RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2017

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

		2017 $000	2016 $000	% increase/ (decrease)
Revenue and other income (Core)	**(1)**	8,707,275	8,691,197	0.2%
Revenue from services		8,705,368	8,684,116	0.2%
Profit before disposal of assets, finance costs, tax, depreciation, amortisation and non-core items (Core EBITDA)		1,313,919	1,268,954	3.5%
Profit before finance costs, tax and non-core items (Core EBIT)		943,396	897,063	5.2%
Core net profit after tax attributable to owners of the parent	**(1),(2)**	**542,697**	**481,425**	**12.7%**
Non-core items after tax attributable to owners of the parent	**(1)**	(53,750)	(31,128)	
Net profit after tax for the period attributable to owners of the parent *		**488,947**	**450,297**	**8.6%**

Earnings per share (cents per share)

Diluted Core EPS	**(1),(2),(3)**	**261.4**	**231.4**	**13.0%**
Diluted Statutory EPS		**234.9**	**216.1**	**8.7%**

* Inclusive of the dividends payable to holders of Convertible Adjustable Rate Equity Securities (CARES)
1. Refer to the Overview Section of the Consolidated Financial Statements for further information.
2. Core net profit after tax and diluted core earnings per share are before non-core items.
3. Diluted Core earnings per share (Diluted Core EPS) calculation is based upon Core net profit after tax adjusted for Preference Dividends, using the weighted average number of ordinary shares adjusted for the effect of dilution.

1.2 EARNINGS PER SHARE

	Full year ended 30/06/2017 $000	Full year ended 30/06/2016 $000
Net profit for the period attributable to the owners of the parent	488,947	450,297
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(12,878)	(12,958)
Profit used in calculating basic and diluted earnings per share (after CARES dividend)	476,069	437,339
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	201,268,022	200,948,992
Weighted average number of ordinary shares used in calculating diluted earnings per share	202,686,639	202,415,611
Earnings per share	**Cents per share**	
- basic (after CARES dividend)	**236.5**	**217.6**
- diluted (after CARES dividend)	**234.9**	**216.1**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.3 DIVIDEND INFORMATION

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year - Interim dividend - Final proposed dividend	 53.0¢ 81.5¢	 53.0¢ 81.5¢
Total dividend	134.5¢	134.5¢
Previous corresponding period - Interim dividend - Final proposed dividend	 47.0¢ 72.0¢	 47.0¢ 72.0¢
Total dividend	119.0¢	119.0¢
Record date for determining entitlements to the ordinary dividend	6 September 2017	
Date the current year ordinary dividend is payable	28 September 2017	

Convertible Adjustable Rate Equity Securities ('CARES') Dividends	
Record date for determining entitlements to the CARES dividend	5 October 2017
Date the CARES dividend is payable	20 October 2017

The proposed ordinary and CARES dividends will be franked at the rate of 30% (2016: 30%).

1.4 NET TANGIBLE ASSETS

Net tangible assets (NTA) per share at 30 June 2017 is $1.89 (June 2016: $0.41).

1.5 DETAILS OF JOINT VENTURE ENTITY

The detail of the joint venture entity which contributes to Ramsay Health Care Limited's net profit is detailed below:

Name of entity	**Contribution to net profit**		**Percentage of ownership interest**	
	Full year ended 30/06/2017 $000	**Full year ended 30/06/2016 $000**	**As at 30/06/2017**	**As at 30/06/2016**
Equity accounted joint venture entity Ramsay Sime Darby Health Care Sdn Bhd	13,146	9,966	50%	50%
Total share of after tax profits of equity accounted investments	**13,146**	**9,966**		

1.6 COMMENTARY ON RESULTS

Commentary on results follows

ASX ANNOUNCEMENT

People caring for people

30 August 2017

RAMSAY HEALTH CARE REPORTS 13.0% RISE IN FULL YEAR CORE EPS AND 12.7% RISE IN CORE NET PROFIT

Financial Highlights

- Core net profit after tax[1] (Core NPAT) up 12.7% to $542.7 million
- Core earnings per share[2] (Core EPS) up 13.0% to 261.4 cents
- Group:
  - Revenue up 0.2% to $8.7 billion (up 4.1% in constant currency)
  - EBIT up 5.2% to $943.4 million
- Australia/Asia:
  - Australia revenue up 7.0% to $4.7 billion
  - Australia EBIT up 13.6% to $649.6 million
  - Equity accounted share of Asian joint venture net profits of $13.1 million, up 31.9%
- France:
  - Revenue up 0.3% to €2.2 billion
  - EBITDAR up 0.5% to €448.3 million
- United Kingdom:
  - Revenue up 4.6% to £449.2 million
  - EBITDAR up 1.7% to £113.9 million
- Final dividend 81.5 cents fully franked, up 13.2% on the previous corresponding period, bringing the full-year dividends to 134.5 cents fully franked, up 13.0%

Overview

Ramsay Health Care today announced a Core Net Profit After Tax of $542.7 million for the year ended 30 June 2017, a 12.7% increase on the previous corresponding period.

Core NPAT delivered Core EPS of 261.4 cents for the year, an increase of 13.0% on the 231.4 cents recorded in the previous corresponding period.

Directors have announced a fully-franked final dividend of 81.5 cents, up 13.2% on the previous corresponding period, taking the full year dividend to 134.5 cents fully-franked, up 13.0% on the prior year. The dividend Record Date is 6 September 2017 with payment on 28 September 2017. The Dividend Reinvestment Plan will remain suspended.

The Company's statutory reported net profit after tax (after net non-core items) of $488.9 million was up 8.6% on the prior year.

[1] *Before non-core items*
[2] *Core net profit after CARES dividends*

Commentary on Results

Ramsay Health Care Managing Director Craig McNally said growth in admissions and procedural volumes in Ramsay's Australian business ensured it delivered another year of strong revenue and EBIT growth, while its international businesses performed well, given challenging tariff environments.

Mr McNally said: "Australia remains the powerhouse of our business and delivered another year of impressive earnings growth, driven by strong demand and our brownfield developments. We continue to invest heavily in this market, expanding and improving the quality of our facilities to ensure we are well-placed to meet the demands of an ageing and growing population. This year was no different, with close to $500 million worth of projects either completed or commenced during the period including the opening of two brand new facilities: The Southport Private Hospital on the Gold Coast and the Border Cancer Centre in Albury.

"Globally, there are currently $385 million in projects under construction and due to complete over the next two years. Major expansions are underway at St Andrew's Private Hospital in Ipswich, Albert Road Clinic in Melbourne, Warners Bay Private Hospital in Newcastle and the new Northside Clinic in Sydney. We will open the new Croydon Day Surgery in the UK in September 2018. There remains no shortage of development opportunities and the strength of the pipeline means we are well-placed to meet future demand."

He said the Company's European businesses had delivered results in accordance with expectations demonstrating resilience in what are challenging tariff environments for the near term. "A strong focus on operational efficiencies in both regions ensured that in local currency EBITDAR growth was achieved during the period. In France, Ramsay Generale de Sante (RGdS) generated an increase in EBITDAR over the corresponding period of 0.5% to €448.3 million and in the UK EBITDAR increased 1.7% to £113.9 million. In both these markets we continue to focus on achieving volume growth and controlling costs.

"Ramsay's Malaysian and Indonesian facilities (part of a joint venture with Sime Darby) continue to perform well in challenging circumstances thanks to a focus on cost controls.

"Our procurement strategy continues to track to expectations in terms of delivering significant savings."

Mr McNally said across all Ramsay's existing markets there was exciting potential for out-of-hospital growth opportunities in adjacent businesses including retail pharmacy.

"The Ramsay pharmacy franchise network is expanding and is on track to total 55 retail pharmacies once current contracts are completed. These pharmacies are providing a base for the provision of medication management and other integrated care services to our patients beyond the hospital walls. In the past year we have opened four 24/7 community pharmacies which are located in our major hospitals. In the meantime, our existing hospital pharmacy dispensing business continues to perform well."

Balance Sheet, Cash Flow & Refinancing

Ramsay's robust balance sheet and strong cash flow generation continue~~s~~ to provide us with the flexibility to fund the continuing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs. At 30 June 2017, the Group Consolidated Leverage Ratio was 2.2 times, well within our internal parameters.

In November 2016, Ramsay and its wholly owned subsidiaries restructured their existing A$, GBP and Euro senior debt facilities, into new Syndicated Debt Facility Agreements. The new Agreements provide Ramsay with significantly improved terms and conditions, particularly lower margins and extended maturity in respect of the GBP and Euro debt facilities, increased flexibility to fund future growth initiatives, improved access to offshore debt markets and improved access to additional debt funding, provided financial and other undertakings are satisfied.

Additionally, on 11 August 2017, RGdS successfully completed an Amend and Extend of its senior debt facilities, achieving improved terms and conditions, including a 2 year extension of maturity date to 3 October 2022.

