

RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

RAMSAY HEALTH CARE LIMITED

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SECTION 1
RESULTS FOR ANNOUNCEMENT
TO THE MARKET

RAMSAY HEALTH CARE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.1 HIGHLIGHTS OF RESULTS

	Notes	6 months ended 31/12/2010 \$'000	6 months ended 31/12/2009 \$'000	% increase/ (decrease)
Revenue and other income from continuing operations		1,866,156	1,685,265	10.7%
Operating revenue from continuing operations		1,864,123	1,682,931	10.8%
Profit from continuing operations before finance costs, tax, depreciation, amortisation and specific items (EBITDA)		271,843	235,252	15.6%
Profit from continuing operations before finance costs, tax, amortisation and specific items (EBIT)		204,549	171,622	19.2%
Core profit after tax from continuing operations	(1)	115,779	91,110	27.1%
Specific items and amortisation of intangibles (net of tax)				
- Non - cash rent expense relating to leased UK hospitals		(9,901)	(11,475)	
- Other		(3,100)	(1,028)	
		(13,001)	(12,503)	4.0%
Net profit after tax for the period attributable to members *		102,778	78,607	30.8%
Earnings per share (cents per share)				
Core EPS - Continuing operations	(1),(2)	53.9 c	44.6 c	20.8%
Basic EPS - Continuing operations		47.6 c	38.2 c	24.6%

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

1. 'Core profit/(loss) after tax from continuing operations' and 'core earnings per share - continuing operations' are before specific items, amortisation of intangibles and discontinued operations
2. Core earnings per share (core EPS) calculation is based upon core profit/(loss) after tax from continuing operations adjusted for preference dividends

Dividends – Ordinary Shares	Amount per security	Franked amount per security
Current year		
- Interim dividend	22.5 ¢	22.5 ¢
Previous corresponding period		
- Interim dividend	18.5 ¢	18.5 ¢
Record date for determining entitlements to the interim dividend	15 March 2011	
Date the interim current year dividend is payable	28 March 2011	

Convertible Adjustable Rate Equity Securities ('CARES') Dividends		
Record date for determining entitlements to the CARES dividend	7 April 2011	
Date the current year CARES dividend is payable	20 April 2011	

The results are for the 6 months ended 31 December 2010. The comparative results are for the 6 month period ended 31 December 2009.

RAMSAY HEALTH CARE LIMITED

1.2 COMMENTARY ON RESULTS

Commentary on results follows

ASX ANNOUNCEMENT

24 February 2011

RAMSAY HEALTH CARE REPORTS 27.1% RISE IN FIRST-HALF CORE NET PROFIT AND 20.8% RISE IN CORE EPS

Financial Highlights

- Core net profit¹ after tax up 27.1% to \$115.8 million
- Core EPS² up 20.8% to 53.9 cents
- Australia and Indonesia revenue up 8.7% to \$1.5 billion
- Europe revenue³ up 19.3% to \$384.9 million
- Group EBIT up 19.2% to \$204.5 million
 - Australia and Indonesia EBIT up 16.8% to \$174.4 million
 - Europe EBIT³ up 34.8% to \$30.1 million
- Interim dividend 22.5 cents fully franked, up 21.6% on the previous corresponding period
- Reaffirms guidance for core NPAT growth for the Group of 22%-24% for FY11, translating to core EPS growth of 18%-20%

Overview

Australia's largest private hospital operator Ramsay Health Care today announced a Group core net profit after tax from continuing operations (before specific items and amortisation of intangibles) of \$115.8 million for the six months to 31 December 2010, a 27.1% increase on the previous corresponding period.

Group core net profit delivered core earnings per share (EPS) of 53.9 cents for the half, a 20.8% increase on the 44.6 cents recorded a year ago and in line with upgraded guidance announced to the market on 20 December 2010.

The result was driven by a strong performance across Ramsay's Australian hospitals, the ramp-up of brownfield developments, an increase in National Health Service (NHS) activity in the UK and lower-than-expected interest costs.

