RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2010

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	2010 $'000	2009 $'000	% increase/ (decrease)
Revenue and other income from continuing operations		3,405,672	3,229,647	5.5%
Operating Revenue from continuing operations		3,399,254	3,223,852	5.4%
Profit from continuing operations before finance costs, tax, depreciation, amortisation and specific items (EBITDA)	(3)	468,774	411,613	13.9%
Profit from continuing operations before finance costs, tax, amortisation and specific items (EBIT)	(3)	333,796	303,330	10.0%
Core profit after tax from continuing operations	**(1)**	**178,487**	**146,395**	**21.9%**
Specific items and amortisation of intangibles (net of tax)				
- Non – cash rent expense relating to leased UK hospitals		(21,880)	(29,707)	
- Other		(8,325)	(10,215)	
		(30,205)	(39,922)	(24.3%)
Net profit after tax for the period attributable to members *		148,282	106,473	39.3%

Earnings per share (cents per share)

Core EPS - Continuing operations	**(2)**	**84.5c**	**74.1 c**	**14.0%**

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

1. 'Core profit 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 after tax from continuing operations adjusted for Preference Dividends
3. Profit on sale of medical suites has been excluded from EBITDA and EBIT

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year		
- Interim dividend	18.5 ¢	18.5 ¢
- Final proposed dividend	25.0 ¢	25.0 ¢
Total dividend	43.5 ¢	43.5 ¢
Previous corresponding year		
- Interim dividend	16.5 ¢	16.5 ¢
- Final proposed dividend	21.5 ¢	21.5 ¢
Total dividend	38.0 ¢	38.0 ¢
Record date for determining entitlements to the ordinary dividend		6 September 2010
Date the current year ordinary dividend is payable		27 September 2010

Convertible Adjustable Rate Equity Securities ('CARES') Dividends	
Record date for determining entitlements to the CARES dividend	7 October 2010
Date the current year CARES dividend is payable	20 October 2010

The results are for the year ended 30 June 2010. The comparative results are for the year ended 30 June 2009.

1.2 COMMENTARY ON RESULTS

Commentary on results follows

ASX ANNOUNCEMENT

26 August 2010

RAMSAY HEALTH CARE REPORTS 21.9% RISE IN FULL-YEAR CORE NET PROFIT AND 14% RISE IN CORE EPS

Financial Highlights

- Core net profit[1] after tax up 21.9% to $178.5 million
- Core EPS[2] up 14% to 84.5 cents
- Australia and Indonesia revenue up 7.2% to $2.7 billion
- UK revenue up 10% to £350.2 million
- Group EBIT up 10% to $333.8 million
  - Australia and Indonesia EBIT up 7.9% to $280 million
  - UK EBIT up 31% to £26.9 million
- Final dividend 25 cents fully franked, up 16.3% on the previous corresponding period, bringing the full-year dividend to 43.5 cents
- Targeting Core NPAT growth for the Group of 13%-15% for FY11, translating to Core EPS growth of 10%-12%

Overview

Australia's largest private hospital operator Ramsay Health Care today announced a 21.9% increase in Group Core net profit after tax from continuing operations (before specific items and amortisation of intangibles) to $178.5 million for the year ended 30 June 2010.

Group Core net profit delivered Core earnings per share (EPS) of 84.5 cents for the year, a 14% increase on the 74.1 cents recorded a year ago and slightly ahead of guidance announced to the market in February 2010.

[1] *Before specific items and amortisation of intangibles and including three months' results from Ramsay Santé*

[2] *Before specific items and amortisation of intangibles and after CARES dividends and including three months' results from Ramsay Santé*

The result was driven by a strong operating result at Ramsay's Australian business and continued growth in the UK where National Health Service (NHS) volumes helped lift overall private hospital admissions.

The result also reflects lower interest costs and the realisation of cost efficiencies achieved in the UK business.

Ramsay recorded net specific items and amortisation of intangibles of $30.2 million (net of tax) for the 2010 financial year, down from $39.9 million for the 2009 financial year, which predominantly comprised the annual non-cash charges for deferred rent from the leasing of UK hospitals.

Directors are pleased to announce a final dividend of 25 cents per share fully franked, up 16.3% from the previous corresponding period, bringing the full-year dividend to 43.5 cents, up 14.5%.

The dividend Record Date has been brought forward to 6 September 2010 (previously scheduled for 22 September 2010) and the Payment Date brought forward to 27 September 2010 (previously scheduled for 8 October 2010).

The Dividend Reinvestment Plan (DRP) will remain suspended.

Ramsay Managing Director Christopher Rex said: "This is an exceptionally pleasing result because it shows that our hospitals are performing strongly across the Group and that they are being run efficiently.

"In Australia hospital EBITDA margins improved to 18.3% from 17.6% as hospital admissions grew and further operating leverage was achieved.

"In the UK, we continued to attract more NHS volumes to our hospitals whilst achieving some further cost efficiencies.

"We are pleased to say our brownfield development programme is running on time and to budget and continues to add to earnings.

"We have senior debt facilities in place until November 2012 and have considerable headroom available, after allowing for our acquisition of a majority stake in French hospital Groupe Proclif (now Ramsay Santé) to fund future growth beyond our current brownfield commitments.

"Our acquisition of a 57% stake in Ramsay Santé, an important step in our European expansion strategy, was completed at the end of March. Its first, three-month contribution to the Group was in line with expectations and we are now focused on improving the business, generating efficiencies and identifying bolt-on acquisitions."

Operational highlights Australia and Indonesia

Ramsay's Australian and Indonesian business continued to perform strongly at an operational level.
Ramsay's Australian hospitals (ex-prostheses) achieved revenue growth of 8% and EBIT growth of 11.6%, which predominantly came from organic growth but also from the ramp-up of brownfield developments.

Australian hospital EBITDA margins (excluding prostheses) rose to 18.3% from 17.6% in the previous corresponding period.

Operational highlights Ramsay UK

Ramsay continued to achieve cost efficiencies at its UK business during the 2010 financial year with operating margins before rent (EBITDAR margin) increasing to 25.9% from 23.5%.

Revenue climbed 10% reflecting growth in NHS volumes which now comprise 54% of Ramsay UK's admissions, up from 44% a year ago.

Growth in NHS activity continued throughout the year and while PMI (Private Medical Insurance) and self pay admissions softened, they are showing signs of recovery.

Support for a competitive market for NHS services has continued with the recently formed, Conservative-led coalition government ring fencing the NHS from significant cuts in public expenditure and its recently released White Paper firmly supporting an increased role for the private sector in delivering health services to public patients.

Negotiations for the extension of the Wave 1 ISTC (Independent Sector Treatment Centres) contracts have been completed on satisfactory terms with all ISTCs retained.

Capacity Expansion Programme

Australia

Ramsay's Australian brownfield programme is well advanced with those projects under development tracking to expectations and all completed projects running on time and on or under budget.

Approximately \$460 million of the \$680 million (gross) has been spent on brownfield projects to date, of which \$325 million has been spent on completed projects including the Hollywood, St George and New Farm Clinic redevelopments and a major refurbishment of Lawrence Hargrave.

Key projects due to be completed in FY11 include the North Shore, Pindara, North West, Westmead and Kareena developments.

Construction of the \$320 million Joondalup Health Campus (\$90 million funded by Ramsay) began in November and remains on track for completion in mid 2013.

UK

Funds approved for capacity expansion projects in the UK increased to £41 million from £28 million during the period. All projects are progressing to plan with more than 60% of these projects complete and operational and the balance of the funds approved to be spent over FY11.

Ramsay continues to look for opportunities to expand operating capacity in high demand areas.

<u>Capital Management and Cash Flow</u>

Effective working capital management resulted in a high cash conversion rate for the Group of 102% of operating profit (EBITDA) to gross operating cash flow.
Ramsay benefited from lower interest rates during the period and continued to proactively manage its interest rate exposure. Approximately 65% of Ramsay's debt is hedged at fixed rates.
Ramsay has committed senior bank debt facilities of \$1.9 billion in place until November 2012 with headroom of \$500 million to \$600 million after allowing for funding of current brownfield commitments.
In relation to its hybrid security CARES, Ramsay has determined not to convert or redeem the security on 20 October 2010. As a result, the CARES dividend margin will 'step up' by 2% to 4.85% with effect from the dividend payable on 20 April 2011.

Under the terms of CARES, Ramsay retains the ability to redeem or convert CARES at subsequent CARES dividend payment dates. Ramsay will continue to monitor hybrid market conditions in conjunction with its capital management programme and overall funding objectives.

Outlook

The underlying strength of Ramsay's Australian business, the continued solid performance of its UK operations and recent entry into the highly disaggregated French market put Ramsay in an excellent position to capture future demand for health care.

The ageing population, technological advances and rising expectations for improved standards of care will underpin this demand and drive investment in capacity at existing hospitals and future acquisitions.

Ramsay will continue to assess expansion opportunities via brownfield developments and acquisitions which add long-term value to its shareholders.

Approximately two-thirds of funds approved for Ramsay's pipeline of quality brownfield projects has been spent to date. These projects continue to come on stream and add to earnings. As previously flagged, they are expected to contribute positively to EPS in FY11.

Ramsay remains confident about the growth prospects of its UK business which continues to perform well in a challenging economic environment and where the new government has firmly indicated a growing role for the private sector in the delivery of health care.

NHS activity has been the key source of growth for the UK and is driving capacity expansion at our hospitals.

With the acquisition of a majority stake in Ramsay Santé now complete, Ramsay is focused on identifying operational improvements and efficiencies as well as opportunities to acquire additional hospitals in France.

The Ramsay Santé acquisition represents an important step in our European expansion strategy and overarching vision to become a major global hospital operator.

Barring unforeseen circumstances, Ramsay is targeting Core NPAT growth for the Group of 13%-15% in FY11, translating to Core EPS growth of 10%-12%.

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Summary of Financial Performance

Year Ended 30 June 2010
$ 000's

	Australia & Indonesia 2010	UK 2010	France 2010 (4)	Group 2010	Group 2009	% Increase/ (Decrease)
Continuing Operations						
Operating Revenue	2,716,735	627,954	54,565	3,399,254	3,223,852	5.4%
EBITDAR	398,634	162,622	10, 722	571,978	521,991	9.6%
EBITDA	369,908	90,421	8,445	468,774	411,613	13.9%
EBIT	280,048	48,377	5,371	333,796	303,330	10.0%
Core Net Profit After Tax - Continuing operations (1)				**178,487**	**146,395**	**21.9%**
Net Specific items and amortisation of intangibles, net of tax (2)				(30,205)	(39,922)	(24.3%)
Reported Net Profit After Tax				148,282	106,473	39.3%

Earnings Per Share (cents)			
Core EPS - Continuing operations (3)	**84.5**	**74.1**	**14.0%**
Basic EPS	69.2	51.2	35.2%

Dividends Per Share (cents)			
Final dividend fully franked	25.0	21.5	16.3%
Full-year dividend fully franked	43.5	38.0	14.5%

Notes

(1) 'Core Net Profit After Tax - Continuing Operations' are before specific items and amortisation of intangibles.

(2) In line with accounting standards, net specific items include the non-cash portion of rent expense of $21.9 million net of tax relating to the UK hospitals.

(3) 'Core Earnings Per Share - Continuing Operations' are before specific items and amortisation of intangibles and after CARES Dividends.

(4) Ramsay Santé was acquired on 29 March 2010, hence three months of operating results have been included in FY2010

SECTION 2

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2010

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2010

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RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $000	2009 $000
Continuing operations			
Revenue and other income			
Revenue from services		3,399,254	3,222,350
Net gain on disposal of assets		-	1,555
Interest income		6,418	5,742
Revenue and other income	4	**3,405,672**	**3,229,647**
Employee benefits costs	5	(1,657,186)	(1,566,286)
Occupancy costs		(212,163)	(214,704)
Service costs		(194,010)	(215,626)
Medical consumables and supplies		(867,121)	(815,624)
Depreciation and amortisation	5	(137,152)	(110,072)
Expenses, excluding finance costs		**(3,067,632)**	**(2,922,312)**
Profit from continuing operations before tax, specific items and finance costs		**338,040**	**307,335**
Finance costs	5	(79,692)	(97,360)
Specific items			
Revenue - Income from sale of medical suites		41,109	-
Cost of goods sold - Book value of medical suites sold		(25,553)	-
Finance cost - Ineffectiveness of interest rate hedge		(89)	(111)
Service cost - Acquisition, restructuring and integration costs		(12,666)	(3,826)
Service cost - Development projects costs		(1,351)	(4,707)
Service cost - Unrealised foreign exchange gain on unhedged portion of GBP loan		3,743	622
Depreciation and amortisation - Impairment of non - current assets		(11,018)	(6,423)
Occupancy cost - Non-cash rent expense relating to UK leased hospitals	5	(31,766)	(41,260)
Profit before income tax from continuing operations		**220,757**	**154,270**
Income tax expense	6	(71,911)	(47,765)
Profit after tax from continuing operations		**148,846**	**106,505**
Net profit for the year		**148,846**	**106,505**
Attributable to non - controlling interest		564	32
Attributable to owners of the parent		148,282	106,473
		148,846	106,505
Earnings per share (cents per share)			
Basic earnings per share			
Profit (after CARES dividend)	8	69.4	51.3
Profit (after CARES dividend) from continuing operations	8	69.4	51.3
Diluted earnings per share			
Profit (after CARES dividend)	8	69.2	51.2
Profit (after CARES dividend) from continuing operations	8	69.2	51.2

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $000	2009 $000
Net profit for the year		148,846	106,505
Other comprehensive income/(expense):			
Cash flow hedges			
Gain/(loss) taken to equity	26	30,236	(73,150)
Transferred to income statement	26	(25,769)	6,406
Actuarial (loss) on defined benefit plans	31	(1,476)	(862)
Net gain on hedge of net investment		27,018	3,536
Foreign currency translation		(31,167)	(1,658)
Income tax relating to components of other comprehensive income	6	(1,340)	20,023
Other comprehensive (expense) for the year net of tax		**(2,498)**	**(45,705)**
Total comprehensive income for the year		**146,348**	**60,800**
Attributable to non - controlling interest		564	32
Attributable to owners of the parent		145,784	60,768
		146,348	60,800

