RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2008

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

	Notes	2008 $'000	2007 $'000	% increase/ (decrease)
Revenue and other income from continuing operations		2,679,221	2,108,662	27.06%
Operating Revenue from continuing operations		2,673,748	2,099,054	27.38%
Profit from continuing operations before finance costs, tax, depreciation , amortisation and specific items (EBITDA)		341,276	272,197	25.38%
Profit from continuing operations before finance costs, tax, amortisation and specific items (EBIT)		254,738	211,575	20.40%
Core profit after tax from continuing operations	**(1)**	**123,086**	**110,350**	**11.54%**
(Loss)/profit on discontinued operations (net of tax)		(2,659)	274	NM
Specific items and amortisation of intangibles (net of tax)		(28,229)	(3,568)	NM
Net profit after tax for the period attributable to members *		92,198	107,056	(13.88)%

Earnings per share (cents per share)

Core EPS - Continuing operations	**(2)**	**60.7 c**	**54.3 c**	**11.79%**

*: The term members is inclusive of the holders of CARES

1. 'Core profit/ (loss) after tax from continuing operations' and 'Core Earnings per share - Continuing operations' are before Specific items, amortisation of intangibles and discontinued operations
2. Core Earnings per share (Core EPS) calculation is based upon Core profit / (loss) after tax from continuing operations adjusted for Preference Dividends

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year		
- Interim dividend	15.0¢	15.0¢
- Final proposed dividend	17.5¢	17.5¢
Total dividend	32.5¢	32.5¢
Previous corresponding year		
- Interim dividend	13.0¢	13.0¢
- Final dividend	16.0¢	16.0¢
Total dividend	29.0¢	29.0¢
Record date for determining entitlements to the ordinary dividend		1 October 2008
Last date for the receipt of an election notice for the participation in the dividend re-investment plan		1 October 2008
Date the current year ordinary dividend is payable		15 October 2008

Convertible Adjustable Rate Equity Securities ('CARES') Dividends	
Record date for determining entitlements to the CARES dividend	9 October 2008
Date the current year CARES dividend is payable	20 October 2008

The results are for the year ended 30 June 2008. The comparative results are for the year ended 30 June 2007.

1.2 COMMENTARY ON RESULTS.

Commentary on results is on the following pages

ASX ANNOUNCEMENT

25 August 2008

RAMSAY HEALTH CARE REPORTS 11.5% RISE IN CORE NET PROFIT AND 11.8% RISE IN CORE EPS

Group Financial Highlights
(includes Ramsay UK, acquired 23 November 2007)

- Core net profit after tax up 11.5% to $123.1 million
- Core EPS up 11.8% to 60.7 cents
- Revenues up 27.4% to $2.7 billion
- EBIT up 20.4% to $254.7 million
- Final dividend 17.5 cents fully franked, bringing the full-year dividend to 32.5 cents, representing a 12.1% increase on the previous year

Financial Highlights Australia & Indonesia
(excludes Ramsay UK)

- Core net profit after tax up 12.5% to $124.2 million
- Core EPS up 12.9% to 61.3 cents
- Revenues up 9.1% to $2.3 billion
- EBIT up 11.0% to $234.8 million

Overview

Australia's largest private hospital operator Ramsay Health Care today announced an 11.5% increase in core net profit after tax from continuing operations (before specific items and amortisation of intangibles) for the Group to $123.1 million for the 12 months to 30 June 2008.

Group core net profit, which includes a 7.5 month contribution from Ramsay UK, delivers core earnings per share (EPS) of 60.7 cents for the full year – an 11.8% increase on the 54.3 cents recorded last year.

The 11.8% rise in core EPS for the Group comes in at the upper end of Ramsay's guidance of low double digit growth (10%-12%).

Ramsay recorded specific items of $26.5 million (net of tax) in the 2008 financial year, comprising the non-cash portion of the rental expense for the UK hospitals (previously announced to the market on 23 June 2008), restructuring and integration costs and a write off of unamortised capitalised borrowing costs from an earlier refinancing. These borrowing costs were written off after Ramsay entered into a new financing agreement in November 2007 when it purchased Capio UK (now Ramsay UK).

Directors have declared an increased final dividend of 17.5 cents per share fully franked, bringing the full-year dividend to 32.5 cents per share, up 12.1% from a year ago. The dividend reinvestment plan will remain active with a discount of 2.5%.

Ramsay Managing Director Chris Rex said the result was very pleasing, reflecting strong organic growth across the Australian and Indonesian portfolio and a better-than-expected performance from the UK.

"This is a very solid result for Ramsay's Australian, Indonesian and UK businesses. I am pleased that core EPS growth of 11.8% is at the higher end of guidance.

"Healthcare is an excellent industry in Australia, Indonesia and the UK. We expect the industry's strong fundamentals – ageing populations, growing expectations from patients for high quality health services and the desire for people to choose their doctor and their hospital – will continue to underpin Ramsay's growth.

"Overall we are very pleased with the underlying performance of the business and Ramsay is very well positioned for future growth."

On a like-for-like basis, Ramsay's Australian and Indonesian core net profit after tax rose 12.5% to $124.2 million.

Similarly, Ramsay's Australian and Indonesian EBIT rose 11.0% to $234.8 million while core EPS from continuing operations rose 12.9% to 61.3 cents.

Overview Ramsay UK

"The contribution from Ramsay UK was very pleasing and exceeded expectations with NHS (National Health Service) activity coming in ahead of budget," Mr Rex said.

"The growth in NHS from both "Patient Choice" and spot contracts was very strong and patient referrals to Independent Sector Treatment Centres (ISTCs) continued to rise.

"With the Government's firm commitment to NHS reforms and "Patient Choice" soon to be enshrined in legislation, we are very excited about our future in the UK and we will continue to look for capacity expansion and bolt-on acquisition opportunities that add value to our business."

Operational highlights Australia and Indonesia

Ramsay achieved solid EBIT growth of 11.0%, reflecting an improved performance across the portfolio.

EBITDA hospital margins for Australia and Indonesia were steady at 15.3%, including prosthesis.

Total admissions in Australia grew 4.5% during the period. A number of Ramsay's Australian hospitals are now operating at capacity and cannot meet demand.

Operational highlights Ramsay UK

Integration of Ramsay UK is proceeding well and the business is performing better than expected with NHS work continuing to grow in private hospitals and now comprising more than 30% of admissions, up from 10% a year ago.

Whilst NHS volumes grow, Private Medical Insurance (PMI) remains stable and continues to underwrite the business.

ISTC admissions were up 8% on the prior year.

Growing NHS demand plus the Government's commitment to its reforms has bolstered Ramsay's confidence to expand capacity. Brownfield capital expenditure of £28 million has already been committed since the acquisition of Ramsay UK.

Operating margins before rent remain strong, at more than 20%.

Capital Management and Cash Flow

During the year Ramsay entered into a new five-year, senior debt facility with A$ and GBP tranches. As a result of this refinancing, Ramsay has committed funding until November 2012. As well as funding the acquisition of Capio UK, this facility provides Ramsay with adequate headroom for further expansion opportunities.

The Group achieved a high conversion rate of operating profit to operating cash flow except for the UK where there was a working capital funding requirement in relation to the ramp up of the NHS business. Full-year cash flow from Ramsay's Australian and Indonesian hospitals was virtually in line with EBITDA, demonstrating the effective management of our working capital.

Planned Capacity Expansion

- Australia

Ramsay has a Board approved commitment of $550 million for improvements and capacity expansion, of which approximately $200 million has already been spent.

Construction has begun and is progressing well at: Hollywood, Joondalup, Greenslopes, North West, John Flynn and North Shore hospitals.

- UK

Since the acquisition of Capio UK last November, Ramsay has approved brownfields capital expenditure of £28 million over the 2009 and 2010 financial years and is targeting a return on investment of at least 15%, two-to-three years after completion.

These improvements and capacity expansion will be carried out at a number of facilities and will increase theatre day surgery and diagnostics capacity by approximately 17%.

Outlook

Operating in a growth industry with strong fundamentals both at home and abroad, Ramsay is confident about its future.

The ageing population, increasing life expectancy, increasingly high expectations for quality patient care and services and the desire for people to choose their doctor and hospital are features of the private hospital industry which will continue to underpin Ramsay's future growth.

Ramsay is focused on the key elements of its growth strategy: organic growth, investing in the existing business through its brownfields expansion programme and carefully selected acquisitions.

Ramsay owns and operates an excellent portfolio of hospitals and will continue to optimise growth at those hospitals.

Ramsay remains committed to undertaking brownfields investment opportunities in Australia. All major brownfield projects have been reassessed in light of recently announced changes to the healthcare environment. Following this reassessment, Ramsay remains confident about the programme and the future earnings it can deliver. Likewise Ramsay remains very confident about the outlook for the Australian healthcare market.

In the UK, Ramsay is focussed on developing and strengthening the business and will continue to investigate opportunities for capacity expansion and bolt-on acquisitions which complement Ramsay UK.

Ramsay UK outperformed expectations in the 2008 financial year and is expected to be EPS accretive in the 2009 financial year – one year ahead of schedule.

In relation to future acquisitions, Ramsay continues to research opportunities close to its core competencies in a number of markets.

Ramsay is targeting core EPS growth of 10%-12% for the total Group for the 2009 financial year, with strong health care fundamentals and organic growth set to continue.

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Summary of Financial Performance

Year Ended 30 June
$ 000's

	Ramsay Australia & Indonesia 2008	Ramsay UK 2008	Ramsay Group 2008	Ramsay Group 2007	% inc/ (dec)
Continuing Operations					
Operating Revenue	2,289,204	384,544	2,673,748	2,099,054	27.4%
EBITDAR	327,072	87,503	414,575	294,175	40.9%
EBITDA	303,423	37,853	341,276	272,197	25.4%
EBIT	234,753	19,985	254,738	211,575	20.4%
Core Net Profit After Tax - Continuing operations	**124,182**	**(1,095)**	**123,086**	**110,350**	**11.5%**
Profit/(Loss) after tax - divested operations			(2,659)	274	
Specific items and amortisation of intangibles (net of tax)			(28,229)	(3,568)	
Net Profit After Tax			92,198	107,056	(13.9%)
Earnings Per Share (cents)					
Core EPS - Continuing operations	**61.3**	**(0.6)**	**60.7**	**54.3**	**11.8%**
Basic EPS			42.9	52.4	(18.1%)
Dividends Per Share (cents)					
Final dividend fully franked			17.5	16.0	9.4%
Full Year dividend fully franked			**32.5**	**29.0**	**12.1%**

Notes

1) 'Core Net Profit After Tax - Continuing Operations' and 'Core Earnings Per Share - Continuing Operations' are before Specific items, amortisation of intangibles and divested operations.

2) All EPS calculations are based upon Net Profit after tax adjusted for Preference Dividends.

3) In line with accounting standards, Specific items include the non-cash portion of rent expense (FY08:$15million net of tax) relating to the UK hospitals (previously announced to the market on 23 June 2008).

4) In line with accounting standards, prior year has been restated for operations divested in FY 2008.

5) Ramsay UK was acquired on 23 November 2007. Ramsay UK results have been consolidated into the Ramsay Group from the date of acquisition to 30 June 2008

SECTION 2

FINANCIAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2008

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2008

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RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

		Consolidated		Ramsay Health Care Limited	
	Note	**2008 $000**	**2007 $000**	**2008 $000**	**2007 $000**
Continuing operations					
Revenue and other income					
Revenue from services		2,673,730	2,099,043	905	872
Profit on disposal of assets		-	384	-	-
Interest income		4,570	9,224	-	-
Other income		921	11	110,002	70,000
Total revenue and other income	**3**	**2,679,221**	**2,108,662**	**110,907**	**70,872**
Employee benefits costs	4	(1,361,872)	(1,110,435)	(2,031)	(2,627)
Occupancy costs		(154,527)	(87,496)	-	-
Service costs		(144,971)	(74,645)	(1,988)	(1,624)
Medical consumables and supplies		(671,194)	(554,258)	-	-
Depreciation	4	(86,447)	(61,006)	-	-
Amortisation		(1,733)	(1,500)	-	-
Total expenses, excluding finance costs		**(2,420,744)**	**(1,889,340)**	**(4,019)**	**(4,251)**
Profit from continuing operations before tax, specific items and finance costs		**258,477**	**219,322**	**106,888**	**66,621**
Finance costs	4	(80,416)	(59,433)	-	(3)
Specific items					
Finance cost - Borrowing costs associated with re-financing	4	(7,513)	-	-	-
Finance cost – Ineffectiveness of interest rate hedge		15	-	-	-
Service cost - Restructuring and integration costs		(3,264)	(1,555)	-	-
Service cost - Development projects costs		(4,454)	(1,208)	-	-
Service cost – Unrealised foreign exchange gain on unhedged portion of GBP loan		273	-	-	-
Occupancy cost – Deferred rent from leases with fixed annual rent increment (non-cash)	4	(21,839)	-	-	-
Profit before income tax from continuing operations		**141,279**	**157,126**	**106,888**	**66,618**
Income tax (expense)/benefit	5	(46,384)	(50,295)	308	352
Profit after tax from continuing operations		**94,895**	**106,831**	**107,196**	**66,970**
Discontinued operations					
(Loss)/profit after tax from discontinued operations	6	(2,659)	274	-	-
Profit for the year		**92,236**	**107,105**	**107,196**	**66,970**
Profit attributable to minority interests		(38)	(49)	-	-
Profit attributable to members of the parent		**92,198**	**107,056**	**107,196**	**66,970**
Earnings per share (cents per share)					
- basic for profit (after CARES dividend) for the year	**7**	**43.1**	**52.6**		
- diluted for profit (after CARES dividend) for the year		**42.9**	**52.4**		
- basic for profit (after CARES dividend) from continuing operations	**7**	**44.6**	**52.4**		
- diluted for profit (after CARES dividend) from continuing operations		**44.5**	**52.2**		
Franked dividends paid per ordinary share (cents per share)	8	31.0	26.5		

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
ASSETS					
Current Assets					
Cash and cash equivalents	9	93,268	14,841	101	101
Trade Receivables	11	347,881	231,837	656,297	614,208
Inventories	12	60,258	40,200	-	-
Derivatives		26,986	11,811	-	-
Other current assets	13	67,500	28,232	239	199
		595,893	326,921	656,637	614,508
Assets classified as held for sale	6(a)	5,240	3,200	-	-
Total Current Assets		601,133	330,121	656,637	614,508
Non-current Assets					
Other financial assets	14	1,422	2,147	139,997	139,997
Property, plant and equipment	15	1,497,271	1,162,271	-	-
Goodwill and intangible assets	16	843,854	576,595	-	-
Deferred tax asset	5	117,076	83,868	1,846	2,591
Non-current receivables	18	30,442	32,829	-	-
Total Non-current Assets		2,490,065	1,857,710	141,843	142,588
TOTAL ASSETS		3,091,198	2,187,831	798,480	757,096
LIABILITIES					
Current Liabilities					
Trade and other payables	19	415,934	281,299	2,290	2,138
Interest-bearing loans and borrowings	20	6,929	4,344	-	-
Provisions	21	108,034	97,102	-	-
Income tax payable		10,466	23,544	14,679	23,544
Total Current Liabilities		541,363	406,289	16,969	25,682
Non-current Liabilities					
Interest-bearing loans and borrowings	22	1,359,350	741,633	-	-
Provisions	21	163,457	71,215	-	-
Pension liability	28	2,158	-	-	-
Deferred income tax liabilities	5	110,706	85,057	-	-
Total Non-current Liabilities		1,635,671	897,905	-	-
TOTAL LIABILITIES		2,177,034	1,304,194	16,969	25,682
NET ASSETS		914,164	883,637	781,511	731,414
EQUITY					
Issued capital	23	437,622	425,289	437,622	425,289
Treasury shares	23	(13,599)	(7,624)	-	-
Convertible Adjustable Rate Equity Securities (CARES)	23	252,165	252,165	252,165	252,165
Net unrealised gains reserve		21,342	11,335	-	-
Equity based payment reserve		7,184	5,156	7,154	5,156
Vested employee equity		(6,495)	(3,167)	-	-
Other reserves		(6,673)	(1,329)	-	-
Retained earnings		222,263	201,495	84,570	48,804
Parent interests		913,809	883,320	781,511	731,414
Minority interests		355	317	-	-
TOTAL SHAREHOLDERS' EQUITY		914,164	883,637	781,511	731,414

