RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

RAMSAY HEALTH CARE LIMITED

INDEX

SECTION 1

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RAMSAY HEALTH CARE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.1 HIGHLIGHTS OF RESULTS

	% increase/ (decrease)	2004 $'000	2003 $'000
Revenue from ordinary activities	46%	546,221	374,695
Profit from ordinary activities before income tax expense	22%	34,015	27,891
Profit after tax before significant items	6%	22,296	21,007
Profit from ordinary activities after tax attributable to members	18%	22,296	18,824
Net profit for the period attributable to members	18%	22,296	18,824

Dividends	**Amount per security**	**Franked amount per security**
Current year - Interim dividend	8.5¢	8.5¢
Previous corresponding period - Interim dividend	7.5¢	7.5¢
Record date for determining entitlements to the interim dividend	5pm on Thursday 7 April 2005	
Date the interim current year dividend is payable	15 April 2005	

The results are for the 6 months ended 31 December 2004. The comparative results are for the 6 month period ended 31 December 2003.

1.2 COMMENTARY ON RESULTS.

Commentary on results follows

24 February 2005

RAMSAY HEALTH CARE HALF YEAR CORE NET PROFIT RISES 17%

Financial Highlights

- Core net profit after tax rises 17% to $24.9 million
- Net profit after tax up 18% to $22.3 million
- Core EPS rises 16% to 19.2 cents
- Revenue increases 46% to $544.6 million
- EBITA up 28% to $48.5 million
- EBITA margin excluding Benchmark 10.2%
- EBITA margin including Benchmark 8.9%
- Interim Dividend 8.5 cents, fully franked, up 13%

Overview

Private hospital operator Ramsay Health Care Limited today announced a 17% rise in core net profit (before amortisation of goodwill) to a record $24.9 million for the six months to 31 December 2004, up from $21.3 million a year ago.

After amortisation of goodwill, net profit after tax was up 18% to $22.3 million from $18.8 million in the corresponding period last year.

The financial year 2005 first half results include a full six-month contribution from the 10 Benchmark hospitals, effective from July 2004.

Total revenue rose 46% to $544.6 million for the half year. Excluding Benchmark, revenue rose 13.4%. Group EBITA rose 28% to $48.5 million, while excluding Benchmark, EBITA was 13.7% higher.

Directors have declared a fully franked interim dividend of 8.5 cents per share, up from 7.5 cents in the previous corresponding half-year, an increase of 13%.

Excluding the Benchmark contribution, Ramsay Health Care core net profit rose 14% to $24.4million in the half year.

Ramsay Health Care Managing Director Pat Grier said the six months result was strong and ahead of budget.

Summary of Financial Performance

	Half year ended 31 December 2004 $000's		
	2004	2003	%
Operating Revenue	544,608	374,122	46
EBITDA	66,470	51,717	29
EBITA	48,544	37,936	28
Core Net Profit After Tax (1)	24,883	21,310	17
Net Profit After Tax	22,296	18,824	18
EPS (cents per share)	17.2¢	14.6¢	17
Core EPS (cents per share) (1)	19.2¢	16.6¢	16
Interim dividend (cents per share) fully franked	8.5¢	7.5¢	13

(1) Core Net Profit and Core Earnings per Share are before amortisation of goodwill and non-recurring items

"During the half year, the efficient management of our hospitals and the benefits of our expansion and enhancement program contributed to a strong profit rise. Even before accounting for the contribution from Benchmark, profit growth was 14%," Mr Grier said.

"Organic growth of 6.5% underlines the quality of our hospital portfolio and our micro-management to maximize efficiencies. In addition, our overall profit increase confirms the success of our strategy to pursue growth both through investing in our own facilities, as well as through acquisitions."

"We are on track to exceed our forecast to achieve core net profit growth of at least 10% before amortization of goodwill and non-recurring charges for the 2005 financial year.

"Benchmark hospitals are trading in line with expectations to be slightly earnings per share accretive (pre-amortisation of goodwill) in the full year. We expect profit contribution from these hospitals to significantly improve in the 2006 financial year," Mr Grier said.

Ramsay Health Care announced earlier this month that it had agreed to acquire five aged care facilities in Victoria from Ellis Residential Care.

In addition, the company settled this month on the acquisition of two stand-alone hospitals – Murray Valley (30 beds) in Wodonga and Rockingham (45 beds) in Perth.