Ramsay recorded net specific items and amortisation of intangibles of \$13 million (net of tax) in the December half, predominantly relating to the annual non-cash charges for deferred rent from the leasing of UK hospitals and also including acquisition, restructuring and integration costs associated with Ramsay Santé.

¹ Before specific items and amortisation of intangibles

² Before specific items and amortisation of intangibles and after CARES dividends

³ Europe numbers include a six-month contribution from Ramsay Santé, acquired 29 March 2010

Directors are pleased to announce an interim dividend of 22.5 cents fully franked, up 21.6% on the previous corresponding period. The dividend Record Date is 15 March 2011 and the Payment Date is 28 March 2011. The Dividend Reinvestment Plan will remain suspended.

Ramsay Managing Director Christopher Rex said: “This result demonstrates our business is performing strongly at an operational level in all markets and that a key part of our growth strategy – investing in capacity expansion and improving our facilities – is fuelling significant earnings growth.

“In Australia we recorded a significant increase in EBIT at the hospital level which reflects strong organic growth and shows an increasing contribution from our brownfield development programme.

“In the UK, NHS activity continues to be a key source of growth for Ramsay with patient volumes rising steadily during the December half.

“Ramsay Santé, managed and 57% owned by Ramsay and acquired at the end of March 2010, performed in line with expectations. We are currently evaluating a number of bolt-on acquisition opportunities in France to expand our presence there.

“Our brownfield development programme remains an integral part of our growth strategy and continued to contribute to earnings. A number of projects were completed during the half and those still under development are on schedule.

“Notwithstanding our continued investment in brownfield developments, our strong cash flows have allowed us to increase available headroom to fund future growth.”

Operational highlights Australia and Indonesia

Ramsay’s Australian and Indonesian business continued to perform strongly at an operational level.

Ramsay achieved revenue growth of 8.7% during the half which helped drive EBIT up 16.8%.

EBITDA margins rose to 15% from 14% during the period.

Operational highlights Ramsay UK

Revenue rose 2.5% to £175.9 million at Ramsay UK as NHS admissions grew 9.6% and now comprise approximately 60% of total Ramsay UK admissions.

Self pay admissions continued to strengthen during the December half while Private Medical Insurance volumes are yet to recover.

Operating margins before rent (EBITDAR) were 25% for the half compared to 25.5% a year earlier, reflecting the increased proportion of NHS volumes, the changed ISTC pricing regime and tapering off of material cost efficiency opportunities.

Coalition policy for health care continues to be supportive of private sector involvement in the provision of services to the NHS.

Capacity Expansion Programme

Australia

Ramsay's brownfield development programme is well advanced with projects under development tracking to plan and completed projects meeting or exceeding expectations with some smaller projects reaching return hurdles earlier than forecast.

An additional \$50 million was approved for brownfield developments during the December half.

Approximately \$535 million of the approved \$730 million (gross) has been spent on brownfield projects since 2007, of which \$455 million has been spent on completed projects.

Key projects completed during the December half include North Shore, Cairns Clinic, Westmead and Pindara while the North West and Kareena developments opened this month.

The \$350 million Joondalup Health Campus project (\$120 million to be funded by Ramsay) remains on track for completion in mid 2013, with Stage 1 of that project due to open early March.

UK

Ramsay's £41 million capacity expansion program is progressing well with 70% of projects complete and the balance of the projects due to be completed by the end of FY11.

Capital Management and Cash Flow

Effective working capital management resulted in a high cash conversion rate for the Group of more than 100% of operating profit (EBITDA) to gross operating cash flow.

Ramsay benefited from lower than expected interest costs, including lower than budgeted debt levels, continued proactive management of its interest rate exposure and lower-than-expected interest rates during the period. 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 \$600 million to \$700 million after allowing for funding of current brownfield commitments.

Outlook

The underlying strength of Ramsay's existing business and its clear strategy to expand via carefully targeted brownfield developments and acquisitions means it is well positioned to capture future global demand for health care.

Ramsay's Australian business continues to achieve strong organic growth, coupled with a quality pipeline of brownfield developments which will keep adding to earnings and contribute positively to EPS.

The UK business is performing well in a challenging environment and NHS activity remains a key source of growth.