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the parent									**Minority Interest**	**Total Equity**
CONSOLIDATED	**Issued capital $000**	**Treasury Shares $000**	**Convertible Preference Shares - CARES $000**	**Equity Based Payment Reserve $000**	**Retained Earnings $000**	**Net Unrealised Gains Reserve $000**	**Vested Employee Equity $000**	**Other Reserves $000**	**Total $000**	**$000**	**$000**
At 1 July 2006	425,289	(7,009)	252,165	2,981	156,608	6,353	-	1,919	838,306	268	838,574
Currency translation differences	-	-	-	-	-	-	-	(3,248)	(3,248)	-	(3,248)
Net gains on cash flow hedges (net of tax)	-	-	-	-	-	4,982	-	-	4,982	-	4,982
Total income/(expense) for the year recognised directly in equity	-	-	-	-	-	4,982	-	(3,248)	1,734	-	1,734
Profit for the year	-	-	-	-	107,056	-	-	-	107,056	49	107,105
Total income/(expense) for the year	-	-	-	-	107,056	4,982	-	(3,248)	108,790	49	108,839
Shares purchased for Executive Performance Share Plan	-	(3,782)	-	-	-	-	-	-	(3,782)	-	(3,782)
Equity dividends – cash	-	-	-	-	(45,875)	-	-	-	(45,875)	-	(45,875)
CARES dividends – cash	-	-	-	-	(16,294)	-	-	-	(16,294)	-	(16,294)
Treasury shares vesting to employees in the period	-	3,167	-	-	-	-	(3,167)	-	-	-	-
Cost of share based payment	-	-	-	2,175	-	-	-	-	2,175	-	2,175
At 30 June 2007	425,289	(7,624)	252,165	5,156	201,495	11,335	(3,167)	(1,329)	883,320	317	883,637

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the parent									Minority Interest	Total Equity
CONSOLIDATED	**Issued capital $000**	**Treasury Shares $000**	**Convertible Preference Shares - CARES $000**	**Equity Based Payment Reserve $000**	**Retained Earnings $000**	**Net Unrealised Gains Reserve $000**	**Vested Employee Equity $000**	**Other Reserves $000**	**Total $000**	**$000**	**$000**
At 1 July 2007	425,289	(7,624)	252,165	5,156	201,495	11,335	(3,167)	(1,329)	883,320	317	883,637
Currency translation differences	-	-	-	-	-	-	-	(5,344)	(5,344)	-	(5,344)
Equity issue costs	(37)	-	-	-	-	-	-	-	(37)	-	(37)
Net gains on cash flow hedges (net of tax)	-	-	-	-	-	10,007	-	-	10,007	-	10,007
Total income/(expense) for the year recognised directly in equity	(37)	-	-	-	-	10,007	-	(5,344)	4,626	-	4,626
Profit for the year	-	-	-	-	92,198	-	-	-	92,198	38	92,236
Total income/(expense) for the year	(37)	-	-	-	92,198	10,007	-	(5,344)	96,824	38	96,862
Shares purchased for Executive Performance Share Plan	-	(9,303)	-	-	-	-	-	-	(9,303)	-	(9,303)
Equity dividends – cash	-	-	-	-	(41,379)	-	-	-	(41,379)	-	(41,379)
Equity dividends – shares	-	-	-	-	(12,370)	-	-	-	(12,370)	-	(12,370)
CARES dividends – cash	-	-	-	-	(17,681)	-	-	-	(17,681)	-	(17,681)
Share Placement	12,370	-	-	-	-	-	-	-	12,370	-	12,370
Treasury shares vesting to employees in the period	-	3,328	-	-	-	-	(3,328)	-	-	-	-
Cost of share based payment	-	-	-	2,028	-	-	-	-	2,028	-	2,028
At 30 June 2008	437,622	(13,599)	252,165	7,184	222,263	21,342	(6,495)	(6,673)	913,809	355	914,164

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2008

RAMSAY HEALTH CARE LIMITED	Issued capital $000	Convertible Preference Shares - CARES $000	Equity Based Payment Reserve $000	Retained Earnings $000	Total $000
At 1 July 2006	425,289	252,165	2,981	44,003	724,438
Profit for the year	-	-	-	66,970	66,970
Total income for the year	-	-	-	66,970	66,970
Equity dividends – cash	-	-	-	(45,875)	(45,875)
CARES dividends – cash	-	-	-	(16,294)	(16,294)
Cost of share based payment	-	-	2,175	-	2,175
At 30 June 2007	425,289	252,165	5,156	48,804	731,414

RAMSAY HEALTH CARE LIMITED	Issued capital $000	Convertible Preference Shares - CARES $000	Equity Based Payment Reserve $000	Retained Earnings $000	Total $000
At 1 July 2007	425,289	252,165	5,156	48,804	731,414
Equity issue costs	(37)	-	-	-	(37)
Total (expense) for the year recognised directly in equity	(37)	-	-	-	(37)
Profit/Loss for the year	-	-	-	107,196	107,196
Total income/(expense) for the year	(37)	-	-	107,196	107,159
Equity dividends – cash	-	-	-	(41,379)	(41,379)
Equity dividends – shares	-	-	-	(12,370)	(12,370)
CARES dividends – cash	-	-	-	(17,681)	(17,681)
Share Placement	12,370	-	-	-	12,370
Cost of share based payment	-	-	1,998	-	1,998
At 30 June 2008	(437,622)	252,165	7,154	84,570	781,511

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Ramsay Health Care Limited	
		2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,629,781	2,074,209	905	872
Payments to suppliers & employees		(2,326,186)	(1,832,613)	(1,709)	(1,285)
Income tax paid		(57,828)	(30,130)	-	-
Finance costs		(79,053)	(59,447)	3	(3)
Net cash flows from/(used in) operating activities	9	166,714	152,019	(801)	(416)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(198,044)	(147,838)	-	-
Interest received		4,595	9,278	-	-
Proceeds from sale of hospitals		-	100,697	-	-
Acquisition of businesses	9	(5,189)	(3,991)	-	-
Acquisition of subsidiary, net of cash received	9	(469,851)	-	-	-
Proceeds from sale of property, plant and equipment		-	1,966	-	-
Net cash flows (used in) / from investing activities		(668,489)	(39,888)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(59,060)	(62,169)	(59,060)	(62,169)
Repayment of principal to Bondholders		(2,256)	(2,256)	-	-
Repayment of finance lease - principal		(2,777)	(2,489)	-	-
Purchase of ordinary shares		(9,340)	(3,782)	-	-
Proceeds/(Repayment) of borrowings		655,455	(68,389)	-	-
Advances to related parties		-	-	59,861	62,585
Net cash flows from/ (used in) financing activities		582,022	(139,085)	801	416
Net increase /(decrease) in cash and cash equivalents		80,247	(26,954)	-	-
Net foreign exchange differences on cash held		(1,820)	-	-	-
Cash and cash equivalents at beginning of year		14,841	41,795	101	101
Cash and cash equivalents at end of year	9	93,268	14,841	101	101

1. CORPORATE INFORMATION

Ramsay Health Care Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange. The ultimate parent of Ramsay Health Care Limited is Paul Ramsay Holdings Pty Limited.

The Company's functional and presentational currency is AUD ($).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items are otherwise carried at cost.

The financial report is presented in Australian dollars and all values are rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. This is an entity to which the Class Order applies.

The directors believe that the core net profit after tax from continuing operations, before specific items and amortisation and the core earnings per share from continuing operations measures provided additional useful information for shareholders on the underlying performance of the business, and are consistent with how business performance is measured internally. It is not a recognised profit measure under AIFRS and may not be directly comparable with core net profit after tax from continuing operations measures used by other companies.

	Consolidated	
	2008	2007
	$000	$000
Core profit after tax from continuing operations		
Profit from continuing operations before tax, specific items and finance costs	258,477	219,322
Less: Finance costs	(80,416)	(59,433)
Profit from continuing operations before tax, specific items	178,061	159,889
Add: Amortisation	1,733	1,500
Profit from continuing operations before tax, specific items and amortisation	179,794	161,389
Profit attributable to minority interests	(38)	(49)
Income tax (expense) on continuing operations	(56,670)	(50,990)
Core profit after tax from continuing operations	123,086	110,350
Core earnings per share from continuing operations		
Core profit after tax from continuing operations (above)	123,086	110,350
Less: CARES Dividend	(17,681)	(16,294)
Core profit after tax from continuing operations used to calculate Core earnings per share continuing operations	105,405	94,056
Issued share capital	173,621,853	173,268,928
Core earnings per share from continuing operations	60.71	54.28

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2008, are outlined in the table on the following pages.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards	Clarifies how operators recognise the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	The Group has entered into service concession arrangements or public-private-partnerships (PPP) and as such this interpretation may have an impact on the Group's financial report. The Group's preliminary assessment is that changes will effect balance sheet classifications with a potential unconfirmed impact to revenue recognition and profit.	1 July 2008
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 129	Service Concession Arrangements: Disclosures	Requires disclosure of provisions or significant features necessary to assist in assessing the amount, timing and certainty of future cash flows and the nature and extent of the various rights and obligations involved. These disclosures apply to both grantors and operators.	1 January 2008	Refer to AASB Int. 12 and AASB 2007-2 above.	1 July 2008
AASB Int. 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Aims to clarify how to determine in normal circumstances the limit on the asset that an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group has a defined benefit pension plan and as such this interpretation may have an impact on the Group's financial report. However, the Group has not yet determined the extent of the impact, if any.	1 July 2008
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the Group's segment disclosures.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group currently capitalised borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However, the Group has not yet determined the extent of the impact, if any.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 3 (Revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group may enter into some business combinations during the next financial year and may therefore consider early adopting the revised standard. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give rise to a gain or a loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	Refer to AASB 3 (Revised) and AASB 127 (Revised) above.	1 July 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (Continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the parent entity after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	This interpretation proposes that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 January 2009	The Interpretation is unlikely to have any impact on the Group since it does not significantly restrict the hedged risk or where the hedging instrument can be held.	1 July 2009

* Designates the beginning of the applicable annual reporting period unless otherwise stated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation

The consolidated financial information comprises the financial information of Ramsay Health Care Limited (‘the Company’) and its subsidiaries ('the Group') as at 30 June each year. The financial information 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 that may exist.

In preparing the consolidated financial information, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The Capio Group (comprising 22 private hospitals in England) has been included in the consolidated financial information using the purchase method of accounting, which measures the acquiree’s assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial information includes the results of The Capio Group for the period from its acquisition on 23 November 2007. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Nottingham Private Hospital has been included in the consolidated financial information using the purchase method of accounting which measures the acquiree’s assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial information includes the results of Nottingham Private Hospital for the period from its acquisition on 31 March 2008. The purchase consideration has been allocated to the assets and liabilities based on the fair value at the date of acquisition.

Cairns Day Surgery has been included in the consolidated financial information using the purchase method of accounting which measures the acquiree’s assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial information includes the results of Cairns Day Surgery for the period from its acquisition on 1 November 2007. The purchase consideration has been allocated to the assets and liabilities based on the fair value at the date of acquisition.

Bowral Day Surgery has been included in the consolidated financial information using the purchase method of accounting, which measures the acquiree’s assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial information includes the results of Bowral Day Surgery for the period from its acquisition on 22 April 2008. The purchase consideration has been allocated to the assets and liabilities based on the fair value at the date of acquisition.

Minority interests represent the interests in Sydney Central Coast Linen Service Pty Ltd and the Indonesian entities, not held by the Group.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill is discussed in note 17.

(ii) Share – based payment transactions
The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo simulation model, using the assumptions detailed in note 24. The Group measures the cost of cash settled share based payments at fair value at the grant date using a Monte Carlo simulation model taking into account the terms and conditions upon which the instruments were granted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting estimates and assumptions (continued)

(iii) Medical malpractice provision
The Group determines an amount to be provided for the self-insured retention, potential uninsured claims and 'Incurred but not Reported' ('IBNR') in relation to medical malpractice with reference to actuarial calculations. This actuarial calculation is performed at each reporting period.

(e) Foreign currency translation

Both the functional and presentation currency of Ramsay Health Care Limited and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences, arising in relation to foreign operations, in the consolidated financial report are taken directly to equity until the disposal of these operations, at which time they are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiary, PT Affinity Health Indonesia, is Indonesian Rupiah. As at the reporting date the assets and liabilities of this overseas subsidiary are translated into the presentation currency of Ramsay Health Care Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

The functional currency of the overseas subsidiary, Ramsay Health Care (UK) Limited, is British Pounds. As at the reporting date the assets and liabilities of this overseas subsidiary are translated into the presentation currency of Ramsay Health Care Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:

- 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

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

(i) Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset**.**

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the income statement.

(ii) Derecognition and disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

(g) Finance costs

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

(h) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated that

- It represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 "Segment Reporting".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(i) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Investments and other financial assets

Financial assets in the scope of AASB 139 "Financial Instruments: Recognition and Measurement" are classified as either, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each reporting period.
All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are recorded using the FIFO method and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Inventories include medical and food supplies to be consumed in providing future patient services.

(l) Trade and other receivables

Trade receivables, which generally have 15-30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted cash.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in income statement when the liabilities are derecognised.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for the cash equivalent of shares ('cash-settled transactions'), shares or rights over shares ('equity-settled transactions').

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share-based payment transactions (continued)

There are currently two plans in place to provide these benefits:

- the Executive Incentive Rights Plan (Cash-settled transactions), which provides benefits to executive directors, and
- the Executive Performance Rights Plan (Equity-settled transactions), which provides benefits to senior executives and executive directors.

The cost of these cash and equity settled transactions with employees is measured by reference to the fair value at the 30 June 2008 and the date at which they were granted, respectively. The fair value is determined by an external valuer using the Monte Carlo model.

In valuing cash and equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ramsay Health Care Limited ('market conditions').

Equity-settled transactions
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Cash-settled transactions
The cost of the cash-settled transactions is measured initially at fair value at grant date using the Monte Carlo model, taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Treasury Shares
Shares in the Group held by the Executive Performance Share Plan are classified and disclosed as Treasury shares and deducted from equity.

Vested Employee Equity
Shares that have vested and have been exercised by employees under the Executive Performance Share Plan are classified and disclosed as Vested Employee Equity.

(q) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Leases (continued)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(r) Revenue

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

Rental income and income from ancillary services
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

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

Interest
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the Groups' right to receive the payment is established.

Rental income
Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(s) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(t) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(u) Other taxes

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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Derecognition of financial instruments

(i) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(w) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the income statement in the period in which those gains or losses arose. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Derivative financial instruments and hedging (continued)

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash Flow Hedges
Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(x) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Interest in jointly controlled operations

The Group has interests in joint ventures that are jointly controlled operations. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations.