These recent acquisitions involve a total outlay of $57 million.

Including these acquisitions, Ramsay Health Care will operate 37 hospital facilities and six aged care facilities with 474 places.

Equity Raising

During the half year, Ramsay Health Care further strengthened its balance sheet by raising a net $80.3 million of additional equity in a placement to institutions and founder, major shareholder and Chairman Paul Ramsay, and a share purchase plan to all shareholders. Of the $80.3 million, $39.2 million was received in December 2004. The balance of the funds will be received in the March quarter 2005.

The raising was undertaken to provide additional flexibility and financial capacity to pursue acquisitions and greenfield developments in aged care, and further investment in enhancements and additional capacity at existing hospital facilities.

The funds raised from this equity issue have been initially applied to the reduction of debt.

Capacity expansion and enhancement

Investing in existing facilities is a key part of Ramsay Health Care's growth strategy.

The first phase of the capacity expansion has been successfully completed at Lake Macquarie, Greenslopes and Hollywood.

Expectations for returns on these investments are already being met and Ramsay Health Care believes there are opportunities for further investment in enhancements and additional capacity.

As stated previously, North Shore Private in Sydney is operating at high occupancy and there is an opportunity to add a significant number of new beds to the existing facility
Greenslopes and Hollywood will continue to be transitioned into providing more services to privately insured patients with both capacity expansion and enhancements proposed.

Aged Care

During the half year, Ramsay Health Care advanced its development program to expand into aged care through greenfields development. Ramsay Health Care now has 206 licensed aged care places at Coffs Harbour and Brisbane as part of its plan to develop between 500 and 600 aged care places over the next couple of years.

Ramsay continues to apply for new licenses in order to develop facilities that are efficient and flexible and are suitable for financing through accommodation bonds.

Settlement on the acquisition of five aged care facilities from Ellis Residential Care is expected in early April, subject to necessary approvals from the Department of Health and Ageing. The acquisition includes 406 aged care places, which are a mix of high care, low care and extra service places, and land adjoining a number of the facilities. As most of the facilities are new or recently refurbished, and as bonds and extra services come onstream, there is expected to be a significant ramp-up in profit over the next few years.

The adjoining land offers the potential to develop integrated aged care campuses, including independent living accommodation.

In addition, Ramsay Health Care has been granted a first and last right of refusal on the remaining five aged care facilities in the Ellis portfolio.

Outlook

Barring any unforeseen circumstances, Ramsay Health Care expects to match the first half result in the second half, despite seasonality. A similar result in the second half would comfortably exceed the company's initial expectations for the 2005 financial year.

In addition, in the second half, proceeds of the equity issue will be used to reduce debt, providing interest savings. On an EPS basis, the effect will be essentially neutral. The expected profit increase is based on continuing solid organic growth, further benefits from the expansion program, further integration of Benchmark hospitals and contributions from recent acquisitions.

With its strong balance sheet and cash flow, Ramsay Health Care continues to investigate and evaluate acquisitions in both the hospital and aged care sectors.

SECTION 2

FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2004

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

APPENDIX 4D

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2004

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2004.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Names

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

REVIEW OF OPERATIONS

Revenue rose 46% in the half year to $545 million and earnings before interest and tax and amortisation (EBITA) rose 28% to $49 million.

The financial year 2005 first half results include a full six month contribution from the 10 Benchmark hospitals, effective from July 2004.

During the half year, the efficient management of the hospital portfolio and the benefits of the expansion and enhancement program contributed to a strong profit rise.

During the half year, Ramsay Health Care advanced its development program to expand into aged care through greenfields development. Ramsay Health Care now has 206 licenced aged care places at Coffs Harbour and Brisbane as part of its plan to develop between 500 and 600 aged care places over the next couple of years.

Settlement on the acquisition of five aged care facilities from Ellis Residential Care is expected in early April, subject to necessary approvals from the Department of Health and Ageing. The acquisition includes 406 aged care places, which are a mix of high and low care, and extra service places, and land adjoining a number of the facilities

During the half year, Ramsay Health Care further strengthened its balance sheet by raising a net $80.3 million in a placement to institutions and founder, major shareholder and Chairman Paul Ramsay, and a share purchase plan to all shareholders. Of the $80.3 million, $39.2 million was received in December 2004. The balance of funds will be received in the March 2005 quarter.