Ramsay remains focused on identifying operational improvements and efficiencies at Ramsay Santé and is excited by the opportunities for consolidation in the highly fragmented French market.

Barring unforeseen circumstances Ramsay reaffirms FY11 guidance for core NPAT growth for the Group of 22%-24%, translating to core EPS growth of 18%-20%.

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Summary of Financial Performance

Half Year Ended 31 December
\$ 000's

	FY2011				FY2010	% Increase/ (Decrease)
	Australia & Indonesia	UK	France (4)	Group (4)	Group	
<u>Continuing Operations</u>						
Operating revenue	1,479,218	290,527	94,378	1,864,123	1,682,931	10.8%
EBITDA	222,110	37,453	12,280	271,843	235,252	15.6%
EBIT	174,461	22,827	7,261	204,549	171,622	19.2%
Core Net Profit After Tax (1)				115,779	91,110	27.1%
Net specific items and amortisation of intangibles, net of tax (2)				(13,001)	(12,503)	4.0%
Reported Net Profit After Tax				102,778	78,607	30.8%

<u>Earnings Per Share (cents)</u>			
Core EPS (3)	53.9	44.6	20.8%
Basic EPS	47.6	38.2	24.6%

<u>Dividends Per Share (cents)</u>			
Interim dividend, fully franked	22.5	18.5	21.6%

Notes

- (1) 'Core Net Profit After Tax' is before specific items and amortisation of intangibles and from continuing operations.
- (2) In line with accounting standards, net specific items include the non-cash portion of rent expense of \$9.9 million net of tax relating to the UK hospitals.
- (3) 'Core Earnings Per Share' is before specific items and amortisation of intangibles and from continuing operations and after CARES Dividends.
- (4) Group figures include a six-month contribution from Ramsay Santé which was acquired on 29 March 2010.

SECTION 2

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED

31 DECEMBER 2010

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2010.

DIRECTORS

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

Names

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

PRINCIPAL ACTIVITIES

The principal activities during the half year of entities within the consolidated entity were the owning and operating of private hospitals. There were no significant changes in the nature of these activities during the half year.

REVIEW AND RESULTS OF OPERATIONS

Group core net profit after tax from continuing operations (before specific items and amortisation of intangibles) increased 27.1% to \$115.8 million for the six months ended 31 December 2010 and translates to core earnings per share (EPS) of 53.9 cents.

The result was driven by a strong performance across Ramsay's Australian hospitals, the ramp-up of brownfield developments, an increase in National Health Service (NHS) activity in the UK and lower-than-expected interest costs.

AUDITORS' INDEPENDENCE DECLARATION

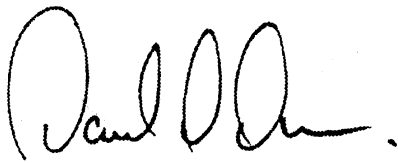
The written Auditors' Independence Declaration in relation to the review of the half year financial report has been included at page 15, and forms part of this report.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT (CONTINUED)

ROUNDING

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

Signed in accordance with a resolution of the directors.



P.J. Ramsay AO
Non-Executive Chairman



C.P. Rex
Managing Director

Sydney, 24 February 2011



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

In relation to our review of the financial report of Ramsay Health Care Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

David Simmonds
Partner
24 February 2011

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under Professional Standards Legislation

