,033,289</u>	<u>930,738</u>
------------------	----------------

The number of executives of the consolidated entity and the Company whose remuneration falls within the following bands:

	2003	2002	2003	2002
\$100,000 - \$109,999	8	8	-	-
\$110,000 - \$119,999	5	5	-	-
\$120,000 - \$129,999	4	1	-	-
\$130,000 - \$139,999	2	5	-	-
\$140,000 - \$149,999	6	4	-	-
\$150,000 - \$159,999	4	3	-	-
\$160,000 - \$169,999	4	4	-	-
\$170,000 - \$179,999	4	2	-	-
\$180,000 - \$189,999	2	-	-	-
\$190,000 - \$199,999	-	2	-	-
\$200,000 - \$219,999	2	-	-	-
\$220,000 - \$229,999	-	2	-	-
\$230,000 - \$239,999	1	-	-	-
\$240,000 - \$249,999	-	1	-	-
\$260,000 - \$269,999	1	1	-	-
\$270,000 - \$279,999	-	1	-	-
\$280,000 - \$289,999	1	-	-	-
\$290,000 - \$299,999	1	-	-	-
\$300,000 - \$309,000	1	-	-	-
\$340,000 - \$349,999	-	1	-	-
\$360,000 - \$369,999	1	-	1	-
\$410,000 - \$419,999	-	1	-	-
\$440,000 - \$449,999	1	-	-	-
\$580,000 - \$589,999	-	1	-	1
\$660,000 - \$669,999	1	-	1	-

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Ramsay Health Care Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$
32. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors for:				
Audit of financial statements	460,139	316,580	-	-
Audit of other reports	34,565	32,726	-	-
Other audit related services	10,945	10,450	-	-
Total audit	<u>505,649</u>	<u>359,756</u>	<u>-</u>	<u>-</u>
Other services				
Taxation	307,233	191,504	-	-
Other	180,081	287,130	-	-
Total Other Services	<u>487,314</u>	<u>478,634</u>	<u>-</u>	<u>-</u>
Total	<u>992,963</u>	<u>838,390</u>	<u>-</u>	<u>-</u>

33. BORROWINGS

(a) Accounting Policies

(i) Bank Overdrafts:

The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(ii) Bank Loans:

The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.

(b) Terms and Conditions

(i) Bank Overdraft:

- In addition to the facility described in note 33(b) (ii), the consolidated entity holds on overdraft for \$5 million which was not drawn as at 30 June 2003 (2002: \$nil). The consolidated entity provides the securities and guarantees detailed at note 33 (b) (ii) to secure the overdraft facility. Interest is charged at the lender's prime lending rate less a fixed margin.
- Alpha Westmead Private Hospital Pty Ltd has a bank overdraft facility for \$2,000,000 which was not drawn as at 30 June 2003 (2002:\$Nil). The bank overdraft is secured by the guarantee, mortgage and fixed and floating charge (debenture stock trust deed) detailed at note 33 (b) (ii). The bank overdraft is uncommitted with interest charged at the bank's reference rate.

(ii) Bank Loans:

During September 2001 the consolidated entity (other than companies in the Alpha Healthcare Limited Group) signed a new 5 year facility agreement for \$250 million.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

33. BORROWINGS (continued)

The consolidated entity (other than companies in the Alpha Healthcare Limited Group):

- provide cross guarantees to ensure full payment, on a timely basis, of the facility; and
- are subject to a negative pledge and certain financial undertakings in connection with the facility.

North Shore Private Hospital Pty Limited has given a fixed and floating charge (debenture trust deed) over all its assets to secure the facility. Ramsay Hospital Holdings Pty Limited and Ramsay Hospital Holdings (Queensland) Pty Limited have each given a fixed and floating charge over all its assets and mortgage of its hospital land to secure the facility.