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $000	2009 $000
ASSETS			
Current Assets			
Cash and cash equivalents	10	185,689	89,295
Trade receivables	13	465,849	418,592
Inventories	14	90,532	63,885
Derivative financial instruments	26	1,313	-
Other current assets	15	47,309	50,789
		790,692	622,561
Assets classified as held for sale	7	8,040	3,200
Total Current Assets		798,732	625,761
Non-current Assets			
Other financial assets	16	2,190	1,383
Property, plant and equipment	17	1,737,106	1,626,045
Goodwill and intangible assets	18	924,232	854,461
Deferred tax asset	6	73,150	48,133
Non-current prepayments		11,089	-
Non-current receivables	20	29,880	31,345
Total Non-current Assets		2,777,647	2,561,367
TOTAL ASSETS		3,576,379	3,187,128
LIABILITIES			
Current Liabilities			
Trade and other payables	21	533,207	452,117
Interest-bearing loans and borrowings	22	17,605	12,437
Derivative financial instruments	26	16,251	23,438
Provisions	23	128,230	114,008
Income tax payable	6	35,819	17,650
		731,112	619,650
Liabilities associated with assets held for sale		205	-
Total Current Liabilities		731,317	619,650
Non-current Liabilities			
Interest-bearing loans and borrowings	24	1,322,838	1,420,532
Provisions	23	222,447	207,451
Pension liability	31	14,325	6,646
Derivative financial instruments	26	17,843	14,129
Other creditors		9,706	-
Deferred income tax liability	6	33,960	9,558
Total Non-current Liabilities		1,621,119	1,658,316
TOTAL LIABILITIES		2,352,436	2,277,966
NET ASSETS		1,223,943	909,162
EQUITY			
Issued capital	25	713,523	447,774
Treasury shares	25	(8,081)	(10,210)
Convertible Adjustable Rate Equity Securities (CARES)	25	252,165	252,165
Cash flow hedges		(22,252)	(25,379)
Share based payment reserve		16,397	9,776
Vested employee equity		(14,019)	(11,890)
Other reserves		(8,944)	(4,795)
Retained earnings		306,485	251,334
Parent interests		1,235,274	908,775
Non-controlling interests		(11,331)	387
TOTAL EQUITY		1,223,943	909,162

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Balance at 1 July 2009 $000	Changes in Equity for the Year to 30 June 2010 Dividends $000	Share placement and DRP $000	Treasury shares vesting to employees in the year $000	Share based payment reserve $000	Non-Controlling Interest in Proclif $000	Total comprehensive income for the year, net of tax $000	Balance at 30 June 2010 $000
Issued Capital		447,774	-	265,749	-	-	-	-	713,523
Treasury Shares		(10,210)	-	-	2,129	-	-	-	(8,081)
Convertible Preference Shares - CARES		252,165	-	-	-	-	-	-	252,165
Share Based Payment Reserve		9,776	-	-	-	6,621	-	-	16,397
Cash Flow Hedges		(25,379)	-	-	-	-	-	3,127	(22,252)
Hedge of a Net Investment		31,784	-	-	-	-	-	27,018	58,802
Foreign Currency Translation		(36,579)	-	-	-	-	-	(31,167)	(67,746)
Actuarial Gains and Losses		(862)	-	-	-	-	-	(1,476)	(2,338)
Retained Earnings		252,196	(91,655)	-	-	-	-	148,282	308,823
Vested Employee Equity		(11,890)	-	-	(2,129)	-	-	-	(14,019)
Members of the Parent		908,775	(91,655)	265,749	-	6,621	-	145,784	1,235,274
Non-controlling interests		387	(8)	-	-	-	(12,274)	564	(11,331)
Total Equity		909,162	(91,663)	265,749	-	6,621	(12,274)	146,348	1,223,943

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Changes in Equity for the Year to 30 June 2009

	Notes	Balance at 1 July 2008 $000	Dividends $000	Share placement and DRP $000	Treasury shares vesting to employees in the year $000	Shares purchased for Executive Performance Share Plan $000	Share based payment reserve $000	Total comprehensive income for the year, net of tax $000	Balance at 30 June 2009 $000
Issued Capital		437,622	-	10,152	-	-	-	-	447,774
Treasury Shares		(13,599)	-	-	5,395	(2,006)	-	-	(10,210)
Convertible Preference Shares - CARES		252,165	-	-	-	-	-	-	252,165
Share Based Payment Reserve		7,184	-	-	-	-	2,592	-	9,776
Cash Flow Hedges		21,342	-	-	-	-	-	(46,721)	(25,379)
Hedge of a Net Investment		28,248	-	-	-	-	-	3,536	31,784
Foreign Currency Translation		(34,921)	-	-	-	-	-	(1,658)	(36,579)
Actuarial Gains and Losses		-	-	-	-	-	-	(862)	(862)
Retained Earnings		222,263	(76,540)	-	-	-	-	106,473	252,196
Vested Employee Equity		(6,495)	-	-	(5,395)	-	-	-	(11,890)
Members of the Parent		913,809	(76,540)	10,152	-	(2,006)	2,592	60,768	908,775
Non-controlling interests		355	-	-	-	-	-	32	387
Total Equity		914,164	(76,540)	10,152	-	(2,006)	2,592	60,800	909,162

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $000	2009 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,412,587	3,167,565
Payments to suppliers and employees		(2,934,339)	(2,775,275)
Income tax paid		(59,809)	(51,266)
Finance costs		(81,128)	(99,278)
Net cash flows from operating activities	10	337,311	241,746
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(175,012)	(267,279)
Proceeds from sale of property, plant and equipment		-	10,624
Interest received		6,418	5,742
Acquisition of subsidiary, net of cash received	11	(70,793)	-
Net cash flows used in investing activities		(239,387)	(250,913)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(83,534)	(66,389)
Repayment of principal to Bondholders		(2,484)	(2,367)
Repayment of finance lease - principal		(2,057)	(1,786)
Purchase of ordinary shares		-	(2,006)
Proceeds from issue of shares		257,628	-
(Repayments of)/proceeds from borrowings		(169,823)	77,790
Net cash flows (used in)/from financing activities		(270)	5,242
Net increase/(decrease) in cash and cash equivalents		97,654	(3,925)
Net foreign exchange differences on cash held		(1,260)	(48)
Cash and cash equivalents at beginning of year		89,295	93,268
Cash and cash equivalents at end of year	10	185,689	89,295

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 and listed investments which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items are otherwise carried at cost.

Comparatives have been disclosed on a consistent basis and as used in the annual financial statements for the year ended 30 June 2009.

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 IFRS and may not be directly comparable with core net profit after tax from continuing operations measures used by other companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

	Consolidated	
	2010 $000	2009 $000
Core profit after tax from continuing operations		
Profit from continuing operations before tax, specific items and finance costs	338,040	307,335
Less: Finance costs	(79,692)	(97,360)
Profit from continuing operations before tax and specific items	258,348	209,975
Add: Amortisation - operating rights	2,173	1,736
Profit from continuing operations before tax, specific items and amortisation	260,521	211,711
Profit attributable to non-controlling interests	(742)	(32)
Income tax expense on continuing operations (excluding specific items)	(81,292)	(65,284)
Core profit after tax from continuing operations	178,487	146,395
Core earnings per share from continuing operations		
Core profit after tax from continuing operations (above)	178,487	146,395
Less: CARES Dividend	(11,860)	(17,194)
Core profit after tax from continuing operations used to calculate Core earnings per share continuing operations	166,627	129,201
Weighted average number of ordinary shares adjusted for effect of dilution	197,106,727	174,356,259
Core earnings per share from continuing operations	84.54 c	74.10 c
Reconciliation of core profit after tax from continuing operations to profit attributable to members of the parent		
Core profit after tax from continuing operations (above)	178,487	146,395
Specific items and amortisation of intangibles (net of tax)		
- Non-cash rent expense relating to leased UK hospitals	(21,880)	(29,707)
- Other	(8,325)	(10,215)
Net profit attributable to members of the parent	148,282	106,473

(b) Compliance with IFRS

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New Accounting Standards and Interpretations

(i) Changes in Accounting Policy and Disclosures

From 1 July 2009 the Group adopted the following Standards and Interpretation, adoption of these Standards and Interpretations did not have any significant effect on the financial position or performance of the Group for the year ended 30 June 2010. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

- AASB 101 (*Revised) AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments.*
- AASB 127 (*Revised)Consolidated and Separate Financial Statements*
- AASB 3 *Revised Business Combinations*
- AASB Int 16 *Hedges of a Net Investment in a Foreign Operation*
- AASB 7 *Financial Instruments (Revised)*
- AASB Int 17 *and AASB 2008-13 Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 10*
- AASB Int 18 *Transfers of Assets from Customer*
- AASB 8 and AASB 2007-3 *Operating Segments and consequential amendments to other Australian Accounting Standards*
- AASB 1039 *(Revised) Concise Reporting*
- AASB 123 *(Revised) and AASB 2007-6 Borrowing Costs and consequential amendments to other Australian Accounting Standards*
- AASB 2008-1 *Amendments to Australian Accounting Standard-Share based Payments: Vesting Conditions and Cancellations*
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- AASB 2008-8 *Amendments to Australian Accounting Standards - Eligible Hedged Items*
- AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 and AASB 1038)*
- AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16)*
- AASB 2009-Y *Amendments to Australian Accounting Standards (AASB 5,7,107,112,136 & 139 and Interpretation 17)*

The principal effects of these changes are:

AASB 3 Business Combinations (revised 2008)

AASB 3 introduced significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests (previously ‘minority interests’), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

AASB 8 Operating Segments

The AASB issued AASB 8 in February 2007. AASB 8 replaces AASB 114 Segment Reporting (IAS 14) upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in Note 12, including the related revised comparative information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New Accounting Standards and Interpretations (Continued)

(i) Changes in Accounting Policy and Disclosures (Continued)

AASB 7 Financial Instruments: Disclosures
The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements relating to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 3. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 3.

AASB 101 Presentation of Financial Statements
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two linked statements.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
The amendments delete the reference to the “cost method” making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and the income statement. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary. The receipt of dividends by Ramsay Health Care Limited during the year did not impact the recoverability of the investment in the subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

(ii) Accounting Standards and Interpretations issued but not yet effective

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 2010, are outlined in the table on the following pages.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(c) New Accounting Standards and Interpretations (Continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	These amendments are only expected to effect 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.	1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(c) New Accounting Standards and Interpretations (Continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ► two categories for financial assets being amortised cost or fair value ► removal of the requirement to separate embedded derivatives in financial assets ► strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows ► an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition ► reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes ► changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Group has not yet determined the extent of the impact of these amendments if any.	1 July 2013
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 January 2011	The Group's defined benefit pension plans are currently in deficit so these amendments are unlikely to have any impact on the Group in the short term.	1 July 2011

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation

Subsequent to 1 July 2009

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited and its subsidiaries and special purpose entities as at and for the period ended 30 June each year (‘the Group'). Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

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

Investments in subsidiaries held by Ramsay Health Care Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Non-controlling interests represent the interest in Health Care Trust No 1, Glenferrie Private Hospital Pty Limited, PT Affinity Health Indonesia and Ramsay Santé SA not held by the Group.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it
- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

Prior to 1 July 2009

In comparison to the above mentioned requirements which were applied on a prospective basis from 1 January 2009, the following differences applied:

- Non-controlling interests (formerly known as minority interests) represented the portion of profit or loss and net assets of a subsidiary that were not wholly-owned by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of non-controlling interests were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

(e) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next five years together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments. If an impairment trigger exists the recoverable amount of the asset is determined.

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Significant accounting judgements, estimates and assumptions (continued)

(i) Significant accounting judgements (continued)

Taxation

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of patient volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

(ii) Significant accounting estimates and judgements

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 19.

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 27.

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.

Pension benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate management considers the interest rates of corporate bonds in the respective country. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 reporting 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 reporting 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 reporting 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 Santé SA, is Euro. As 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 reporting 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.

(g) 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)

(g) 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.

(h) 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.

(i) 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 reporting format determined in accordance with AASB 8 “Operating Segments”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

(j) Impairment of non – financial assets other than goodwill and intangibles

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 a 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.

(k) Investments and other financial assets

Investments and 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.

Recognition and derecognition
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. Financial assets are derecognised when the right to receive cashflows from the financial assets have expired or been transferred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investments and other financial assets (continued)

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. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non – current.

(l) 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.

(m) 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.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable 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.

(n) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position 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 Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted cash.

(o) 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.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 shares or rights over shares (‘equity-settled transactions’).

There is currently one plan in place to provide these benefits, being the Executive Performance Rights Plan (Equity-settled transactions), which provides benefits to senior executives and executive directors.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the 30 June 2010 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 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.

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.

(r) 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)

(r) Leases (continued)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Onerous/Unfavourable lease
A lease whereby the carrying value exceeds the fair value is considered an onerous/unfavourable lease. These onerous/unfavourable leases are reflected as a liability with an assigned fair value and are amortised over the remaining life of the lease term.

(s) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent 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:

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 granted are recognised in the income statement as an integral part of the total rental income.

Income from ancillary services
Income from ancillary services is recognised on the date the services are provided to the customer.

Income from sale of medical suites
Income from sale of medical suites is recognised when the payment is received.

(t) Government grants

Government grants are recognised in the Statement of Financial Position as a liability when the grant is received. Government grants are recognised in the income statement 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.

(u) 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 reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

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 reporting 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 reporting 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 reporting 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.

(v) 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 Statement of Financial Position.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates. 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.

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.

(ii) Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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.

(y) 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 consistent with the methodology outlined for goodwill impairment testing. 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 assets are as follows:

Operating Rights
Useful lives
Finite
Amortisation method used
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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Intangible assets (continued)

Development Costs
Useful lives
Finite
Amortisation method used
Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired
Internally generated
Impairment testing
Annually for assets not yet available for use. 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.

(z) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature and they are not discounted. They 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. The amounts are unsecured.

(aa) 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.

(ab) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) 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.

(ad) 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.