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Notes	2010 \$000	2009 \$000
Continuing operations			
Revenue and other income			
Revenue from services		1,864,123	1,682,931
Interest income		2,033	2,334
Revenue and other income		1,866,156	1,685,265
Employee benefits costs		(897,180)	(807,473)
Occupancy costs		(111,154)	(105,724)
Service costs		(110,215)	(104,029)
Medical consumables supplies		(473,730)	(430,453)
Depreciation and amortisation		(68,400)	(64,762)
Expenses, excluding finance costs		(1,660,679)	(1,512,441)
Profit from continuing operations before tax, specific items and finance costs		205,477	172,824
Finance costs		(39,119)	(38,798)
<i>Specific items</i>			
Revenue - Proceeds from sale of medical suites		3,694	-
Cost of goods sold - Book value of medical suites sold		(3,014)	-
Finance revenue/(cost) - Gain/(loss) on interest rate hedge		46	(68)
Service cost - Acquisition, disposal, restructuring and integration costs		(1,315)	-
Service cost - Development projects costs		(1,016)	(373)
Service cost - Unrealised foreign exchange gain on unhedged portion of GBP loan		-	2,250
Depreciation - Impairment of non-current assets		-	(1,620)
Occupancy cost - Non-cash rent expense relating to UK leased hospitals		(14,136)	(16,702)
Profit before income tax from continuing operations		150,617	117,513
Income tax expense		(47,238)	(38,895)
Profit after tax from continuing operations		103,379	78,618
Net profit for the period		103,379	78,618
Attributable to non-controlling interest		601	11
Attributable to owners of the parent		102,778	78,607
		103,379	78,618
Earnings per share (cents per share)			
Basic earnings per share			
Profit (after CARES dividend)	9	47.6	38.2
Profit (after CARES dividend) from continuing operations	9	47.6	38.2
Diluted earnings per share			
Profit (after CARES dividend)	9	47.5	38.1
Profit (after CARES dividend) from continuing operations	9	47.5	38.1

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Notes	2010 \$000	2009 \$000
Net profit for the period		103,379	78,618
Other comprehensive income:			
Cash flow hedges			
Gain taken to equity		20,566	21,340
Transferred to income statement		(11,161)	(12,871)
Actuarial gain on defined benefit plans		400	41
Net gain on hedge of net investment		29,797	24,181
Foreign currency translation		(43,129)	(25,269)
Income tax relating to components of other comprehensive income	5	(2,821)	(2,541)
Other comprehensive (expense)/income for the period, net of tax		(6,348)	4,881
Total comprehensive income for the period		97,031	83,499
Attributable to non-controlling interest		601	11
Attributable to owners of the parent		96,430	83,488
		<u>97,031</u>	<u>83,499</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		Consolidated	
	Notes	As at 31/12/2010 \$000	As at 30/06/2010 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		199,685	185,689
Trade receivables		422,473	465,849
Inventories	7	97,501	90,532
Derivative financial instruments		1,207	1,313
Other current assets		50,914	47,309
		<u>771,780</u>	<u>790,692</u>
Assets classified as held for sale	8	4,350	8,040
Total Current Assets		<u>776,130</u>	<u>798,732</u>
Non-current Assets			
Other financial assets		2,017	2,190
Property, plant and equipment		1,746,659	1,737,106
Goodwill and intangible assets		876,430	924,232
Deferred tax asset		67,645	73,150
Non-current prepayments		11,004	11,089
Derivatives		819	-
Non-current receivables		29,537	29,880
Total Non-current Assets		<u>2,734,111</u>	<u>2,777,647</u>
TOTAL ASSETS		<u>3,510,241</u>	<u>3,576,379</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		513,020	533,207
Interest-bearing loans and borrowings		13,597	17,605
Provisions		136,807	128,230
Derivative financial instruments		8,140	16,251
Income tax payable		33,108	35,819
		<u>704,672</u>	<u>731,112</u>
Liabilities associated with assets held for sale		-	205
Total Current Liabilities		<u>704,672</u>	<u>731,317</u>
Non-current Liabilities			
Interest-bearing loans and borrowings		1,261,156	1,322,838
Provisions		219,024	222,447
Pension liability		12,407	14,325
Derivative financial instruments		16,340	17,843
Other creditors		8,120	9,706
Deferred income tax liability		29,586	33,960
Total Non-current Liabilities		<u>1,546,633</u>	<u>1,621,119</u>
TOTAL LIABILITIES		<u>2,251,305</u>	<u>2,352,436</u>
NET ASSETS		<u>1,258,936</u>	<u>1,223,943</u>
EQUITY			
Issued capital		713,523	713,523
Treasury shares		(13,731)	(8,081)
Convertible Adjustable Rate Equity Securities (CARES)		252,165	252,165
Cash flow hedges		(15,667)	(22,252)
Share based payment reserve		19,356	16,397
Vested employee equity		(15,813)	(14,019)
Other reserves		(22,276)	(8,944)
Retained earnings		352,236	306,485
Parent interests		<u>1,269,793</u>	<u>1,235,274</u>
Non-controlling interests		<u>(10,857)</u>	<u>(11,331)</u>
TOTAL EQUITY		<u>1,258,936</u>	<u>1,223,943</u>