Additionally, on 11 August 2017, RGdS successfully completed an amend and extend of its senior debt facilities, achieving significantly improved terms and conditions, including a 2 year extension of maturity date to 3 October 2022.

Outlook

Mr McNally said attractive demographic sector fundamentals combined with Ramsay's geographic, casemix and reimbursement diversification as well as consistent execution of Company strategy, would underpin future growth for the organisation.

"I remain committed to our focused strategy of organic growth, financially disciplined acquisitions, expansion of our existing business through brownfield developments and pursuing public/private collaborations where they make sense.

"Ramsay is expanding and developing our hospital business across the world to meet the ageing and growing population and the strength of our development pipeline gives us confidence that we can meet this demand."

"We expect strong growth in our Australian hospital business to continue in FY18 fuelled by ongoing growth in hospital utilisation rates as well as uplift from our brownfield development programme.

"In international markets, we are looking forward to the increase in tariff in the UK scheduled for April 2018 and in France, the election of the new government has seen an uplift in business and consumer sentiment, which bodes well for the future in that country.

"There is also increasing potential for out-of-hospital growth opportunities in adjacent businesses like retail pharmacy, across all markets in which we operate. We will continue to seek opportunities to broaden our care beyond hospitals to deliver integrated care across an increasingly disperse ecosystem.

"Importantly, we remain committed to delivering excellent healthcare to over three million patients each year and ensuring that our 60,000 staff have access to career enhancement and learning and development opportunities. I wish to thank the entire Ramsay team and the doctors who work with us for their ongoing dedication and commitment to our patients and Ramsay Health Care as we continue to achieve enormous success together.

"Based on operating conditions in each of our core markets, continued successful execution of our strategy, and barring unforeseen circumstances, Ramsay is targeting Core EPS growth of 8% to 10% for FY18."

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Attachment: Summary of Financial Performance.

Attachment:

People caring for people

Summary of Group Financial Performance

Year Ended 30 June
$ millions

	FY2017	FY2016	% Increase
Net Profit After Tax (NPAT)			
Operating revenue	8,705.4	8,684.1	0.2%
EBITDAR	1,705.9	1,669.4	2.2%
EBITDA	1,313.9	1,268.9	3.5%
EBIT	943.4	897.1	5.2%
Core NPAT attributable to members of the parent (1)	**542.7**	**481.4**	**12.7%**
Net non-core items, net of tax (3)	(53.8)	(31.1)	
Statutory Reported NPAT	488.9	450.3	8.6%
Earnings Per Share, (EPS) cents, attributable to members of the parent			
Core EPS (2)	**261.4**	**231.4**	**13.0%**
Statutory Reported EPS	234.9	216.1	8.7%
Dividends Per Share, cents			
Final dividend, fully franked	81.5	72.0	13.2%
Full-year dividends, fully franked	134.5	119.0	13.0%

Notes

(1) 'Core NPAT attributable to members of the parent' is before non-core items and from continuing operations. Générale de Santé has been consolidated from the acquisition date of 1 October 2014. The non-controlling interest's share of Générale de Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent.

(2) 'Core EPS' is derived from core net profit after CARES dividends.

(3) Refer to Appendix 4E Note (a)(i) Reconciliation of net profit attributable to owners of the parent to core profit (segment result).

SECTION 2

FINANCIAL INFORMATION

FOR THE FULL YEAR ENDED

30 JUNE 2017

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS	PAGE

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $000	2016 $000
Revenue and other income			
Revenue from services	2	8,705,368	8,684,116
Interest income		1,787	7,081
Other income - income from the sale of development assets		-	2,153
Other income - net profit on disposal of non-current assets		120	4,201
Total revenue and other income		**8,707,275**	**8,697,551**
Employee benefit and contractor costs	3	(4,545,594)	(4,486,757)
Occupancy costs	3	(661,645)	(678,752)
Service costs		(256,511)	(303,720)
Medical consumables and supplies		(1,998,074)	(2,005,754)
Depreciation, amortisation and impairment	3	(375,544)	(384,074)
Cost of goods sold - book value of development assets sold		-	(1,026)
Total expenses, excluding finance costs		**(7,837,368)**	**(7,860,083)**
Share of profit of joint venture	14a	13,146	9,966
Profit before tax and finance costs		**883,053**	**847,434**
Finance costs	3	(133,388)	(138,498)
Profit before income tax		**749,665**	**708,936**
Income tax	13	(198,669)	(197,674)
Net profit for the year		**550,996**	**511,262**
Attributable to non-controlling interest		62,049	60,965
Attributable to owners of the parent		488,947	450,297
		550,996	**511,262**
Earnings per share (cents per share)			
Basic earnings per share			
Profit (after CARES dividend)	5	236.5	217.6
Diluted earnings per share			
Profit (after CARES dividend)	5	234.9	216.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 $000	2016 $000
Net profit for the year	550,996	511,262
Items that will not be reclassified to net profit		
Actuarial (loss)/gain on defined benefit plans	(2,091)	5,528
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Gain/(loss) taken to equity	26,913	(54,747)
Transferred to Income Statement	7,640	4,957
Net (loss) on bank loan designated as a hedge of a net investment	(6,635)	(20,382)
Foreign currency translation	(12,146)	(14,825)
Income tax relating to components of other comprehensive income / (expense)	(12,138)	13,505
Other comprehensive income/(expense) for the year, net of tax	**1,543**	**(65,964)**
Total comprehensive income for the year	**552,539**	**445,298**
Attributable to non-controlling interests	65,507	50,264
Attributable to the owners of the parent	**487,032**	**395,034**
	552,539	**445,298**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $000	2016 $000
ASSETS			
Current assets			
Cash and cash equivalents	7a	419,519	328,989
Trade and other receivables	8a	1,172,188	1,132,337
Inventories	8b	226,261	205,012
Income tax receivable	13	8,931	21,521
Prepayments		97,226	112,041
Other current assets		22,817	11,396
		1,946,942	1,811,296
Assets classified as held for sale		13,383	22,692
Total current assets		**1,960,325**	**1,833,988**
Non-current assets			
Other financial assets		34,515	31,516
Investments in joint venture	14a	206,101	210,765
Property, plant and equipment	10	3,865,832	3,860,184
Intangible assets	11	2,037,361	2,045,657
Deferred tax asset	13	179,457	200,254
Prepayments		11,779	12,068
Derivative financial instruments	7c	734	-
Receivables	8a	39,257	47,050
Total non-current assets		**6,375,036**	**6,407,494**
TOTAL ASSETS		**8,335,361**	**8,241,482**
LIABILITIES			
Current liabilities			
Trade and other payables	8c	1,694,889	1,717,562
Interest-bearing loans and borrowings	7b	85,543	117,927
Derivative financial instruments	7c	16,046	18,808
Provisions	14b	69,348	80,612
Income tax payable	13	36,522	49,560
Total current liabilities		**1,902,348**	**1,984,469**
Non-current liabilities			
Interest-bearing loans and borrowings	7b	3,261,816	3,326,821
Provisions	14b	475,298	476,327
Defined employee benefit obligation	14d	75,237	70,626
Derivative financial instruments	7c	14,065	44,710
Other creditors		8,648	10,110
Deferred tax liability	13	239,263	282,358
Total non-current liabilities		**4,074,327**	**4,210,952**
TOTAL LIABILITIES		**5,976,675**	**6,195,421**
NET ASSETS		**2,358,686**	**2,046,061**
EQUITY			
Issued capital	6	713,523	713,523
Treasury shares	6	(70,608)	(88,844)
Convertible Adjustable Rate Equity Securities (CARES)	6	252,165	252,165
Other reserves		(17,556)	(30,304)
Retained earnings		1,398,664	1,176,349
Parent interests		**2,276,188**	**2,022,889**
Non-controlling interests		**82,498**	**23,172**
TOTAL EQUITY		**2,358,686**	**2,046,061**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital (Note 6.1) $000	Treasury Shares (Note 6.2) $000	CARES (Note 6.3) $000	Other Reserves $000	Retained Earnings $000	Non-controlling interests $000	Total $000
As at 1 July 2015	**713,523**	**(80,190)**	**252,165**	**23,926**	**955,114**	**(26,744)**	**1,837,794**
Total Comprehensive Income	-	-	-	(56,395)	451,429	50,264	**445,298**
Dividends paid	-	-	-	-	(230,194)	(4,503)	**(234,697)**
Shares purchased for executive performance share plan	-	(45,837)	-	-	-	-	**(45,837)**
Treasury shares vesting to employees	-	37,183	-	(37,183)	-	-	**-**
Share based payment expense for employees	-	-	-	39,348	-	-	**39,348**
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	4,155	**4,155**
As at 30 June 2016	**713,523**	**(88,844)**	**252,165**	**(30,304)**	**1,176,349**	**23,172**	**2,046,061**
As at 1 July 2016	**713,523**	**(88,844)**	**252,165**	**(30,304)**	**1,176,349**	**23,172**	**2,046,061**
Total Comprehensive Income	-	-	-	(762)	487,794	65,507	**552,539**
Dividends paid	-	-	-	-	(265,479)	(6,924)	**(272,403)**
Shares purchased for executive performance share plan	-	(27,426)	-	-	-	-	**(27,426)**
Treasury shares vesting to employees	-	45,662	-	(45,662)	-	-	**-**
Share based payment expense for employees	-	-	-	59,172	-	-	**59,172**
Share capital issued	-	-	-	-	-	618	**618**
Acquisition of subsidiary	-	-	-	-	-	125	**125**
As at 30 June 2017	**713,523**	**(70,608)**	**252,165**	**(17,556)**	**1,398,664**	**82,498**	**2,358,686**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers		8,643,216	8,575,325
Payments to suppliers and employees		(7,432,025)	(7,341,415)
Income tax paid		(212,341)	(197,871)
Finance costs		(116,663)	(131,070)
Net cash flows from operating activities	7a	**882,187**	**904,969**
Cash flows from investing activities			
Purchase of property, plant and equipment		(430,455)	(510,264)
Proceeds from sale of property, plant and equipment		-	2,249
Proceeds from sale of other assets		59,729	2,488
Interest received		1,787	7,081
Acquisition of business, net of cash received	9	(24,698)	(213,718)
Deferred payment on investment in joint venture	7a	(29,874)	(23,298)
Net cash flows used in investing activities		**(423,511)**	**(735,462)**
Cash flows from financing activities			
Dividends paid to ordinary shareholders of the parent		(265,479)	(230,194)
Dividends paid to outside equity interest		(6,924)	(4,503)
Hospital infrastructure payments reimbursed/(to be reimbursed)		27,746	(9,431)
Repayment of principal to bondholders		(4,453)	(4,012)
Repayment of finance lease - principal		(60,762)	(67,278)
Purchase of ordinary shares		(27,425)	(45,837)
Proceeds from borrowings		1,063,516	866,710
Repayment of borrowings		(1,090,962)	(565,571)
Costs of refinancing		(6,738)	-
Repayment of outside equity interest		-	(96,732)
Net cash flows (used in) / from financing activities		**(371,481)**	**(156,848)**
Net increase in cash and cash equivalents		87,195	12,659
Net foreign exchange differences on cash held		3,335	469
Cash and cash equivalents at beginning of year		328,989	315,861
Cash and cash equivalents at end of year	7a	**419,519**	**328,989**