(ae) Business combinations

Subsequent to 1 July 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional interest in the acquiree acquired did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquirer were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract. Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(af) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Managing Director and the Board of Directors.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(ag) 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 not 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 dispose 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, and the assets and liabilities are presented separately on the face of the Statement of Financial Position.

(ah) Pensions and other post-employment benefits

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of the defined benefit obligation) and is based on actuarial advice.

The employer's portion of the current services cost, past service costs related to employee service in prior periods, and any curtailment gains or losses are charged to the income statement.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the period.

The interest cost on liabilities net of the expected return on asset in the plans, is charged to the finance expense line in the income statement.

Actuarial gains and losses are recognised in full in equity. These comprise on scheme assets, the difference between the expected and actual return on assets, and, on scheme liabilities, the difference between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) Pensions and other post-employment benefits (continued)

The defined benefit pension asset or liability in the Statement of Financial Position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the group expects to recover by way of refunds from the plan or reductions in the future contributions.

(ai) Service Concession Assets – Right to operate hospitals

Service concession assets represent the Group’s rights to operate hospitals under Service Concession Arrangements. Service concession assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered. Service concession assets acquired by the group are recorded at the fair value of the assets at the date of acquisition. All service concession assets are classified as intangible assets and are amortised over the term of the lease on a straight line basis (range between 7 to 27 years) and are tested for impairment whenever there is an indication that the intangible may be impaired. The amortisation method is reviewed at least each financial year-end.

In previous periods, some of the Group’s expenditure on concession assets was classified as Property, Plant and Equipment and depreciated over the term of the lease. On initial adoption of IFRIC 12 Service Concession Arrangements, the company used the carrying amounts of concession assets previously classified as Property, Plant and Equipment as the carrying amounts of Intangible Assets as allowed by the transitional provisions of IFRIC 12 Service Concession Arrangements.

To the extent that the Group has an unconditional right to receive cash or other financial assets under the Service Concession Arrangements a financial asset has been recognised. The financial asset is measured at fair value on initial recognition and thereafter at amortised cost using the effective interest rate method. The financial asset will be reflected on initial recognition and thereafter as a ‘loan or receivable’.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, finance leases, cash and short-term deposits, available-for-sale financial assets and derivatives.

Risk Exposures and Responses

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions, principally interest rate swap contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Group has entered into a Syndicated Facility Agreement with its Banks. The Syndicated Facility Agreement is with prime financial institutions. By entering into a Syndicated Facility Agreement with a number of financial institutions compared to financing through a Bilateral Facility Agreement, the Group has reduced its counterparty risk.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Responses (continued)

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

(a) Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in note 33.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	Consolidated	
	2010	**2009**
	$000	**$000**
Financial Assets		
Cash and cash equivalents	185,689	89,295
Financial Liabilities		
Bank Loans	(439,461)	(454,343)
Net exposure	(253,772)	(365,048)

Interest rate derivatives contracts are outlined in note 26, with a net negative fair value of $32,781,000 (2009: negative: $37,567,000, are exposed to fair value movements if interest rates change.

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group's policy is to maintain at least 50% of its borrowings at fixed rates which are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 30 June 2010, after taking into account the effect of interest rate swaps, approximately 64% (2009: 67%) of the Group's borrowings are at a fixed rate of interest.

The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Responses (continued)

(a) Interest rate risk (continued)

At 30 June 2010, if the prevailing market cash interest rates had moved by +/- 1% (100 basis points) per annum from the year end rates, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2010	2009	2010	2009
	$000	$000	$000	$000
AUD				
+1% (100 basis points)	(2,611)	(3,067)	3,687	3,836
-1% (100 basis points)	2,217	3,069	(3,767)	(3,949)
GBP				
+1% (100 basis points)	(202)	(382)	6,105	9,024
-1% (100 basis points)	180	384	(6,194)	(9,402)
IDR				
+1% (100 basis points)	(156)	52	-	-
-1% (100 basis points)	156	(52)	-	-
EUR				
+1% (100 basis points)	471	-	-	-
-1% (100 basis points)	(712)	-	-	-

The 1% sensitivity is based on reasonably possible movements, over a financial year, using historical rates for the preceding 5 year period and under the current economic conditions.

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The change in sensitivity in 2010, lower for profit than equity, comparing to 2009 is due to the increase of the level of hedging in 2010. There was a decrease of borrowings and a decrease of interest rate swaps engaged.

(b) Foreign currency risk

United Kingdom
As a result of significant operations in the United Kingdom, the Group's Statement of Financial Position can be affected significantly by movements in the AUD/GBP exchange rates. The Group seeks to mitigate the effect of its foreign currency exposure by borrowing in British Pounds.

At 30 June 2010, the Group had the following exposure to GBP that is not designated in net investment hedges:

	Consolidated	
	2010	2009
	£000	£000
Financial Assets		
Cash and cash equivalents	1,332	117
Financial Liabilities		
Interest bearing loans and borrowings	-	(9,500)
Equity		
Residual net investment not hedged	5,748	-
Net exposure	7,080	(9,383)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Reponses (continued)

(b) Foreign currency risk (continued)

The Group has a GBP borrowing of £117,000,000 (2009: £107,500,000) that is designated as a hedge of the net investment in the UK operation. Further information on the hedge is set out in note 26.

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2010, had the Australian Dollar moved +/-10% against the British Pound, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity* Higher/(Lower)	
	2010	2009	2010	2009
	$000	$000	$000	$000
Consolidated				
AUD/GBP +10%	216	1,014	930	19,965
AUD/GBP -10%	(237)	(1,239)	(1,023)	(24,401)

The 10% sensitivity is based on reasonably possible movements, over a financial year, using historical rates for the preceding 5 year period and under the current economic conditions.

The movements in profit are due to the effect to the unrealised foreign currency gain/loss, by applying an exchange rate sensitivity to the UK financial instruments not designated in net investment hedges.

* Movements disclosed for variation in exchange rates relate to financial instruments. These would be offset by equal movements to the assets of the net investment giving an overall impact to equity of zero.

France
As a result of operations in the France, the Group's Statement of Financial Position can be affected significantly by movements in the AUD/EUR exchange rates.

At 30 June 2010, the Group had the following exposure to the EURO that is not designated in net investment hedges:

	Consolidated	
	2010	2009
	EUR 000	EUR 000
Net Equity at 30 June 2010	41,809	-
Subordinated bonds	43,232	-
Net exposure	85,041	-

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Reponses (continued)

(b) Foreign currency risk (continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2010, had the Australian Dollar moved +/-10% against the Euro, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2010	2009	2010	2009
	$000	$000	$000	$000
Consolidated				
AUD/EUR +10%	3,930	-	5,555	-
AUD/EUR -10%	(4,323)	-	(6,110)	-

The 10% sensitivity is based on reasonably possible movements, over a financial year, using historical rates for the preceding 5 year period and under the current economic conditions.

The movements in profit are due to the effect to the unrealised foreign currency gain/loss, by applying an exchange rate sensitivity to the Euro financial instruments.

(c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, available-for-sale financial assets and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The majority of transactions are with the Government and Health Funds.

The Group’s credit policy requires all debtors to pay in accordance with agreed terms. The payment terms for the major debtors range from 15 days to 30 days. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group’s credit risk is evenly spread across a number of Health Funds and the Government. The Group does not have any significant credit risk exposure to a single debtor or group of related debtors. Derivative financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

The credit quality of financial assets that are neither past due nor impaired is considered to be high, due to the absence of defaults, and the fact that the Group deals with creditworthy Health Funds and the Government. Management has also put in place procedures to constantly monitor the exposures in order to manage its credit risk.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group’s subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Ramsay has established management reporting covering its worldwide business units that reflects expectations of management of expected settlement of financial assets and liabilities.

The Group continually reviews its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Reponses (continued)

(d) Liquidity risk (continued)

A. Non-derivative financial liabilities

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities are based on contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount if paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the tables below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital including inventories and trade receivables.

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

Year ended 30 June 2010	≤ 1 year $000	1-2 years $000	2-5 years $000	>5years $000	Total $000
Consolidated					
Liquid financial assets					
Cash and cash equivalents	185,689	-	-	-	185,689
Trade and other receivables	470,873	5,024	15,072	12,739	503,708
	656,562	5,024	15,072	12,739	689,397
Consolidated					
Financial liabilities					
Trade and other payables	(633,887)	(104,861)	(314,582)	(2,577,664)	(3,630,994)
Interest-bearing loans and borrowings	(62,271)	(77,306)	(241,213)	(1,224,980)	(1,605,770)
Sub-ordinated bonds	-	-	(5,453)	(59,502)	(64,955)
	(696,158)	(182,167)	(561,248)	(3,862,146)	(5,301,719)
Net (outflow)	(39,596)	(177,143)	(546,176)	(3,849,407)	(4,612,322)

B. Derivative financial liabilities

Due to the unique characteristics and risks inherent to derivative instruments, the Group (through the Group Treasury Function) separately monitors the liquidity risk arising from transacting in derivative instruments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Reponses (continued)

(d) Liquidity risk (continued)

B. Derivative financial liabilities (continued)

The table below details the liquidity risk arising from the derivative liabilities held by the Group at balance date. Net settled derivative liabilities comprise forward commodity contracts that are used as economic hedges of commodity purchases. Gross settled derivatives mainly comprise forward exchange contracts that are used to hedge future purchase commitments.

Consolidated	< 6 months $000	6 – 12 months $000	1 – 5 years $000	>5 years $000	Total $000
Year ended 30 June 2010					
Derivatives liabilities – net settled	8,144	8,229	18,446	1	34,820
Net maturity	**8,144**	**8,229**	**18,446**	**1**	**34,820**

(e) Fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

Consolidated	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total $000
Financial assets				
Derivative instruments	-	1,313	-	1,313
Financial liabilities				
Derivative instruments	-	(34,094)	-	(34,094)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk Exposures and Reponses (continued)

(e) Fair value (continued)

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

	Consolidated	
	2010 $000	**2009 $000**
4. REVENUE		
Revenue from Continuing Operations		
Revenue from patients	3,344,860	3,164,967
Rental income		
Other persons/corporations	25,105	22,348
Bad debts recovered	19	13
Income from ancillary services	29,270	34,979
Other income	-	43
Interest		
Other persons/corporations	6,418	5,742
Net gain on disposal of property, plant and equipment	-	1,555
Revenues from continuing operations	3,405,672	3,229,647
Specific items - Income from sale of medical suites	41,109	-
	3,446,781	3,229,647
5. EXPENSES		
Expenses from Continuing Operations		
(a) Depreciation included in income statement		
- Plant and equipment	61,626	78,413
- Buildings	67,180	29,923
Total depreciation	128,806	108,336
(b) Amortisation included in income statement		
- Right to operate hospitals	2,173	1,736
- Development cost	6,173	-
Total amortisation	8,346	1,736

5. EXPENSES (CONTINUED)

	Consolidated	
	2010 $000	**2009 $000**
(c) Operating lease costs and incentive		
Lease costs included in occupancy costs expenses in the income statement	102,996	110,378

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:

Deferred rent from leases with fixed annual increments in rent	31,766	41,260
Reduction in operating profit resulting from accounting in accordance with AASB 117 "Leases" and UIG 115 "Operating leases – incentives"	(31,766)	(41,260)

Ramsay Health Care (UK) Limited has entered into 30 year term lease agreements for the rent of hospital properties. The lease agreements have fixed annual increases 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 2010 was lower than the rent expensed by $31,766,000 (2009: $41,260,000).The ongoing effect of the difference between cash rent paid and rent expense will be separately identified at each period.

	Consolidated	
	2010 $000	**2009 $000**
(d) Employee benefits expense		
Wages and salaries	1,503,081	1,444,782
Workers' compensation expense	17,375	13,721
Superannuation expense	86,934	82,456
Termination benefits expense	301	857
Other employment expense	46,245	21,656
Share-based payments expense (including expense arising from transactions accounted for as equity-settled share-based payment transactions)	3,250	2,814
	1,657,186	1,566,286
Specific items - termination benefits included in acquisition, restructuring and integration costs	862	3,166
	1,658,048	1,569,452
(e) Finance costs		
- Interest expense		
Other persons/corporations	84,658	101,737
- Finance charges - lease liability	1,145	1,656
Total Finance costs	85,803	103,393
Less: Finance costs capitalised	(6,111)	(6,033)
Total finance costs expensed for continuing operations (excluding specific items)	79,692	97,360

	Consolidated	
	2010 $000	**2009 $000**
6. INCOME TAX		
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Continuing operations:		
Current income tax		
Current income tax charge	79,199	58,162
Adjustments in respect of previous years	(2,772)	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,447)	(11,944)
Adjustments in respect of deferred income tax of previous years	(3,069)	1,547
Income tax expense reported in the income statement	**71,911**	**47,765**
(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate		
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	220,757	154,270
Accounting profit before income tax	220,757	154,270
At the Parent Entity's statutory income tax rate of 30% (2009: 30%)	66,227	46,281
Expenditure not allowable for income tax purposes	8,554	3,110
Foreign tax rate adjustment	(593)	1,104
Other	(2,277)	(2,730)
	71,911	**47,765**
Income tax expense reported in the consolidated income statement attributable to continuing operations	71,911	47,765
Income tax attributable to discontinued operations	-	-
	71,911	**47,765**
(c) Amounts charged or credited directly to equity		
Deferred income tax related to items charged or credited directly to equity		
Net unrealised gains	1,733	(19,855)
Treasury shares	(3,369)	191
	(1,636)	**(19,664)**

6. INCOME TAX (CONTINUED)

(d) Recognised deferred tax assets and liabilities

	Consolidated			
	2010 $000 Current income tax	2010 $000 Deferred income tax	2009 $000 Current income tax	2009 $000 Deferred income tax
Opening balance	(17,650)	38,575	(10,466)	9,156
(Charged)/ credited to income	(76,428)	4,517	(58,162)	10,397
(Charged)/ credited to equity	-	1,636	-	19,664
Payments/(Refunds)	57,492	-	50,859	-
Exchange differences	(54)	(2,679)	119	(642)
Acquisition of subsidiary	821	(2,859)	-	-
Closing balance	(35,819)	39,190	(17,650)	38,575
Tax expense in the income statement		(71,911)		(47,765)
Amounts recognised in the statement of financial position				
Deferred tax asset		73,150		48,133
Deferred tax liability		(33,960)		(9,558)
		39,190		38,575

	2010 $000	2009 $000
Deferred income tax at 30 June relates to the following:		
CONSOLIDATED		
(i) Deferred tax liabilities		
Inventory	(10,734)	(8,754)
Recognition of revenue	(8,989)	(9,460)
Depreciable assets	(66,453)	(48,161)
Other	(12,023)	(7,324)
Other provisions and lease liabilities	(11,656)	(11,656)
Gross deferred tax liabilities	**(109,855)**	**(85,355)**
Set-off of deferred tax assets	75,895	75,797
Net deferred tax liabilities	**(33,960)**	**(9,558)**
CONSOLIDATED		
(ii) Deferred tax assets		
Employee provisions	60,040	51,502
Other provisions and lease liabilities	49,724	54,332
Unearned income	3,968	2,963
Other	25,777	3,863
Derivatives	9,536	11,270
Gross deferred tax assets	**149,045**	**123,930**
Set - off of deferred tax assets	(75,895)	(75,797)
Net deferred tax assets	**73,150**	**48,133**

6. INCOME TAX (CONTINUED)

(e) Tax losses

At 30 June 2010, there is $54,349,617 (2009: $53,052,117) 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.