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Changes in Equity for the Half Year to 31 December 2010							
	Balance at 1 July 2010 \$000	Dividends \$000	Purchase of treasury shares \$000	Treasury shares vesting to employees in the period \$000	Share based payment reserve \$000	Disposals of non- controlling interest \$000	Total comprehensive income for the half year, net of tax \$000	Balance at 31 December 2010 \$000
Issued Capital	713,523	-	-	-	-	-	-	713,523
Treasury Shares	(8,081)	-	(7,444)	1,794	-	-	-	(13,731)
Convertible Preference Shares - CARES	252,165	-	-	-	-	-	-	252,165
Share Based Payment Reserve	16,397	-	-	-	2,959	-	-	19,356
Cash Flow Hedges	(22,252)	-	-	-	-	-	6,585	(15,667)
Hedge of a Net Investment	58,802	-	-	-	-	-	29,797	88,599
Foreign Currency Translation	(67,746)	-	-	-	-	-	(43,129)	(110,875)
Actuarial Gains and Losses	(2,338)	-	-	-	-	-	400	(1,938)
Retained Earnings	308,823	(57,427)	-	-	-	-	102,778	354,174
Vested Employee Equity	(14,019)	-	-	(1,794)	-	-	-	(15,813)
Members of the Parent	1,235,274	(57,427)	(7,444)	-	2,959	-	96,431	1,269,793
Non-controlling interests	(11,331)	-	-	-	-	(126)	600	(10,857)
Total Equity	1,223,943	(57,427)	(7,444)	-	2,959	(126)	97,031	1,258,936

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Changes in Equity for the Half Year to 31 December 2009

	Balance at 1 July 2009 \$000	Dividends \$000	Share placement \$000	Treasury shares vesting to employees in the period \$000	Share based payment reserve \$000	Total comprehensive income for the half year, net of tax \$000	Balance at 31 December 2009 \$000
Issued Capital	447,774	-	265,750	-	-	-	713,524
Treasury Shares	(10,210)	-	-	2,128	-	-	(8,082)
Convertible Preference Shares - CARES	252,165	-	-	-	-	-	252,165
Share Based Payment Reserve	9,776	-	-	-	3,951	-	13,727
Cash Flow Hedges	(25,379)	-	-	-	-	5,928	(19,451)
Hedge of a Net Investment	31,784	-	-	-	-	24,181	55,965
Foreign Currency Translation	(36,579)	-	-	-	-	(25,269)	(61,848)
Actuarial Gains and Losses	(862)	-	-	-	-	41	(821)
Retained Earnings	252,196	(47,775)	-	-	-	78,607	283,028
Vested Employee Equity	(11,890)	-	-	(2,128)	-	-	(14,018)
Members of the Parent	908,775	(47,775)	265,750	-	3,951	83,488	1,214,189
Non-controlling interests	387	-	-	-	-	11	398
Total Equity	909,162	(47,775)	265,750	-	3,951	83,499	1,214,587

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

		Consolidated	
	Notes	2010 \$000	2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,907,620	1,667,667
Payments to suppliers and employees		(1,605,974)	(1,440,216)
Income tax paid		(53,734)	(29,512)
Finance costs		(43,104)	(41,986)
Net cash flows from operating activities		204,808	155,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(124,870)	(129,537)
Interest received		2,033	2,334
Proceeds from sale of property, plant & equipment		4,935	-
Net cash flows used in investing activities		(117,902)	(127,203)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(57,427)	(39,653)
Repayment of principal to bondholders		(1,319)	(1,217)
Repayment of finance lease - principal		(3,606)	(776)
Proceeds from issue of shares		-	257,628
Proceeds from/(repayment of) borrowings		6,150	(198,523)
Purchase of ordinary shares		(7,444)	-
Net cash flows (used in)/from financing activities		(63,646)	17,459
Net increase in cash and cash equivalents		23,260	46,209
Net foreign exchange differences on cash held		(9,264)	(691)
Cash and cash equivalents at beginning of period		185,689	89,295
Cash and cash equivalents at end of period	4	199,685	134,813

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. CORPORATE INFORMATION

The financial report of Ramsay Health Care Limited and controlled entities (the 'Group') for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on the 24 February 2011.