OVERVIEW
Ramsay Health Care Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

(a) Basis of preparation
This general purpose financial report:
- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001;
- has been prepared on the basis of historical cost, except for derivative financial instruments, listed investments and the assets and liabilities recognised through business combinations which have been measured at fair value;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- discloses comparative information on a consistent basis and as used in the annual financial statements for the year ended 30 June 2016;
- presents all values as rounded to the nearest thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191;
- adopts all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2016, all of which did not have a material impact on the financial statements; and
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

The Directors believe that the core profit (segment result) after tax, (Core profit (segment result) after tax is a non-statutory profit measure and represents profit before non-core items) and the core earnings per share measures, provides additional useful information which is used for internal segment reporting and therefore would be useful for shareholders, as these measures are used to ascertain the ongoing profitability of the underlying business.

	2017 $000	2016 $000
(i) Reconciliation of net profit attributable to owners of the parent to core profit (segment result)		
Net profit after tax attributable to owners of the parent	488,947	450,297
Add/(less) non-core items:		
- Non-cash portion of rent expense relating to leased UK hospitals *	15,641	21,871
- Non-cash unfavourable lease contracts expense	9,686	8,183
- Amortisation - service concession assets	3,293	3,139
- Net loss/(profit) on disposal of non-current assets	1,341	(4,201)
- Income from the sale of development assets	-	(2,153)
- Former CEO's unvested performance rights - accounting expense	8,556	-
- Book value of development assets sold	-	1,026
- Acquisition, disposal, and development costs	17,515	19,114
- Impairment of non-current assets	1,608	9,731
- Restructuring – personnel costs	4,490	-
- Borrowing costs associated with refinancing	12,006	-
Income tax on non-core items	(23,198)	(28,437)
Non-controlling interest in non-core items net of tax	2,812	2,855
	53,750	31,128
Core profit (segment result) after tax * *	542,697	481,425
Core earnings per share		
Core profit after tax (above)	542,697	481,425
Less: CARES Dividend	(12,878)	(12,958)
Core profit after tax used to calculate core earnings per share	529,819	468,467
Weighted average number of ordinary shares adjusted for effect of dilution	202,686,639	202,415,611
Diluted core earnings per share	261.4c	231.4c
Weighted average number of ordinary shares	201,268,022	200,948,992
Basis core earnings per share	263.2c	233.1c

* Accounted for in accordance with *AASB 117 Leases* and *UIG 115 Operating Leases – Incentives*
* * Core profit (segment result) after tax is a non-statutory profit measure and represents profit before non-core items

(ii) Reconciliation of statutory Income Statement to core (segment) Income Statement

The following table reconciles the statutory consolidated Income Statement to the core (segment) consolidated Income Statement. The non-core items listed at (a)(i) above are excluded from the relevant line items in the consolidated statutory Income Statement to ascertain the core (segment) consolidated Income Statement.

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

(ii) Reconciliation of statutory Income Statement to core (segment) Income Statement (continued)

	Statutory Consolidated Income Statement $000	Non-core items as listed at (a)(i) $000	Core (segment) Consolidated Income Statement $000
For the year ended 30 June 2017			
Revenue from services	8,705,368	-	8,705,368
Interest income	1,787	-	1,787
Other income - net profit on disposal of non-current assets	120	-	120
Total revenue and other income	**8,707,275**	**-**	**8,707,275**
Employee benefit and contractor costs	(4,545,594)	13,046	(4,532,548)
Occupancy costs	(661,645)	25,327	(636,318)
Service costs	(256,511)	18,856	(237,655)
Medical consumables and supplies	(1,998,074)	-	(1,998,074)
Depreciation, amortisation and impairment	(375,544)	4,901	(370,643)
Total expenses, excluding finance costs	**(7,837,368)**	**62,130**	**(7,775,238)**
Share of profit of joint venture	13,146	-	13,146
Profit before tax and finance costs	**883,053**	**62,130**	**945,183**
Finance costs	(133,388)	12,006	(121,382)
Profit before income tax	**749,665**	**74,136**	**823,801**
Income tax	(198,669)	(23,198)	(221,867)
Net profit for the year	**550,996**	**50,938**	**601,934**
Attributable to non-controlling interest	62,049	(2,812)	59,237
Attributable to owners of the parent	**488,947**	**53,750**	**542,697**
	550,996	**50,938**	**601,934**
For the year ended 30 June 2016			
Revenue from services	8,684,116	-	8,684,116
Interest income	7,081	-	7,081
Other income - income from the sale of development assets	2,153	(2,153)	-
Other income - net profit on disposal of non-current assets	4,201	(4,201)	-
Total revenue and other income	**8,697,551**	**(6,354)**	**8,691,197**
Employee benefit and contractor costs	(4,486,757)	-	(4,486,757)
Occupancy costs	(678,752)	30,054	(648,698)
Service costs	(303,720)	19,114	(284,606)
Medical consumables and supplies	(2,005,754)	-	(2,005,754)
Depreciation, amortisation and impairment	(384,074)	12,870	(371,204)
Cost of goods sold - book value development assets sold	(1,026)	1,026	-
Total expenses, excluding finance costs	**(7,860,083)**	**63,064**	**(7,797,019)**
Share of profit of joint venture	9,966	-	9,966
Profit before tax and finance costs	**847,434**	**56,710**	**904,144**
Finance costs	(138,498)	-	(138,498)
Profit before income tax	**708,936**	**56,710**	**765,646**
Income tax	(197,674)	(28,437)	(226,111)
Net profit for the year	**511,262**	**28,273**	**539,535**
Attributable to non-controlling interest	60,965	(2,855)	58,110
Attributable to owners of the parent	**450,297**	**31,128**	**481,425**
	511,262	**28,273**	**539,535**

OVERVIEW (CONTINUED)

(b) New Accounting Standards and Interpretations

Accounting Standards and Interpretations issued but not yet effective

Reference	Title	Summary	Impact on Group Financial Report
AASB 9, and relevant amending standards	***Financial Instruments*** Application date of standard: 1 January 2018 Application date for Group: 1 July 2018	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.	The Group is continuing to assess the classification and measurement of certain financial assets (classified as 'other current assets' and 'other financial assets' on the Consolidated Statement of Financial Position) under AASB 9. The classification and measurement of all other financial assets and financial liabilities are not expected to change on adoption of AASB 9. The Group is also continuing to assess the impact of the new expected credit loss impairment model on its trade and other receivables, however given the historic value of receivable write-offs it is not expected to be significantly different. The new hedge accounting requirements will not have any significant impact on the results. Further information will be provided in future financial reports as management finalises its assessment.
AASB 15, and relevant amending standards	***Revenue from Contracts with Customers*** Application date of standard: 1 January 2018 Application date for Group: 1 July 2018	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB Interpretation 13 *Customer Loyalty Programmes*, AASB Interpretation 15 *Agreements for the Construction of Real Estate*, AASB Interpretation 18 *Transfers of Assets from Customers* and AASB Interpretation 131 R*evenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 *Leases*, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	Based on management's initial assessments, the adoption of AASB 15 is not expected to result in a material impact on the Group's financial statements. The Group's largest revenue stream relates to patient revenue. Performance obligations to individual patients are generally satisfied over a short term, and fees charged are on a fixed price (generally on a per day basis) depending on the type of patient service. Management considers there is insignificant uncertainty over the revenue and cash flows relating to patient revenue. The Group is continuing to analyse the specific requirements of AASB 15 as applied to other less significant revenue arrangements. Further information will be provided in future financial reports as management finalises its assessment.