(f) Tax consolidation

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 standalone 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. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

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 and deferred taxes using a group allocation method, on a modified standalone basis 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 and deferred tax amounts 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.

As a result of tax consolidation intercompany assets of Ramsay Health Care Limited have increased by $34,841,000 (2009: increased $4,103,000).

(g) Tax relating to other comprehensive income

	Consolidated	
	2010 $000	**2009 $000**
Disclosure of tax effects relating to each component of other comprehensive income		
- Cashflow hedges taken to equity	(9,071)	21,945
- Cashflow hedges transferred to the income statement	7,731	(1,922)
	(1,340)	20,023

7. ASSETS CLASSIFIED AS HELD FOR SALE

Property, plant and equipment that is available for sale to external parties and has been written down to fair value	8,040	3,200

Assets are held for sale to external parties in the next 6 months. Assets are non-core parts of the Asia Pacific segment.

8. 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.

	2010 $000	2009 $000
Net profit for the year attributable to the members of the parent	148,282	106,473
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(11,860)	(17,194)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share from continuing operations	136,422	89,279

	2010 Number of Shares	2009 Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	196,473,531	173,935,078
Effect of dilution – share rights	633,196	421,181
Weighted average number of ordinary shares adjusted for the effect of dilution	197,106,727	174,356,259

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 to Executives (Note 27) have the potential to dilute earnings per share.

9. DIVIDENDS PAID OR PROPOSED

	Consolidated 2010 $000	Consolidated 2009 $000
(a) Dividend on ordinary shares paid during the year:		
(i) Interim dividend paid		
Franked dividends – ordinary (18.5 cents per share) (2009: 16.5 cents per share)	37,385	28,856
(ii) Previous year final dividend paid		
Franked dividends – ordinary (21.5 cents per share) (2009: 17.5 cents per share)	42,410	30,490
	79,795	59,346
(b) Dividend proposed and not recognised as a liability:		
Current year final dividend proposed		
Franked dividends – ordinary (25.0 cents per share) (2009: 21.5 cents per share)	50,520	37,680
(c) Dividends on CARES paid during the year	11,860	17,194
(d) Dividends on CARES proposed and not recognised as a liability	6,901	5,365

	Parent 2010 $000	Parent 2009 $000
(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% (2009: 30%)	108,617	93,675
- franking credits that will arise from the payment of income tax payable as at the end of the financial year *	14,923	12,215
	123,540	105,890
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.	(24,609)	(18,448)
	98,931	87,442

* 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 Australian group.

The tax rate at which paid dividends have been franked is 30% (2009: 30%). $57,421,000 (2009: $43,045,000) of the proposed dividends will be franked at the rate of 30% (2009: 30%).

10. CASH AND CASH EQUIVALENTS

	Consolidated 2010 $000	Consolidated 2009 $000
Cash at bank and in hand	185,689	89,295

Reconciliation to Cash Flow Statement
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June

	2010 $000	2009 $000
Cash at bank and in hand	185,689	89,295

Reconciliation of net profit after tax to net cash flows from operations

	2010 $000	2009 $000
Net profit after tax for the year	148,846	106,505
Adjustments for:		
Depreciation and amortisation	137,152	110,072
Decrease in value of non - current assets	11,018	-
Interest received	(6,418)	(5,742)
Net gain on sale of non - current assets	-	(1,555)
Changes in assets and liabilities		
Deferred tax	(7,786)	(19,551)
Receivables	(27,776)	(50,315)
Other assets	(7,944)	(1,294)
Creditors and accruals	35,439	36,112
Provisions	59,960	58,080
Inventory	(25,067)	(3,897)
Tax provisions	19,887	13,331
Net cash from operating activities	337,311	241,746

Disclosure of financing facilities
Refer to note 33.

Disclosure of non-cash financing and investing activities

Under the terms of the dividend reinvestment plan (‘the plan’) $8,121,417 (2009: $10,152,489) dividends were paid via the issue of 759,627 (2009: 1,027,530) ordinary shares during the year. The dividend re-investment plan was suspended by the Directors for the dividend payable in April 2010.

11. BUSINESS COMBINATIONS

Acquisition of the Proclif Group – 2010

On 29 March 2010, Ramsay acquired 57% of the share capital of the Proclif Group. The Group has provisionally recognised the fair values of the identifiable assets and liabilities of the Proclif Group based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	$000
Cash	60,826
Accounts Receivable	21,944
Inventory	3,758
Other assets	13,159
Property, plant and equipment	117,475
Creditors	(19,623)
Accruals and provisions – current	(29,476)
Derivatives liability	(790)
Bank loan and other interest bearing liabilities	(80,825)
Subordinated bonds	(95,758)
Provisions – non-current	(11,282)
Other liabilities – non current	(11,339)
Deferred income tax liability	(2,859)
Provisional fair value of identifiable net assets	(34,790)
Non-controlling interest in identifiable acquired net liabilities	12,274
Sub-ordinated bonds eliminated on consolidation	51,814
Goodwill arising on acquisition	102,321
	131,619
Acquisition date fair value of consideration transferred	
Cash paid	131,619
	131,619
Direct costs relating to the acquisition	6,934
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	60,826
Cash paid	(131,619)
Net consolidated cash outflow	(70,793)

The non-controlling interest is 43%. The value of the non-controlling interest was calculated using the fair value of the identifiable net assets as at the acquisition date.

11. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of the Proclif Group – 2010

Key factors contributing to the $102,321,000 of goodwill are the synergies existing within the acquired business and the synergies expected to be achieved as a result of combining the Proclif facilities with the rest of the Group. The goodwill balance represents goodwill attributed to the parent only, as indicated goodwill attributable to the non-controlling interest has not been recognised. This acquisition provides a number of strategic benefits for The Ramsay group, as follows:

- entry into a stable integrated public and private hospital system underpinned by strong regulatory framework and funding support;

- growing demand for acute care driven by an ageing French population;

- increasing private sector participation in the industry in co-ordination with public hospitals and authorities; and

- provide a solid platform, local management expertise and investment partner for further expansion in France.

The results of the Proclif Group from acquisition to 30 June 2010 are disclosed separately in the segment note.

The revenue and results of the total Ramsay Group, for the year ended the 30 June 2010, as though the Proclif Group was acquired on 1 July 2009, would not be significantly different to the Group results as reported.

Included in the business acquired were receivables with a gross contractual and fair value of $21,944,000 resulting from providing services to patients. Management expects these to be collected in full and converted to cash consistent with customer terms.

12. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the country in which the service is provided, as this is the Group's major risk and has the most effect on the rate of return, due to differing currencies and differing health care systems in the respective countries. The group has three reportable operating segments being Asia Pacific, the United Kingdom and France.

Discrete financial information about each of these operating businesses is reported to the Managing Director and his management team on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are 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. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained in Note 2 to the accounts and in prior periods.

12. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations			
	Asia Pacific $000	**UK $000**	**France $000**	**Total $000**
Year ended 30 June 2010				
Revenue				
Revenue from services	2,716,735	627,954	54,565	3,399,254
Total revenue before intersegment revenue	2,716,735	627,954	54,565	3,399,254
Intersegment revenue	3,413	-	-	3,413
Total segment revenue	2,720,148	627,954	54,565	3,402,667
Results				
Segment net profit/(loss) after tax	165,947	13,100	(560)	178,487
Specific Items				
- Income from sale of medical suites	41,109	-	-	41,109
- Book value of medical suites sold	(25,553)	-	-	(25,553)
- Ineffectiveness of interest rate hedge	(89)	-	-	(89)
- Acquisition, restructuring and integration costs	(11,771)	(322)	(573)	(12,666)
- Development projects costs	(1,351)	-	-	(1,351)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	3,743	-	-	3,743
- Impairment of non-current assets	(7,581)	(3,437)	-	(11,018)
- Non - cash rent expense relating to UK leased hospitals	-	(31,766)	-	(31,766)
Finance costs	(47,332)	(27,660)	(4,700)	(79,692)
Interest income	6,418	-	-	6,418
Income tax expense	(68,217)	(2,722)	(972)	(71,911)
Depreciation	(83,779)	(42,044)	(2,983)	(128,806)
Amortisation - software	(6,082)	-	(91)	(6,173)
Amortisation - operating rights	(2,173)	-	-	(2,173)

12. SEGMENT INFORMATION (CONTINUED)

	Total and continuing operations			
	Asia Pacific $000	UK $000	France $000	Total $000
Year ended 30 June 2010				
Assets and liabilities				
Segment assets	2,989,989	772,096	306,688	4,068,773
Segment liabilities	(1,704,504)	(553,611)	(245,759)	(2,503,874)
Other segment information				
Capital expenditure	168,263	42,730	2,541	213,534
Cash flow information				
Net cash flows from operating activities	266,485	65,719	5,107	337,311
Net cash flow from investing activities	(149,207)	(89,549)	(631)	(239,387)
Net cash flow from financing activities	(38,186)	39,449	(1,533)	(270)

12. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations		
	Asia Pacific $000	**UK $000**	**Total $000**
Year ended 30 June 2009			
Revenue			
Revenue from services	2,532,419	689,931	3,222,350
Other revenue	1,555	-	1,555
Total revenue before intersegment revenue	2,533,974	689,931	3,223,905
Intersegment revenue	3,072	-	3,072
Total segment revenue	2,537,046	689,931	3,226,977
Results			
Segment net profit after tax	140,555	5,840	146,395
Specific Items			
- Ineffectiveness of interest rate hedge	(111)	-	(111)
- Acquisition, restructuring and integration costs	(370)	(3,456)	(3,826)
- Development projects costs	(3,227)	(1,480)	(4,707)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	622	-	622
- Impairment of non-current assets	-	(6,423)	(6,423)
- Non - cash rent expense relating to UK leased hospitals	-	(41,260)	(41,260)
Finance costs	(62,170)	(35,190)	(97,360)
Interest income	5,742	-	5,742
Income tax expense	(45,045)	(2,720)	(47,765)
Depreciation	(75,766)	(32,570)	(108,336)
Amortisation of intangibles - operating rights	(1,736)	-	(1,736)

12. SEGMENT INFORMATION (CONTINUED)

	Total and continuing operations		
	Asia Pacific $000	UK $000	Total $000
Year ended 30 June 2009			
Assets and liabilities			
Segment assets	2,763,183	707,857	3,471,040
Segment liabilities	(1,793,208)	(501,463)	(2,294,671)
Other segment information			
Capital expenditure	193,094	81,599	274,643
Cash flow information			
Net cash flows from operating activities	180,694	61,052	241,746
Net cash flow from investing activities	(175,435)	(75,478)	(250,913)
Net cash flow from financing activities	(12,718)	17,960	5,242

12. SEGMENT INFORMATION (CONTINUED)

i) Segment revenue reconciliation to income statement

	Consolidated 2010 $000	Consolidated 2009 $000
Total segment revenue	3,402,667	3,226,977
Inter - segment sales elimination	(3,413)	(3,072)
Interest income	6,418	5,742
Total revenue – income statement	3,405,672	3,229,647

ii) Segment net profit after tax reconciliation to income statement

The executive management committee meets on a monthly basis to assess the performance of each segment by analysing the segment's core net profit after tax. A segment's core net profit after tax excludes income and expenses from specific items and amortisation.

Reconciliation of segment core net profit after tax to profit before tax from continuing operations	Consolidated 2010 $000	Consolidated 2009 $000
Segment core net profit after tax	178,487	146,395
Income tax expense on core profit	81,292	65,284
Specific Items		
- Ineffectiveness of interest rate hedge	(89)	(111)
- Amortisation restructuring and integration costs	(12,666)	(3,826)
- Development projects costs	(1,351)	(4,707)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	3,743	622
- Non - cash rent expense relating to UK leased hospitals	(31,766)	(41,260)
- Impairment of non-current assets	(11,018)	(6,423)
- Amortisation of intangibles - operating rights	(2,173)	(1,736)
- Income from sale of medical suites	41,109	-
- Book value of medical suites sold	(25,553)	-
Other	742	32
Profit before tax from continuing operations	220,757	154,270

iii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, the executive management committee analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables, inventory, intangibles, derivative assets and deferred tax assets.

Reconciliation of segment operating assets to total assets	Consolidated 2010 $000	Consolidated 2009 $000
Segment operating assets	4,068,773	3,471,040
Intersegment eliminations	(492,394)	(283,912)
Total assets per the statement of financial position	3,576,379	3,187,128

12. SEGMENT INFORMATION (CONTINUED)

iii) Segment assets reconciliation to the statement of financial position (continued)

The analysis of the location of non-current assets other than financial instruments, deferred tax assets, pension assets is as follows.