Ramsay Health Care Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of operations of the Group is described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 "Interim Financial Reporting". It does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Ramsay Health Care Limited as at 30 June 2010.

It is also recommended that the half year financial report be considered together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the ASX listing rules.

The half year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

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

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 provide 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.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

	Consolidated	
	2010	2009
	\$000	\$000
Core profit after tax from continuing operations		
Profit from continuing operations before tax, specific items and finance costs	205,477	172,824
Less: Finance costs	(39,119)	(38,798)
Profit from continuing operations before tax and specific items	166,358	134,026
Add: Amortisation - operating rights	1,105	1,132
Profit from continuing operations before tax, specific items and amortisation	167,463	135,158
Profit attributable to non-controlling interests	(778)	(11)
Income tax (expense) on continuing operations (excluding specific items)	(50,906)	(44,037)
Core profit after tax from continuing operations	115,779	91,110
Core earnings per share from continuing operations		
Core profit after tax from continuing operations (above)	115,779	91,110
Less: CARES dividend	(6,901)	(5,365)
Core profit after tax from continuing operations used to calculate Core earnings per share continuing operations	108,878	85,745
Weighted average number of ordinary shares adjusted for the effect of dilution	201,973,908	192,130,779
Core earnings per share from continuing operations	53.91 c	44.63 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)	115,779	91,110
Specific items and amortisation of intangibles (net of tax)		
- Non-cash rent expense relating to leased UK hospitals	(9,901)	(11,475)
- Other	(3,100)	(1,028)
Net profit attributable to members of the parent	102,778	78,607

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Change in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2010:

- **AASB 2009-8** *Amendments to Australian Accounting Standards (AASB 2) - Group Cash-Settled Share Based payment arrangement.*
- **AASB 2009-10** *Amendments to Australian Accounting Standards (AASB 132) - Classification of Rights Issues.*

Annual Improvements Project

In May 2009 and June 2010 the AASB issued an omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The adoption of the following amendments resulted in changes in accounting policies but did not have any impact on the financial position or performance of the Group:

- **AASB 5** *Non-current Assets Held for Sale and Discontinued Operations*
- **AASB 8** *Operating Segments*
- **AASB 107** *Statement of Cash Flows*
- **AASB 117** *Leases*
- **AASB 118** *Revenue*
- **AASB 136** *Impairment of Assets*
- **AASB 139** *Financial Instruments: Recognition and Measurement*

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

	Consolidated	
	As at 31/12/2010 \$000	As at 31/12/2009 \$000
3. DIVIDENDS PAID		
(a) Dividends declared and paid during the period on ordinary shares:		
<i>Previous year final dividend paid</i>		
- Franked dividends - ordinary (25.0 cents per share) (2009: 21.5 cents)	50,520	42,410
(b) Dividends proposed and not recognised as a liability on ordinary shares:		
<i>Interim dividend proposed</i>		
- Franked dividends - ordinary (22.5 cents per share) (2009: 18.5 cents)	45,468	37,385
(c) Dividends declared and paid during the period on CARES:	6,901	5,365
(d) Dividends proposed and not recognised as a liability on CARES:	8,945	6,495

The tax rate at which paid dividends have been franked is 30% (2009: 30%). 100% of the proposed dividends will be franked at the rate of 30% (2009: 30%).

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)
For the Half Year Ended 31 December 201000

	Consolidated	
	As at	As at
	31/12/2010	31/12/2009
	\$000	\$000

4. CASH AND CASH EQUIVALENTS

For the purpose of the half year statement of cashflows, cash and cash equivalents are comprised of the following:

Cash at bank	<u>199,685</u>	<u>134,813</u>
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5. TAX RELATING TO OTHER COMPREHENSIVE INCOME

Disclosure of tax effects relating to each component of other comprehensive income

- Cashflow hedges taken to equity	(6,169)	(6,402)
- Cashlow hedges transferred to the income statement	3,348	3,861
	<u>(2,821)</u>	<u>(2,541)</u>

6. 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 region 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 two reportable operating segments being Asia Pacific and Europe.