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OVERVIEW (CONTINUED)

(b) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Impact on Group Financial Report
AASB 16	***Leases*** Application date of standard: 1 January 2019 Application date for Group: 1 July 2019	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	The Group is continuing to evaluate the impact of adopting AASB 16, and expects to provide further information in future financial reports as management finalises its assessment. Disclosures of the nature of the Group's existing operating leases, as well as the aggregate of the Group's operating lease commitments on a gross basis is provided in note 17(ii). The accounting for finance leases existing at the date of initial application, 1 July 2019, will be unchanged. Disclosures of the Group's finance leases is provided in note 17(i). The Group is continuing to analyse the transition approaches under AASB 16, and expects to apply the modified retrospective approach. This requires the cumulative effect of initially applying AASB 16 recognised as an adjustment to equity at 1 July 2019. Comparatives are not restated. The Group is also continuing to evaluate the practical expedients and specific transition requirements. These include: relief from reassessing whether a contract contains a lease as defined in AASB 16; exemptions for low value and short-term leases; and specific options available under the modified retrospective transition approach.
AASB 2016-1	***Amendments Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*** Application date of standard: 1 January 2017 Application date for Group: 1 July 2017	This Standard makes amendments to AASB 112 *Income Taxes* to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	The adoption of this new amendment will not have any material impact on the financial report.
AASB 2016-2	***Amendments Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*** Application date of standard: 1 January 2017 Application date for Group: 1 July 2017	The amendments to AASB 107 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	The group is currently evaluating the impact of the new accounting standard on future disclosures in the financial report.
AASB 2016-5	**Amendments *to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*** Application date of standard: 1 January 2018 Application date for Group: 1 July 2018	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations ► A modification to the terms and conditions of a sharebased payment that changes the classification of the transaction from	The adoption of the amendments will not have any material impact on the financial report.

OVERVIEW (CONTINUED)

(b) New Accounting Standards and Interpretations (continued)

Reference	Title	Summary	Impact on Group Financial Report
IFRIC 23 (*Australian-equivalent Interpretation not yet issued*	***Uncertainty over Income Tax Treatments*** Application date of standard: 1 January 2019 Application date for Group: 1 July 2019	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ► Whether an entity considers uncertain tax treatments separately ► The assumptions an entity makes about the examination of tax treatments by taxation authorities ► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ► How an entity considers changes in facts and circumstances.	The group is currently evaluating the impact of the new accounting standard.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited and its subsidiaries ('**the Group**') as at and for the period ended 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management has made a number of judgements, estimates and assumptions concerning the future. The key judgements, estimates and assumptions that are material to the financial statements relate to the following areas:

- Recognition of revenue, refer note 2;
- Recognition of land and buildings at fair value in a business combination, refer note 9;
- Estimation of useful lives of property, plant and equipment and intangible assets, refer note 10 and note 11;
- Impairment testing of goodwill, refer note 12;
- Income tax losses and deferred tax, refer note 13;
- Medical malpractice provision, refer note 14b;
- Defined employee benefit obligations, refer note 14d; and
- Share based payment transactions, refer note 16.

OVERVIEW (CONTINUED)

(e) Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period
- Held primarily for trading, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- Held primarily for trading, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(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.

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 currencies of the overseas subsidiaries are: British pounds for Ramsay Health Care (UK) Limited; and Euro for Ramsay Générale de Santé SA. As at the reporting date the assets and liabilities of the overseas subsidiaries 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) Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement
Financial assets within the scope of AASB 139 are classified as receivables. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurements, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of their EIR. The EIR amortisation is included in finance income in the Income Statement. The losses arising from impairment are recognised in the Income Statement in finance costs for loans and in Service Costs for receivables.

OVERVIEW (CONTINUED)

(g) Financial instruments - initial recognition and subsequent measurement (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(iii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The Group has not offset any financial assets and liabilities for the years ended 30 June 2016 and 2017.

I. RESULTS FOR THE YEAR

1. 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, UK 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 arm's 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 throughout the accounts and in prior periods.

	Asia Pacific $000	UK $000	France $000	Total $000
Year ended 30 June 2017				
Revenue				
Revenue from services	4,721,286	755,286	3,228,796	8,705,368
Total revenue before intersegment revenue	4,721,286	755,286	3,228,796	8,705,368
Intersegment revenue	4,374	-	-	4,374
Total segment revenue	4,725,660	755,286	3,228,796	8,709,742
Earnings before interest, tax, depreciation and amortisation (EBITDA) [1]	**812,548**	**113,220**	**388,151**	**1,313,919**
Depreciation and amortisation	(149,951)	(35,011)	(185,681)	(370,643)
Profit on disposal of non-current assets	120	-	-	120
Earnings before interest and tax (EBIT) [2]	**662,717**	**78,209**	**202,470**	**943,396**
Interest				(119,595)
Income tax expense				(221,867)
Segment (core) net profit after tax [3]				**601,934**
Attributable to non-controlling interest				(59,237)
Segment (core) net profit after tax, attributable to owners of the parent [4]				**542,697**
Non-core items net of tax				(53,750)
Net profit attributable to owners of the parent				**488,947**

[1] "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and non-core items.
[2] "EBIT" is a non-statutory profit measure and represents profit before interest, tax and non-core items.
[3] "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit before non-core items.
[4] "Segment (core) net profit after tax attributable to owners of the parents" is a non-statutory profit measure and represents profit before non-core items that are attributable to the owners of the parent

I. RESULTS FOR THE YEAR (CONTINUED)

1. SEGMENT INFORMATION (CONTINUED)

	Asia Pacific $000	UK $000	France $000	Total $000
Year ended 30 June 2016				
Revenue				
Revenue from services	4,413,623	873,839	3,396,654	8,684,116
Total revenue before intersegment revenue	4,413,623	873,839	3,396,654	8,684,116
Intersegment revenue	6,156	-	-	6,156
Total segment revenue	4,419,779	873,839	3,396,654	8,690,272
Earnings before interest, tax, depreciation and amortisation (EBITDA) [1]	**719,548**	**130,262**	**419,144**	**1,268,954**
Depreciation and amortisation	(137,143)	(39,399)	(194,662)	(371,204)
(Loss) on disposal of non-current assets	(687)	-	-	(687)
Earnings before interest and tax (EBIT) [2]	**581,718**	**90,863**	**224,482**	**897,063**
Interest				(131,417)
Income tax expense				(226,111)
Segment (core) net profit after tax [3]				**539,535**
Attributable to non-controlling interest				(58,110)
Segment (core) net profit after tax, attributable to owners of the parent [4]				**481,425**
Non-core items net of tax				(31,128)
Net profit attributable to owners of the parent				**450,297**

[1] "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and non-core items.
[2] "EBIT" is a non-statutory profit measure and represents profit before interest, tax and non-core items.
[3] "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit before non-core items.
[4] "Segment (core) net profit after tax attributable to owners of the parents" is a non-statutory profit measure and represents profit before non-core items that are attributable to the owners of the parent

	Asia Pacific $000	UK $000	France $000	Adjustments & Eliminations $000	Total $000
As at 30 June 2017					
Assets & liabilities					
Segment assets	4,978,619	1,466,665	3,203,570	(1,313,493)	8,335,361
Segment liabilities	(2,352,656)	(715,038)	(2,908,981)	-	(5,976,675)
As at 30 June 2016					
Assets & liabilities					
Segment assets	4,870,350	1,465,806	3,286,895	(1,381,569)	8,241,482
Segment liabilities	(2,436,835)	(723,831)	(3,034,755)	-	(6,195,421)

	2017 $000	2016 $000
(i) Segment revenue reconciliation to Income Statement		
Total segment revenue	8,709,742	8,690,272
Inter segment sales elimination	(4,374)	(6,156)
Interest income	1,787	7,081
Other income - income from the sale of development assets	-	2,153
Other income - profit on disposal of non-current assets	120	4,201
Total revenue and other income	8,707,275	8,697,551

(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 Earnings before interest and tax (EBIT). A segment's core net profit after tax excludes income and expenses from non-core items. Refer to the Overview note for the reconciliation of net profit attributable to owners of the parent to core profit (segment result) after tax.