Ramsay Health Care Limited and Ramsay Health Care Investments Pty Limited, as shareholders in Ramsay Hospital Holdings Pty Limited and Ramsay Hospital Holdings (Queensland) Pty Limited, have mortgaged their shares in Ramsay Hospital Holdings Pty Limited and Ramsay Hospital Holdings (Queensland) Pty Limited to secure the facility.

\$183,058,028 (2002: \$127,489,435) of the facility was utilised as at 30 June 2003. A portion of the facility will amortise effective 30 September 2004 and the remainder will be repaid or refinanced on or prior to the expiration of the facility. The facility consists of several tranches. The interest rate in respect of each tranche is the Bank Bill Rate plus a fixed margin (which is dependent on the tranche).

The interest rate exposures for certain portions of the facility have been fixed by entering into interest rate swap contracts. \$105.9 million (2002: \$120.2 million) of the \$183.1 million (2002: \$127.5 million) utilised was fixed at 30 June 2003.

Under one of the tranches in the facility the consolidated entity has issued bank guarantees:

- totalling \$3,950,000 (2002: \$3,950,000) in connection with the financing arrangements for the Mildura Base Hospital and the performance obligations of Ramsay Health Care Australia Pty Limited as operator of the Mildura Base Hospital; and
- for \$7,000,000 (2002: \$7,000,000) in connection with the acquisition of Lake Macquarie Private Hospital from Medical Benefits Fund of Australia Limited.

Alpha Westmead Private Hospital Pty Ltd has a long-term secured committed bank loan facility of which \$32,541,724 (2002: \$33,885,394) was fully drawn at 30 June 2003 and is a 10 year facility with principal repayments over the life of the facility concluding with a lump sum payment of the remainder to be repaid or refinanced on or prior to September 2010. The interest rate for the facility has been fixed by entering into an interest rate swap contract for the full period of the loan.

This facility is secured by a mortgage over the hospital land and a fixed and floating charge (debenture stock trust deed) given by Alpha Westmead Private Hospital Pty Limited and a mortgage given by Health Care Corporation Pty Limited of its shares in Alpha Westmead Private Hospital Pty Ltd.

(iii) Lease Liability – Finance Leases:

Lease liabilities are effectively secured by the leased assets.

(iv) Other Loan – Insurance Funding

The insurance funding is secured by the unexpired portion of insurance premiums on policies covered by the insurance funding.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

34. RELATED PARTY TRANSACTIONS

Directors

Directors of Ramsay Health Care Limited at 30 June 2003 were:

- P.J. Ramsay
- M.S. Siddle
- M.L. Brislee
- A.J. Clark
- P.J. Evans
- I.P.S. Grier
- B.R. Soden
- R.H. McGeoch
- K.C.D. Roxburgh

Ultimate Parent

Paul Ramsay Holdings Pty Limited is the ultimate Australian controlling entity.

Transactions with Directors of Ramsay Health Care Limited and the Group

- Entities associated with Mr Ramsay, Mr Siddle, Mrs Brislee, Mr Clark and Mr Evans:

Paul Ramsay Holdings Pty Limited has a licence from the economic entity to occupy office space at a commercial arms length licence fee. In addition, any expenditure incurred on behalf of Paul Ramsay Holdings Pty Limited is charged at cost recovery plus a 5% margin. Total amount outstanding at 30 June 2003 is \$13,775 (2002: \$24,895).

During the year costs charged by Paul Ramsay Holdings Pty Limited, for services rendered to the Group amounted to \$120,000 (2002: \$116,286).

Other related party transactions within the wholly owned group

	2003	2002
	\$000	\$000
Loans from Subsidiaries:		
- Interest free	6,920	1,258
	<hr/>	<hr/>
Loans to Subsidiaries		
- Interest free	-	-
	<hr/>	<hr/>
	<u>6,920</u>	<u>1,258</u>

Interest is charged at commercial rates.