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.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)
For the Half Year Ended 31 December 2010

6. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations		
	Asia Pacific \$000	Europe \$000	Total \$000
Six months ended 31 December 2010			
Revenue			
Revenue from services	1,479,217	384,906	1,864,123
Total revenue before intersegment revenue	1,479,217	384,906	1,864,123
Intersegment revenue	2,221	-	2,221
Total segment revenue	1,481,438	384,906	1,866,344
Results			
Segment net profit after tax	107,911	7,868	115,779
Specific Items			
- Proceeds from sale of medical suites	3,694	-	3,694
- Book value of medical suites sold	(3,014)	-	(3,014)
- Ineffectiveness of interest rate hedge	46	-	46
- Acquisition, disposal, restructuring and integration costs	(1,315)	-	(1,315)
- Development projects costs	(1,016)	-	(1,016)
- Non-cash rent expense relating to UK leased hospitals	-	(14,136)	(14,136)
Finance costs	(33,988)	(5,131)	(39,119)
Interest income	2,033	-	2,033
Income tax expense	(45,888)	(1,350)	(47,238)
Depreciation	(47,649)	(19,646)	(67,295)
Amortisation - intangibles	(1,105)	-	(1,105)

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)
For the Half Year Ended 31 December 2010

6. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations		
	Asia Pacific \$000	UK \$000	Total \$000
Six months ended 31 December 2009			
Revenue			
Revenue from services	1,360,309	322,622	1,682,931
Total revenue before intersegment revenue	1,360,309	322,622	1,682,931
Intersegment revenue	1,177	-	1,177
Total segment revenue	1,361,486	322,622	1,684,108
Results			
Segment net profit after tax	87,830	3,280	91,110
Specific Items			
- Ineffectiveness of interest rate hedge	(68)	-	(68)
- Development projects costs	(373)	-	(373)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	2,250	-	2,250
- Impairment of non-current assets	(1,620)	-	(1,620)
- Non-cash rent expense relating to UK leased hospitals	-	(16,702)	(16,702)
Finance costs	(36,113)	(2,685)	(38,798)
Interest income	2,334	-	2,334
Income tax expense	(36,697)	(2,198)	(38,895)
Depreciation	(41,539)	(22,091)	(63,630)
Amortisation - intangibles	(1,132)	-	(1,132)

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)
For the Half Year Ended 31 December 2010

6. SEGMENT INFORMATION (CONTINUED)

	Consolidated	
	2010	2009
	\$000	\$000
i) Segment revenue reconciliation to income statement		
Total segment revenue	1,866,344	1,684,108
Inter - segment sales elimination	(2,221)	(1,177)
Interest income	2,033	2,334
Total revenue per income statement	<u>1,866,156</u>	<u>1,685,265</u>

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

Segment core net profit after tax	115,779	91,110
Income tax expense on core profit	50,906	44,040
Specific Items		
- Gain/(loss) on interest rate hedge	46	(68)
- Acquisition, disposal, restructuring and integration costs	(1,315)	-
- Development projects costs	(1,016)	(373)
- Unrealised foreign exchange gain on unhedged portion of GBP loan	-	2,250
- Non-cash rent expense relating to UK leased hospitals	(14,136)	(16,702)
- Impairment of non-current assets	-	(1,620)
- Amortisation of intangibles - operating rights	(1,105)	(1,132)
- Proceeds from sale of medical suites	3,694	-
- Book value of medical suites sold	(3,014)	-
- profit attributable to minority interest	778	11
Other	-	(3)
Profit before tax from continuing operations	<u>150,617</u>	<u>117,513</u>

7. INVENTORY

	Consolidated	
	As at	As at
	31/12/2010	30/06/2010
	\$000	\$000
Amount of medical and food supplies to be consumed in providing future patient services - at cost	77,454	75,935
Medical consulting suites to be sold that are currently under construction - at cost	20,047	14,597
	<u>97,501</u>	<u>90,532</u>

8. 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	<u>4,350</u>	<u>8,040</u>
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Assets are held for sale to external parties in the next 6 months. Assets are non-core parts of the Asia Pacific segment.