I. RESULTS FOR THE YEAR (CONTINUED)

2. REVENUE

	2017 $000	2016 $000
Revenue from patients	8,582,649	8,566,598
Rental income	38,189	36,493
Income from ancillary services	84,530	81,025
Revenue from services	**8,705,368**	**8,684,116**

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 patients 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 (EIR), 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.

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 development assets
Income from sale of development assets is recognised when the risks and rewards of ownership are transferred.

3. EXPENSES

	2017 $000	2016 $000
(a) Depreciation		
Depreciation - Plant and equipment	238,089	238,788
Depreciation - Buildings	114,695	112,535
Total depreciation	352,784	351,323
(b) Amortisation		
Service concession assets	6,690	6,533
Development cost	14,462	16,487
Total amortisation	21,152	23,020
(c) Impairment		
Impairment - Plant and equipment	1,487	2,499
Impairment – Land and buildings	121	7,232
Total impairment	1,608	9,731
(d) Operating lease costs and incentive		
Lease costs included in occupancy costs expenses	417,023	430,488

The amount charged to the Income Statement in respect of operating lease costs for the Group under IFRS 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:

Reduction in operating profit resulting from accounting in accordance with AASB 117 *Leases* and UIG 115 *Operating Leases – Incentives*	(15,641)	(21,871)

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. 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 2017 was lower than the rent expensed by $15,641,000 (2016: $21,871,000). The ongoing effect of the difference between cash rent paid and rent expense will be separately identified at each period.

I. RESULTS FOR THE YEAR (CONTINUED)

3. EXPENSES (CONTINUED)

	2017 $000	2016 $000
(e) Employee benefit and contractor costs		
Wages and salaries	3,730,109	3,676,679
Workers' compensation	19,392	23,168
Superannuation	169,729	155,036
Termination benefits	13,697	8,699
Social charges and contributions on wages and salaries	439,949	461,051
Other employment	122,838	125,882
Share-based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)	49,880	36,242
	4,545,594	4,486,757
(f) Finance costs		
Interest expense	117,395	129,652
Finance charges – Lease liability	5,735	9,686
Borrowing costs associated with refinancing	12,006	-
	135,136	139,338
Finance cost - unwinding of discount and effect of changes in discount rates on deferred consideration	701	3,206
Finance costs capitalised	(2,449)	(4,046)
	133,388	138,498

(g) Recognition and Measurement
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.

4. DIVIDENDS

	Parent	
	2017 $000	2016 $000
(a) Dividend on ordinary shares paid during the year:		
(i) Interim dividend paid		
Franked dividends – ordinary (53.0 cents per share) (2016: 47.0 cents per share)	107,103	94,977
(ii) Previous year final dividend paid		
Franked dividends – ordinary (72.0 cents per share) (2016: 60.5 cents per share)	145,498	122,259
	252,601	217,236
(b) Dividend proposed and not recognised as a liability:		
Current year final dividend proposed		
Franked dividends – ordinary (81.5 cents per share) (2016: 72.0 cents per share)	164,696	145,499
(c) Dividends declared and paid during the year on CARES:		
Current year interim and previous year final dividend paid		
Franked dividends - CARES	12,878	12,958
(d) Dividends proposed and not recognised as a liability on CARES:		
Final dividend proposed		
Franked dividends - CARES	6,210	6,670

I. RESULTS FOR THE YEAR (CONTINUED)

4. DIVIDENDS (CONTINUED)

	Parent	
	2017 $000	**2016 $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% (2016: 30%)	514,698	450,524
- franking credits that will arise from the payment of income tax payable as at the end of the financial year *	15,545	14,302
	530,243	464,826
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	(73,245)	(65,215)
	456,998	399,611

* 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% (2016: 30%). $170,906,000 (2016: $152,169,000) of the proposed dividends will be franked at the rate of 30% (2016: 30%).

5. 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.

	2017 $000	**2016 $000**
Net profit for the year attributable to the owners of the parent	488,947	450,297
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(12,878)	(12,958)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	476,069	437,339

	2017 Number of Shares	**2016 Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	201,268,022	200,948,992
Effect of dilution – share rights not yet vested (a)	1,418,617	1,466,619
Weighted average number of ordinary shares adjusted for the effect of dilution	202,686,639	202,415,611

(a) The share rights granted to Executives but not yet vested, have the potential to dilute basic earnings per share.

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.

	2017 Cents per Share	**2016 Cents per Share**
Earnings per share		
- basic (after CARES dividend) for the year	236.5	217.6
- diluted (after CARES dividend) for the year	234.9	216.1

II. CAPITAL – FINANCING

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING

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

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

The Group's capital is comprised of equity plus net debt. Net debt is calculated as interest bearing liabilities plus derivatives relating to debt, less cash assets.

During 2017, dividends of $265,479,000 (2016: $230,194,000) were paid. For the year ended 30 June 2017 fully franked ordinary dividends of 134.5c (2016: 119.0c) per share were declared (Interim dividend of 53.0c, Final dividend of 81.5c). These dividends represented a payout ratio of approximately 51% of Core Earnings per Share of 261.4c. Management's target for dividends for 2018 - 2021, subject to ongoing cash needs of the business, are increased in line with the growth in Core Earnings per Share and management intends to maintain a dividend payout ratio of approximately 50% of Core Earnings per Share, subject to future funding requirements.

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 Group that are used to service debt. This ratio is calculated as Net Debt/EBITDA and is 2.2 times for the year ended 30 June 2017 (2016: 2.5 times).

The Group has committed senior debt funding until July 2018 and November 2021 (please refer to Note 7d for further information in relation to these borrowings). As such, these subsidiaries have 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 wholly owned Subsidiaries of the Group (except certain dormant subsidiaries) are not and have not been in breach of any of the financial and other undertakings of the Senior Debt Facility Agreement.

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

Details of Capital – Financing are as follows:

	Note	2017 $000	2016 $000
Equity	6	2,358,686	2,046,061
Net Debt	7	2,957,217	3,179,277
		5,315,903	5,225,338

6. EQUITY

	Note	2017 $000	2016 $000
Share capital	6.1	713,523	713,523
Treasury shares	6.2	(70,608)	(88,844)
Convertible Adjustable Rate Equity Securities (CARES)	6.3	252,165	252,165
Other reserves		(17,556)	(30,304)
Retained earnings		1,398,664	1,176,349
Non-controlling interests		82,498	23,172
		2,358,686	2,046,061

6.1 Ordinary Shares

(a) Issued and paid up capital

	2017 $000	2016 $000
202,081,252 ordinary shares fully paid (30 June 2016: 202,081,252 ordinary shares fully paid)	713,523	713,523

II. CAPITAL – FINANCING (CONTINUED)

6. EQUITY (CONTINUED)

6.1 Ordinary Shares (Continued)

(b) 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.

(c) Recognition and Measurement

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.

6.2 Treasury Shares

	2017 $000	2016 $000
1,109,430 ordinary shares (30 June 2016: 1,470,702)	70,608	88,844

Nature & Purpose
Treasury shares are shares in the Group held by the Employee Share Plans and are deducted from equity.

6.3 Convertible Adjustable Rate Equity Securities (CARES)

	2017 $000	2016 $000
(a) Issued and paid up capital		
2,600,000 CARES shares fully paid (30 June 2016: 2,600,000 CARES shares fully paid)	252,165	252,165

II. CAPITAL – FINANCING (CONTINUED)

6. EQUITY (CONTINUED)

6.3 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 was 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. As Ramsay did not convert or exchange by 20 October 2010 the Margin was 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.

7. NET DEBT

	Note	2017 $000	2016 $000
Cash assets	7a	419,519	328,989
Interest bearing liabilities - current	7b	(85,543)	(117,927)
Interest bearing liabilities - non-current	7b	(3,261,816)	(3,326,821)
Derivative net assets / (liabilities) - debt related	7c	(29,377)	(63,518)
		(2,957,217)	(3,179,277)

II. CAPITAL – FINANCING (CONTINUED)

7a. CASH AND CASH EQUIVALENTS

	2017 $000	2016 $000
Cash at bank and on hand	419,519	328,989

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Recognition and Measurement
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.

Reconciliation to Statement of cash flows

	2017 $000	2016 $000
For the purposes of the Statement of cash flows, cash and cash equivalents comprise the following at 30 June		
Cash at bank and on hand	419,519	328,989

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

	2017 $000	2016 $000
Net profit after tax for the year	550,996	511,262
Adjustments for:		
Share of profit of joint venture	(13,146)	(9,966)
Depreciation, amortisation and impairment	375,544	384,074
Interest received	(1,787)	(7,081)
Share based payments expense	49,880	36,242
Net loss/(gain) on disposal of non-current assets	1,221	(4,641)
Changes in assets & liabilities		
Deferred tax	(10,135)	(5,541)
Receivables	(62,152)	(108,791)
Other assets	(2,214)	(3,878)
Creditors and accruals	32,792	127,960
Provisions	(11,314)	(8,832)
Inventory	(23,960)	(11,183)
Tax provisions	(3,538)	5,344
Net cash from operating activities	882,187	904,969

Disclosure of financing facilities
Refer to Note 7d.