(z) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.
A summary of the policy applied to the Group's intangible asset is as follows:

Operating Rights
Useful lives
Finite (2007: Finite)
Amortisation method used
Amortised over the period of the lease (2007: Amortised over the period of the lease).
Internally generated or acquired
Acquired
Impairment testing
When an indication of impairment exists. The amortisation method is reviewed at each financial year-end (2007: When an indication of impairment exists. The amortisation method is reviewed at each financial year-end).

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(aa) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ac) Insurance

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles.

Medical Malpractice Insurance
A provision is made to cover excesses arising under the Medical Malpractice Insurance Policy. This provision is actuarially assessed at each reporting period.

Insurance Funding
Insurance premiums are prepaid at the beginning of each insurance period through an external insurance financier. The insurance premiums are expensed over the period.

(ad) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ae) Earnings per share (EPS)

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

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

- costs of servicing equity and CARES 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are required. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non - current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group’s share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group’s share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(ag) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dipose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(ai) Pensions and other post-employment benefits

For defined benefit plans, pension costs are assessed using the projected unit credit method. Under the "corridor" approach, actuarial gains and losses are recognised as income or expense, when the cumulative unrecognised actuarial gains or losses for each individual plan exceed 10% of the defined benefit obligation or the fair value of plan assets, in accordance with the valuations made by qualified actuaries. The defined benefit obligations are measured at the present value of the estimated future cash flows using interest rates on government bonds, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments or changes in assumptions are recognised over the average remaining service lives of employees. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised over the average remaining service lives of the employees.

The Group's contributions made to defined contribution superannuation plans are recognised as an expense when they are due.

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
3. REVENUE					
Revenue from Continuing Operations					
Revenue from patients		2,610,602	2,050,916	-	-
Management fees					
Controlled entities (fully owned)		-	-	905	872
Rental income					
Other persons/corporations		20,478	18,957	-	-
Dividends					
Controlled entities (fully owned)		-	-	110,000	70,000
Bad debts recovered		2,022	77	-	-
Income from ancillary services		40,628	29,093	-	-
Net gain on foreign exchange		903	-	-	-
Other income		18	11	-	-
Interest					
Controlled entities (fully owned)		-	-	2	-
Other persons/corporations		4,570	9,224	-	-
Profit on sale of property, plant and equipment		-	384	-	-
Total revenues from continuing operations before specific items		2,679,221	2,108,662	110,907	70,872
Net gains on disposal of businesses		-	666	-	-
Total revenues from continuing operations (including specific items)		2,679,221	2,109,328	110,907	70,872
Revenue from Discontinued Operations					
Revenue from patients		3,129	9,202	-	-
Total revenue from discontinuing operations	6	3,129	9,202	-	-

4. EXPENSES

Expenses from Continuing Operations

(a) Depreciation included in income statement

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
- Plant and equipment	66,645	42,324	-	-
- Buildings	19,802	18,682	-	-
Total depreciation	86,447	61,006	-	-

(b) Operating lease costs and incentive

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Lease costs included in occupancy costs expenses in the income statement	73,299	22,484	-	-

The amount charged to the income statement in respect of operating lease costs for the Group under AIFRS has an adverse impact on reported profit relating to the treatment of deferred rent from leases with annual fixed increments in rent. The accounting for this is as follows:

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Deferred rent from leases with fixed annual increments in rent	21,839	-	-	-
Reduction in operating profit resulting from accounting in accordance with AASB 117 “Leases” and UIG 115 “Operating leases – incentives”	(21,839)	-	-	-

Ramsay Health Care (UK) Limited have entered into long term lease agreements for the rent of hospital properties. The lease agreements have fixed annual increase of 2.75% per annum which is currently lower than CPI. Where leases have fixed annual increases and not variable annual increases, AASB 117 requires that straight line accounting be applied. The cash rent paid for the year ended 30 June 2008 was lower than the rent expensed by $21,839,000.

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
4. EXPENSES (CONTINUED)					
(c) Employee benefits expense					
Wages and salaries		1,122,694	900,674	53	49
Leave provision		125,857	108,519	19	-
Workers' compensation costs		18,165	18,231	-	-
Superannuation expense		73,159	66,678	56	53
Termination benefits		2,653	429	-	-
Other employment costs		17,544	11,632	103	350
Share-based payments expense (including expense arising from transactions accounted for as equity-settled share-based payment transactions)		1,800	4,272	1,800	2,175
		1,361,872	1,110,435	2,031	2,627
(d) Finance costs					
- Interest expense					
Other persons/corporations		82,980	60,929	-	3
- Finance charges - lease liability		956	353	-	-
- Finance charges - hire purchase		17	43	-	-
		83,953	61,325	-	3
Finance costs disclosed as specific items:					
- Finance costs related to refinancing		7,513	-	-	-
Total Finance costs		91,466	61,325	-	3
Less: Finance costs capitalised		(3,548)	(1,878)	-	-
Finance costs – discontinued operations		11	(14)	-	-
Total finance costs expensed for continuing operations (including specific items)		87,929	59,433	-	3
Expenses from Discontinued Operations					
(e) Expenses					
Employee benefits costs		3,033	5,467	-	-
Occupancy costs		419	760	-	-
Service costs		661	570	-	-
Medical consumables and supplies		986	2,287	-	-
Depreciation		253	379	-	-
Total expenses from discontinuing operations	6	5,352	9,463	-	-

5. INCOME TAX

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
The major components of income tax expense/(benefit) are:				
Income Statement				
Continuing operations:				
Current income tax				
Current income tax charge/(benefit)	46,583	49,108	(1,251)	(1,015)
Deferred income tax				
Relating to origination and reversal of temporary differences	1,214	1,487	943	663
Adjustments relating to tax returns	(1,413)	(300)	-	-
Income tax expense/(benefit) reported in the income statement	**46,384**	**50,295**	**(308)**	**(352)**
Continuing and discontinued operations:				
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit before tax from continuing operations	141,279	158,043	106,888	66,618
Accounting (loss) before tax from discontinued operations	(3,723)	(526)	-	-
Accounting profit before income tax	137,556	157,517	106,888	66,618
At the Group's statutory income tax rate of 30% (2007: 30%)	41,267	47,255	32,067	19,985
Expenditure not allowable for income tax purposes	3,743	2,024	625	663
Income not assessable for tax purposes		-	(33,000)	(21,000)
Other	310	1,133	-	-
	45,320	**50,412**	**(308)**	**(352)**
Income tax expense/(benefit) reported in the consolidated income statement attributable to continuing operations	46,384	50,295	(308)	(352)
Income tax attributable to discontinued operations	(1,064)	117	-	-
	45,320	**50,412**	**(308)**	**(352)**
Deferred income tax related to items charged or credited directly to equity				
Net unrealised gains	(3,445)	(2,135)	-	-
Treasury shares	2,897	2,700	198	-
	(548)	**565**	198	-

5. INCOME TAX (CONTINUED)

Deferred income tax
Deferred income tax at 30 June relates to the following:

	Balance sheet 2008 $000	Balance sheet 2007 $000	Income statement 2008 $000	Income statement 2007 $000
CONSOLIDATED				
Deferred tax liabilities				
Inventory	(9,048)	(7,878)	(1,170)	(635)
Recognition of revenue	(8,385)	(7,274)	(1,111)	3,538
Depreciable assets	(62,630)	(49,825)	(1,766)	4,685
Other	(10,897)	(3,283)	(1,058)	(5,081)
Borrowing costs	-	(284)	284	(555)
Other provisions & lease liabilities	(11,655)	(11,655)	-	-
Provision financial instruments	(8,091)	(4,858)	-	1
Total deferred tax liabilities	**(110,706)**	**(85,057)**	**(4,821)**	**1,953**
CONSOLIDATED				
Deferred tax assets				
Employee provisions	45,401	44,334	1,150	3,514
Other provisions & lease liabilities	31,586	36,096	(4,510)	213
Unearned income	1,673	1,744	(71)	(116)
Other	37,441	(256)	8,013	(6,077)
Share placement costs	975	1,950	(975)	(974)
Total deferred tax assets	**117,076**	**83,868**	**3,607**	**(3,440)**
Net movement in deferred income tax reported in the income statement			1,214	1,487

	2008 $000	2007 $000
CONSOLIDATED		
Movement of deferred tax liabilities		
Opening balance	(85,057)	(87,575)
Charges recognised in income statement	(4,821)	1,953
Amounts recognised against equity	(548)	565
Exchange differences	3,076	-
Balances acquired through acquisition	(23,356)	-
Closing balance	**(110,706)**	**(85,057)**
CONSOLIDATED		
Movement of deferred tax assets		
Opening balance	83,868	87,308
Charges recognised in income statement	3,607	(3,440)
Exchange differences	(3,910)	-
Balances acquired through acquisition	33,511	-
Closing balance	**117,076**	**83,868**

5. INCOME TAX (CONTINUED)

RAMSAY HEALTH CARE LIMITED

	Balance sheet		Income statement	
	2008 $000	2007 $000	2008 $000	2007 $000
Deferred tax assets				
Share rights	198	-	-	-
Employee provisions	672	641	31	311
Share placement costs	976	1,950	(974)	(974)
Total deferred tax income assets	**1,846**	**2,591**	**(943)**	**(663)**
Net movement in deferred income tax reported in the income statement			**943**	**663**

RAMSAY HEALTH CARE LIMITED

Movement of deferred tax assets

	2008 $000	2007 $000
Opening balance	2,591	3,254
Charges recognised in income statement	(943)	(663)
Amounts recognised against equity*	198	-
Closing balance	**1,846**	**2,591**

*: Costs associated with the issue of equity instruments

At 30 June 2008, there is $41,222,929 (2007: $41,022,414) of unrecognised deferred income tax assets in relation to capital losses carried forward as it is not probable that they will be used in the foreseeable future.

Ramsay Health Care Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group effective 1 July 2003. Ramsay Health Care Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a modified stand alone basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date there was no default.

Tax effect accounting by members of the tax consolidated group
Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes.* Allocations under the tax funding agreement are made every six months.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company. There is no difference between the current tax amount that is allocated under the tax funding agreement and the amount that is allocated under an acceptable method. Therefore there is no contribution/distribution of the subsidiaries' equity accounts. The Group has applied the modified stand-alone approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

As a result of tax consolidation intercompany assets of Ramsay Health Care Limited have decreased by $8,865,000 (2007: increased $20,527,000).

6. DISCONTINUED OPERATIONS

	CONSOLIDATED 2008 $000	CONSOLIDATED 2007 $000
(a) Property classified as available for sale		
– written down to fair value	5,240	3,200

(b) The results of the discontinued operations for the 2008 year until disposal or discontinuation are presented below:

	CONSOLIDATED - 2008			
	Harley St $000	Macarthur $000	Manningham $000	Total $000
Revenue	700	2,164	265	3,129
Expenses	(1,251)	(3,369)	(732)	(5,352)
Gross (loss)	**(551)**	**(1,205)**	**(467)**	**(2,223)**
Loss on disposal	-	-	(533)	(533)
Specific Items				
Restructuring costs	-	(689)	-	(689)
Impairment of assets	-	(289)	-	(289)
Finance costs	-	(14)	25	11
(Loss) before tax from discontinued operations	**(551)**	**(2,197)**	**(975)**	**(3,723)**
Income tax benefit	167	590	307	1,064
(Loss) for the year from discontinued operations attributable to members of the parent	**(384)**	**(1,607)**	**(668)**	**(2,659)**

Operating cashflows on discontinued operations approximate the gross loss in relation to the entities.

(c) The results of the discontinued operations for the 2007 year until disposal or discontinuation are presented below:

	CONSOLIDATED - 2007				
	Macarthur $000	Casey Gardens $000	Coastal $000	Manningham $000	Total $000
Revenue	6,845	77	1,195	1,085	9,202
Expenses	(5,915)	(305)	(1,569)	(1,674)	(9,463)
Gross (loss)	**930**	**(228)**	**(374)**	**(589)**	**(261)**
Gain on disposal	-	-	666	-	666
Finance costs	(13)	-	(1)	-	(14)
(Loss) before tax from discontinued operations	**917**	**(228)**	**291**	**(589)**	**391**
Income tax benefit	(286)	72	(91)	188	(117)
(Loss) for the year from discontinued operations attributable to members of the parent	**631**	**(156)**	**200**	**(401)**	**274**

Operating cashflows on discontinued operations approximate the gross loss in relation to the entities.

6. DISCONTINUED OPERATIONS (CONTINUED)

(d) Earning per share.	2008 $000	2007 $000
Earnings per share (cents per share):		
Basic from discontinued operation	(1.54)	0.16
Diluted from discontinued operation	(1.53)	0.16

(e) On 31 August 2007, Ramsay Health Care Limited disposed of Manningham Day Procedures Centre for nil proceeds, resulting in a loss of $0.5 million before tax. Net assets disposed of were $4.8 million of plant and equipment of which $4.3 million had been provided for.

(f) On 16 October 2006, Ramsay Health Care Limited sold Coastal Private Hospital for gross sale proceeds of approximately $3.2 million. Net assets disposed of included $1.9 million of property, plant and equipment, $0.3 million of inventory, $0.7 million of receivables offset by $0.4 million of employee entitlement liabilities, resulting in a profit on sale of $0.7 million.

(g) On 30 April 2008, Ramsay Health Care Limited announced its closure of Macathur Private Hospital. $289,000 has been recognised in relation to the impairment of assets and $689,000 has been provided for redundancy payments for employees.

(h) In June 2008, Ramsay Health Care Limited announced its closure of the Harley St business. No additional amounts were required to be provided in relation to the impairment of assets or redundancy payments for employees.

7. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2008 $000	2007 $000
Net profit for the year attributable to the members of the parent	92,198	107,056
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(17,681)	(16,294)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	74,517	90,762
Less: Loss/(Profit) from discontinued operations	2,659	(274)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share from continuing operations	77,176	90,488

	2008 Number of Shares	2007 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	173,013,536	172,622,277
Effect of dilution – share rights	608,317	646,651
Weighted average number of ordinary shares adjusted for the effect of dilution	173,621,853	173,268,928

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements. The rights granted (Note 25) have the potential to dilute earnings per share.

To calculate earnings per share amounts for the discontinued operations, the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit figure used as the numerator:

	2008 $000	2007 $000
Net (loss)/profit for the year attributable to the members of the parent from discontinued operations - for basic and diluted earnings per share (Note 6)	(2,659)	274

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000
8. DIVIDENDS PAID OR PROPOSED				
(a) Dividend on ordinary shares paid during the year:				
(i) Interim dividend paid				
Franked dividends – ordinary				
(15.0 cents per share) (2007: 13.0 cents per share)	26,061	22,513	26,061	22,513
(ii) Previous year final dividend paid				
Franked dividends – ordinary				
(16.0 cents per share) (2007: 13.5 cents per share)	27,688	23,362	27,688	23,362
	53,749	45,875	53,749	45,875
(b) Dividend proposed and not recognised as a liability:				
Current year final dividend proposed				
Franked dividends – ordinary				
(17.5 cents per share) (2007: 16.0 cents per share)	30,490	27,688	30,490	27,688
(c) Dividends on CARES paid during the year	17,681	16,294	17,681	16,294
(d) Dividends on CARES proposed and not recognised as a liability	9,846	8,737	9,846	8,737
(e) 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% (2007: 30%)			72,666	50,135
- franking credits that will arise from the payment of income tax payable as at the end of the financial year *			13,350	24,858
			86,016	74,993
The amount of franking credits available for future reporting periods:				
- impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.			(17,287)	(15,611)
			68,729	59,382

* 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.