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)
For the Half Year Ended 31 December 2010

9. EARNINGS PER SHARE

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

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 period 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.

	As at 31/12/10	As at 31/12/09
	\$000	\$000
Net profit for the period attributable to the members of the parent	102,778	78,607
Less: dividend paid on convertibles adjustment rate equity securities (CARES)	(6,901)	(5,365)
Profit used in calculating basic and diluted for profit (after CARES dividend)		
earnings per share from continuing operations	<u>95,877</u>	<u>73,242</u>
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	201,305,634	191,694,745
Effect of dilution - share rights	668,274	436,034
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>201,973,908</u>	<u>192,130,779</u>
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 have the potential to dilute earnings per share.		

10. SHARE BASED PAYMENT PLANS

On 17 November 2010, 249,334 share rights were granted to senior executives. 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 fair value of each share right is estimated on the date of grant using the Monte Carlo Model and the Black Scholes Option Pricing model with the following weighted average assumptions.

Dividend yield	3.1%
Expected volatility	22% - 30%
Historical volatility	25%
Risk - free interest rate	5.1% - 5.2%
Effective life of incentive right	3 years

The estimated fair value of the share rights at grant date are \$10.61 and \$14.36

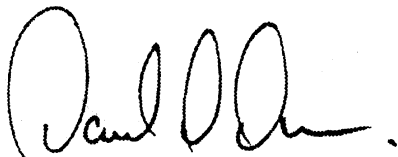
RAMSAY HEALTH CARE LIMITED DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) the financial information and notes of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - (i) give a true and fair view for the financial position as at 31 December 2010 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



P.J. Ramsay AO
Non-Executive Chairman



C.P. Rex
Managing Director

Sydney, 24 February 2011



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Independent review report to the members of Ramsay Health Care Limited

We have reviewed the accompanying half year financial report of Ramsay Health Care Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed income statement, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ramsay Health Care Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Liability limited by a scheme approved
under Professional Standards Legislation



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ramsay Health Care Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

David Simmonds
Partner
Sydney
24 February 2011

SECTION 3

ANALYST INFORMATION

RAMSAY HEALTH CARE LIMITED AND CONTROLLED ENTITIES
APPENDIX 4D
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

ANALYST INFORMATION

1) Earnings per Share

	As at 31/12/10 \$000	As at 31/12/09 \$000
Net profit for the period attributable to the members of the parent	102,778	78,607
Less: dividend paid on convertibles adjustment rate equity securities (CARES)	(6,901)	(5,365)
Profit used in calculating basic and diluted for profit (after CARES dividend)		
earnings per share from continuing operations	<u>95,877</u>	<u>73,242</u>
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	201,305,634	191,694,745
Weighted average number of ordinary shares used in calculating diluted earnings per share	201,973,908	192,130,779
Earnings per share (cents per share)		
- basic for profit (after CARES dividend) for the half year	47.6	38.2
- diluted for profit (after CARES dividend) for the half year	47.5	38.1
- basic for profit (after CARES dividend) from continuing operations	47.6	38.2
- diluted for profit (after CARES dividend) from continuing operations	47.5	38.1

2) Dividends

Dividends - Ordinary Shares	Amount per security	Franked amount per security
Current year		
- Interim dividend	22.5 ¢	22.5 ¢
Previous corresponding period		
- Interim dividend	18.5 ¢	18.5 ¢
Record date for determining entitlements to the interim dividend	15 March 2011	
Date the current year interim dividend is payable	28 March 2011	

Interim Dividend Proposed	2010 \$000	2009 \$000
Ordinary securities	45,468	37,385

The current year interim dividend will be franked at the rate of 30% (2009: 30%)

3) NTA backing

	31/12/2010 \$	30/06/2010 \$
Net tangible asset backing per ordinary share	1.70	1.29