Joint Venture

On 1 July 2013, Ramsay acquired a 50% equity ownership in a joint venture with Sime Darby Berhad (a Malaysian listed company) through the contribution of our Indonesian assets and cash payments to Sime Darby Berhad over 3 years. On 1 July 2016, $30 million (1 July 2015: $23 million) deferred payment was paid to Sime Darby Berhad. As at 30 June 2017, no deferred payment remained.

II. CAPITAL – FINANCING (CONTINUED)

7b. INTEREST BEARING LOANS AND BORROWINGS

		2017 $000	2016 $000
Current			
Secured liabilities:			
- Loans - bondholders	(i)	4,897	4,361
- Lease liabilities	(ii)	62,131	63,373
- Bank loan	(iii)	18,515	20,133
Unsecured liabilities:			
- Deferred consideration	(iv)	-	30,060
		85,543	117,927
Non-current			
Secured liabilities:			
- Loans – bondholders	(i)	-	4,897
- Lease liabilities	(ii)	183,381	196,114
- Bank loan	(iii)	1,451,579	1,461,332
Unsecured liabilities:			
- Bank loan	(iii)	1,626,856	1,664,478
		3,261,816	3,326,821
Total		3,347,359	3,444,748

(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.
(ii) Lease liabilities are effectively secured by the leased asset. Further information is set out in Note 17.
(iii) Further information on bank loans is set out in Note 7d.
(iv) Deferred consideration. These are deferred amounts payable to Sime Darby Berhad for Ramsay's 50% equity interest in the Ramsay Sime Darby Health joint venture. Further information is set out in Note 7a.

Fair values

Interest bearing loans and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the counterparties and the other risk characteristics associated with the underlying debts.

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 reporting date, the market interest rates vary from 1.615% to 1.705% (2016: 1.845% to 1.96%) for Australia, 0.2524% to 0.3067% (2016: 0.512% to 0.558%) for UK and -0.373% to -0.331% (2016: -0.364% to -0.286%) for France respectively.

The fair value of the interest bearing loans and borrowings was estimated using the level 2 method valuation technique in which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable. Set out in the table below is a comparison by carrying amounts and fair value of the Group's Interest bearing loans and borrowings.

	2017		2016	
	Carrying Amount $000	Fair Value $000	Carrying Amount $000	Fair Value $000
Bank loans	3,096,950	3,143,184	3,145,943	3,205,134
Lease liabilities	245,512	273,225	259,487	279,998
Bondholders	4,897	4,993	9,258	9,732
Deferred consideration	-	-	30,060	30,060
	3,347,359	3,421,402	3,444,748	3,524,924

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

II. CAPITAL – FINANCING (CONTINUED)

7b. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 15.

Assets pledged as security

The carrying amounts of assets pledged as security for non-current interest bearing liabilities are set out in the following table:

	2017 $000	2016 $000
Finance lease		
Leased assets	397,780	401,403
Fixed and floating charge		
Receivables	2,585	7,118
Shares in subsidiaries	1,515,332	823,596
Total non-current assets pledged as security	1,915,697	1,232,117

Defaults & breaches

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

Subsequent Measurement

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Income Statement.

7c. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 $000	2016 $000
Non - current assets		
Interest rate derivative contracts – cash flow hedges	734	-
Current liabilities		
Interest rate derivative contracts – cash flow hedges	(16,046)	(18,808)
Non - current liabilities		
Interest rate derivative contracts – cash flow hedges	(14,065)	(44,710)

(i) 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 and forward foreign exchange contracts – cash flow hedges

Interest bearing loans in Australian Dollar of the Group currently bear an average variable interest rate of 1.742% (2016: 1.955%). Interest bearing loans in GBP of the Group currently bear an average variable interest rate of 0.30% (2016: 0.56%). Interest bearing loans in Euro of the Group currently bear an average variable interest rate of -0.332% (2016:- 0.297%).

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, GBP and Euro 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 72% (2016: 78%) of the principal outstanding.

II. CAPITAL – FINANCING (CONTINUED)

7c. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Instruments used by the Group (continued)

While the Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

(ii) Interest rate risk

Information regarding interest rate risk exposure is set out in Note 15.

(iii) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments 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.

(iv) Recognition and Measurement

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 are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income, and later classified to profit and loss when the hedge item affects profit or loss.

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 highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; 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.

II. CAPITAL – FINANCING (CONTINUED)

7c. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Recognition and Measurement (continued)

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

(i) Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement as other operating expenses.

The Group uses interest rate swap contracts as hedges of its exposure to fluctuations in interest rates.

Amounts recognised as Other Comprehensive Income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as Other Comprehensive Income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is 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, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction or firm commitment affects profit or loss.

(ii) Bank loan designated as a hedge of a net investment
The bank loan designated as a hedge of a net investment in a foreign operation is accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument (Bank Loan) 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.

Subsequent Measurement

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm’s length market transaction
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

(v) Fair Value of Derivative Financial Instruments

The fair value of the derivative financial instruments was estimated using the level 2 method valuation technique and is summarised in the table above.

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

Recognition and Measurement

The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

II. CAPITAL – FINANCING (CONTINUED)

7c. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(v) Fair Value of Derivative Financial Instruments (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the relevant notes.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the year.

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

	2017 $000	2016 $000
0-1 years	701,600	280,758
1-2 years	248,699	753,164
2-3 years	593,615	249,142
3-5 years	1,185,317	1,832,295
	2,729,231	3,115,359

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.

Hedge of net investments in foreign operations

Included in bank loans at 30 June 2017 is a GBP borrowing of £244,100,000 (2016: £117,000,000) which has been designated as a hedge of the net investment in the UK subsidiary. 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 investment in the UK subsidiary. A net gain on the bank loan designated as a hedge of the net investment in a subsidiary of $18,165,000 (2016: net gain $29,477,000) was recognised in equity during the year.

Included in bank loans at 30 June 2017 is a Euro borrowing of €160,700,000 (2016: €366,640,000) which has been designated as a hedge of the net investment in the French subsidiary. It is being used to hedge the Group's exposure to changes in exchange rates on the value of its net investment in the French 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 investment in the French subsidiary. A net loss on the bank loan designated as a hedge of the net investment in a subsidiary of $12,279,000 (2016: net loss $51,797,000) was recognised in equity during the year.

II. CAPITAL – FINANCING (CONTINUED)

7d. BORROWINGS

Terms and Conditions

Ramsay and its wholly owned subsidiaries

Refinancing of senior debt facilities

In November 2016, Ramsay and its wholly owned subsidiaries (except some dormant and special purpose subsidiaries) (**Ramsay Funding Group**) refinanced the Syndicated Facility Agreement, which was entered into in November 2011 and subsequently amended in December 2013, June 2014 and March 2015 (**Previous SFA**).

This refinancing also involved the Ramsay Funding Group entering into a Common Terms Deed Poll (**CTDP**), governed under English law, which contains the covenant package, group guarantee and other common terms and conditions for all of Ramsay Funding Group's senior debt facilities and bilateral facilities.

Ramsay refinanced the A$ senior debt tranches in the Previous SFA, via a "migration", into a new senior debt facility agreement and refinanced in full, the senior debt £ and € tranches in the Previous SFA. A description of each facility is provided at point (ii) below.

Set out below is a summary of key changes to the Previous SFA terms and conditions:

(i) Key changes to terms and conditions

The terms and conditions in the CTDP, senior debt facilities and bilateral facilities provide significant enhancements compared to those in the Previous SFA and bilateral facilities.

Terms and conditions that were significantly improved are detailed below:

- ***Funding flexibility for growth strategy*** – debt funding all or some of Ramsay's growth strategy is permitted provided the financial and other undertakings stipulated in the CTDP continue to be fully satisfied. This provides greater flexibility, speed and optionality to debt fund all or some of Ramsay's growth strategy, particularly acquisitions to be made through future joint ventures or franchise agreements.