The raising was undertaken to provide additional flexibility and financial capacity to pursue acquisitions and greenfield developments in aged care, and further investment in enhancements and additional capacity at existing hospital facilities.

The funds raised from this equity issue have been initially applied to the reduction of debt

AUDITOR'S INDEPENDENCE DECLARATION

The written Auditor's Independence Declaration in relation to the review of the half-year financial report has been included at page 25.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

I.P.S. Grier	B.R. Soden
Director	Director

Sydney, 24 February 2005

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Notes	Consolidated 2004 $000	2003 $000
Revenues:			
Operating revenue		544,602	373,679
Dividends received		6	443
Interest income		421	363
Proceeds on sale of assets		1,192	210
Total revenue from ordinary activities	2	546,221	374,695
Details of Expenditure:			
Personnel costs		(288,440)	(200,750)
Occupancy costs		(27,666)	(15,311)
Medical consumables and supplies		(141,530)	(91,141)
Cost of services (excluding specific expense)		(20,505)	(15,202)
Depreciation and amortisation	3 (a)	(20,523)	(13,651)
Borrowing cost expense	3 (a)	(12,363)	(7,612)
Carrying value of assets sold		(1,179)	(250)
Decrement in value of medical suites		-	(395)
Specific expense:			
Cost of Services			
- Due Diligence costs associated with Mayne Bid	3(c)	-	(2,492)
		(512,206)	(346,804)
Profit from ordinary activities before income tax expense		34,015	27,891
Income tax expense relating to ordinary activities		(11,719)	(9,067)
Profit from ordinary activities after income tax expense		22,296	18,824
Net profit		22,296	18,824
Net profit attributable to members of Ramsay Health Care Limited		22,296	18,824
Basic earnings per share (cents per share)		17.2 cents	14.6 cents
Diluted earnings per share (cents per share)		17.2 cents	14.6 cents
Franked dividends per share (cents per share)	4	8.5 cents	7.5 cents

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Notes	Consolidated As at 31/12/2004 $000	As at 30/6/2004 $000
CURRENT ASSETS			
Cash assets		13,199	22,488
Receivables		96,731	74,773
Inventories		18,162	12,849
Other		17,893	11,346
TOTAL CURRENT ASSETS		145,985	121,456
NON CURRENT ASSETS			
Other financial assets		1,317	305
Property, plant & equipment		585,209	519,084
Intangible assets		94,681	7,996
Deferred tax assets		32,440	25,062
Other		2,677	16,266
TOTAL NON CURRENT ASSETS		716,324	568,713
TOTAL ASSETS		862,309	690,169
CURRENT LIABILITIES			
Accounts payable		110,338	82,831
Interest-bearing liabilities		7,521	7,545
Provisions		43,657	29,133
Current tax liabilities		4,392	11,971
TOTAL CURRENT LIABILITIES		165,908	131,480
NON CURRENT LIABILITIES			
Interest-bearing liabilities		298,056	225,956
Provisions		43,687	30,470
Deferred tax liabilities		35,469	31,674
TOTAL NON CURRENT LIABILITIES		377,212	288,100
TOTAL LIABILITIES		543,120	419,580
NET ASSETS		319,189	270,589
SHAREHOLDERS' EQUITY			
Contributed equity	9	161,070	121,870
Reserves		54,533	54,533
Retained profits		103,586	94,186
TOTAL SHAREHOLDERS' EQUITY		319,189	270,589

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Notes	Consolidated 2004 $000	2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		535,262	379,854
Payments to suppliers & employees		(470,176)	(328,949)
Payments in respect of Mayne bid		-	(2,492)
Dividends Received		6	-
Income tax paid		(17,507)	(14,196)
Borrowing costs paid		(12,946)	(7,757)
Interest received		421	363
GST received		20,455	14,953
GST paid		(6,939)	(5,626)
Net cash flows from operating activities		48,576	36,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(26,606)	(24,015)
Acquisition of controlled entity	7	(122,334)	-
Deposit paid for business acquisitions		(1,104)	-
Proceeds from sale of property, plant and equipment		1,192	210
Net cash flows used in investing activities		(148,852)	(23,805)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		40,000	378
Issue costs paid		(800)	-
Dividends paid		(12,893)	(11,604)
Repayment of finance lease - principal		(1,505)	(453)
Borrowings – receipts other		107,415	885
Borrowings – repayment other		(41,230)	-
Net cash flows (used in)/ from financing activities		90,987	(10,794)
Net (decrease)/increase in cash held		(9,289)	1,551
Add opening cash brought forward		22,488	14,973
CLOSING CASH CARRIED FORWARD	6	13,199	16,524

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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 Limited as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(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.