	Consolidated	
	2010 $000	2009 $000
Asia Pacific	1,966,750	1,937,185
UK	452,095	543,320
France	208,175	-
Total assets	2,627,020	2,480,505

13. RECEIVABLES

	Consolidated	
	2010 $000	2009 $000
Trade Debtors	474,701	424,055
Allowances for impairment loss	(8,852)	(5,463)
	465,849	418,592

(i) Allowances for impairment loss

Trade debtors are non-interest bearing and are generally on 15-30 day terms, dependent on the conditions of specific contracts. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $8,852,000 (2009: $5,463,000) has been recognised by the Group, in the current year. These amounts have been included in the service costs item, in the income statement.

Movements in the provision for impairment loss were as follows:

	2010	2009
At 1 July	(5,463)	(4,795)
Charge for the year	(2,601)	(2,331)
Acquisition of subsidiary	(2,319)	-
Foreign exchange translation	383	66
Amounts written off (included in service costs)	1,148	1,597
At 30 June	(8,852)	(5,463)

At 30 June, the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	0-30 Days PDNI*	31-60 Days PDNI*	61-90 Days PDNI*	91+ Days PDNI*	Considered Impaired
2010 - Consolidated	474,701	282,796	101,827	41,462	16,154	23,610	8,852
2009 - Consolidated	424,055	319,796	37,735	28,206	22,944	9,911	5,463

*PDNI – Past due not impaired

Receivables past due but not considered impaired are: Consolidated $183,053,000 (2009: $98,796,000). Payment terms on these amounts have not been re-negotiated as based on the credit history of receivables past due not considered impaired, management believes that these amounts will be fully recovered. This is due to the fact that the Group mainly deals with the Government and creditworthy Health Funds.

13. RECEIVABLES (CONTINUED)

(ii) Related party receivables

For terms and conditions of related party receivables refer to note 34.

(iii) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value approximates fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security. The Group's credit risk is low in relation to trade debtors because the majority of transactions are with the Government and Health Funds.

(iv) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 3.

14. INVENTORIES

	Consolidated 2010 $000	Consolidated 2009 $000
Amount of medical and food supplies to be consumed in providing future patient services - at cost	75,935	63,885
Medical consulting suites to be sold that are currently under construction – at cost	14,597	-
	90,532	63,885

(i) Inventory expense

Medical and food inventories recognised as an expense for the year ended 30 June 2010 totalled $867,121,000 (2009: $815,624,000) for the Group. This expense has been included in the medical consumables and supplies in the income statement. The cost of medical suites sold which has been recognised as an expense for the year ended 30 June 2010 totalled $25,553,000 (2009:$nil) for the Group. This expense has been included in specific items in the income statement.

15. OTHER CURRENT ASSETS

Prepayments	37,058	31,109
Other current assets	10,251	19,680
	47,309	50,789

(i) Fair values

Due to short term nature of these other current assets, their carrying value approximates fair value.

16. OTHER FINANCIAL ASSETS (NON – CURRENT)

	Consolidated 2010 $000	Consolidated 2009 $000
(a) Investments comprise:		
Ordinary Shares	2,019	1,241
Units in unit trust	171	142
	2,190	1,383

	Consolidated		
	Land & buildings $000	**Plant & Equipment $000**	**Total $000**
17. PROPERTY, PLANT AND EQUIPMENT			
At 1 July 2009, net of accumulated depreciation and impairment	1,291,140	334,905	1,626,045
Acquisition of subsidiary	73,440	44,035	117,475
Additions	128,310	75,694	204,004
Disposals	(21,954)	(5,263)	(27,217)
Assets reclassified from/(to) held for sale	(1,150)	(3,690)	(4,840)
Impairment	(11,018)	-	(11,018)
Exchange differences	8,090	(46,627)	(38,537)
Depreciation for the year	(61,626)	(67,180)	(128,806)
At 30 June 2010, net of accumulated depreciation and impairment	1,405,232	331,874	1,737,106
At 1 July 2009			
Cost	1,469,556	843,478	2,313,034
Accumulated depreciation and impairment	(178,416)	(508,573)	(686,989)
Net carrying amount	1,291,140	334,905	1,626,045
At 30 June 2010			
Cost	1,654,788	907,627	2,562,415
Accumulated depreciation and impairment	(249,556)	(575,753)	(825,309)
Net carrying amount	1,405,232	331,874	1,737,106

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2010 is $53,511,000 (2009: $17,068,000).
Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated		
	Land & buildings $000	Plant & Equipment $000	Total $000
At 1 July 2008, net of accumulated depreciation and impairment	1,160,078	330,331	1,490,409
Additions	168,714	89,472	258,186
Disposals	(726)	(4,351)	(5,077)
Assets reclassified from held for sale	2,040	-	2,040
Impairment	(6,153)	(77)	(6,230)
Exchange differences	(2,890)	(2,057)	(4,947)
Depreciation for the year	(29,923)	(78,413)	(108,336)
At 30 June 2009, net of accumulated depreciation and impairment	1,291,140	334,905	1,626,045
At 1 July 2008			
Cost	1,302,418	760,414	2,062,832
Accumulated depreciation and impairment	(142,340)	(430,083)	(572,423)
Net carrying amount	1,160,078	330,331	1,490,409
At 30 June 2009			
Cost	1,469,556	843,478	2,313,034
Accumulated depreciation and impairment	(178,416)	(508,573)	(686,989)
Net carrying amount	1,291,140	334,905	1,626,045

18. GOODWILL AND INTANGIBLE ASSETS

	Consolidated			
	Goodwill	Right to operate hospitals	Development Cost ^	Total
	$000	$000	$000	$000
At 1 July 2009				
Cost (gross carrying amount)	805,068	39,646	16,216	860,930
Accumulated amortisation	-	(6,469)	-	(6,469)
Net carrying amount	805,068	33,177	16,216	854,461
Year ended 30 June 2010				
At 1 July 2009, net of amortisation	805,068	33,177	16,216	854,461
Acquisition of subsidiary	102,321	-	1,056	103,377
Exchange differences	(35,924)	898	236	(34,790)
Additions	-	605	8,925	9,530
Amortisation	-	(2,173)	(6,173)	(8,346)
At 30 June 2010, net of amortisation	871,465	32,507	20,260	924,232
At 30 June 2010				
Cost (gross carrying amount)	871,465	43,329	26,433	941,227
Accumulated amortisation	-	(10,822)	(6,173)	(16,995)
Net carrying amount	871,465	32,507	20,260	924,232

^ Internally generated, including software costs

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 19.

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 7 and 27 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.

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 3 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 amount.

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.

18. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	Consolidated			
	Goodwill	Right to operate hospitals	Development Cost ^	Total
	$000	$000	$000	$000
At 1 July 2008				
Cost (gross carrying amount)	809,659	39,457	-	849,116
Accumulated amortisation	-	(4,733)	-	(4,733)
Net carrying amount	809,659	34,724	-	844,383
Year ended 30 June 2009				
At 1 July 2008, net of amortisation	809,659	34,724	-	844,383
Exchange differences	(4,591)	(102)	-	(4,693)
Additions	-	291	16,216	16,507
Amortisation	-	(1,736)	-	(1,736)
At 30 June 2009, net of amortisation	805,068	33,177	16,216	854,461
At 30 June 2009				
Cost (gross carrying amount)	805,068	39,646	16,216	860,930
Accumulated amortisation	-	(6,469)	-	(6,469)
Net carrying amount	805,068	33,177	16,216	854,461

19. IMPAIRMENT TESTING OF GOODWILL

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

Goodwill acquired through business combinations has been allocated in part to individual cash generating units and part to segments as synergies are achieved from the larger group. Management assess goodwill by aggregating cash generating units to the level of the segment for purposes of impairment testing because the goodwill relates to synergies existing within the acquired business and synergies achieved from combining acquired facilities with the rest of the group. Hence impairment testing is performed for the following:

- Australia;
- United Kingdom;
- France; and
- Indonesia

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

Australia

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 2010 based on financial budgets approved by senior management covering a five-year period. The budgets are calculated using an approved budget for 2010 with a 5% extrapolated growth factor for the next 4 years. Cash flows beyond the five year period are extrapolated using a 3% growth factor (2009:3%).

The pre tax discount rate applied to cash flow projections is 11.52% (2009: 10.58%). The post tax discount rate is 9.0% (2009: 8.35%).

United Kingdom

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 2010 based on financial budgets approved by senior management covering a five-year period.

The pre-tax discount rate applied to cash flow projections is 8.75% (2009: 9.88%). The post tax discount rate applied to cash flow projections is 7.0% (2009: 8.0%).

The long-term growth rate used to extrapolate the cash flows of the overseas business beyond the five-year period is 2% (2009: 2%).

France

The recoverable amount of the French business is also determined based on a value in use calculation using cash flow projections as at 30 June 2010 based on financial budgets approved by senior management covering a three-year period.

The pre-tax discount rate applied to cash flow projections is 7.8% (2009: N/A). The post tax discount rate applied to cash flow projections is 7.0% (2009: N/A).

The long-term growth rate used to extrapolate the cash flows of the overseas business beyond the three-year period is 2.5% (2009: N/A).

19. IMPAIRMENT TESTING OF GOODWILL (CONTINUED)

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

The carrying amounts of goodwill allocated to the Asia Pacific business, to the UK business and the French business, are significant in comparison with the total carrying amounts of goodwill.

	Asia Pacific Segment		UK Segment		French Segment		Total	
	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000	2010 $000	2009 $000
Carrying amount of goodwill	555,033	555,033	217,868	250,035	98,564	-	871,465	805,068

(iii) Key assumptions used in value in use calculations for the goodwill for 30 June 2010 and 30 June 2009

- 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% - 33% for overseas operations consistent with the current local tax legislation.

- Discount rates – discount rates reflect management's estimate of the time value and the risks specific to each of the cash generating units that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.

- Growth rate estimates – they are based on management's internal estimates of long term growth rates for each of the cash generating units.

Management has performed sensitivity testing by Cash Generating Unit (CGU) and on the aggregated CGU's based on assessing the effect of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates.

For the aggregated Asia Pacific segment (Australian and Indonesian) management do not consider that any reasonable likely combination of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates would result in the carrying value of goodwill exceeding the recoverable amount.

For the aggregated United Kingdom segment, management has considered that a 2% change to the discount rate would not result in an impairment to goodwill. Management consider that any reasonable likely combination of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates or a loss of the GC4 revenue would not result in the carrying value of the UK goodwill exceeding the recoverable amount.

For the aggregated French segment, management do not consider that any reasonable likely combination of changes in hospital occupancy rates, wage increases, revenue growth rates and discount rates would result in the carrying value of goodwill exceeding the recoverable amount.

	Consolidated 2010 $000	Consolidated 2009 $000
20. NON-CURRENT RECEIVABLES		
Receivable from the Government in respect of the availability charge for the operation of a private operated public hospital	25,090	27,852
Other	4,790	3,493
	29,880	31,345

(i) Allowances for impairment loss
A provision for impairment loss is recognised when there is objective evidence that the receivable is impaired. No allowance for impairment loss (2009: nil) has been provided on the basis that the receivables are not yet past due nor considered impaired.

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

(iii) Interest rate risk
Details regarding interest rate risk exposure is disclosed in note 3.

(iv) 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. As the receivables is from the Government, this is assessed as low risk.

(v) Terms and Conditions
This non-current receivables will be fully repaid by June 2018**.**

	Consolidated 2010 $000	Consolidated 2009 $000
21. TRADE AND OTHER PAYABLES		
Trade payable	230,020	194,824
Sundry creditors and accrued expenses	166,203	160,599
Employee and director entitlements	133,750	96,694
Other payables	3,234	-
	533,207	452,117

(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.

(ii) Interest rate, foreign exchange and liquidity risk
Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in note 3.

22. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

		Consolidated 2010 $000	Consolidated 2009 $000
Secured:			
- Loan – bondholders	(i)	2,691	2,484
- Lease liabilities	(ii)	3,459	2,952
- Loan – insurance funding	(iii)	2,567	-
- Bank Loan	(iv)	8,888	7,001
		17,605	12,437

(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 20)
(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.
(iv) Further information on bank loans is set out in note 33.

(a) Fair values

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

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk are disclosed in note 3.

(c) Assets pledged as security

Details regarding assets pledged as security are disclosed in note 24 (c).

(d) Defaults and breaches

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

23. PROVISIONS

	Consolidated 2010 $000	Consolidated 2009 $000
Current		
Restructuring provision	8,656	7,675
Unfavourable contracts	5,682	6,551
Insurance provision	113,892	99,782
	128,230	114,008
Non-current		
Non-current employee and director entitlements	85,065	84,670
Deferred lease provision	101,232	79,604
Unfavourable contracts	32,811	43,177
Other provisions	3,339	-
	222,447	207,451
Total	350,677	321,459

23. PROVISIONS (CONTINUED)

Consolidated

	Deferred lease $000	Restructuring provision $000	Insurance $000	Unfavourable Contracts $000	Other Provision	Total $000
At 1 July 2009	79,604	7,675	99,782	49,728	-	236,789
Acquisition of subsidiary	-	1,018	1,263	-	4,532	6,813
Arising during the year	36,580	-	15,425	-	-	52,005
Utilised during the year	-	-	(2,161)	(5,980)	(1,107)	(9,248)
Exchange differences	(14,952)	(37)	(417)	(5,255)	(86)	(20,747)
Discount rate adjustment	-	-	-	-	-	-
At 30 June 2010	101,232	8,656	113,892	38,493	3,339	265,612
Current 2010	-	8,656	113,892	5,682	-	128,230
Non-current 2010	101,232	-	-	32,811	3,339	137,382
	101,232	8,656	113,892	38,493	3,339	265,612
Current 2009	-	7,675	99,782	6,551	-	114,008
Non-current 2009	79,604	-	-	43,177	-	122,781
	79,604	7,675	99,782	49,728	-	236,789

Restructuring provision

The restructuring provision primarily related to:

- the restructuring of the Group subsequent to the purchase of the Capio and Affinity Group in the prior years. The restructuring plan was drawn up and announced to the employees during the year of acquisition;
- land rich duties payable; and
- costs expected to be incurred with the disposal of facilities during 2010 and 2011.