- ***"Financial accommodation"*** - more flexibility around monies that may be loaned to non- wholly owned subsidiaries, provided the financial and other undertakings stipulated in the CTDP continue to be fully satisfied

- ***Tenor*** - tenor on the previous £ and € debt facilities was refreshed and extended to 5 years, i.e., November 2021. (Under the Previous SFA one third of these facilities matured in 3 years, i.e., July 2018 and the remainder matured in 5 years, i.e., May 2020)

- ***Pricing*** - the margins on the new £ and € debt facilities are significantly lower than the margins payable under the Previous SFA. The Commitment fee rate payable is also lower than the rate that was payable under the Previous SFA

- ***Access to offshore debt markets*** - the CTDP is governed under English law. This allows the Ramsay Funding Group to access the more liquid and deeper offshore debt markets, particularly the UK and European debt markets. The new £ and € debt facilities were funded by banks out of the UK, Europe, Asia and Australia

- ***Upsizing and / or accessing additional senior debt facilities and bilateral facilities*** The Ramsay Funding Group is able to use the terms and conditions negotiated and documented in the CTDP, to either upsize existing senior debt and bilateral facilities or obtain new additional senior debt and bilateral facilities, provided the financial and other undertakings stipulated in the CTDP continue to be fully satisfied. Consequently the Ramsay Funding Group does not have to re-negotiate terms and conditions with the existing lenders in order to obtain additional senior debt facilities and bilateral facilities, (provided the financial and other undertakings stipulated in the CTDP continue to be fully satisfied).

(ii) Senior debt facilities

- **A$ 1,200,000,000 Syndicated Facility Agreement**
    - the 3 year A$ 400,000,000 revolving tranche under the Previous SFA ; and
    - the 5 year A$ 800,000,000 revolving tranche under the Previous SFA were "migrated" into a new Ramsay A$ syndicated facility agreement.

II. CAPTIAL – FINANCING (CONTINUED)

7d. BORROWINGS (CONTINUED)

Ramsay and its wholly owned subsidiaries (continued)

Whilst there were changes to certain salient terms and conditions, as detailed at (iii) below, there were no changes to the Previous SFA tranche limits, maturity dates or pricing (margins and commitment fees), nor to the banking syndicate providing those A$ facilities.

The “migrated” 3 year A$ revolving tranche and the 5 year A$ revolving tranche will continue to mature in July 2018 and May 2020 respectively.

The total drawn under the “migrated” Ramsay A$ facility agreement, as at 30 June 2017, was $912,000,000 (30 June 2016: $920,000,000 (amount drawn under Previous SFA)).

The “migrated” Ramsay A$ Facility is unsecured, relying on negative pledges and guarantees given by the Ramsay Funding Group. This facility continues to be governed by New South Wales law.

- **£395,000,000 Syndicated Facility Agreement**

  This Agreement refinanced and cancelled in full the following £ tranches under the Previous SFA:

  - 3 year £86,666,667 revolving tranche ; and
  - 5 year £93,333,333 revolving tranche

  The total amounts drawn under the £395,000,000 Syndicated Facility Agreement as at 30 June 2017, was £284,100,000 (30 June 2016: £ 117,000,000 (amount drawn under Previous SFA)).

  The £395,000,000 Syndicated Facility Agreement was entered into with a new banking syndicate. This agreement is a 5 year revolving facility maturing in November 2021.

  The £395,000,000 Syndicated Facility Agreement is unsecured, relying on negative pledges and guarantees given by the Ramsay Funding Group. This Agreement is governed by English law.

- **€225,000,000 Syndicated Facility Agreement**

  Drawn amounts under this Agreement, together with additional funds drawn down under the £395,000,000 Syndicated Facility Agreement and converted to €, were used to refinance and cancel in full, the following Previous SFA € tranches:

  - 3 year €100,000,000 revolving facility ; and
  - 5 year €298,504,000 revolving facility

  The total amounts drawn under the €225,000,000 Syndicated Facility Agreement as at 30 June 2017, was €160,700,000 (30 June 2016: €366,640,000 (amount drawn under Previous SFA)).

  The €225,000,000 Syndicated Facility Agreement was entered into with a new banking syndicate. This agreement is a 5 year revolving facility maturing in November 2021.

  The €225,000,000 Syndicated Facility Agreement is unsecured, relying on negative pledges and guarantees given by the Ramsay Funding Group. This Agreement is governed by English law.

(iii) Bilateral facilities

There were no changes to the previous Bilateral facilities’ limits, maturity dates and pricing (margins and commitment fees), except certain terms and conditions on which they were provided, were amended to be consistent with the CTDP.

Under the bilateral facilities, as at 30 June 2017, the total outstandings were $12,773,693 (30 June 2016: $ 12,714,734) and £40,000 (30 June 2016: £3,590,968).

Ramsay Générale de Santé (RGdS) and controlled entities

Senior Debt Facilities

On 1 October 2014 Ramsay Générale de Santé (RGdS), formerly Générale de Santé, and its controlled entities executed a term and revolving facilities agreement to:

- Refinance existing RGdS debt and overdraft facilities;
- Provide the Group with additional liquidity to support its capital requirements ;
- Fund the special dividend paid on 4 December 2014;
- Refinance Ramsay Santé’s existing indebtedness upon the merger of Ramsay Santé and Générale de Santé. The merger was completed on 1 July 2015;
- Fund future working capital requirements; and
- Fund future capital requirements and acquisitions.

II. CAPITAL – FINANCING (CONTINUED)

7d. BORROWINGS (CONTINUED)

Senior Debt Facilities (continued)

The debt facilities limits total €1,015,000,000 (2016: €1,045,000,000) comprising:

(i) Term Loan B facilities totalling €840,000,000 (2016: €870,000,000
(ii) a revolving working capital facility of €100,000,000 (2016: €100,000,000); and
(iii) a capex / acquisition facility of €75,000,000 (2016: €75,000,000).

The total amount drawn under the debt facilities as at 30 June 2017 was €880,000,000 (2016: €910,000,000).

These debt facilities have a maturity of six years and are repayable as a bullet on maturity. The lenders to these debt facilities only have recourse to RGdS and certain RGdS controlled entities. The debt facilities are secured by first ranking pledges over certain material companies, granted only by RGdS and certain RGdS controlled entities. Guarantees have also been provided and are provided only by RGdS and certain RGdS controlled entities.

Subsequent to year end on 11 August 2017, RGdS successfully completed an Amend and Extend of these Senior Debt Facilities with improved terms and conditions and a 2 year extension of the maturity date to 3 October 2022.

Other Interest Bearing Loans

At 30 June 2017 a loan to bondholders of $4,896,793 (2016: $9,251,181) 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 8a).

III. ASSETS AND LIABILITIES OPERATING AND INVESTING

HOW THE GROUP MANAGES ITS OVERALL FINANCIAL POSITION
The Group manages its overall financial position by segregating its balance sheet into two categories; Assets and Liabilities – Operating and Investing and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at both the site and group level while Capital – Financing (refer to section II) is managed centrally.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2017 $000	2016 $000
Working Capital	8	(296,440)	(380,213)
Property, plant and equipment	10	3,865,832	3,860,184
Intangible assets	11	2,037,361	2,059,957
Current and deferred tax assets/(liabilities)	13	(87,397)	(110,143)
Other assets/(liabilities)		(203,453)	(204,447)
		5,315,903	5,225,338

8. WORKING CAPITAL

	Note	2017 $000	2016 $000
Trade and other receivables (current)	8a	1,172,188	1,132,337
Inventories	8b	226,261	205,012
Trade and other payables	8c	(1,694,889)	(1,717,562)
		(296,440)	(380,213)

8a. TRADE AND OTHER RECEIVABLES

	2017 $000	2016 $000
Current		
Trade and other receivables	1,219,779	1,169,222
Allowances for impairment loss	(47,591)	(36,885)
	1,172,188	1,132,337
Non-current		
Receivable from the Government in respect of the availability charge for the operation of a privately operated public hospital	2,920	6,801
Rental property bonds receivable	29,922	33,032
Other	6,415	7,217
	39,257	47,050
Total	1,211,445	1,179,387

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

8a. TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Allowances for impairment loss

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Movements in the provision for impairment loss were as follows:

	2017 $000	2016 $000
At 1 July	(36,884)	(28,830)
Charge for the year	(20,369)	(16,968)
Acquisition of subsidiary	-	(1,260)
Foreign exchange translation	727	1,282
Amounts written off	8,935	8,892
At 30 June	(47,591)	(36,884)

(ii) Ageing analysis

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

	Total $000	Neither past due nor impaired $000	0-30 Days PDNI* $000	31-60 Days PDNI* $000	61-90 Days PDNI* $000	91+ Days PDNI* $000	Considered impaired $000
2017	1,259,036	792,287	129,185	112,606	104,647	72,720	47,591
2016	1,216,272	809,405	113,834	116,629	99,524	39,996	36,884

**PDNI – Past due not impaired*

Receivables past due but not considered impaired are: $419,158,000 (2016: $369,983,000). 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.

(iii) Related party receivables

For terms and conditions of related party receivables refer to Note 19.

(iv) Fair value

Due to the short term nature of the current receivables, the carrying value approximates fair value. The carrying values of the discounted non-current receivables approximates their fair values.

(v) Credit risk

The maximum exposure to credit risk for current receivables is their fair value. 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.
The maximum exposure to credit risk for non-current receivables at the reporting date is the higher of the carrying value and fair value of each class of these receivables. The majority of the non-current receivables are assessed as low risk.

(vi) Foreign exchange & interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 15.