The tax rate at which paid dividends have been franked is 30% (2007: 30%). $40,336,000 (2007:$ 36,425,000) of the proposed dividends will be franked at the rate of 30% (2007: 30%).

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000

9. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	93,268	14,841	101	101

Reconciliation to Cash Flow Statement

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June				
Cash at bank and in hand	93,268	14,841	101	101

Reconciliation of net profit/(loss) after tax to net cash flows from operations

Profit after tax	92,236	107,105	107,196	66,970
Adjustments for:				
Depreciation	86,700	61,369	-	-
Amortisation	1,733	1,500	-	-
Decrement in value of non-current assets	289	-	-	-
Interest received	(4,595)	(9,277)	-	-
Net gains on disposal of business	-	(666)	-	-
Dividends received from related entity	-	-	(110,000)	(70,000)
Changes in assets and liabilities				
Deferred tax asset	(3,650)	1,148	483	663
Receivables	(48,434)	(36,339)	-	-
Other assets	(19,064)	12,526	(40)	(898)
Creditors and accruals	20,660	(7,535)	49	(363)
Deferred tax liability	(1,920)	575	-	-
Provisions	56,654	5,825	1,511	3,212
Inventory	(5,656)	(3,070)	-	-
Tax provisions	(8,239)	18,858	-	-
Net cash from operating activities	166,714	152,019	(801)	(416)

Disclosure of financing facilities
Refer to note 30.

Disclosure of non-cash financing and investing activities

Under the terms of the dividend reinvestment plan ('the plan') $12,370,000 (2007:$nil) dividends were paid via the issue of 1,179,179 (2007:nil) shares during the year. The dividend re-investment plan was re-activated for the October 2007 dividend, by the Directors in August 2007.

9. CASH AND CASH EQUIVALENTS (CONTINUED)

(a) Acquisition of The Capio Group – 2008

On 23 November 2007, Ramsay acquired 100% of the share capital of The Capio Group. The fair value of identifiable assets and liabilities of The Capio Group as at the date of acquisition are:

	$000
Accounts Receivable	76,787
Inventory	15,492
Other assets	19,908
Property, plant and equipment	237,231
Deferred Income tax asset	33,511
Creditors	(26,536)
Accruals and provisions	(57,163)
Non-current provisions	(114,294)
Deferred Income tax liability	(23,356)
Fair value of net assets	161,580
Goodwill arising on acquisition	290,693
	452,273
Consideration	
Cash	435,135
Costs associated with the acquisition	17,138
	452,273
The cash outflow on acquisition is	452,273

The fair value of the identifiable assets and liabilities of The Capio Group approximated the carrying value at the date of acquisition, with the exception of the fair value adjustment on consolidation for the provision for future lease payments of GBP 37.8 million and the fair value adjustment to fixed assets of GBP 16.7 million.

The goodwill calculated on the acquisition of The Capio Group is provisional at 30 June 2008.

The acquisition of The Capio Group includes a commitment relating to operating leases for 20 medical facilities. The net present value of these future payments is GBP 660 million using a discount rate of 6.6%.

The results of The Capio Group from acquisition to 30 June 2008 have disclosed separately in the segment note.

The revenue and results of the total Ramsay Group, for the year ended the 30 June 2008, as though The Capio Group was acquired on 1 July 2007, are impractical to calculate due to the significant change in the Group's funding structure on acquisition of The Capio Group.

9. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Acquisition of Nottingham Private Hospital (UK) and Cairns and Bowral Day Surgeries - 2008

On 31 March 2008, Ramsay acquired Nottingham Private Hospital. On 1 November 2007, Ramsay acquired the assets of Cairns Day Surgery. On 22 April 2008, Ramsay acquired the assets of Bowral Day Surgery. The fair value of identifiable assets and liabilities of this hospital and these day surgeries as at the dates of acquisition are:

	$000
Property, plant and equipment	18,290
Other assets	734
	19,024
Employee entitlements and other liabilities	(295)
Fair value of identifiable net assets	18,729
Goodwill arising on acquisition	4,038
	22,767
Cost of combination:	
Cash	22,229
Costs associated with the acquisition	538
	22,767
The cash outflow on acquisition of businesses is:	5,189
The cash outflow on acquisition of subsidiaries, net of cash received is:	17,578
	22,767

The fair value of the identifiable assets and liabilities of Nottingham Private Hospital and Cairns and Bowral Day Surgeries approximated their carrying value at the dates of acquisition.

The results of Nottingham Private Hospital and the Day Surgeries from acquisition to 30 June 2008 have not been disclosed separately as they are not significant to the total Group results.

The revenue and results of the total Ramsay Group for the year ended the 30 June 2008, as though Nottingham Private Hospital and the Day Surgeries had been acquired on 1 July 2007, would not be significantly different to the Group results as currently reported.

9. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Acquisition of Hastings Day Surgery - 2007

On 1 December 2006, Ramsay acquired the assets of Hastings Day Surgery. The fair value of identifiable assets and liabilities of Hastings Day Surgery as at the date of acquisition:

	$000
Property, plant and equipment	2,644
Other assets	40
	2,684
Employee entitlements	(63)
Other	(189)
	(252)
Fair value of identifiable net assets	2,432
Goodwill arising on acquisition	1,559
	3,991
Cost of combination:	
Cash	3,750
Costs associated with the acquisition	241
	3,991
The cash outflow on acquisition is	3,991

The fair value of the identifiable assets and liabilities of Hastings Day Surgery approximated the carrying value at acquisition.

The results of Hastings Day Surgery from acquisition to 30 June 2007 have not been disclosed separately as they are not significant to the total Group results.

The revenue and results of the total Ramsay Group for the year ended the 30 June 2007, as though Hastings Day Surgery was acquired on 1 July 2006 would not be significantly different to the Group results as currently reported.

10. SEGMENT INFORMATION

The Group's primary segment reporting format is geographical segments as the Group's risks and rates of return are affected predominantly by the fact that it operates in different countries. Secondary segment information is reported by business. There is only one business segment, being the provision of healthcare services.

The operating businesses are organised and managed separately according to the geographical location with each segment representing a strategic business unit that serves different markets.

Transfer prices between segments are set on an arms' length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. Those transfers are eliminated on consolidation.

Geographical Segments

Although the consolidated entity's divisions are managed on a global basis they operate in three main geographical areas:

Australia
This segment consists of the operations of the home country of the parent entity and is also the main operating entity. The area of operation is in the private health care sector.

United Kingdom (UK)
This segment consists of the United Kingdom operations. The area of operation is in the private health care sector.

Indonesia
This segment consists of the Indonesian operations. The area of operation is in the private health care sector.

10. SEGMENT INFORMATION (CONTINUED)

	Continuing operations				Discontinued operations			Total operations
	Australia $000	UK $000	Indonesia $000	Total $000	Australia $000	UK $000	Total $000	$000
Year ended 30 June 2008								
Revenue								
Revenue from services	2,232,049	385,244	56,437	2,673,730	2,429	700	3,129	2,676,859
Other revenue	921	-	-	921	-	-	-	921
Total revenue before intersegment revenue	2,232,970	385,244	56,437	2,674,651	2,429	700	3,129	2,677,780
Intersegment Revenue	1,464	-	-	1,464	-	-	-	1,464
Total segment revenue	2,234,434	385,244	56,437	2,676,115	2,429	700	3,129	2,679,244
Intersegment revenue elimination				(1,464)				(1,464)
Total consolidated revenue				2,674,651				2,677,780
Results								
Segment results before tax, specific items, amortisation of intangibles, finance costs and before intersegment revenue and expenses	226,441	19,687	9,474	255,602	(1,672)	(551)	(2,223)	253,379
Specific Items								
- Borrowings costs associated with re-financing	(7,513)	-	-	(7,513)	-	-	-	(7,513)
- Ineffectiveness of interest rate hedge	15	-	-	15	-	-	-	15
- Restructuring, disposal and integration costs	(1,498)	(1,766)	-	(3,264)	(1,511)	-	(1,511)	(4,775)
- Development projects costs	(4,454)	-	-	(4,454)	-	-	-	(4,454)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	273	-	-	273	-	-	-	273
- Deferred rent from leases with fixed annual rent increment (non –cash)	-	(21,839)	-	(21,839)	-	-	-	(21,839)
- Amortisation of intangibles	(1,500)	-	(233)	(1,733)	-	-	-	(1,733)
- Intersegment charges	1,464	(1,384)	(80)	-	-	-	-	-
Segment results	213,228	(5,302)	9,161	217,087	(3,183)	(551)	(3,734)	213,353
Finance costs				(80,416)	(14)	-	(14)	(80,430)
Interest income				4,570	25	-	25	4,595
Profit/(loss) before income tax				141,241	(3,172)	(551)	(3,723)	137,518
Income tax expense				(46,384)	898	166	1,064	(45,320)
Net profit/(loss) for the year				94,857	(2,274)	(385)	(2,659)	92,198

10. SEGMENT INFORMATION (CONTINUED)

	Continuing operations				Discontinued operations			Total operations
	Australia $000	UK $000	Indonesia $000	Total $000	Australia $000	UK	Total $000	$000
Year ended 30 June 2008								
Assets and liabilities								
Segment assets	2,290,573	645,665	37,884	2,974,122	-	-	-	2,974,122
Unallocated assets				117,076			-	117,076
Total assets				3,091,198			-	3,091,198
Segment liabilities	1,609,673	432,383	13,806	2,055,862	-	-	-	2,055,862
Unallocated liabilities				121,172			-	121,172
Total liabilities				2,177,034			-	2,177,034
Other segment information								
Capital expenditure	158,949	48,283	4,649	211,881	-	-	-	211,881
Depreciation	(65,043)	(17,868)	(3,536)	(86,447)	(253)	-	(253)	(86,700)
Amortisation	(1,500)	-	(233)	(1,733)	-	-	-	(1,733)
Deferred from lease with fixed annual rent increment (non-cash)	-	(21,839)	-	(21,839)	-	-	-	(21,839)
Cash flow information								
Net cash flows from operating activities	172,413	(16,115)	10,416	166,714	-	-	-	166,714
Net cash flow from investing activities	(597,609)	(66,415)	(4,465)	(668,489)	-	-	-	(668,489)
Net cash flow from financing activities	519,033	68,655	(5,666)	582,022	-	-	-	582,022

10. SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operations	Total operations
	Australia $000	Indonesia $000	Total $000	Australia $000	$000
Year ended 30 June 2007					
Revenue					
Revenue from services	2,041,082	57,961	2,099,043	9,202	2,108,245
Other revenue	395	-	395	-	395
Total consolidated revenue	2,041,477	57,961	2,099,438	9,202	2,108,640
Results					
Segment results before tax, specific items, amortisation of intangibles, finance costs and before intersegment revenue and expenses	200,324	11,225	211,549	(261)	211,288
Specific Items					
- Restructuring, disposal and integrating costs	(1,555)	-	(1,555)	666	(889)
- Development projects costs	(1,208)	-	(1,208)	-	(1,208)
- Amortisation of intangibles	(1,500)	-	(1,500)	-	(1,500)
Segment results	196,061	11,225	207,286	405	207,691
Finance costs			(59,433)	(14)	(59,447)
Interest income			9,224	-	9,224
Profit/(loss) before income tax			157,077	391	157,468
Income tax expense			(50,295)	(117)	(50,412)
Net profit/(loss) for the year			106,782	274	107,056

10. SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operations	Total operations
	Australia $000	Indonesia $000	Total $000	Australia $000	$000
Year ended 30 June 2007					
Assets and liabilities					
Segment assets	2,058,143	45,820	2,103,963	-	2,103,963
Unallocated assets			83,868		83,868
Total assets			2,187,831		2,187,831
Segment liabilities	1,168,416	27,177	1,195,593	-	1,195,593
Unallocated liabilities			108,601		108,601
Total liabilities			1,304,194		1,304,194
Other segment information					
Capital expenditure	140,766	7,072	147,838	-	147,838
Depreciation	(57,700)	(3,306)	(61,006)	(362)	(61,368)
Amortisation	(1,500)	-	(1,500)	-	(1,500)
Cash flow information					
Net cash flows from operating activities	148,105	3,914	152,019	-	152,019
Net cash flow from investing activities	(37,494)	(2,394)	(39,888)	-	(39,888)
Net cash flow from financing activities	(137,474)	(1,611)	(139,085)	-	(139,085)

11. RECEIVABLES

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Trade Debtors	352,676	234,485	-	
Allowances for impairment	(4,795)	(2,648)	-	
	347,881	231,837	-	-
Amounts receivable from related parties	-	-	656,297	614,208
	347,881	231,837	656,297	614,208

12. INVENTORIES

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Amount of medical and food supplies to be consumed in providing future patient services - at cost	60,258	40,200	-	-

13. OTHER CURRENT ASSETS

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Prepayments	31,041	7,122	239	199
Other current assets	36,459	21,110	-	-
	67,500	28,232	239	199

14. OTHER FINANCIAL ASSETS (NON – CURRENT)

(a) Investments comprise:

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Ordinary Shares:					
- Listed on a prescribed stock exchange		4	4	-	-
- Other		1,276	2,001	-	-
		1,280	2,005	-	-
Units in unit trust:					
- Listed on a prescribed stock exchange		77	77	-	-
- Unsecured notes – unlisted		65	65	-	-
		142	142	-	-
		1,422	2,147	-	-
Investment in controlled entities:					
- Unlisted shares and units	14 (b)	-	-	139,997	139,997
		1,422	2,147	139,997	139,997

Entities subject to class order

Pursuant to Class Order 98/1418, relief has been granted to the entities in the table below (identified by ^) from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, these entities entered into a Deed of Cross Guarantee on 22 June 2006. The effect of the deed is that Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of either controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Ramsay Health Care Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated income statement and consolidated balance sheet of the closed group are set out in Note 33.

14. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

14 (b) Investments in controlled entities

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2008 %	2007 %	2008 $000	2007 $000
Investments in controlled entities comprise:					
RHC Nominees Pty Limited and its controlled entity: ^	Australia	100%	100%	*	*
Health Care Developments Unit Trust	-	100%	100%		
RHC Developments Pty Limited ^	Australia	100%	100%	139,997	139,997
Ramsay Health Care Investments Pty Limited ^	Australia	100%	100%	*	*
Directly controlled by Ramsay Health Care Investments Pty Limited:					
Ramsay Hospital Holdings Pty Limited ^	Australia	100%	100%	*	*
Ramsay Hospital Holdings (Queensland) Pty Limited^	Australia	100%	100%	*	*
Ramsay Finance Pty Limited ^	Australia	100%	100%		
Ramsay Aged Care Holdings Pty Limited and its controlled entity: ^	Australia	100%	100%		
Ramsay Aged Care Properties Pty Ltd ^	Australia	100%	100%		
RHC Ancillary Services Pty Limited and its controlled entities: ^	Australia	100%	100%		
NewCo Enterprises Pty Limited and its controlled entity:	Australia	91%	89%		
Sydney & Central Coast Linen Services Pty Limited	Australia	91%	89%		
Benchmark Healthcare Holdings Pty Limited and its controlled entity:^	Australia	100%	100%		
Benchmark Health Care Pty Limited					
AHH Holdings Health Care Pty Limited ^	Australia	100%	100%		
AH Holdings Health Care Pty Limited ^	Australia	100%	100%		
Ramsay Centauri Pty Limited and its controlled entity: ^	Australia	100%	100%		
Alpha Healthcare Pty Limited ^	Australia	100%	100%		
Ramsay Health Care Australia Pty Limited ^	Australia	100%	100%		
Ramsay Health Care (UK) Limited #	UK	100%	-		
Directly controlled by Benchmark Healthcare Pty Limited					
Donvale Private Hospital Pty Limited ^	Australia	100%	100%		
Donvale Private Hospital Unit Trust	-	100%	100%		
The Benchmark Hospital Group Pty Limited and its controlled entities: ^	Australia	100%	100%		
Beleura Holdings Unit Trust	-	100%	100%		
Dandenong Valley Private Hospital Pty Limited ^	Australia	100%	100%		
Dandenong Valley Private Hospital Unit Trust	-	100%	100%		
Benchmark – Surrey Pty Limited ^	Australia	100%	100%		
Surrey Hospital Unit Trust	-	100%	100%		
Benchmark – Peninsula Pty Limited ^	Australia	100%	100%		
Peninsula Hospital Unit Trust	-	100%	100%		
Benchmark – Donvale Pty Limited ^	Australia	100%	100%		
Chelsea Hospital Unit Trust	-	100%	100%		
Benchmark – Windermere Pty Limited ^	Australia	100%	100%		
Windermere Hospital Unit Trust	-	100%	100%		
Benchmark – Beleura Pty Limited ^	Australia	100%	100%		
Beleura Hospital Unit Trust	-	100%	100%		
Beleura Properties Pty Limited ^	Australia	100%	100%		
Beleura Properties Unit Trust	-	100%	100%		
Balance carried forward				**139,997**	**139,997**

* *Denotes $2.00*
\# *Audited by other member firms of Ernst & Young*
^ *Entities included in the deed of cross guarantee as required for the Class Order*

14. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

14 (b) Investments in controlled entities

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2008 %	2007 %	2008 $000	2007 $000
Balance brought forward				**139,997**	**139,997**
Directly controlled by AH Holdings Health Care Pty Limited:					
Affinity Health Care Holdings Pty Limited and its controlled entities: ^	Australia	100%	100%		
PT Affinity Health Indonesia #	Indonesia	92%	92%		
Affinity Health Holdings Australia Pty Ltd and its controlled entities: ^	Australia	100%	100%		
Affinity Health Finance Australia Pty Ltd ^	Australia	100%	100%		
Affinity Health Pty Limited ^	Australia	100%	100%		
Directly controlled by Affinity Health Pty Limited:					
Affinity Health Foundation Pty Limited ^	Australia	100%	100%		
Affinity Health Holdings Indonesia Pty Ltd^	Australia	100%	100%		
Hospitals of Australia Limited ^	Australia	100%	100%		
Relkban Pty Limited ^	Australia	100%	100%		
Relkmet Pty Limited and its controlled entity: ^	Australia	100%	100%		
Glenferrie Private Hospital Pty Limited	Australia	50%	50%		
Votraint No. 664 Pty Limited ^	Australia	100%	100%		
Votraint No. 665 Pty Limited ^	Australia	100%	100%		
Australian Medical Enterprises Pty Limited and its controlled entities: ^	Australia	100%	100%		
AME Hospitals Pty Limited ^	Australia	100%	100%		
Victoria House Holdings Pty Limited ^	Australia	100%	100%		
C&P Hospitals Holdings Pty Limited ^	Australia	100%	100%		
HCoA Hospital Holdings (Australia) Pty Limited ^	Australia	100%	100%		
Directly controlled by AME Hospitals Pty Limited:					
AME Trust	-	100%	100%		
AME Trading Trust	-	100%	100%		
AME Properties Pty Limited and its controlled entity:^	Australia	100%	100%		
AME Property Trust	-	100%	100%		
AME Superannuation Pty Limited ^	Australia	100%	100%		
Attadale Hospital Property Pty Ltd ^	Australia	100%	100%		
Glengarry Hospital Property Pty Limited and its controlled entities: ^	Australia	100%	100%		
Glengarry Hospital Unit Trust No.1	-	100%	100%		
Glengarry Hospital Unit Trust No.2	-	100%	100%		
Hadassah Pty Limited ^	Australia	100%	100%		
Rannes Pty Limited ^	Australia	100%	100%		
Hallcraft Pty Limited ^	Australia	100%	100%		
Hallcraft Unit Trust	-	100%	100%		
Jamison Private Hospital Property Pty Ltd ^	Australia	100%	100%		
Directly controlled by C&P Hospitals Holdings Pty Limited:					
Affinity Health (FP) Pty Limited ^	Australia	100%	100%		
Armidale Hospital Pty Limited ^	Australia	100%	100%		
Caboolture Hospital Pty Limited ^	Australia	100%	100%		
Balance carried forward				**139,997**	**139,997**

\# *Audited by other member firms of Ernst & Young*

^ *Entities included in the deed of cross guarantee as required for the Class Order*

14. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

14 (b) Investments in controlled entities

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2008 %	2007 %	2008 $000	2007 $000
Balance brought forward				**139,997**	**139,997**
Directly controlled by C&P Hospitals Holdings Pty Limited (continued):					
Joondalup Hospital Pty Limited and its controlled entities:	Australia	100%	100%		
Joondalup Health Campus Finance Limited	Australia	100%	100%		
Health Care Trust No. 1	Australia	90%	90%		
Logan Hospital Pty Limited ^	Australia	100%	100%		
Noosa Privatised Hospital Pty Ltd and its controlled entities: ^	Australia	100%	100%		
AMNL Pty Limited ^	Australia	100%	100%		
Mayne Properties Pty Limited ^	Australia	100%	100%		
Port Macquarie Hospital Pty Limited ^	Australia	100%	100%		
Directly controlled by HCoA Hospital Holdings (Australia) Pty Ltd:					
HCoA Operations (Australia) Pty Ltd ^	Australia	100%	100%		
Hospital Corporation Australia Pty Ltd and its controlled entities: ^	Australia	100%	100%		
Dabuvu Pty Limited ^	Australia	100%	100%		
HOAIF Pty Limited ^	Australia	100%	100%		
HCA Management Pty Limited ^	Australia	100%	100%		
Malahini Pty Limited ^	Australia	100%	100%		
Tilemo Pty Limited ^	Australia	100%	100%		
Hospital Affiliates of Australia Pty Ltd and its controlled entities: ^	Australia	100%	100%		
C.R.P.H Pty Limited ^	Australia	100%	100%		
Hospital Developments Pty Limited ^	Australia	100%	100%		
P.M.P.H Pty Limited ^	Australia	100%	100%		
Pruinosa Pty Limited ^	Australia	100%	100%		
Australian Hospital Care Pty Limited ^	Australia	100%	100%		
Directly controlled by Australian Hospital Care Pty Limited:					
Australian Hospital Care (Allamanda) Pty Limited ^	Australia	100%	100%		
Australian Hospital Care (Latrobe) Pty Ltd ^	Australia	100%	100%		
Australian Hospital Care 1998 Pty Ltd and its controlled entities: ^	Australia	100%	100%		
AHC Tilbox Pty Limited ^	Australia	100%	100%		
Australian Hospital Care (Masada) Pty Ltd and its controlled entities: ^	Australia	100%	100%		
Masada Private Hospital Unit Trust	-	100%	100%		
Australian Hospital Care Investments Pty Limited^	Australia	100%	100%		
Australian Hospital Care (MPH) Pty Limited ^	Australia	100%	100%		
Australian Hospital Care (MSH) Pty Limited and its controlled entity: ^	Australia	100%	100%		
Australian Hospital Unit Trust	-	100%	100%		
Australian Hospital Care (Pindara) Pty Limited and its controlled entity:^	Australia	100%	100%		
Pindara Private Hospital Unit Trust	-	100%	100%		
Australian Hospital Care (The Avenue) Pty Limited^	Australia	100%	100%		
Australian Hospital Care Retirement Plan Pty Limited ^	Australia	100%	100%		
AHC Foundation Pty Limited ^	Australia	100%	100%		
eHealth Technologies Pty Limited	Australia	100%	100%		
Health Technologies Pty Limited ^	Australia	100%	100%		
Rehabilitation Holdings Pty Limited ^	Australia	100%	100%		
Balance carried forward				**139,997**	**139,997**

\# *Audited by other member firms of Ernst & Young*

^ *Entities included in the deed of cross guarantee as required for the Class Order*

14. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

14 (b) Investments in controlled entities

	Country of Incorporation	Beneficial Percentage Held		Ramsay Health Care Limited	
		2008 %	2007 %	2008 $000	2007 $000
Balance brought forward				**139,997**	**139,997**
Directly controlled by Alpha Healthcare Pty Limited:					
Bowral Management Company Pty Ltd ^	Australia	100%	100%		
Simpak Services Pty Limited ^	Australia	100%	100%		
APL Hospital Holdings Pty Ltd and its controlled entity: ^	Australia	100%	100%		
Alpha Pacific Hospitals Pty Limited ^	Australia	100%	100%		
Health Care Corporation Pty Limited and its controlled entities: ^	Australia	100%	100%		
Alpha Westmead Private Hospital Pty Ltd ^	Australia	100%	100%		
Illawarra Private Hospital Holdings Pty Ltd ^	Australia	100%	100%		
Northern Private Hospital Pty Limited ^	Australia	100%	100%		
Westmead Medical Supplies Pty Limited ^	Australia	100%	100%		
Directly controlled by Alpha Pacific Hospitals Pty Limited:					
Herglen Pty Limited ^	Australia	100%	100%		
Mt Wilga Pty Limited ^	Australia	100%	100%		
Sibdeal Pty Limited ^	Australia	100%	100%		
Workright Pty Limited ^	Australia	100%	100%		
Directly controlled by Ramsay Health Care Australia Pty Limited:					
Adelaide Clinic Holdings Pty Limited ^	Australia	100%	100%		
E Hospital Pty Limited ^	Australia	100%	100%		
New Farm Hospitals Pty Limited ^	Australia	100%	100%		
North Shore Private Hospital Pty Limited ^	Australia	100%	100%		
Phiroan Pty Limited ^	Australia	100%	100%		
Ramsay Health Care (Asia Pacific) Pty Limited ^	Australia	100%	100%		
Ramsay Health Care (South Australia) Pty Limited^	Australia	100%	100%		
Ramsay Health Care (Victoria) Pty Limited ^	Australia	100%	100%		
Ramsay Health Care Services (QLD) Pty Limited^	Australia	100%	100%		
Ramsay Health Care Services (VIC) Pty Limited^	Australia	100%	100%		
Ramsay Health Care Services (WA) Pty Limited^	Australia	100%	100%		
Ramsay Professional Services Pty Limited ^	Australia	100%	100%		
Directly controlled by Ramsay Health Care (UK) Limited:					
GHG 2008 10A (BVI Property Holdings) Limited and its controlled entity: #	British Virgin Islands	100%	-		
GHG 2008 10A Propco Limited #	UK	100%	-		
Ramsay Health Care Holdings UK Limited #	UK	100%	-		
Directly controlled by Ramsay Health Care Holdings UK Limited: #					
Ramsay Health Care UK Management Limited #	UK	100%	-		
Ramsay Health Care Investments UK Limited # and its controlled entities:	UK	100%	-		
Independent British Healthcare (Doncaster) Limited #	UK	100%	-		
Ramsay Diagnostics UK Limited #	UK	100%	-		
Ramsay Health Care UK Operations Limited # and its controlled entities:	UK	100%	-		
Ramsay Eye UK Limited #	UK	100%	-		
Ramsay Health Care Assets UK Limited #	UK	100%	-		
Ramsay Health Care Leasing UK Limited #	Guernsey	100%	-		
				139,997	**139,997**

Audited by other member firms of Ernst & Young
^ *Entities included in the deed of cross guarantee as required for the Class Order*

14. OTHER FINANCIAL ASSETS (NON-CURRENT) (CONTINUED)

14 (b) Investments in controlled entities (continued)

	Country of Incorporation	Beneficial Percentage Held 2008 %	Beneficial Percentage Held 2007 %	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Balance brought forward				139,997	139,997
Ramsay Diagnostics UK Limited #	UK	100%	-		
Ramsay Health Care UK Operations Ltd #	UK	100%	-		
Ramsay Eye UK Limited #	UK	100%	-		
Ramsay Health Care Assets UK Limited #	UK	100%	-		
Ramsay Health Care Leasing UK Limited #	Guernsey	100%	-		
				139,997	**139,997**

Audited by other member firms of Ernst & Young
* *Denotes $2.00*
^ *Entities included in the deed of cross guarantee as required for the class order*

	CONSOLIDATED			Ramsay Health Care Limited		
	Land & buildings $000	**Plant & Equipment $000**	**Total $000**	**Land & buildings $000**	**Plant & Equipment $000**	**Total $000**
15. PROPERTY, PLANT AND EQUIPMENT						
At 1 July 2007, net of accumulated depreciation and impairment	977,571	184,700	1,162,271	-	-	-
Additions	99,772	112,109	211,881	-	-	-
Disposals	-	(1,292)	(1,292)	-	-	-
Assets reclassified as held for sale	(2,040)	-	(2,040)	-	-	-
Assets reclassified as intangibles	(7,962)	-	(7,962)	-	-	-
Impairment-Discontinued operations	(289)	-	(289)	-	-	-
Acquisition of subsidiaries and businesses	130,952	124,562	255,514	-	-	-
Exchange differences	(14,809)	(19,303)	(34,112)			
Depreciation for the year	(19,802)	(66,898)	(86,700)	-	-	-
At 30 June 2008, net of accumulated depreciation and impairment	1,163,393	333,878	1,497,271	-	-	-
At 1 July 2007						
Cost	1,099,820	547,885	1,647,705	-	-	-
Accumulated depreciation and impairment	(122,249)	(363,185)	(485,434)	-	-	-
Net carrying amount	977,571	184,700	1,162,271	-	-	-
At 30 June 2008						
Cost	1,305,733	763,961	2,069,694	-	-	-
Accumulated depreciation and impairment	(142,340)	(430,083)	(572,423)	-	-	-
Net carrying amount	1,163,393	333,878	1,497,271	-	-	-

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2008 is $17,953,691 (2007:$ 236,452). Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED			Ramsay Health Care Limited		
	Land & buildings $000	**Plant & Equipment $000**	**Total $000**	**Land & buildings $000**	**Plant & Equipment $000**	**Total $000**
At 1 July 2006, net of accumulated depreciation and impairment	946,074	131,052	1,077,126	-	-	-
Additions	49,830	98,008	147,838	-	-	-
Disposals	-	(1,599)	(1,599)	-	-	-
Disposals-Discontinued operations	(1,551)	(819)	(2,370)	-	-	-
Acquisition of a subsidiaries	1,900	744	2,644	-	-	-
Depreciation for the year	(18,682)	(42,686)	(61,368)	-	-	-
At 30 June 2007, net of accumulated depreciation and impairment	977,571	184,700	1,162,271	-	-	-
At 1 July 2006						
Cost	1,056,176	455,576	1,511,752	-	-	-
Accumulated depreciation and impairment	(110,102)	(324,524)	(434,626)	-	-	-
Net carrying amount	946,074	131,052	1,077,126	-	-	-
At 30 June 2007						
Cost	1,099,820	547,885	1,647,705	-	-	-
Accumulated depreciation and impairment	(122,249)	(363,185)	(485,434)	-	-	-
Net carrying amount	977,571	184,700	1,162,271	-	-	-

16. GOODWILL AND INTANGIBLE ASSETS

	Consolidated			Ramsay Health Care Limited
	Goodwill	Right to operate hospitals	Total	Total
	$000	$000	$000	$000
At 1 July 2007				
Cost (gross carrying amount)	550,995	28,600	579,595	-
Accumulated amortisation	-	(3,000)	(3,000)	-
Net carrying amount	550,995	25,600	576,595	-
Year ended 30 June 2008				
At 1 July 2007, net of amortisation	550,995	25,600	576,595	-
Transfer from fixed assets	-	7,962	7,962	-
Acquisition of businesses	4,038	-	4,038	-
Exchange differences	(33,281)	(420)	(33,701)	-
Acquisition of subsidiaries	290,693	-	290,693	-
Amortisation	-	(1,733)	(1,733)	-
At 30 June 2008, net of amortisation	812,445	31,409	843,854	-
At 30 June 2008				
Cost (gross carrying amount)	812,445	36,142	848,587	-
Accumulated amortisation	-	(4,733)	(4,733)	-
Net carrying amount	812,445	31,409	843,854	-

Goodwill has been acquired through business combinations. Goodwill is determined to have an indefinite life and is therefore not amortised but is subject to annual impairment testing. Refer to note 17.