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 using a probability of sufficiency between 80% - 95% based on differing exposures to risk. The greatest uncertainly in estimating the provision is the costs that will ultimately be incurred which is estimated using historical claims, market information and other actuarial assessments. Included in the insurance provision is an amount for claiming handling expenses at between 5-10% of the estimated Ramsay claim cost.

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 30 year lease term. The provision represents the excess of rent expensed over the rent paid. The leases are due to expire in 2037.

Unfavourable contracts

Ramsay holds contracts with various lessors for up to twenty eight 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. The leases are due to expire in 2037.

		Consolidated	
		2010	2009
		$000	$000
24. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)			
Unsecured liabilities:			
- Bank loans	(i)	1,221,438	1,374,285
Secured liabilities:			
- Lease liabilities	(ii)	31,688	17,076
- Loan - bondholders	(iii)	26,480	29,171
- Loan – subordinated bonds	(iv)	43,232	-
		1,322,838	1,420,532

(i) Further information on bank loans is set out in note 33.
(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 20).
(iv) Loan – subordinated bonds. Further information is set out in note 33.

(a) Fair values

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At balance date, the market interest rates vary from 4.91% to 5.46% (2009: 3.15% to 6.07%) for Australia, 0.71% to 3.86% (2009: 0.65% to 4.42%) for UK, 6.93% to 7.10% (2009: 7.32% to 10.10%) for Indonesia, and 0.77% to 3.36% for France respectively.

	2010		2009	
	Carrying Amount $000	Fair Value $000	Carrying Amount $000	Fair Value $000
Bank loans	1,230,326	1,141,827	1,381,286	1,309,956
Lease liabilities	35,147	34,162	20,028	21,324
Bond holders	29,171	31,314	31,655	34,022
Subordinated bonds	43,232	56,962	-	-
	1,337,876	1,264,265	1,432,969	1,365,302

The fair values disclosed are the directors estimate of amounts that will be payable by the Group.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 3.

(c) Assets pledged as security

The carrying amounts of assets pledged as security for current and non – current interest bearing liabilities are:

24. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT) (CONTINUED)

(c) Assets pledged as security (continued)

	Consolidated 2010 $000	Consolidated 2009 $000
Current		
Fixed and Floating charge		
Receivables	2,762	2,586
Total current assets pledged as security	2,762	2,586
Non-current		
Finance lease		
Leased assets	53,511	17,068
Fixed and Floating charge		
Receivables	25,090	27,852
Total non-current assets pledged as security	78,601	44,920
Total assets pledged as security	81,363	47,506

(d) Defaults and breaches

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

25. ISSUED CAPITAL, RETAINED EARNINGS AND RESERVES

	Consolidated 2010 $000	Consolidated 2009 $000
25.1 Ordinary Shares		
(a) Issued and paid up capital		
202,081,252 ordinary shares fully paid (30 June 2009: 175,255,862 ordinary shares fully paid)	713,523	447,774

(b) Movements in share issue	Number of shares	$000
Balance at beginning of the year	175,255,862	447,774
Issued during the period		
- Share Placement (DRP)	759,627	8,121
- Share Placement	22,000,000	221,100
- Share Purchase Plan	4,065,763	39,987
Less: issue costs		(3,459)
Balance at end of the year	202,081,252	713,523

25. ISSUED CAPITAL, RETAINED EARNINGS AND RESERVES (CONTINUED)

(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.

25.2 Net Unrealised Gains Reserve

Nature and Purpose
This reserve records movements in the fair value of the cash flow hedges in relation to the interest rate swaps that are determined to be effectively hedged. The charge to equity during the year to 30 June 2010 represent the fall in interest rates over this period.

25.3 Equity Based Payment Reserve

Nature and Purpose
This reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their compensation. Refer note 27 for further details of these plans.

25.4 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.

25.5 Convertible Adjustable Rate Equity Securities (CARES)

	Consolidated	
	2010	**2009**
	$000	**$000**
(a) Issued and paid up capital		
2,600,000 CARES shares fully paid (30 June 2009: 2,600,000 CARES shares fully paid)	252,165	252,165

25. ISSUED CAPITAL, RETAINED EARNINGS AND RESERVES (CONTINUED)

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

(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.
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.

25. ISSUED CAPITAL, RETAINED EARNINGS AND RESERVES (CONTINUED)

25.6 Treasury Shares

	Consolidated	
	2010 $000	**2009 $000**
749,729 ordinary shares (30 June 2009: 928,878)	8,081	10,210

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

25.7 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.

Refer to note 25.5 for further information on the existing CARES ($260 million).

During 2010, dividends of $91,655,000 (2009: $76,521,000) were paid. For the year ended 30 June 2010 fully franked ordinary dividends of 43.5c (2009: 39.0c) per share were declared (Interim dividend of 18.5c, Final dividend of 25.0c). These dividends represented a payout ratio of approximately 50% of Core Earnings per Share of 84.5c. Management's target for dividends for 2011 – 2015, 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 and is 4.3 times (2009: 3.3 times) for the year ended 30 June 2010.

Additionally under the current senior debt facility which was executed in Nov 07, the Group has committed funding until the expiry of the facility in Nov 2012. As such, 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.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated 2010 $000	Consolidated 2009 $000
Current assets		
Interest rate derivatives contracts – cash flow hedges	1,313	-
Current liabilities		
Interest rate derivatives contracts – cash flow hedges	15,719	23,438
Interest rate derivatives contracts – fair value through the income statement	532	-
	16,251	23,438
Non - Current liabilities		
Interest rate derivatives contracts – cash flow hedges	17,472	14,129
Interest rate derivatives contracts – fair value through the income statement	371	-
	17,843	14,129

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

(i) Interest rate swaps – cash flow hedges

Interest bearing loans in Australian Dollar of the Group currently bear an average variable interest rate of 4.91% (2009: 4.45%). Interest bearing loans in British Pound of the Group currently bear an average variable interest rate of 0.71% (2009: 2.43%). Interest bearing loans in Euro Dollars of the Group currently bear an average variable interest rate of 1.27% (2009: N/A).

In order to reduce the variability of the future cash flows in relation to the interest bearing loans, the Group has entered into Australian Dollar, British Pound and Euro Dollar interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 64% (2009: 67%) of the principal outstanding.

The Australian Dollar interest rate swap contracts fixed interest rate range between 4.08% and 5.68% (2009: 4.08% and 6.43%) and the variable rates is the 90-day bank bill swap bid rate, which at balance date was 4.92% (2009: 3.24%). The British Pound interest rate swap contracts fixed interest rate was 5.44% (2009: 5.44%) and the variable rate is the 90-day London inter-bank offered rate, which at balance date was 0.73% (2009: 1.19%). The Euro Dollar interest rate swap contracts fixed interest rate range between 2.48% and 2.51% (2009: N/A) and the variable rate is the 90 day Euro zone interbank deposit rates, which at date was 0.77%.

26. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Instruments used by the Group (continued)

The notional principal amounts and period of expiry of the interest rate derivatives contracts are as follows:

	Consolidated	
	2010 $000	**2009 $000**
0-1 years	106,024	531,401
1-2 years	306,243	100,000
2-3 years	374,804	150,000
3-5 years	3,465	408,580
	790,536	1,189,981

The interest rate derivatives require settlement of net interest receivable or payable each 90 or 180 days. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributed to the hedged risk are taken directly to equity and re-classified to the income statement when the interest expense is recognised.

Movement in interest rate swaps cash flow hedge reserve:

	Consolidated	
	2010 $000	**2009 $000**
Opening balance	(25,379)	21,342
Transferred to interest expense	(25,769)	6,406
Credited to equity	30,236	(73,150)
Related income tax	(1,340)	20,023
Closing balance	(22,252)	(25,379)
Loss on cash flow hedge ineffectiveness recognised immediately in the income statement	(89)	(111)

(ii) Hedge of net investments in foreign operations

Included in bank loans at 30 June 2010 is a GBP borrowing of £117,000,000 (2009: £107,500,000) which has been designated as a hedge of the net investments in the UK subsidiaries. It is being used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the UK operations. Gains or losses on the retranslation of this borrowing are transferred to equity to offset any gains or losses on translation of the net investments in the subsidiaries. A net loss on the hedge of the net investment of $27,018,000 (2009: net gain $3,536,000) was recognised in equity during the year.

There has been no hedge ineffectiveness recognised in profit or loss on this hedge.

(b) Interest rate risk

Information regarding interest rate risk exposure is set out in note 3.

(c) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instrument with unrealised gains. Management constantly monitor the fair value of favourable contracts outstanding with any individual counterparty. Management only deal with prime financial institutions with appropriate credit rating in order to manage its credit risk.

27. SHARE BASED PAYMENT PLANS

27.1 Recognised share-based payment expenses

The expenses recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2010 $000	2009 $000
Expense arising from equity - settled share based payment transactions	3,250	2,814
Total expense arising from share – based payment transactions (note 5 (d))	3,250	2,814

27.2 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:

	2010		2009	
	Number of rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	654,850	$8.24	897,654	$6.81
- granted	347,000	$8.72	310,000	$9.10 (1)
- vested	(179,149)	$7.44	(531,209)	$6.69
- forfeited	-	-	(21,595)	$7.00
Balance at end of year	822,701		654,850	
Exercisable at end of year	-		-	

The following table summarises information about rights held by specified executives as at 30 June 2010:

Number of rights	Grant date	Vesting date	Weighted average Fair value
165,701	23 Oct 2007	31 Jul 2010	$6.50 (1)
310,000	30 Dec 2008	31 Aug 2011	$9.10 (1)
158,666	20 Oct 2009	31 Aug 2012	$7.58 (1)
188,334	20 Oct 2009	31 Aug 2012	$9.68 (1)
822,701			

(1) Fair value at grant date

27. SHARE BASED PAYMENT PLANS (CONTINUED)

27.2 Executive Performance Rights Plan (Equity) (continued)

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 23 October 2007, 30 December 2008 and 20 October 2009.

	Granted 20-Oct-09	Granted 30-Dec-08	Granted 23-Oct-07
Dividend yield	3.80%	3.68%	3.15%
Expected volatility	30% to 35%	20% to 25%	20% to 25%
Historical volatility	35%	35%	25%
Risk-free interest rate	5.2% - 5.4%	3.39% - 3.14%	6.53%
Effective life of incentive right	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.

27.3 Retention rights to receive ordinary shares

On 1 July 2008, Mr Rex, received equity-based retention rights to receive 600,000 ordinary shares pursuant to an Executive Service Agreement with the Company. These rights are not dependent upon satisfaction of a performance condition but will vest subject to Mr Rex continuing in employment as Managing Director until 1 July 2013.

Number of rights	Grant date	Vesting date	Weighted average Fair value
600,000	1 Jul 2008	1 Jul 2013	$8.84(1)

(1) Fair Value at grant date.

28. 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
C. P. Rex	Managing Director
B.R. Soden	Finance Director
A.J. Clark AM	Non-Executive Director
P.J. Evans	Non-Executive Director
I.P.S. Grier	Non-Executive Director
R.H. McGeoch AM	Non-Executive Director
K.C.D. Roxburgh	Non-Executive Director

(ii) Executives

D. Sims	Chief Operating Officer – Australia/Indonesia
C. McNally	Head of Global Strategy and European Operations

There were no changes of the key management personnel after reporting date.

(b) Compensation of Key Management Personnel

	Consolidated	
	2010 $	2009 $
Non-Executive Directors		
Short term	1,106,875	1,050,500
Post employment	217,958	655,510
	1,324,833	1,706,010
Executive Directors		
Short term	3,825,446	3,916,185
Post employment	28,922	27,490
Performance/Incentive/Retention rights	1,802,696	1,699,218
	5,657,064	5,642,893
Executives		
Short term	1,893,203	1,647,293
Post employment	28,922	27,490
Performance/Incentive/Retention rights	463,225	333,188
	2,385,350	2,007,971
Total		
Short term	6,825,524	6,613,978
Post employment	275,802	710,490
Performance/Incentive/Retention rights	2,265,921	2,032,406
	9,367,247	9,356,874

28. 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 2010	Vested	Granted	Grant Date	Fair Value $ *(note 27)*	First Test Date	Second Test Date	Last Test & Expiry Date
Directors							
C. Rex (2)	48,387	-	31.10.06	$7.44	30.6.09	31.12.09	30.6.10
C. Rex (2)	-	27,500	20.10.09	$7.58	30.6.12	31.12.12	30.6.13
C. Rex (3)	-	27,500	20.10.09	$9.68	30.6.12	N/A	N/A
B. Soden (2)	31,682	-	31.10.06	$7.44	30.6.09	31.12.09	30.6.10
B. Soden (2)	-	25,000	20.10.09	$7.58	30.6.12	31.12.12	30.6.13
B. Soden (3)	-	25,000	20.10.09	$9.68	30.6.12	N/A	N/A
Executives							
C. McNally (2)	23,041	-	31.10.06	$7.44	30.6.09	31.12.09	30.6.10
C. McNally (2)	-	17,500	20.10.09	$7.58	30.6.12	31.12.12	30.6.13
C. McNally (3)	-	17,500	20.10.09	$9.68	30.6.12	N/A	N/A
D. Sims (2)	11,521	-	31.10.06	$7.44	30.6.09	31.12.09	30.6.10
D. Sims (2)	-	20,000	20.10.09	$7.58	30.6.12	31.12.12	30.6.13
D. Sims (3)	-	20,000	20.10.09	$9.68	30.6.12	N/A	N/A

30 June 2009	Vested	Granted	Grant Date	Fair Value $ *(note 27)*	First Test Date	Second Test Date	Last Test & Expiry Date
Directors							
P. Grier (1)	4,243	-	11/09/04	$9.81	30/06/07	31/12/07	31/07/08
P. Grier (2)	322,376	-	20/07/05	$6.75	30/06/08	31/12/08	30/06/09
C. Rex (2)	2,829	-	11/09/04	$4.32	30/06/07	31/12/07	1/07/08
C. Rex (2)	53,097	-	20/07/05	$6.75	30/06/08	31/12/08	30/06/09
C Rex (2)	-	25,000	30/12/08	$9.05	30/06/11	31/12/11	30/06/12
C Rex (3)	-	25,000	30/12/08	$9.15	30/06/11	N/A	N/A
C Rex (4)	-	600,000	01/07/08	$8.84	N/A	N/A	N/A
B. Soden (1)	2,121	-	11/09/04	$10.89	30/06/07	31/12/07	31/07/08
B. Soden (2)	34,387	-	20/07/05	$6.75	30/06/08	31/12/08	30/06/09
B. Soden (2)	-	22,500	30/12/08	$9.05	30/06/11	31/12/11	30/06/12
B. Soden (3)	-	22,500	30/12/08	$9.15	30/06/11	N/A	N/A
Executives							
C. McNally (2)	1,414	-	11/09/04	$4.32	30/06/07	31/12/07	1/07/08
C. McNally (2)	25,284	-	20/07/05	$6.75	30/06/08	31/12/08	30/06/09
C. McNally (2)	-	12,500	30/12/08	$9.05	30/06/11	31/12/11	30/06/12
C. McNally (3)	-	12,500	30/12/08	$9.15	30/06/11	N/A	N/A
D. Sims (2)	554	-	11/09/04	$4.32	30/06/07	31/12/07	1/07/08
D. Sims (2)	4,956	-	20/07/05	$6.75	30/06/08	31/12/08	30/06/09
D. Sims (2)	-	17,500	30/12/08	$9.05	30/06/11	31/12/11	30/06/12
D. Sims (3)	-	17,500	30/12/08	$9.15	30/06/11	N/A	N/A

(1) Cash settled incentive rights
(2) Equity based performance rights subject to satisfaction of relative TSR performance condition
(3) Equity based performance rights subject to satisfaction of EPS Growth performance condition
(4) Equity based retention rights

28. DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(d) Shares issued under the Performance Rights Plan

	No. of shares issued 2010	No. of shares issued 2009
Executives		
C. McNally	23,041	26,698
D. Sims	11,521	5,510
	34,562	32,208

No amount was paid by the above executives to exercise vested performance rights. Refer Note 27.