(b) Changes in Accounting Policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004

2. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated 2004 $000	Consolidated 2003 $000
Revenue from operating activities:		
Revenue from services	534,938	366,556
Rental income		
Other persons/corporations	5,124	3,373
Bad debts recovered	14	16
Income from ancillary services	4,526	3,734
Total revenue from operating activities	544,602	373,679
Revenue from non-operating activities:		
Dividends and distributions		
Other persons/corporations	6	443
Interest		
Other persons/corporations	421	363
Proceeds on sale of property, plant and equipment	1,192	210
Total revenue from outside the operating activities	1,619	1,016
Total revenues from ordinary activities	546,221	374,695

	Consolidated 2004 $000	Consolidated 2003 $000

3. EXPENSES AND LOSSES / (GAINS)

(a) Expenses

	2004 $000	2003 $000
Amortisation of non-current assets:		
- Goodwill	2,587	303
- Leasehold improvements	318	189
- Capitalised leased assets	593	250
	3,498	742
Depreciation of non-current assets:		
- Plant and equipment	12,385	9,271
- Buildings	4,640	3,638
	17,025	12,909
Total depreciation and amortisation	20,523	13,651
Bad and doubtful debts:		
- Trade debtors	279	149
Rental - operating leases	11,078	2,792
Contributions to superannuation funds	17,601	11,942
Borrowing costs:		
- Interest expense		
Other persons/corporations	11,812	7,556
- Finance charges - lease liability	551	56
	12,363	7,612

(b) Losses / (Gains)

	2004 $000	2003 $000
Net (gain)/loss on disposal of property, plant and equipment	(13)	40

(c) Significant Item

	2004 $000	2003 $000
Due diligence costs associated with the unsuccessful bid for the Mayne Hospital portfolio	-	2,492

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	Consolidated 2004 $000	Consolidated 2003 $000
(a) Dividend paid during the period:		
Previous year final dividend paid		
- Franked dividends – ordinary (10 cents per share) (2003: 9 cents)	12,892	11,604
(b) Dividends proposed and not recognised as a liability		
Interim dividend proposed		
- Franked dividends – ordinary (8.5 cents per share) (2003: 7.5 cents)	11,903	9,670

The tax rate at which paid dividends have been franked is 30% (2003: 30%). 100% of the proposed dividends will be franked at the rate of 30% (2003: 30%).

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

6. RECONCILIATION OF CASH

	Consolidated 2004 $000	Consolidated 2003 $000
Cash balances comprise:		
Cash on hand	55	39
Cash at bank and on deposit	13,144	18,392
Restricted cash balances	-	(1,907)
	13,199	16,524

Of the amount of $13,199,000 (2003: $18,431,000) shown as cash at bank and on deposit, the amount of nil (2003: $1,907,000) is held in restricted accounts.

7. ACQUISTION OF CONTROLLED ENTITY IN CURRENT YEAR

In July 2004 Ramsay Health Care Ltd acquired all the shares in Benchmark Healthcare Group. The Acquisition was funded by debt and cash reserves. Benchmark operated and managed 10 hospitals in Victoria and South Australia, comprising 980 beds and 68 aged care beds. The total number of beds will rise to 1,119 beds in 2005 as a result of capacity expansion currently underway. The group has annual revenue of approximately $200 million. Nine Hospitals were operated by Benchmark. Of the nine hospitals operated, four are owned outright and five are leased. One hospital is managed under a management contract whereby the owner retains full operator risk.

The purchase increases the number of facilities in Ramsay Health Care's Portfolio to 35 and the number of licensed beds to approximately 4,000.