A guarantee fee of \$2,500,000 (2002: \$1,874,000) is charged by Ramsay Health Care Limited to a subsidiary company for the provision of bank guarantees.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003

35. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2003	2002
Net profit	<u>37,055</u>	<u>31,071</u>
Earnings used in calculating basic and diluted earnings per share	<u>37,055</u>	<u>31,071</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	128,121,881	126,858,478
Effect of dilutive securities:		
Share options	<u>137,066</u>	<u>902,078</u>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>128,258,947</u>	<u>127,760,556</u>

SECTION 3
ANALYST INFORMATION

ANALYST INFORMATION

1) Earnings per share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2003 \$'000	2002 \$'000
Net profit	37,055	31,071
Earnings used in calculating basic and diluted earnings per share	37,055	31,071
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	128,121,881	126,858,478
Effect of dilutive securities:		
Share options	137,066	902,078
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	128,258,947	127,760,556
Basic earnings per share	28.9c	24.5c
Diluted earnings per share	28.9c	24.3c

2) Dividends

	Amount per security	Franked amount per security
Dividends		
Current year		
- Interim dividend	6.5¢	6.5¢
- Final dividend	9.0¢	9.0¢
Total dividend	15.5¢	15.5¢
Previous corresponding period		
- Interim dividend	4.5¢	0.0¢
- Final dividend	6.5¢	0.0¢
Total dividend	11.0¢	0.0¢
Record date for determining entitlements to the dividend	5:00p.m. Monday 20 October 2003	
Date the final current year dividend is payable	Friday 31 October 2003	
Final Dividend	2003 \$'000	2002 \$'000
Ordinary Securities	11,604	8,328

The current year final dividend will be franked at the rate of 30% (2002 : nil %)

The Directors have suspended the dividend reinvestment plan until further notice

3) NTA backing	2003	2002
Net tangible asset backing per ordinary share	\$2.00	\$1.76

4) Acquisition of Cairns Private Hospital

In November 2002, Ramsay Health Care Limited purchased Calvary Cairns Private 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.

5) Annual meeting

The annual meeting will be held as follows:

Place	Shangri-La Hotel (formerly the ANA Grand Hotel) 176 Cumberland Street, The Rocks, Sydney
Date	25 November 2003
Time	10.30am
Approximate date the annual report will be available	27 October 2003

SECTION 4
COMMENTARY ON RESULTS

28 August 2003

RAMSAY HEALTH CARE ANNOUNCES 19% RISE IN YEAR NET PROFIT

Highlights

- Net Profit up 19% to \$37.1 million
- Revenue up 20% to \$662.2 million
- EBITDA of \$90.9 million up 13%
- EBIT up 14% to \$66.4 million
- Earnings per share increased 18% to 28.9 cents
- Final dividend of 9.0 cents, fully franked, up from 6.5 cents, making the total dividend for the year 41% higher at 15.5 cents, up from 11 cents last year.

Overview

Leading private hospital operator Ramsay Health Care Limited announced today it achieved a record net profit of \$37.1 million for the 2003 financial year, a 19% increase from the previous year.

The profit rise came on a 20% rise in revenue to \$662.2 million. Earnings before interest and tax (EBIT) rose 14% to \$66.4 million. The EBIT margin was 10.4% excluding recent acquisitions (Cairns and Lake Macquarie Private Hospitals).

Directors of Ramsay Health Care have declared a fully franked final dividend of 9 cents a share, up from 6.5 cents for the previous corresponding half, taking the full year dividend to 15.5 cents, from 11 cents, unfranked in the previous year.

Managing Director Pat Grier said the 2003 financial year results were pleasing given the challenges faced by the private hospital sector.

“We are pleased to report solid profit growth of 19% on last year’s record profit result, particularly given the pressures on costs and margins in the second half. We were able to meet our target of at least matching first half profit in the second half, despite seasonal factors and having to absorb the higher than expected nursing wage increases in NSW,” Mr Grier said.

“We are pleased by the strong performance from our hospitals that highlights the quality and position of the group’s portfolio of hospitals and the effective management of costs but we are seeing increased pressures that will challenge management in the future,” he said.