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

30 June 2010	Performance/ Retention/ Incentive Right	Balance at beginning of period 01 Jul 09	Granted as Remuner-ation	Exercised	Balance at end of period 30 Jun 10	Vested at 30 Jun 10
Directors						
C. Rex	Performance Rights	140,693	55,000	(48,387)	147,306	-
C. Rex	Retention Rights	600,000	-	-	600,000	-
B. Soden	Equity Performance Rights	104,382	50,000	(31,682)	122,700	-
Executives						
C. McNally	Equity Performance Rights	68,187	35,000	(23,041)	80,146	-
D. Sims	Equity Performance Rights	56,594	40,000	(11,521)	85,073	-

30 June 2009	Performance/ Retention/ Incentive Right	Balance at beginning of period 01 Jul 08	Granted as Remuner-ation	Exercised	Balance at end of period 30 Jun 09	Vested at 30 Jun 09
Directors						
C. Rex	Performance Rights	146,619	50,000	(55,926)	140,693	-
C. Rex	Retention Rights	-	600,000	-	600,000	-
B. Soden	Equity Performance Rights	93,769	45,000	(34,387)	104,382	-
B. Soden	Cash settled Incentive Rights	2,121	-	(2,121)	-	-
Executives						
C. McNally	Equity Performance Rights	69,885	25,000	(26,698)	68,187	-
D. Sims	Equity Performance Rights	27,104	35,000	(5,510)	56,594	-

(f) Shareholdings of Key Management Personnel (consolidated)

30 June 2010	Balance 01 Jul 09		Granted as Remuneration		Exercise of Performance Rights		Net Change - Other		Balance 30 Jun 10	
	Ord.	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*
Directors										
C. Rex	198,108	5,334	-	-	48,387	-	26,308	-	272,803	5,334
B. Soden	40,512	3,335	-	-	31,682	-	897	-	73,091	3,335
Executives										
C. McNally	132,147	-	-	-	23,041	-	713	-	155,901	-
D. Sims	18,956	-	-	-	11,521	-	-	-	30,477	-

28. DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

(f) Shareholdings of Key Management Personnel (consolidated) (continued)

30 June 2009	Balance 01 Jul 08		Granted as Remuneration		Exercise of Performance Rights		Net Change - Other		Balance 30 Jun 09	
	Ord.	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*	*Ord.*	*Pref.*
Directors										
C. Rex	142,110	5,334	-	-	55,926	-	72	-	198,108	5,334
B. Soden	6,125	1,030	-	-	34,387	-	-	2,305	40,512	3,335
Executives										
C. McNally	104,258	-	-	-	26,698	-	1,191	-	132,147	-
D. Sims	13,446	-	-	-	5,510	-	-	-	18,956	-

		Consolidated	
		2010 $000	**2009 $000**
29. EXPENDITURE COMMITMENTS			
(a) Finance leases and hire purchase commitments – Group as lessee			
- not later than one year		5,441	3,093
- later than one year but not later than five years		15,574	10,222
- later than five years		29,619	16,032
Total minimum lease payments		50,634	29,347
- future finance charges		(15,487)	(9,319)
- lease liability		35,147	20,028
- current liability	22	3,459	2,952
- non-current liability	24	31,688	17,076
		35,147	20,028
Total lease liability accrued for:			
Current			
- Finance leases	22	3,459	2,952
		3,459	2,952
Non-current			
- Finance leases	24	31,688	17,076
		31,688	17,076
		35,147	20,028

The Group has finance leases and hire purchase contracts for various items of medical equipment, fittings, buildings and other equipment. The leases have lease terms of between one year and twenty six years and the average discount rate implicit in the leases is between 4.0% to 7.4% (2009: 12.6%). The security over finance leases is disclosed in note 22 and 24.

29. EXPENDITURE COMMITMENTS (CONTINUED)

	Note	Consolidated 2010 $000	Consolidated 2009 $000
(b) Lease expenditure commitments – Group as lessee			
Operating leases (non-cancellable):			
Minimum lease payments			
- not later than one year		100,680	104,578
- later than one year but not later than five years		419,443	422,915
- later than five years		2,577,664	3,007,697
Aggregate lease expenditure contracted for at balance date		3,097,787	3,535,190
Amounts provided for:			
- deferred lease – non-current	23	101,232	79,604
- unfavourable contract - current	23	5,682	6,551
- non-current	23	32,811	43,177
		139,725	129,332
Amounts not provided for:			
- rental commitments		2,958,062	3,405,858
Aggregate lease expenditure contracted for at balance date		3,097,787	3,535,190

Operating leases have lease terms of between one and thirty years and an average implicit interest rate of 8.9% (2009: 8.9%). Assets which are the subject of operating leases include land and buildings, motor vehicles and items of medical equipment.

29. EXPENDITURE COMMITMENTS (CONTINUED)

	Consolidated 2010 $000	2009 $000
(c) Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided for, payable:		
- not later than one year	26,555	49,267
- later than one year but not later than two years	-	-
	26,555	49,267

(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.

30. 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.

31. DEFINED BENEFIT PENSION PLAN

The Group has a number of defined benefit plans. The defined benefit plans in the UK and Australia are only open to existing employees who have always been on the plan. They are 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 Statement of Financial Position for the plans:

	Consolidated Pension Plans	
	2010 $000	2009 $000
Net benefit expense (recognised in employee benefits)		
Current service cost	703	620
Interest cost on benefit obligation	764	832
Expected return on plan assets	(239)	(337)
Net actuarial losses recognised in the period	518	79
Past service cost	9	9
Net benefit expense (note 5) (recognised in superannuation expense)	1,755	1,203
Actual return on plan assets	598	(830)

	2010 $000	2009 $000	2008 $000
Net (liability) included in the Statement of Financial Position			
Present value of defined benefit obligation	(18,423)	(10,636)	(10,304)
Fair value of plans assets	4,098	3,990	5,236
Net (liability) - non-current	(14,325)	(6,646)	(5,068)

31. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Consolidated Pension Plans	
	2010 $000	**2009 $000**
Opening defined benefit obligation	10,636	10,304
Acquisition of subsidiary	5,691	-
Current service cost	703	620
Interest cost	764	832
Benefits paid	(634)	(905)
Actuarial losses/(gain) on obligation	1,745	(303)
Past service costs	9	9
Exchange differences on foreign plans	(491)	79
Closing defined benefit obligation	18,423	10,636

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

	Consolidated Pension Plans	
	2010 $000	**2009 $000**
Opening fair value of plans assets	3,990	5,236
Expected return	238	335
Contributions by employer	460	346
Benefits paid	(433)	(733)
Actuarial losses/(gain)	269	(1,165)
Exchange differences on foreign plans	(426)	(29)
Fair value of plans assets	4,098	3,990

The Group expects to contribute $607,000 to its defined benefit pension plans in 2011.

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

	Consolidated Pension Plans	
	2010 (%)	**2009 (%)**
Equities	0 – 68	0 - 73
Bonds	0 – 24	0 - 23
Property	0 – 6	0 - 6
Other	0 – 14	0 - 14

	Consolidated Pension Plans	
	2010 $000	**2009 $000**
Actuarial losses recognised in the statement of comprehensive income	1,476	862
Cumulative actuarial losses recognised in the statement of comprehensive income	2,338	862

31. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Consolidated Pension Plans	
	2010	**2009**
	(%)	(%)
Discount rate	4.5 – 9.0	3.5 - 11.1
Expected rate of return on assets	0.0 – 6.3	0.0 - 7.2
Future salary increases	2.0 – 10.0	4.0 -10.0
Future pension increases	0.0 – 3.4	0.0 - 3.4

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.

32. AUDITORS' REMUNERATION

	Consolidated	
	2010	**2009**
	$	**$**
Amounts received or due and receivable by the Auditors for:		
Audit of financial statements	1,932,922	1,979,033
Other audit related services	309,339	244,606
Total audit	2,242,261	2,223,639
Other services		
Taxation	931,821	555,446
Other	182,474	162,694
Total Other Services	1,114,295	718,140
	3,356,556	2,941,779

33. BORROWINGS

Terms and Conditions

i. Senior Debt Facility and Working Capital Facility

On 20 November 2007 the Ramsay Group entered into a Syndicated Facility Agreement (SFA). 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 amounts drawn down under the SFA as at 30 June 2010 were A$760,000,000 (2009: A$913,370,000) and £219, 000,000 (2009: £232,000,000).

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 2010, the undrawn commitment was A$625,000,000 (2009: A$471,630,000) and £41,000,000 (2009: £28,000,000).

33. BORROWINGS (CONTINUED)

Terms and Conditions (continued)

ii. Bilateral Facilities

The commitment limit under the ANZ facility for working capital is comprised of an A$6,500,000 facility limit and a separate sterling facility limit of £3,100,000. The ANZ bilateral facility currently consists of a cash advance facility, overdraft facility and indemnity/guarantee facility (in both A$ 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$25,000,000 facility limit and a further £10,000,000 facility limit and includes a cash advance facility, overdraft facility and indemnity/guarantee facility (in both A$ and £) together with certain transactional facilities.

Under the bilateral facilities as at 30 June 2010 the total outstanding was A$8,187,556 (2009: A$25,783,122) and £8,973,280 (2009: £12,656,936). The undrawn commitment across the 2 bilateral facilities as at 30 June 2010 was together A$23,312,444 (2009: A$24,216,878) and £4,126,720 (2009: £7,343,064).

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

On 8 February 2010, PT Affinity Health Indonesia repaid the total monies outstanding under the bank loan with PT ANZ Panin Bank of IDR 68,134,924,900 (comprising principal of IDR Rp 67,596,500,000 and interest of IDR 538,424,900) and the loan facility terminated on this date. No further liabilities and/or obligations are outstanding under this facility.

On 8 February 2010 PT Affinity Health Indonesia entered into a one-year revolving credit facility with PT ANZ Panin Bank. The total facility is IDR 81,610,000,000 and as at 30 June 2010 and amount of IDR 67,596,500,000 was draw under this facility. The interest rate is JIBOR plus 2.35%.

On 8 February 2010 PT Affinity Health Indonesia entered into a three-year revolving credit facility with ANZ Panin Bank. The total facility limit is IDR 163,220,000,000 and as at 30 June 2010 an amount of IDR 158,315,239,000 was drawn under this facility. The interest rate is JIBOR plus mandatory costs plus 2.5%.

Ramsay Health Care Limited and Affinity Health Pty Ltd have provided a corporate guarantee and indemnity in respect of all amounts payable under both of the above loans.

iv. Ramsay Santé Bank Loan

Ramsay Santé has a core term debt facility and the amortised value of the loan as at 30 June 2010 was €22,242,705 and this debt is secured against certain assets.

Ramsay Santé and its controlled entities have bilateral capex facilities and other term debt facilities and the amortised value of these loans as at 30 June 2010 was €18,820,701.

A termsheet was executed on 30 June 2010 to refinance the above loans under a new club facility arrangement to be provided by five major French banks. This club facility will provide €40 million worth of core debt facilities and €40 million worth of debt facilities to fund future acquisitions and / or expansionary capital expenditure. These new debt facilities will be executed on or before 30 September 2010. These new debt facilities will have a maturity of five years and 50% of the loans are term loans with the remainder being repayable as a bullet on maturity. The new debt facilities will be secured against certain assets of the Ramsay Santé group.

33. BORROWINGS (CONTINUED)

Terms and Conditions (continued)

v. Ramsay Sante subordinated bonds

Ramsay Sante issued to its shareholders a securitised loan in the form of bonds amounting to €11,458,036 on 15 December 2005, €11,247,717 on 14 June 2007, €13,908,483 on 23 July 2009 and €18 million on 2 October 2009.

The terms and conditions of the bonds are the same for all bond issues.

The bonds accrue interest at a rate of 8% per annum, capitalised annually. The interest is payable at the end of the term.

The bonds are due to mature 9 years following their respective subscription dates.

The bonds are reimbursable upon maturity at their normal value, namely 1 euro per bond.

As at 30 June 2010 an amount of €64,582,696 including accrued interest of €9,968,460 was outstanding in respect of these bonds. As at 30 June 2010, Predica, the non-controlling interest held €26,477,000 worth of bonds and the interest accrued in respect of these bonds was €3,186,354.

vi. Other Interest Bearing Loans

At 30 June 2010 a loan to bondholders of $29,170,666 (2009: $31,654,948) 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 20).