The components of the acquisition are:

	2004 **$'000**
Consideration	
-Cash Paid	122,334
Net Assets of Benchmark Healthcare Ltd at 1 July 2004	
CURRENT ASSETS	
Cash assets	2,237
Receivables	17,154
Inventories	4,240
Other	8,348
NON-CURRENT ASSETS	
Property, Plant and Equipment	58,634*
Deferred tax assets	6,671
CURRENT LIABILITIES	
Payables	(28,485)
Interest bearing liabilities	(2,431)
Provisions	(20,009)
NON-CURRENT LIABILITIES	
Interest bearing liabilities	(4,969)
Provisions	(6,975)
Deferred tax liabilities	(1,443)
FAIR VALUE OF NET TANGIBLE ASSETS	32,972
GOODWILL ARISING ON ACQUISITION	
Consideration paid	122,334
Less: Fair value of net tangible assets	(32,972)
Goodwill arising on acquisition	89,362
Net cash Effect:	
-Cash consideration paid	122,334
-Cash included in net assets acquired	(2,237)
-Cash paid for purchase of controlled entity	120,097

* This figure represents the best estimate as at the date of preparing the half year financial statements and could change due to further work being undertaken by independent valuers. Further assessment of the fair value of property plant and equipment will be conducted in the months following.

8. SEGMENT INFORMATION

The consolidated entity operates in the private health care industry segment (hospitals and aged care), predominantly in the geographical segment of Australia.

9. CONTRIBUTED EQUITY

	As at 31/12/04 $000	As at 30/06/04 $000
(a) Issued and paid up capital		
134,370,683 ordinary share fully paid (30 June 2004: 128,928,506 ordinary shares fully paid)	161,070	121,870

	Number of shares	$000
(b) Movements in share issue		
Beginning of financial year	128,928,506	121,870
Issued during the period		
-Share Placement (Institutional)	* 5,442,177	40,000
Less: Issue costs		(800)
Balance at 31 December 2004	134,370,683	161,070

* These shares were issued in December 2004

10. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Ramsay Health Care Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Ramsay Health Care Limited has graded impact areas as either high, medium or low. As Ramsay Health Care Limited has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Ramsay Health Care Limited prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Ramsay Health Care Limited. At this stage the company has not been able to reliably quantify the impacts on the financial report.

Classification of Financial Instruments
Under AASB 139 *Financial Instruments: Recognition and Measurement,* financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy, as currently financial instruments are not classified into one of the five categories. Current measurement is at amortised cost, with certain derivative financial instruments not recognised on balance sheet. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Hedge Accounting
Under AASB 139 *Financial Instruments: Recognition and Measurement* in order to achieve a qualifying hedge, the entity is required to meet the following criteria:

- Identified the type of hedge – fair value or cash flow;
- Identify the hedge item or transaction;
- Identify the nature of the risk being hedged;
- Identify the hedging instrument;
- Demonstrate that the hedge has and will continue to be highly effective; and
- Document the hedging relationship, including the risk management objectives and strategy for undertaking the hedge and how effectiveness will be tested.

This will result in a change in the entity's current accounting policy which currently does not recognise interest rate swaps in the financial statements. Under the new policy, these interest rate swaps will need to be fair valued and recorded in the balance sheet. Reliable estimation of the future financial effect of this change in accounting policy has not yet been measured.

Goodwill
Under the Australian equivalent to IFRS 3 *Business Combinations* goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Impairment of Assets
Under the Australian equivalent to IAS 36 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Share Based Payments
Under AASB 2 *Share Based Payments*, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity based remuneration plans are unknown.

Income Taxes
Under the Australian equivalent to IAS 12 *Income Taxes*, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The most significant impact will be recognition of a deferred tax liability in relation to the asset revaluation reserve. Previously, the capital gains tax effects of asset revaluations were not recognised. It is not expected that there will be any further material impact as a result of adoption of this standard.

Intangible Assets

Under the Australian equivalent to IAS 38, *Intangible Assets*, the following criteria must be met in order to be able to recognise intangible assets:

- be identifiable;
- arise as a result of contractual or legal rights or is separable from the business;
- be controlled by the entity as a result of past events;
- cannot comprise an assembled workforce; and
- will result in future economic benefits that are expected to flow from the entity.

Subsequent expenditure on tangible assets should only be capitalised if it is probable that this expenditure leads to increased future economic benefits from that asset.

The intangible asset should be carried at amortised cost less any accumulated impairment losses, unless the asset is revalued. Revaluation is only permitted when there is an active market for the intangible asset.