The intangible asset, 'right to operate hospitals', has been acquired through business combinations. These intangible assets have been assessed as having a finite life and are amortised using the straight line method over periods between 9 and 29 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying value.

The key factor contributing to the goodwill relates to the synergies existing within the acquired businesses and also expected to be achieved as a result of combining these facilities with the rest of the Group.

At 1 July 2006				
Cost (gross carrying amount)	549,436	28,600	578,036	-
Accumulated amortisation	-	(1,500)	(1,500)	-
Net carrying amount	549,436	27,100	576,536	-
Year ended 30 June 2007				
At 1 July 2006, net of amortisation	549,436	27,100	576,536	-
Acquisition of a business	1,559	-	1,559	-
Amortisation	-	(1,500)	(1,500)	-
At 30 June 2007, net of amortisation	550,995	25,600	576,595	-
At 30 June 2007				
Cost (gross carrying amount)	550,995	28,600	579,595	-
Accumulated amortisation	-	(3,000)	(3,000)	-
Net carrying amount	550,995	25,600	576,595	-

17. IMPAIRMENT TESTING OF GOODWILL

(i) Description of the cash generating units and other relevant information

Goodwill acquired through business combinations have been allocated to three individual cash generating units, each of which is a reportable segment (refer to note 10), for impairment testing as follows:

- Australian cash generating unit;
- United Kingdom cash generating unit; and
- Indonesian cash generating unit

Goodwill allocated to the Indonesian business segment is not significant in comparison with the total carrying amount of goodwill.

Australian cash generating unit

The recoverable amount of the Australian business has been determined based on a value in use calculation using cash flow projections as at 30 June 2008 based on financial budgets approved by senior management covering a five-year period.

The post tax discount rate applied to cash flow projections is 9.6% (2007: 9.1%) and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate (2007: 3.0%).

United Kingdom cash generating unit

The recoverable amount of the United Kingdom business is also determined based on a value in use calculation using cash flow projections as at 30 June 2008 based on financial budgets approved by senior management covering a five-year period.

The post tax discount rate applied to cash flow projections is 8.88% (2007: n/a).

The long-term growth rate used to extrapolate the cash flows of the overseas business beyond the five-year period is 3.0% (2007:n/a).

(ii) Carrying amount of goodwill, allocated to each of the cash generating units

The carrying amounts of goodwill allocated to the Australian business and to the UK business are significant in comparison with the total carrying amounts of goodwill.

	Australian Segment		UK Segment		Total		Ramsay Health Care Limited Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	$000	$000	$000	$000	$000	$000	$000	$000
Carrying amount of goodwill	555,033	550,995	257,412	-	812,445	550,995	-	-

(iii) Key assumptions used in value in use calculations for the goodwill for 30 June 2008 and 30 June 2007

- Budgeted margins – the basis used to determine the value assigned to the budgeted margins is the average margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements. Thus values assigned to margins reflects past experience and expected efficiency improvements. The margins are driven by consideration of future admissions and occupancy case mix across all facilities within the group based on past experiences and management's assessment of growth.
- Tax rates have been estimated at 30%, for Australian operations and 28-30% for overseas operations consistent with the current local tax legislation.

18. NON-CURRENT RECEIVABLES

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Receivable from the Government in respect of the availability charge for the operation of a private hospital	30,438	32,824	-	-
Other	4	5	-	-
	30,442	32,829	-	-

(i) Fair values
The fair values of these discounted non-current receivables approximates their carrying values.

(ii) Credit risk
The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables.

19. TRADE AND OTHER PAYABLES

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Trade payable	166,720	109,431	-	-
Sundry creditors and accrued expenses	158,719	95,088	-	-
Employee and director entitlements	90,495	76,780	2,290	2,138
	415,934	281,299	2,290	2,138

(i) Fair values
Trade payables are non-interest bearing and are normally settled on 30-60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

20. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

		Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Secured:					
- Loan – bondholders	(i)	2,367	2,256	-	-
- Lease liabilities	(ii)	3,585	1,638	-	-
- Loan – insurance funding	(iii)	498	-	-	-
- Other		479	450	-	-
		6,929	4,344	-	-

(i) Loan – bondholders. This loan is carried at the principal amount less any repayments. It is secured by a fixed and floating charge over the assets of the entity issuing the bonds, principally the receivable from the Government (refer note 18)
(ii) Lease liabilities are effectively secured by the leased asset.
(iii) Loan – insurance funding. This loan is carried at the principal amount less any repayments. It is secured by the unexpired premium of the insurance policy.

(a) Fair values

The fair values of these current liabilities approximates their carrying values.

(b) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

21. PROVISIONS

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000
Current				
Restructuring and acquisition provision	9,637	3,095	-	-
Unfavourable contracts	6,943	3,250	-	-
Insurance provision	91,454	90,757	-	-
	108,034	97,102	-	-
Non-current				
Non-current employee and director entitlements	71,981	69,288	-	-
Deferred lease provision	41,149	-	-	-
Unfavourable contracts	50,327	1,927	-	-
	163,457	71,215	-	-
Total	271,491	168,317	-	-

	Consolidated					Ramsay Health Care Limited
	Deferred lease $000	Restructuring provision $000	Insurance $000	Unfavourable Contracts $000	Total $000	Total $000
At 1 July 2007	-	3,095	90,757	5,177	99,029	
Arising during the year	21,839	-	10,512	-	32,351	-
Acquisition of subsidiaries	22,855	17,140	2,461	64,872	107,328	-
Utilised during the year	-	(10,598)	(11,966)	(5,501)	(28,065)	-
Exchange differences	(3,545)	-	(310)	(7,278)	(11,133)	-
Discount rate adjustment	-	-	-	-	-	-
At 30 June 2008	41,149	9,637	91,454	57,270	199,510	-
Current 2008	-	9,637	91,454	6,943	108,034	-
Non-current 2008	41,149	-	-	50,327	91,476	-
	41,149	9,637	91,454	57,270	199,510	-
Current 2007	-	3,095	90,757	3,250	97,102	-
Non-current 2007	-	-	-	1,927	1,927	-
	-	3,095	90,757	5,177	99,029	-

21. PROVISIONS (CONTINUED)

Restructuring provision

The restructuring provision primarily related to:

- the restructuring of the Group subsequent to the purchase of Affinity. The restructuring plan was drawn up and announced to the employees during 2005; and
- costs expected to be incurred with the disposal of the facilities detailed in note 6, during 2007 and 2008.

Insurance provision

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles. The medical malpractice provision is made to cover excesses arising under the Medical Malpractice Insurance Policy. This provision is actuarially assessed at each reporting period. The greatest uncertainly in estimating the provision is the costs that will ultimately be incurred.

Deferred lease provision

The deferred lease provision is recognised in accordance with AASB117 “Leases” for contracts where there is a fixed, not variable annual increase written into the lease, requiring the lease costs to be straight lined over the period of the lease. The provision represents the excess of rent expensed over the rent paid.

Unfavourable contracts

Ramsay holds contracts with various lessors for up to twenty nine years. As at acquisition these contracts were not at market rates and as such were considered unfavourable. These unfavourable contracts were not recognised as a liability in the books of the acquiree but have been assigned a fair value and recognised as a liability on acquisition.

		Consolidated		**Ramsay Health Care Limited**	
		2008 $000	**2007 $000**	**2008 $000**	**2007 $000**
22. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)					
Secured liabilities:					
- Bank loans	(i)	1,309,956	705,507	-	-
- Lease liabilities	(ii)	17,739	2,104	-	-
- Loan - bondholders	(iii)	31,655	34,022	-	-
		1,359,350	741,633	-	-

(i) Further information on bank loans is set out in Note 30.
(ii) Lease liabilities are effectively secured by the leased asset.
(iii)Loan – bondholders. This loan is carried at the principal amount less any repayments. It is secured by a fixed and floating charge over the assets of the entity issuing the bonds, principally the receivable from the Government (refer Note 18)

23. ISSUED CAPITAL AND RESERVES

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000
23.1 Ordinary Shares				
(a) Issued and paid up capital				
- 174,228,332 ordinary shares fully paid (30 June 2007: 173,049,153 ordinary shares fully paid)	437,622	425,289	437,622	425,289

(b) Movements in share issue	Number of shares	$000
Balance at beginning of the period	173,049,153	425,289
Issued during the period		
- Share Placement (DRP)	1,179,179	12,370
- Issue costs	-	(37)
Balance at end of the period	174,228,332	437,622

(c) Terms and conditions of issued capital

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.

23.2 Net Unrealised Gains Reserve

Nature and Purpose of Reserve
This reserve records movements in the fair value of hedged instruments that are determined to be effectively hedged.

23.3 Equity Based Payment Reserve

Nature and Purpose of Reserve
This reserve is used to record the value of shared based payments provided to employees, including key management personnel, as part of their compensation. Refer note 24 for further details of these plans.

23.4 Vested Employee Equity

Nature and Purpose
Vested employee equity is used to record the difference between the value of the share based payments provided to employees as recorded in the Equity Based Payment Reserve and the actual purchase price of the shares.

	Consolidated		Ramsay Health Care Limited	
	2008	**2007**	**2008**	**2007**
	$000	**$000**	**$000**	**$000**
23. ISSUED CAPITAL AND RESERVES (CONTINUED)				
23.5 Convertible Adjustable Rate Equity Securities (CARES)				
(a) Issued and paid up capital				
2,600,000 CARES shares fully paid (30 June 2007: 2,600,000 CARES shares fully paid)	252,165	252,165	252,165	252,165

(b) Terms and conditions of CARES

Issuer	**Ramsay Health Care Limited**
Security	Convertible Adjustable Rate Equity Securities (CARES) which are a non-cumulative, redeemable and convertible preference shares in Ramsay.
Face Value	$100 Per CARES.
Dividends	The holder of each CARES is entitled to a preferred, non-cumulative, floating rate dividend equal to: Dividend Entitlement = $\frac{\text{Dividend Rate x Face Value x N}}{365}$ where: N is the number of days in the Dividend Period The payment of Dividends is at the Directors' discretion and is subject to there being funds legally available for the payment of Dividends and the restrictions which apply in certain circumstances under the financing arrangements. If declared, the first Dividend will be payable on each CARES in arrears on 20 October 2005 and thereafter on each 20 April and 20 October until CARES are converted or exchanged.
Dividend Rate	The Dividend Rate for each Dividend Period is calculated as: Dividend Rate = (market Rate + Margin) x (1-T) where: The Market Rate is the 180 day Bank Bill Swap Rate applying on the first day of the Dividend Period expressed as a percentage per annum. The Margin for the period to 20 October 2010 is 2.85% per annum. It was determined by the Bookbuild held on 26 April 2005. T is the prevailing Australian corporate tax rate applicable on the Allotment Date. If Ramsay does not convert or exchange by 20 October 2010 the Margin will be increased by a one time step up of 2.00% (200 basis points) per annum.
Step-up	One-time 2.00% (200 basis points) step-up in the Margin at 20 October 2010
Franking	Ramsay expects the Dividends paid on CARES to be fully franked. If a Dividend is not fully franked, the Dividend will be grossed up to compensate for the unfranked component. If, on a Dividend Payment Date, the Australian corporate tax differs from the Australian corporate tax rate on the Allotment Date, the Dividend will be adjusted downwards or upwards accordingly.
Conversion or exchange by Ramsay	CARES have no maturity. Ramsay may convert or exchange some or all CARES at its election for shares or $100 in cash for each CARES on 20 October 2010 and each Dividend Payment Date thereafter. Ramsay also has the right to: • convert or exchange CARES after the occurrence of a Regulatory Event; and • convert CARES on the occurrence of a Change in Control Event. Ramsay cannot elect to convert or exchange only some CARES if such conversion or exchange would result in there being less than $50 million in aggregate Face Value of CARES on issue.

23. ISSUED CAPITAL AND RESERVES (CONTINUED)

23.5 Convertible Adjustable Rate Equity Securities (CARES) (Continued)

(b) Terms and conditions of CARES (Continued)

Conversion Ratio	The rate at which CARES will convert into Shares will be calculated by reference to the market price of Shares during 20 business days immediately preceding, but not including, the conversion date, less a conversion discount of 2.5%. An adjustment is made to the market price calculation in the case of a Change in Control Event. The Conversion Ratio for each CARES will not be greater than 400 shares.
Ranking	CARES rank equally amongst themselves in all respects and are subordinated to all creditors but rank in priority to Shares.
Participation	Unless CARES are converted into Shares, CARES confer no rights to subscribe for new shares in any fundraisings by Ramsay or to participate in any bonus or rights issues by Ramsay.
Voting Rights	CARES do not carry a right to vote at general meeting of Ramsay except in limited circumstances.

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000
23.6 Treasury Shares				
- 1,245,653 ordinary shares (30 June 2007: 714,078)	13,599	7,624	-	-

Movements in shares	Number of shares	$000
Balance at beginning of the period	714,078	7,624
Vested during the year	(311,679)	(3,328)
Purchased during the year	843,254	9,303
Balance at end of the period	1,245,653	13,599

Nature and Purpose
Treasury shares are shares in the Group held by the Executive Performance Share Plan and are deducted from equity.

23. ISSUED CAPITAL AND RESERVES (CONTINUED)

23.7 Capital Management

When managing capital, management's objective is to ensure the entity will be able to continue as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures sufficient funds are available for capital expenditure and growth strategies whilst at the same time striving for the lowest cost of capital available to the entity.

The Company may raise or retire debt, change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in order to achieve the optimal capital structure.

The existing CARES (A$260 million) will need to be converted or exchanged by October 2010.

During 2008, dividends of $71,430,000 (2007: $62,169,000) were paid. For the year ended 30 June 2008 fully franked ordinary dividends of 32.5c per share were declared (Interim dividend of 15c, Final dividend of 17.5c). These dividends represented a payout ratio of approximately 50% of Core Earnings per Share of 60.6c. Management's target for dividends for 2009 – 2013, subject to ongoing cash needs of the business, are increases in line with the growth in Core Earnings per Share and management will endeavour to maintain a dividend payout ratio of approximately 50% of Core Earnings per share.

The group monitors its capital structure primarily by reference to its leverage ratio whereby debt levels are assessed relative to the cash operating profits (*EBITDA) of the company that are used to service debt. This ratio is calculated as Net Debt/EBITDA. Additionally under the current senior debt facility which was executed in Nov 07 and expires in Nov 2012, the group has to comply with various financial and other undertakings in particular the following customary financial undertakings:

- Total net leverage ratio (Net Debt/*EBITDA)
- Interest Cover Ratio (*EBITDA/ Net Interest)
- Minimum Shareholders Funds

The group is not and has not been in breach of any of its financial and other undertakings of the senior debt facility agreement.