34. RELATED PARTY TRANSACTIONS

Subsidiaries of Ramsay Health Care Limited

The consolidated financial statements include the financial statements of Ramsay Health Care Pty Limited and the subsidiaries listed in the following table.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of Incorporation	Beneficial Percentage Held 2010 %	 2009 %
Ramsay Health Care Limited has the following investments in controlled entities:			
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%
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%
RHC Finance Limited	Cayman Islands	100%	-
Ramsay Aged Care Holdings Pty Limited and its controlled entity:	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited ^	Australia	100%	100%
RHC Ancillary Services Pty Limited and its controlled entities: ^	Australia	100%	100%
Linear Medical Pty Limited and its controlled entity:	Australia	100%	100%
Outcome Medical Pty Limited	Australia	70%	70%
Newco Enterprises Pty Limited and its controlled entity:	Australia	100%	91%
Sydney & Central Coast Linen Services Pty Limited	Australia	100%	91%
Benchmark Healthcare Holdings Pty Limited and its controlled entity:^	Australia	100%	100%
Benchmark Healthcare 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%	100%
Directly controlled by Benchmark Healthcare Pty Limited			
Donvale Private Hospital Pty Limited and its controlled entity: ^	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 and its controlled entity: ^	Australia	100%	100%
Dandenong Valley Private Hospital Unit Trust	-	100%	100%
Benchmark – Surrey Pty Limited and its controlled entity: ^	Australia	100%	100%
Surrey Hospital Unit Trust	-	100%	100%
Benchmark – Peninsula Pty Limited and its controlled entity:^	Australia	100%	100%
Peninsula Hospital Unit Trust	-	100%	100%
Benchmark – Donvale Pty Limited and its controlled entity: ^	Australia	100%	100%
Chelsea Hospital Unit Trust	-	100%	100%
Benchmark – Windermere Pty Limited and its controlled entity: ^	Australia	100%	100%
Windermere Hospital Unit Trust	-	100%	100%
Benchmark – Beleura Pty Limited and its controlled entity: ^	Australia	100%	100%
Beleura Hospital Unit Trust	-	100%	100%
Beleura Properties Pty Limited and its controlled entity: ^	Australia	100%	100%
Beleura Properties Unit Trust	-	100%	100%

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

34. RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of Incorporation	Beneficial Percentage Held 2010 %	Beneficial Percentage Held 2009 %
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 Limited and its controlled entities: ^	Australia	100%	100%
Affinity Health Finance Australia Pty Limited ^	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 Limited ^	Australia	100%	100%
Hospitals of Australia Pty 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 Limited ^	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 and its controlled entity: ^	Australia	100%	100%
Hallcraft Unit Trust	-	100%	100%
Jamison Private Hospital Property Pty Limited ^	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%

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34. RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of Incorporation	Beneficial Percentage Held 2010 %	Beneficial Percentage Held 2009 %
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 Limited 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 Limited:			
HCoA Operations (Australia) Pty Limited ^	Australia	100%	100%
Hospital Corporation Australia Pty Limited 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 Limited 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 Limited ^	Australia	100%	100%
Australian Hospital Care 1998 Pty Limited and its controlled entities: ^	Australia	100%	100%
AHC Foundation Pty Limited ^	Australia	100%	100%
AHC Tilbox Pty Limited ^	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited 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 entities: ^	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%
eHealth Technologies Pty Limited	Australia	100%	100%
Health Technologies Pty Limited ^	Australia	100%	100%
Rehabilitation Holdings Pty Limited ^	Australia	100%	100%

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

34. RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of Incorporation	Beneficial Percentage Held 2010 %	Beneficial Percentage Held 2009 %
Directly controlled by Alpha Healthcare Pty Limited:			
Bowral Management Company Pty Limited ^	Australia	100%	100%
Simpak Services Pty Limited ^	Australia	100%	100%
APL Hospital Holdings Pty Limited 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 Limited ^	Australia	100%	100%
Illawarra Private Hospital Holdings Pty Limited ^	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%
eHospital 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%
Ramsay Diagnostics (No. 1) Pty Limited	Australia	100%	100%
Ramsay Diagnostics (No. 2) 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%	100%
GHG 2008 10A Propco Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited #	UK	100%	100%
Ramsay Santé SA#	France	57%	-
Directly controlled by Ramsay Health Care Holdings UK Limited: #			
Independent British Healthcare (Doncaster) Limited #	UK	100%	100%
Ramsay Diagnostics UK Limited #	UK	100%	100%
Ramsay Health Care UK Operations Limited # and its controlled entity:	UK	100%	100%
Ramsay Health Care Leasing UK Limited #	Guernsey	100%	100%

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

34. RELATED PARTY TRANSACTIONS (CONTINUED)

		Beneficial Percentage Held	
	Country of Incorporation	2010 %	2009 %
Directly controlled by Ramsay Santé SA:			
Centre Médico-Chirurgical du Val de Norte Dame SA#	France	55%	-
Centre Médico-Chirurgical et Obstetrical d'Evry SAS# and its controlled entities:	France	57%	-
La Clinique du Mousseau SAS#	France	31%	-
Polyclinique de Villeneuve Saint Georges SA#	France	57%	-
SCI de la Polyclinque de Villeneuve Saint Georges#	France	57%	-
Clinque de la Muette SAS#	France	57%	-
Clinque Lambert SAS#	France	57%	-
Hôpital Privé de Versailles SAS#	France	57%	-
SA Clinque de la Montagne#	France	57%	-
Société Civile Immobiliéré la Garenne Lambert#	France	57%	-
GIE Santé Finance et Pilotage#	France	57%	-

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

34. RELATED PARTY TRANSACTIONS (CONTINUED)

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 (2009: 4 September 2009) was as follows:

Director	Ordinary Shares				Convertible Adjustable Rate Equity Securities (CARES)				Performance Rights[(2)]	
	2010		2009		2010		2009		2010	2009
	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Indirect[(1)]	Direct	Direct
P.J. Ramsay	-	73,149,269	-	73,148,372	-	-	-	-	-	-
M.S. Siddle	152,564	-	151,667	-	-	-	-	-	-	-
C.P. Rex	270,607	2,196	195,955	2,153	-	5,334	-	5,334	92,306	140,693
B.R. Soden	68,958	4,133	37,276	3,236	-	3,335	-	3,335	72,700	104,382
A.J. Clark	82,000	-	80,000	-	-	1,200	-	1,200	-	-
P.J. Evans	7,209	-	6,312	-	-	-	-	-	-	-
I.P.S. Grier	133,116	-	293,116	-	-	-	-	-	-	-
R.H. McGeoch	-	74,231	-	73,334	-	257	-	257	-	-
K.C.D. Roxburgh	57,676	21,738	55,952	21,439	-	-	-	-	-	-

(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.

(2) The terms and vesting conditions over these rights are as disclosed in note 27.

Mr Ramsay has a relevant interest in 73,149,269 (2009: 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.

The Managing Director, Mr Rex, is employed under a five year Executive Service Agreement (ESA) which commenced on 1 July 2008. In accordance with the terms of the ESA, Mr Rex has been granted equity based retention rights to receive 600,000 ordinary shares, subject to his continuing in employment as Managing Director until 1 July 2013.

In accordance with the terms of his ESA the company will withhold 50% of Mr Rex's STI bonus (after applicable tax) to purchase shares in the company on market. These shares will be purchased within 5 business days of the cash bonuses being paid (2009:15 September 2009). These shares may not be sold or transferred before the earlier of termination or 3 years.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

Movements in Directors' equity holdings

During the year until the date of this report:

- Mr Ramsay indirectly acquired 897 ordinary shares through the participation of Paul Ramsay Holdings Pty Limited in the Shares Purchase Plan.
- Mr Siddle acquired 897 ordinary shares through the Share Purchase Plan.
- Mr Rex acquired 26,265 ordinary shares on market in respect of the STI bonus and 48,387 ordinary shares through the Executive Performance Rights Plan. Mr Rex also indirectly acquired 43 ordinary shares through the Dividend Reinvestment Plan.
- Mr Soden acquired 31,682 ordinary shares through the Executive Performance Rights Plan. Mr Soden also indirectly acquired 897 ordinary shares through the Share Purchase Plan.
- Mr Clark acquired 1,103 ordinary shares on market and 897 ordinary shares through the Share Purchase Plan.
- Mr Evans acquired 897 ordinary shares through the Share Purchase Plan.
- Mr Grier sold 160,000 ordinary shares on market.
- Mr McGeoch indirectly acquired 897 ordinary shares through the Share Purchase Plan.
- Mr Roxburgh acquired 1,126 ordinary shares through the Dividend Reinvestment Plan and 598 ordinary shares through the Share Purchase Plan. Mr Roxburgh also indirectly acquired 299 ordinary shares through the Share Purchase Plan.

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 $57,540 (2009: $24,586) were charged by and an amount of $62,675 (2009: $19,452) was paid to Paul Ramsay Holdings Pty Limited for services rendered to the Group.

- Entities associated with Mr Grier

During the year costs of $120,000 (2009:$120,000) were charged by and an amount of $110,000 (2009:$120,000) was paid to Mr Grier to services rendered to the Group.

35. 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.

36. CLOSED GROUP

Entities subject to class order

Pursuant to Class Order 98/1418, relief has been granted to the entities in the table of subsidiaries in Note 34, (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 a 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.

36. CLOSED GROUP (CONTINUED)

The consolidated income statement and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

	Closed Group	
	2010	2009
Consolidated Income Statement	$000	$000
Profit from operations before income tax	205,416	155,602
Income tax expense	(62,687)	(48,176)
Net profit for the year	142,729	107,426
Retained earnings at the beginning of the year	200,510	169,937
Actuarial gain/(loss) on defined benefit plan	193	(313)
Retained earnings adjustments for addition of entities into the class order	55,963	-
Dividends provided for or paid	(91,655)	(76,540)
Retained earnings at the end of the year	307,740	200,510
Consolidated Statement of Financial Position		
ASSETS		
Current Assets		
Cash and cash equivalents	95,801	64,129
Trade receivables	331,392	360,226
Inventories	69,381	44,150
Derivative financial instruments	1,313	-
Other current assets	20,560	20,721
	518,447	489,226
Assets classified as held for sale	4,350	3,200
Total Current Assets	522,797	492,426
Non-current Assets		
Other financial assets	423,640	270,925
Goodwill and intangibles	591,627	566,245
Deferred tax asset	28,522	30,258
Property, plant and equipment	1,355,924	1,288,144
Other non-current assets	14,556	-
Total Non-current Assets	2,414,269	2,155,572
TOTAL ASSETS	2,937,066	2,647,998
LIABILITIES		
Current Liabilities		
Trade and other payables	395,289	382,566
Interest-bearing loans and borrowings	2,727	503
Provisions	117,335	105,671
Derivative financial instruments	15,719	23,438
Income tax payable	36,206	16,866
Total Current Liabilities	567,276	529,044
Non-current Liabilities		
Interest-bearing loans and borrowings	958,207	1,139,360
Other creditors	1,000	-
Pension liability	37	229
Derivative financial instruments	17,472	14,129
Provisions	87,508	78,254
Total Non-current Liabilities	1,064,224	1,231,972
TOTAL LIABILITIES	1,631,500	1,761,016
NET ASSETS	1,305,566	886,982
EQUITY		
Issued capital	713,523	437,228
Treasury shares	(8,082)	(10,210)
CARES (convertibles Adjustable Rate Equity Securities)	252,165	252,165
Retained earnings	307,740	200,510
Other reserves	40,220	7,289
TOTAL EQUITY	1,305,566	886,982

37. PARENT ENTITY INFORMATION

Information relating to Ramsay Health Care Limited	2010 $000	2009 $000
Current assets	1,118,700	593,187
Total assets	1,262,366	734,301
Current liabilities	(39,225)	(19,751)
Total liabilities	(39,225)	(19,751)
Issued capital	(713,523)	(447,774)
Reserves	(509,618)	(266,776)
Total shareholders' equity	(1,223,141)	(714,550)
Net profit/(loss) for the year after tax	327,870	(3,215)

As a condition of the class order (set out in note 36), Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. Refer to note 36 for further information.

SECTION 3

ANALYST INFORMATION

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2010

ANALYST INFORMATION

1) Earnings per Share

	2010 $000	2009 $000
Net profit for the period attributable to the members of the parent	148,282	106,473
Less: dividend paid on convertibles adjustment rate equity securities (CARES)	(11,860)	(17,194)
Less: (Loss) from discontinued operations		-
Profit used in calculating basic and diluted for profit (after CARES dividend) earnings per share from continuing operations	**136,422**	**89,279**
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	196,473,531	173,935,078
Weighted average number of ordinary shares used in calculating diluted earnings per share	197,106,727	174,356,259
Earnings per share (cents per share)		
- basic for profit (after CARES dividend) for the year	69.4	51.3
- diluted for profit (after CARES dividend) for the year	69.2	51.2
- basic for profit (after CARES dividend) from continuing operations	69.4	51.3
- diluted for profit (after CARES dividend) from continuing operations	69.2	51.2

2) Dividends

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year		
- Interim dividend	18.5 ¢	18.5 ¢
- Final proposed dividend	25.0 ¢	25.0 ¢
Total dividend	43.5 ¢	43.5 ¢
Previous corresponding year		
- Interim dividend	16.5 ¢	16.5 ¢
- Final dividend	21.5 ¢	21.5 ¢
Total dividend	38.0 ¢	38.0 ¢
Record date for determining entitlements to the ordinary dividend		6 September 2010
Date the current year ordinary dividend is payable		27 September 2010

Convertible Adjustable Rate Equity Securities ('CARES') Dividends	
Record date for determining entitlements to the CARES dividend	7 October 2010
Date the current year CARES dividend is payable	20 October 2010

The final proposed dividend will be franked at the rate of 30% (2009: 30%).

ANALYST INFORMATION

3) NTA backing	2010	2009
Net tangible asset backing per ordinary share	$1.29	$0.09

SECTION 4

STATUS OF AUDIT

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2010

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.