This may result in a change in the entity's current accounting policy which currently allows for the revaluation of hospital licences. Under the new policy it is expected that these licences will need to be carried at cost, as there may not be an active market to support their revaluation. The future financial effect of this change in accounting policy is not yet known.

11. SUBSEQUENT EVENTS

(a) Acquisition of Aged Care Facilities from Ellis Residential Care

In February 2005 Ramsay Health Care agreed to acquire five aged care facilities in Victoria from Ellis Residential Care for an outlay of $51 million.

The facilities to be purchased include Bairnsdale Aged Care facility, Lakeview Aged Care facility (Lakes Entrance), Paynesville Aged Care facility and Sale Aged Care facility, which together have a total of 331 high care and low care places. The acquisition of these four facilities also includes the acquisition of vacant land adjoining some of the facilities, which provides Ramsay Health Care with expansion opportunities.

The four facilities have an annual revenue of approximately $16 million. Settlement on the four facilities is expected to take place in early April 2005.

Ramsay Health Care has also entered into a separate agreement to purchase Gracedale Private Nursing Home from Ellis Residential Care. Gracedale has 75 extra service beds.

The annual revenue for Gracedale is approximately $5 million. Subject to appropriate approvals from the Department of Health and Ageing, settlement for Gracedale is expected in early March 2005.

When the acquisition of the facilities is finalized, Ramsay Health Care will have 474 Operating Aged Care Places.

Ramsay Health Care will fund the acquisitions using existing cash reserves and credit facilities.

(b) Equity Raising

Subsequent to December 2004 Ramsay Health Care Limited undertook further equity raising. The further equity raising formed part of the equity raising announced in December 2004. The additonal equity raising comprises:

	Number of shares	**Date of issue of shares**	**Expected date of issue of shares**
Share Purchase Plan (Retail Investors)	221,204	Jan-05	
Share Placement (Paul Ramsay Holdings Pty Ltd)	5,442,177		Mar-05

In total the gross proceeds from this subsequent capital raising will amount to $41.6 million. After associated share issue costs the net proceeds will be $41.1 million.. The share price for the equity raising was $7.35. The Share Placement to Paul Ramsay Holdings Pty Ltd was approved on 8 February 2005 at a general meeting of shareholders.

RAMSAY HEALTH CARE LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Ramsay Health Care Limited, I state that:

In the opinion of the directors:

(a) the financial information and notes of the consolidated entity:
  (i) give a true and fair view for the financial position as at 31 December 2004 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

I.P.S Grier	B. R Soden
Director	Director

Sydney, 24 February 2005.

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Independent Review Report to the members of Ramsay Health Care Ltd

Matters relating to the Electronic Presentation of the Financial Report

This review report relates to the financial report of Ramsay Health Care Ltd (the company) for the half year ended 31 December 2004 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The review report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the financial report presented on this web site.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Ramsay Health Care Ltd (the company) and the entities it controlled during the half year, and the directors' declaration for the company, for the half year ended 31 December 2004.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Ramsay Health Care Ltd and the entities it controlled during the half year is not in accordance with:

(a) the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2004 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

C. Hosking

Colleen Hosking
Partner

Sydney
24 February 2005

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Auditor's Independent Declaration to the Directors of Ramsay Health Care Limited

In relation to our review of the financial report of Ramsay Health Care Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

C. Hosking

Colleen Hosking
Partner

Sydney
24 February 2005

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:

	2004 $'000	2003 $'000
Net profit	22,296	18,824
Earnings used in calculating basic and diluted earnings per share	22,296	18,824
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	129,835,536	128,808,131
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	129,835,536	128,808,131
Basic earnings per share	17.2c	14.6c
Diluted earnings per share	17.2c	14.6c

2) Dividends

Dividends	**Amount per security**	**Franked amount per security**
Current year - Interim dividend	8.5¢	8.5¢
Previous corresponding period - Interim dividend	7.5¢	7.5¢
Record date for determining entitlements to the interim dividend	7 April 2005	
Date the current year interim dividend is payable	15 April 2005	

Interim Dividend	**2004 $'000**	**2003 $'000**
Ordinary Securities	11,903	9,670

The current year interim dividend will be franked at the rate of 30% (2003: 30 %)

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

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

3) NTA backing	**31/12/2004**	**30/6/2004**	**31/12/2003**
Net tangible asset backing per ordinary share	\$1.75	\$2.09	\$2.04