Note: *EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation.

24. SHARE BASED PAYMENT PLANS

24.1 Executive Incentive Rights Plan (Cash Settled)

An executive incentive rights plan was established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to Executive directors of the consolidated entity. These rights, entitle the holder to the cash equivalent of one fully paid ordinary share in the entity for nil consideration. The rights are granted in accordance with the plan's guidelines established by the directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan.

Information with respect to the number of rights granted under the executive incentive rights plan is as follows:

	2008		2007	
	Number of Rights	**Weighted Average Fair Value**	**Number of Rights**	**Weighted Average Fair Value**
Balance at beginning of year	160,714	$8.71*	321,428	$11.21*
- rights cash settled	(154,350)		(160,714)	
Balance at end of year	6,364		160,714	
Exercisable at end of year	-		-	

The following table summarises information about rights held by the executive directors as at 30 June 2008:

Number of rights	Grant date	Vesting date	Weighted average Fair value
6,364 *	11 Sep 2004	31 July 08	$8.71*

*** Fair value at reporting date**
At the date of this report these Incentives Rights have not been exercised. Under the Plan Rules, participants may exercise their rights at any time up until the fifth anniversary date of the award date which is 11 September 2009.

(d) Fair Values of Incentive Rights (Cash Settled)
The fair value of each incentive right is estimated on the date of grant using a Monte Carlo model with the following weighted average assumptions used for grants made on 12 September 2004:

	Granted 12-Sep-04
Dividend yield	3.13%
Expected volatility	20% to 30%
Historical volatility	25%
Risk-free interest rate	5.84%
Effective life of incentive right	3 years

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in profit or loss.

24. SHARE BASED PAYMENT PLANS (CONTINUED)

24.2 Executive Performance Rights Plan (Equity)

An executive performance rights scheme has been established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan.

Information with respect to the number of rights granted under the executive performance rights plan is as follows:

	2008		2007	
	Number of rights	**Weighted Average Fair Value**	**Number of Rights**	**Weighted Average Fair Value**
Balance at beginning of year	1,065,063	6.13	1,208,765	5.05
- granted	175,774	6.50@	190,670	7.44 @
- vested	(311,674)	4.32	(305,357)	2.80
- forfeited	(31,509)	4.32	(29,015)	4.92
Balance at end of year	897,654		1,065,063	
Exercisable at end of year	-		-	

The following table summarises information about rights held by specified executives as at 30 June 2008:

Number of rights	**Grant date**	**Vesting date**	**Weighted average Fair value**
12,254 @	11 Sep 2004	31 Jul 2008	$4.32 @
518,956	20 Jul 2005	31 Jul 2008	$6.75 @
190,670	31 Oct 2006	31 Jul 2009	$7.44 @
175,774	23 Oct 2007	31 Jul 2010	$6.50 @

@ Fair value at grant date
At the date of this report these Performance Rights have not been exercised. Under the Plan Rules, participants may exercise their rights at any time up until the fifth anniversary date of the award date which is 11 September 2009.

(e) Fair Values of Performance Rights (Equity)

The fair value of each performance right is estimated on the date of grant using a Monte Carlo model with the following weighted average assumptions used for grants made on 12 September 2004, 22 November 2005, 31 October 2006 and 23 October 2007.

	Granted 23-Oct-07	**Granted 31-Oct-06**	**Granted 22-Nov-05**	**Granted 12-Sep 04**
Dividend yield	3.15%	2.70%	2.44%	3.11%
Expected volatility	20% to 25%	20% to 25%	20% to 25%	20% to 25%
Historical volatility	25%	27%	23%	35%
Risk-free interest rate	6.53%	5.97%	5.31%	5.27%
Effective life of incentive right	3 years	3 years	3 years	3 years

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

25. DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

P.J. Ramsay AO	Non-Executive Chairman
M.S. Siddle	Non-Executive Deputy Chairman
I.P.S. Grier	Managing Director (Retired as Managing Director on 30 June 2008 and Appointed as Non- Executive Director on 30 June 2008)
B.R. Soden	Finance 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

(ii) Executives

C. Rex	Chief Operating Officer (Appointed Managing Director on 1 July 2008)
C. McNally	Business Development Manager
D. Sims	NSW State Operations Manager
K. Cass-Ryall	WA State Operations Manager

There were no changes of the CEO or key management personnel after reporting date and the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

Further details regarding the compensation of key management personnel will be disclosed in the Directors' Report.

	CONSOLIDATED		RAMSAY HEALTH CARE LIMITED *	
	2008 $	2007 $	2008 $	2007 $
Non-Executive Directors				
Short term	755,000	712,500	755,000	712,500
Post employment	188,779	1,095,411	188,779	1,095,411
	943,779	1,807,911	943,779	1,807,911
Executive Directors				
Short term	2,343,406	2,334,367	2,343,406	2,334,367
Post employment	26,258	25,372	26,258	25,372
Shared based payment options	941,307	2,389,055	941,307	2,389,055
	3,310,971	4,748,794	3,310,971	4,748,794
Executives				
Short term	2,691,165	2,508,841	-	-
Post employment	52,517	50,744	-	-
Shared based payment options	617,822	684,004	-	-
	3,361,504	3,243,589	-	-
Total				
Short term	5,789,571	5,555,708	3,098,406	3,046,867
Post employment	267,554	1,171,527	215,037	1,120,783
Shared based payment options	1,559,129	3,073,059	941,307	2,389,055
	7,616,254	9,800,294	4,254,750	6,556,705

***** Remuneration of the Directors and Executives is paid by a related party and is not re-charged to the parent entity.

25. DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(c) Compensation Performance Rights: granted and vested during the year (consolidated)

During the financial year, performance rights were granted as equity compensation benefits under the long-term incentive plan to certain key management personnel as disclosed above. Performance rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan. The performance rights vest in accordance with the performance criteria described in the Directors Report. No exercise price is payable upon their vesting. Hedging of Compensation Performance Rights is forbidden.

30 June 2007	Vested	Granted	Grant Date	Fair Value $ *(note 24)*	First Test Date	Second Test Date	Last Test & Expiry Date
Directors							
P.Grier (1)	107,143	-	12/09/04	11.72	30/06/06	31/12/06	30/06/07
B.Soden (1)	53,571	-	12/09/04	11.72	30/06/06	31/12/06	30/06/07
B.Soden (2)	-	31,682	31/10/06	7.44	30/06/09	31/12/09	30/06/10
Executives							
C.Rex (2)	-	48,387	31/10/06	7.44	30/06/09	31/12/09	30/06/10
C. Rex (2)	71,429	-	06/01/04	2.80	30/06/06	31/12/06	30/06/07
C.McNally (2)	-	23,041	31/10/06	7.44	30/06/09	31/12/09	30/06/10
C.McNally (2)	35,714	-	06/01/04	2.80	30/06/06	31/12/06	30/06/07
K. Cass-Ryall (2)	-	11,521	31/10/06	7.44	30/06/09	31/12/09	30/06/10
K. Cass-Ryall (2)	21,429	-	06/01/04	2.80	30/06/06	31/12/06	30/06/07
D. Sims (2)	-	11,521	31/10/06	7.44	30/06/09	31/12/09	30/06/10

(1) Cash settled incentive rights
(2) Equity based performance rights

30 June 2008	Vested	Granted	Grant Date	Fair Value $ *(note 24)*	First Test Date	Second Test Date	Last Test & Expiry Date
Directors							
P.Grier (1)	102,900	-	11/09/04	11.17	30.06.07	31.12.07	30.06.08
B.Soden (1)	51,450	-	11/09/04	11.17	30.06.07	31.12.07	30.06.08
B.Soden (2)	-	27,700	23/10/07	6.50	30.06.10	31.12.10	30.06.11
Executives							
C.Rex (2)	68,600	-	11/09/04	4.32	30.06.07	31.12.07	30.06.08
C. Rex (2)	-	42,306	23/10/07	6.50	30.06.10	31.12.10	30.06.11
C.McNally (2)	34,300	-	11/09/04	4.32	30.06.07	31.12.07	30.06.08
C.McNally (2)	-	20,146	23/10/07	6.50	30.06.10	31.12.10	30.06.11
K. Cass-Ryall (2)	20,580	-	11/09/04	4.32	30.06.07	31.12.07	30.06.08
K. Cass-Ryall (2)	-	10,073	23/10/07	6.50	30.06.10	31.12.10	30.06.11
D. Sims (2)	13,446	-	11/09/04	4.32	30.06.07	31.12.07	30.06.08
D. Sims (2)	-	10,073	23/10/07	6.50	30.06.10	31.12.10	30.06.11

(1) Cash settled incentive rights
(2) Equity based performance rights

25. DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(d) Shares issued under the Performance Rights Plan

30 June 2007	No. of shares issued
Executives	
C. Rex	71,429
C. McNally	35,714
K. Cass-Ryall	21,429
D. Sims	-
	128,572

30 June 2008	No. of shares issued
Executives	
C. Rex	68,600
C. McNally	34,300
K. Cass-Ryall	20,580
D. Sims	13,446
	136,926

No amount was paid by the above executives to exercise vested performance rights. Refer Note 24.

(e) Performance and Incentive Right holdings of Key Management Personnel (consolidated)

30 June 2008	Performance/ Incentive Right	Balance at beginning of period 01 Jul 07	Granted as Remuner-ation	Exercised	Balance at end of period 30 Jun 08	Vested at 30 Jun 08
Directors						
P.Grier	Equity Performance Rights	322,377	-	-	322,377	-
B.Soden	Equity Performance Rights	66,069	27,700	-	93,769	-
P.Grier	Cash settled Incentive Rights	107,143	-	102,900	4,243	-
B.Soden	Cash settled Incentive Rights	53,571	-	51,450	2,121	-
Executives						
C.Rex	Equity Performance Rights	172,913	42,306	68,600	146,619	-
C.McNally	Equity Performance Rights	84,039	20,146	34,300	69,885	-
K.Cass-Ryall	Equity Performance Rights	40,535	10,073	20,580	30,028	-
D. Sims	Equity Performance Rights	30,477	10,073	13,446	27,104	-

25. DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(e) Performance and Incentive Right holdings of Key Management Personnel (consolidated) (continued)

30 June 2007	Performance/ Incentive Right	Balance at beginning of period 01 Jul 06	Granted as Remuner-ation	Exercised	Balance at end of period 30 Jun 07	Vested at 30 Jun 07
Directors						
P.Grier	Equity Performance Rights	323,377	-	-	322,377	-
B.Soden	Equity Performance Rights	34,387	31,682	-	66,069	-
P.Grier	Cash settled Incentive Rights	214,286	-	(107,143)	107,143	-
B.Soden	Cash settled Incentive Rights	107,142	-	(53,571)	53,571	-
Executives						
C.Rex	Equity Performance Rights	195,955	48,387	(71,429)	172,913	-
C.McNally	Equity Performance Rights	96,712	23,041	(35,714)	84,039	-
K.Cass-Ryall	Equity Performance Rights	50,443	11,521	(21,429)	40,535	-
D. Sims	Equity Performance Rights	18,956	11,521	-	30,477	-

(f) Shareholding of Key Management Personnel (consolidated)

30 June 2008	Balance 01 Jul 07		Granted as Remuneration		Exercise of Performance Rights		Net Change - Other		Balance 30 Jun 08	
	Ord.	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*
Directors										
P.Grier	85,740	-	-	-	-	-	(75,000)	-	10,740	-
B.Soden	6,125	-	-	-	-	-	-	1,030	6,125	1,030
Executives										
C.Rex	71,429	-	-	-	68,600	-	2,081	5,334	142,110	5,334
C.McNally	68,971	-	-	-	34,300	-	987	-	104,258	-
K.Cass-Ryall	21,429	-	-	-	20,580	-	(7,032)	-	34,977	-
D. Sims	-	-	-	-	13,446	-	-	-	13,446	-

30 June 2007	Balance 01 Jul 06		Granted as Remuneration		Exercise of Performance Rights		Net Change - Other		Balance 30 Jun 07	
	Ord.	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*
Directors										
P.Grier	85,740	-	-	-	-	-	-	-	85,740	-
B.Soden	5,987	-	-	-	-	-	138	-	6,125	-
Executives										
C.Rex	-	-	-	-	71,429	-	-	-	71,429	-
C.McNally	33,257	-	-	-	35,714	-	-	-	68,971	-
K.Cass-Ryall	-	-	-	-	21,429	-	-	-	21,429	-
D. Sims	-	-	-	-	-	-	-	-	-	-

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
26. EXPENDITURE COMMITMENTS					
(a) Finance leases and hire purchase commitments – Group as lessee					
- not later than one year		3,740	1,718	-	-
- later than one year but not later than five years		10,610	2,191	-	-
- later than five years		17,842	-	-	-
Total minimum lease payments		32,192	3,909	-	-
- future finance charges		(10,868)	(167)	-	-
- lease liability		21,324	3,742	-	-
- current liability	20	3,585	1,638	-	-
- non-current liability	22	17,739	2,104	-	-
		21,324	3,742	-	-
Total lease liability accrued for:					
Current					
- Finance leases	20	3,585	1,638	-	-
		3,585	1,638	-	-
Non-current					
- Finance leases	22	17,739	2,104	-	-
		17,739	2,104	-	-
		21,324	3,742	-	-

The Group has finance leases and hire purchase contracts for various items of medical equipment, fittings and other equipment. The leases have lease terms of between two years and fifteen years and the average discount rate implicit in the leases is 12.6% (2007:12.6%). The security over finance leases is disclosed in note 20 and 22.

26. EXPENDITURE COMMITMENTS (CONTINUED)

	Note	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
(b) Lease expenditure commitments – Group as lessee					
Operating leases (non-cancellable):					
Minimum lease payments					
- not later than one year		103,767	18,652	-	-
- later than one year but not later than five years		429,098	59,975	-	-
- later than five years		3,148,166	76,611	-	-
Aggregate lease expenditure contracted for at balance date		3,681,031	155,238	-	-
Amounts provided for:					
- deferred lease – non-current	21	41,149	-	-	-
- surplus lease space - current	21	6,943	-	-	-
- non-current	21	50,327	-	-	-
		98,419	-	-	-
Amounts not provided for:					
- rental commitments		3,582,612	155,238	-	-
Aggregate lease expenditure contracted for at balance date		3,681,031	155,238	-	-

Operating leases have lease terms of between one and twenty nine years and an average implicit interest rate of 9% (2007:9%). Assets which are the subject of operating leases include land and buildings, motor vehicles and items of medical equipment.

	Consolidated		Ramsay Health Care Limited	
	2008 $000	2007 $000	2008 $000	2007 $000

26. EXPENDITURE COMMITMENTS (CONTINUED)

(c) Capital expenditure commitments

	Consolidated 2008 $000	Consolidated 2007 $000	Ramsay Health Care Limited 2008 $000	Ramsay Health Care Limited 2007 $000
Estimated capital expenditure contracted for at balance date but not provided for, payable:				
- not later than one year	65,610	56,253	-	-
- later than one year but not later than two years	1,428	42,973	-	-
	67,038	99,226	-	-

(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.

(e) Guarantee and indemnity in relation to a hospital

In relation to one of the hospitals, Ramsay Health Care Limited has given a guarantee in favour of Australian Unity. Ramsay Health Care Limited granted a guarantee and indemnity in favour of an unrelated third party, Australian Unity (‘Landlord’), the lessor of The Valley Private Hospital (‘Lessee’). Ramsay has guaranteed, amongst other things, the performance of the lessees' obligations under the lease. The guaranteed obligations include the payment of all sums of money payable by the Lessee and the Landlord and prompt performance of all obligations of the tenant. Ramsay sold all of the shares in the lessee to BCN. Ramsay's obligations to guarantee the performance and payment of monies continue during the term of the lease. No liability is expected to arise.