“The stronger result also reflects some of the benefits of the recent capacity expansion program, as well as organic growth of existing hospitals.”

Admissions were up approximately 10 percent in the year and Ramsay Health Care continued to build its market share in key regions of operation.

Private health insurance membership remains at relatively high levels and demand for the high quality care that Ramsay Health Care hospitals provide has remained strong.

Mr Grier said that seeking growth opportunities was an important priority for Ramsay Health Care, and that the company would seek to make selected acquisitions in the hospital and aged care sectors that meet its investment criteria.

Operations

All of Ramsay's five operating divisions (Veteran, Regional Medical/Surgical, Co-located, Psychiatric and Rehabilitation) performed well and contributed to the 14% rise in EBIT.

The expansion program is on schedule and has already delivered benefits. The extra capacity at Hollywood came on-stream in the first half and contributed to a 14% increase in EBIT at the facility.

Expansion at Greenslopes was largely completed late in the financial year and the expansion and revamp of Lake Macquarie is due to be completed by the end of calendar 2003.

Results from Sydney's North Shore Private Hospital remain robust and profits continued to improve significantly in the year. Demand for beds remains strong.

Westmead is performing ahead of expectations and continues to experience strong demand. Added capacity to the operating theatres has addressed the higher demand.

During the year, Ramsay Health Care and the Department of Veterans' Affairs mutually agreed to transition arrangements in conjunction with extension of Veteran Partnering contracting in Brisbane and Perth. The arrangement will continue supplementary funding for specialised veteran services at Greenslopes and Hollywood hospitals for an initial period of two years beyond 2006.

"We are pleased to have reached this agreement with the Department of Veterans' Affairs. This extension is part of the effective management of the transitional arrangements, while continuing to supply vital services to veterans," Mr Grier said.

Growth initiatives

As previously advised, Ramsay Health Care has been examining opportunities in the aged care sector, which provide it with the opportunity to expand in an associated industry that best fits Ramsay's core strengths.

"Over the past few months, Ramsay has been in discussions with Moran Health Care (Australia) Pty Limited and the Principle Healthcare Finance Property Trust about the possible acquisition of some Moran aged care facilities," Mr Grier said.

"These discussions are ongoing. The complexities surrounding the property trust structure are taking some time to resolve.

“In deciding to move into aged care, we are being patient and taking a cautious approach as we see this as an opportunity for the long term,” Mr Grier said.

Ramsay Health Care also continues to regularly assess opportunities to acquire private hospitals. “We are assessing possible strategic hospital acquisitions that will add value to our portfolio but we are strict in applying our stated operational and financial return hurdles in any acquisitions,” Mr Grier said.

Outlook

While the operating environment in the Australian private hospital sector remains favourable in terms of demand for hospital beds, cost pressures emerged in the second half of the 2003 financial year. The reimbursement rates from private health insurers will be key to ensuring Ramsay Health Care recovers costs incurred in providing services to the customers of private health insurers.

“We are cautiously optimistic for this financial year. Barring any unforeseen developments, we are targeting net profit growth in the region of 10% in the current 2004 financial year. This will be possible when the full benefits of our expansion program and recent acquisitions are realised and organic growth continues at our existing hospitals,” Mr Grier said.

“This target does not take into account the benefits from any new acquisitions,” he said.

Attachment: Summary of Financial Performance

Attachment: Summary of Financial Performance

	Year Ended 30 June 2003		
	\$000's		
	2003	2002	%
Operating Revenue	662,177	549,790	20%
EBITDA	90,976	80,835	13%
EBIT	66,358	58,365	14%
Profit before tax	53,545	43,555	23%
NPAT	37,055	31,071	19%
EPS (cents per share)	28.9	24.5	18%
Dividend (cents per share)	15.5 <i>Fully franked</i>	11.0 <i>Unfranked</i>	41%

SECTION 5
AUDIT UPDATE

AUDIT UPDATE

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.