27. SUPERANNUATION COMMITMENTS

The Group contributes 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.

28. DEFINED BENEFIT PENSION PLAN

The Group participates in a number of defined contribution plans. In addition to the Group has two defined benefit plan in UK on acquisition of 'The Capio Group' during the year, acquired consisting of a final salary plan, which requires contributions to be made to the separately administered fund. The defined benefit plan is only open to existing employees who have always been on the plan, and is not open to new employees.

The following tables summarise the components of net benefit expense recognised in the consolidated income statements and the funded status and amounts recognised in the consolidated balance sheet for the plan:

	Consolidated Pension Plan	
	2008 $000	**2007 $000**
Net benefit expense (recognised in employee benefits)		
Current service cost	80	-
Interest cost on benefit obligation	210	-
Expected return on plan assets	(188)	-
Net actuarial (gains) recognised in the period	-	-
Past service cost	-	-
Net benefit expense (note 4) (recognised in superannuation expense)	102	-
Actual return on plan assets	104	-

	2008 $000	**2007 $000**
Benefit (liability) included in the balance sheet		
Present value of defined benefit obligation	(7,394)	-
Fair value of plans assets	5,236	-
Net benefit (liability) – non-current	(2,158)	-

The asset recognised does not exceed the present value of any economic benefits available in the form of reductions in future contributions to the plan.

28. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the present value of the defined benefit obligation are as follows:

	Pension Plan	
	2008 $000	2007 $000
Opening defined benefit obligation	-	-
Acquisition of subsidaries	8,792	
Current service cost	80	-
Interest cost	210	-
Benefits paid	(491)	-
Actuarial (gains) on obligation	(206)	-
Exchange differences on foreign plans	(991)	-
Closing defined benefit obligation	7,394	-

Changes in the fair value of plan assets are as follows:

	Pension Plan	
	2008 $000	2007 $000
Opening fair value of plans assets	-	-
Acquisition of subsidiary	6,298	-
Expected return	188	-
Contributions by employer	143	-
Benefits paid	(491)	-
Actuarial (gains)	(195)	-
Exchange differences on foreign plans	(707)	-
Fair value of plans assets	5,236	-

The Group expects to contribute $260,000 to its defined benefit pension plan in 2009.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Pension Plan	
	2008 (%)	2007 (%)
Equities	77	-
Bonds	23	-

	Pension Plan	
	2008 $000	2007 $000
Actuarial losses/(gains) recognised in the statement of recognised income and expenses	-	-
Adjustments recognised in the income statement in respect of limiting the amount recognised as a defined benefit asset	-	-
	-	-
Cumulative actuarial gains and losses recognised in the statement of recognised income and expense	-	-

28. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The principal actuarial assumptions used in determining pension obligations for the UK plans are shown below (expressed as weighted averages):

	2008 (%)	2007 (%)
Discount rate	6.0	-
Expected rate of return on assets	6.8	-
Future salary increases	6.1	-
Future pension increases	3.8	-

The overall expected rate of return on assets is determined based on the market prices prevailing on the date, applicable to the period over which the obligation is to be settled.

	Consolidated		Ramsay Health Care Limited	
	2008 $	2007 $	2008 $	2007 $
29. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the Auditors for:				
Audit of financial statements	1,877,591	1,338,000	-	-
Audit of other reports	53,500	20,000	-	-
Other audit related services	304,186	15,000	-	-
Total audit	2,235,277	1,373,000	-	-
Other services				
Taxation	781,969	494,000	-	-
Other	729,917	-	-	-
Total Other Services	1,511,886	494,000	-	-
	3,747,163	1,867,000	-	-

30. BORROWINGS

Terms and Conditions

i. Senior Debt Facility and Working Capital Facility

On 20 November 2007, the Ramsay Group repaid the total monies outstanding under the SSPA (Senior Sale and Purchase Agreement) of A$729,248,409 (comprising principal of A$716,000,000 and interest of A$13,248,409) and the SSPA was terminated on this date. No further liabilities and/or obligations are outstanding under the SSPA.

On 20 November 2007, the Ramsay Group repaid the total monies outstanding under the Working Capital Facility of A$20,021,452 (comprising principal of A$20,000,000 and interest of A$21,452) and this facility was terminated on this date. No further liabilities and/or obligations are outstanding under the Working Capital Facility.

30. BORROWINGS (continued)

Terms and Conditions (continued)

i. Senior Debt Facility and Working Capital Facility (continued)

On 20 November 2007 the Ramsay Group entered into a Syndicated Facility Agreement (SFA). It was used (in part) to refinance Ramsay's existing senior debt financing arrangements as described above. The SFA was fully arranged and underwritten by National Australia Bank Limited and Australia and New Zealand Banking Group Limited. The syndication of the SFA commenced in December 2007.

The SFA has three A$ tranches with a total commitment of A$1,385,000,000 and a separate pounds sterling tranche with a commitment of £260,000,000. The SFA matures in November 2012. The total amount outstanding under the SFA as at 30 June 2008 was A$ 850,000,000 and £ 226,000,000.

Apart from guarantees given by the Company and its wholly owned subsidiaries (excluding dormant subsidiaries and certain other subsidiaries) the SFA is unsecured. The SFA is a revolving facility.

As at 30 June 2008, the A$ undrawn commitment was A$535,000,000 and the £ undrawn commitment was £34,000,000.

ii. Bilateral Facilities

As part of the refinancing undertaken on 20 November 2007, the existing bilateral facility agreements with ANZ and NAB were terminated and rolled over into new bilateral facilities with each of them.

The commitment limit under the ANZ facility for working capital is comprised of an A$25,000,000 facility limit and a separate sterling facility limit of £15,000,000. The ANZ bilateral facility currently consists of a cash advance facility, overdraft facility and indemnity/guarantee facility (in both A$ and £). A further transactional encashment facility is also provided which permits the encashment of payroll and other cheques at any ANZ bank.

The limit on the NAB facility for working capital also has 2 components, an A$25,000,000 facility limit and a further £15,000,000 facility limit and includes a cash advance facility, overdraft facility and indemnity/guarantee facility (in both A$ and £) together with certain transactional facilities.

Under the bilateral facilities as at 30 June 2008 the total outstanding was A$ 29,448,661 and £13,285,592. The undrawn commitment across the 2 bilateral facilities as at 30 June 2008 was together A$20,551,339 and £16,714,408.

The Ramsay Group also has other bilateral facilities (including group overdraft and set-off, corporate card and lease line facilities) with Westpac and others.

iii. Indonesian Bank Loan

There is a bank loan with PT ANZ Panin Bank in place in relation to the three Indonesian hospitals. The total facility limit is IDR 107,596,500,000 (2007: IDR 107,596,500,000) AUD $12,192,295 (2007: AUD $14,041,298). At 30 June 2008 an amount of IDR 57,597,000,000 (AUD $6,526,573) was drawn under this loan facility (2007: the loan was fully drawn).

The interest rate is JIBOR plus 0.5% per annum. The loan termination date is 2 November 2009.

Security given under these facilities consists of:

Standby Letters of credit in the amount of AUD 16.5 million, IDR 107,596,500,000 (AUD 16.5 million equivalent at the first advance of 1 March 2004) and AUD 125,000 both issued by the ANZ Banking group Limited.

iv. Other Interest Bearing Loans

At 30 June 2008 a loan to bondholders of $34,002,106 was outstanding. This loan arose as a result of the securitisation of the Joondalup leases between Joondalup Hospital Pty Limited and Joondalup Health Campus Finance Limited. This loan is carried at the principal amount less any repayments. It is secured by a fixed and floating charge, being the receivable from the Government (refer note 18).

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors

Directors of Ramsay Health Care Limited during the year ended 30 June 2008 were:

P.J. Ramsay
M.S. Siddle
A.J. Clark
P.J. Evans
I.P.S. Grier (Managing Director until 30 June 2008)
B.R. Soden (Group Finance Director)
R.H. McGeoch
K.C.D. Roxburgh

Non-Director key management personnel of Ramsay Health Care Limited at 30 June 2008 were:

C. Rex – Chief Operating Officer (Managing Director from 1 July 2008)
C. McNally – Business Development Manager
D. Sims – NSW State Operations Manager

Ultimate Parent

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

Equity Instruments of Directors

The beneficial and direct interest of each director in the equity of the Company as at the date of this report (2007: 4 September 2007) was as follows:

Director	Ordinary Shares				Convertible Adjustable Rate Equity Securities (CARES)				Performance Rights	
	2008		2007		2008		2007		2008	2007
	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Direct
P.J. Ramsay	-	73,148,372	-	73,148,372	-	-	-	-	-	-
M.S. Siddle	151,667	-	151,667	-	-	-	-	-	-	-
A.J. Clark	80,000	-	85,000	-	-	-	-	-	-	-
P.J. Evans	6,312	-	6,312	-	-	-	-	-	-	-
I.P.S. Grier	10,740	-	10,740	-	-	-	-	-	322,377	429,520
R.H. McGeoch	-	133,334	-	133,334	-	-	-	-	-	-
C.P. Rex	140,029	2,081	-	-	-	5,334	-	-	146,619	-
K.C.D. Roxburgh	75,149	-	72,982	-	-	-	-	-	-	-
B.R. Soden	2,889	3,236	2,889	3,236	-	2,070	-	-	93,769	119,640

(1) Shares in which the director does not have a direct interest including shares held in director related entities and shares held by family members.

The terms and vesting conditions over these rights are as disclosed in note 24.

Mr Ramsay has a relevant interest in 73,148,372 (2007: 73,148,372) shares held by Paul Ramsay Holdings Pty Limited and is a director of that Company. Mr Siddle, Mr Clark and Mr Evans are also directors of Paul Ramsay Holdings Pty Limited.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Movements in Directors' equity holdings

During the year until the date of this report:

- Mr Rex was appointed Managing Director on 1 July 2008. Before his appointment as Managing Director, Mr Rex indirectly acquired 5,334 CARES on market. Mr Rex also acquired 68,600 ordinary shares through the Executive Performance Rights Plan.
- Mr Clark sold 5,000 shares.
- Mr Roxburgh acquired 2,167 ordinary shares through the Dividend Reinvestment Plan.
- Mr Soden indirectly acquired 2,070 CARES on market.

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Transactions with Directors of Ramsay Health Care Limited and the Group

- Entities associated with Mr Ramsay, Mr Siddle, 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.

During the year costs of $100,000 (2007:$120,000) were charged by and an amount of $180,000 (2007:$120,000) was paid to Paul Ramsay Holdings Pty Limited for services rendered to the Group.

Other related party transactions within the wholly owned group

	2008 $000	2007 $000
Loans to Subsidiaries:		
- Interest free	656,297	614,208

32. CONTINGENCIES

A contingent liability exists in relation to potential land rich duty payable on the Affinity acquisition. The Group has submitted to the relevant revenue authorities documents supporting that there is no land rich duty payable and is currently in negotiations in relations to this matter.

Funds set aside as part of the purchase price agreement to pay any potential duties arising are no longer available. Should the duty become payable, the Group estimates that the potential accounting impact, if any, would be to increase the Affinity acquisition price and resultant goodwill in the balance sheet by approximately $20 million.

33. CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET OF THE CLOSED GROUP

The consolidated income statement and balance sheet of the entities that are members of the "Closed Group" are as follows:

	Closed Group	
	2008	**2007**
Consolidated Income Statement	**$000**	**$000**
Profit from operations before income tax	131,198	131,827
Income tax expense	(43,224)	(42,317)
Net profit for the period	87,974	89,510
Retained earnings at the beginning of the year	159,988	132,647
Retained earnings adjustments for addition of entities into the class order	(6,595)	-
Dividends provided for or paid	(71,430)	(62,169)
Retained earnings at the end of the year	169,937	159,988
Consolidated Balance Sheet		
ASSETS		
Current Assets		
Cash and cash equivalents	83,455	-
Trade and other receivables	304,479	277,304
Inventories	42,187	33,989
Derivatives	26,986	11,811
Other current assets	25,347	23,595
	482,454	346,699
Assets classified as held for sale	5,240	3,200
Total Current Assets	487,694	349,899
Non-current Assets		
Other financial assets	270,975	4,496
Goodwill and intangibles	548,010	543,973
Deferred tax assets	87,663	80,349
Property, plant and equipment	1,196,896	1,069,867
Total Non-current Assets	2,103,544	1,698,685
TOTAL ASSETS	2,591,238	2,048,584
LIABILITIES		
Current Liabilities		
Trade and other payables	354,125	251,807
Interest-bearing loans and borrowings	2,067	3,322
Provisions	99,045	97,102
Income tax payable	14,679	23,544
Total Current Liabilities	469,916	375,775
Non-current Liabilities		
Interest-bearing loans and borrowings	1,077,364	691,358
Deferred income tax liabilities	79,946	64,924
Provisions	69,288	81,132
Total Non-current Liabilities	1,226,598	837,414
TOTAL LIABILITIES	1,696,514	1,213,189
NET ASSETS	894,724	835,395
EQUITY		
Issued capital	427,075	414,243
Treasury shares	(13,599)	(7,624)
CARES	252,165	252,165
Retained earnings	169,937	159,988
Other reserves	59,146	16,623
TOTAL EQUITY	894,724	835,395

34. SUBSEQUENT EVENTS

There have been no significant events after the balance date that may significantly affect the Group's operations in future years, the results of these operations in future years or the Group's state of affairs in future years.

SECTION 3

ANALYST INFORMATION

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2008

ANALYST INFORMATION

1) Earnings per Share

	2008 $000	2007 $000
Net profit for the year attributable to the members of the parent	92,198	107,056
Less: dividend paid on Convertibles Adjustable Rate Equity Securities (CARES)	(17,681)	(16,294)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	74,517	90,762
Less: Profit from discontinued operations	2,659	(274)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share from continuing operations	**77,176**	**90,488**
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	173,013,536	172,622,277
Weighted average number of ordinary shares used in calculating diluted earnings per share	173,621,853	173,268,928
Earnings per share (cents per share)		
- basic for profit (after CARES dividend) for the year	43.1	52.6
- diluted for profit (after CARES divided) for the year	42.9	52.4
- basic for profit (after CARES dividend) from continuing operations	44.6	52.4
- diluted for profit (after CARES dividend) from continuing operations	44.5	52.2

2) Dividends

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year - Interim dividend - Final proposed dividend	 15.0¢ 17.5¢	 15.0¢ 17.5¢
Total dividend	32.5¢	32.5¢
Previous corresponding year - Interim dividend - Final dividend	 13.0¢ 16.0¢	 13.0¢ 16.0¢
Total dividend	29.0¢	29.0¢
Record date for determining entitlements to the ordinary dividend		1 October 2008
Last date for the receipt of an election notice for the participation in the dividend re-investment plan		1 October 2008
Date the current year ordinary dividend is payable		15 October 2008

Convertible Adjustable Rate Equity Securities ('CARES') Dividends	
Record date for determining entitlements to the CARES dividend	9 October 2008
Date the current year CARES dividend is payable	20 October 2008

The final proposed dividend will be franked at the rate of 30% (2007: 30%)

ANALYST INFORMATION

3) NTA backing

	2008	**2007**
Net tangible asset backing per ordinary share	$0.37	$1.80

SECTION 4

STATUS OF AUDIT

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2008

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.