(vii) Terms & conditions

The non-current receivables from the Government in respect of the availability charge for the operation of a privately operated public hospital will be fully repaid by June 2018.

8b. INVENTORIES

	2017 $000	2016 $000
Amount of medical supplies to be consumed in providing future patient services – at cost	202,741	183,848
Development assets to be sold that are currently under construction – at cost	23,520	21,164
	226,261	205,012

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

8b. INVENTORIES (CONTINUED)

(i) Inventory expense

Medical supplies recognised as an expense for the year ended 30 June 2017 totalled $1,998,074,000 (2016: $2,005,754,000) for the Group. This expense has been included in the medical consumables and supplies in the Income Statement. The cost of development assets sold which has been recognised as an expense for the year ended 30 June 2017 totalled $nil (2016: $1,026,000) for the Group. This expense has been included in Cost of goods sold – book value of development assets sold in the Income Statement.

(ii) Recognition and Measurement

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 supplies to be consumed in providing future patient services, and development assets, including medical suites to be sold, that are currently under construction.

8c. TRADE AND OTHER PAYABLES

	2017 $000	2016 $000
Trade payables	743,143	787,534
Sundry creditors and accrued expenses	312,200	291,628
Employee and Director entitlements	638,888	637,265
Other payables	658	1,135
	1,694,889	1,717,562

(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 & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 15.

9. BUSINESS COMBINATIONS

Other Acquisitions – 2017

Ramsay has acquired other businesses within the healthcare sector. The amounts recognised for these business combinations in the financial statements for the year ended 30 June 2017 have been determined on a provisional basis only:

	$000
Fair value of identifiable net assets	1,341
Non-controlling interest	(125)
Goodwill arising on acquisition	24,361
Acquisition date fair value of consideration transferred – cash paid	25,577
Direct costs relating to the acquisition included within service costs	1,895
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	879
Cash Paid	(25,577)
Net consolidated cash outflow	(24,698)

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

9. BUSINESS COMBINATIONS (CONTINUED)

Other Acquisitions – 2016

Ramsay has acquired other businesses within the healthcare sector. The amounts recognised for these business combinations in the financial statements for the year ended 30 June 2016 are as follows:

	$000
Fair value of identifiable net assets	2,902
Non-controlling interest	(40)
Goodwill arising on acquisition	16,785
Acquisition date fair value of consideration transferred	19,647
The cash outflow on acquisition is as follows	
Cash paid	(19,647)

HPM – 2016

In December 2015 and January 2016, Ramsay Générale de Santé acquired 99.69% of the share capital of Hôpital Privé Métropole (HPM). The fair values of the identifiable assets and liabilities of HPM as at the date of acquisition are as follows:

	$000
Cash	12,750
Accounts Receivable	28,836
Inventory	2,481
Corporate tax receivable	2,121
Other assets	3,916
Property, plant and equipment	112,785
Intangible assets	4,402
Other financial assets	3,974
Creditors and accruals	(54,387)
Interest-bearing liabilities	(53,828)
Provisions and other liabilities	(8,240)
Deferred income tax liability	(7,809)
Fair value of identifiable net assets	**47,001**
Non-controlling interest	(4,114)
Goodwill arising on acquisition	163,934
	206,821
Acquisition date fair value of consideration transferred	
Cash paid	206,821
	206,821
Direct costs relating to the acquisition - included within service costs	2,447
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	12,750
Cash paid	(206,821)
Net consolidated cash outflow	(194,071)

The goodwill of $163,934,000 comprises the value of synergies expected to be achieved as a result of combining HPM with the rest of the Group, as well as intangible assets that do not qualify for separate recognition.

This acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy and enables the Group to reinforce its market leadership in the Lille metropolitan area in France. None of the goodwill recognised is expected to be deductible for income tax purposes. The goodwill balance represents goodwill attributable to the parent only.

The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share in the recognised amounts of the acquiree's identifiable net assets. The non-controlling interests in the acquiree at the time of the business combination represent 0.31% of the share capital of HPM and other non-controlling interests within the HPM group.

The fair value of the acquired receivables amounts to $28,836,000. The gross contractual amount receivable is $30,096,000, however only the fair value amount of $28,836,000 is expected to be collected.

The results of HPM from acquisition to 30 June 2016 were not material and therefore were not disclosed separately.

The revenue and results of the total Ramsay Group for the year ended 30 June 2016, as though HPM was acquired on 1 July 2015, would not be significantly different to the Group results as reported.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

9. BUSINESS COMBINATIONS (CONTINUED)

Recognition and Measurement

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to Other Comprehensive Income. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate AASB. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Key Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of acquired businesses at their acquisition date fair values. Where a significant amount of land and buildings are recognised in the acquired business, the fair value will be determined by an external valuer using an approach relevant to the private healthcare market in that country.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings $000	Plant & Equipment $000	Assets Under Construction $000	Total $000
Cost				
At 30 June 2015	**3,130,947**	**1,951,141**	**134,259**	**5,216,347**
Additions	34,378	165,105	318,399	517,882
Acquisition of subsidiary	80,264	31,852	623	112,739
Disposals	(7,219)	(109,056)	-	(116,275)
Assets reclassified as held for sale	(22,823)	-	-	(22,823)
Transferred from assets under construction	158,788	22,584	(181,372)	-
Exchange Differences	9,732	(25,271)	(7,604)	(23,143)
At 30 June 2016	**3,384,067**	**2,036,355**	**264,305**	**5,684,727**
Additions	27,284	178,712	217,903	423,899
Acquisition of subsidiary	-	168	-	168
Disposals	(90,292)	(137,211)	-	(227,503)
Assets reclassified from held for sale	8,986	-	-	8,986
Transferred from assets under construction	83,373	80,262	(163,635)	-
Exchange Differences	(27,484)	(3,646)	(3,143)	(34,273)
At 30 June 2017	**3,385,934**	**2,154,640**	**315,430**	**5,856,004**
Depreciation and Impairment				
At 30 June 2015	**(476,269)**	**(1,148,272)**	**-**	**(1,624,541)**
Depreciation charge for the year	(112,535)	(238,788)	-	(351,323)
Disposals	4,533	109,056	-	113,589
Assets reclassified as held for sale	9,104	-	-	9,104
Impairment	(7,232)	(2,499)	-	(9,731)
Exchange Differences	10,021	28,338	-	38,359
At 30 June 2016	**(572,378)**	**(1,252,165)**	**-**	**(1,824,543)**
Depreciation charge for the year	(114,695)	(238,089)	-	(352,784)
Disposals	38,851	135,255	-	174,106
Impairment	(121)	(1,487)	-	(1,608)
Exchange Differences	3,130	11,527	-	14,657
At 30 June 2017	**(645,213)**	**(1,344,959)**	**-**	**(1,990,172)**
Net Book Value				
At 30 June 2017	**2,740,721**	**809,681**	**315,430**	**3,865,832**
At 30 June 2016	**2,811,689**	**784,190**	**264,305**	**3,860,184**

The carrying value of property, plant and equipment held under finance leases and hire purchase contracts at 30 June 2017 is $397,781,000 (2016: $401,403,000)

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

(a) Recognition and Measurement

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 – 60 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.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Recognition and Measurement (continued)

(i) Impairment
The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the 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 unit 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 in the expense category Depreciation, amortisation and impairment.

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. 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.

(ii) Derecognition & 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.

(b) Key Estimates and Assumptions

Useful lives of assets are estimated based on historical experience. The useful life of assets are assessed annually and adjusted where deemed necessary.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

11. INTANGIBLE ASSETS

(i) Reconciliation of carrying amounts at the beginning and end of the period

	Goodwill $000	Service Concession Assets $000	Development Costs^ $000	Total $000
Cost				
At 30 June 2015	**1,779,621**	**94,130**	**83,714**	**1,957,465**
Additions	-	593	26,699	27,292
Disposals	-	-	(242)	(242)
Acquisition of a subsidiary	180,719	-	5,884	186,603
Exchange differences	(27,072)	-	(934)	(28,006)
At 30 June 2016	**1,933,268**	**94,723**	**115,121**	**2,143,112**
Additions	-	1,274	8,113	9,387
Disposals	(4,573)	-	(3,277)	(7,850)
Acquisition of a subsidiary	24,361	-	-	24,361
Exchange differences	(15,612)	-	(344)	(15,956)
At 30 June 2017	**1,937,444**	**95,997**	**119,613**	**2,153,054**
Amortisation and Impairment				
At 30 June 2015	**-**	**(28,312)**	**(46,104)**	**(74,416)**
Amortisation charge for the year	-	(6,533)	(16,487)	(23,020)
Disposals	-	-	79	79
Exchange differences	-	-	(98)	(98)
At 30 June 2016	**-**	**(34,845)**	**(62,610)**	**(97,455)**
Amortisation charge for the year	-	(6,690)	(14,462)	(21,152)
Disposals	-	-	3,026	3,026
Exchange differences	-	-	(112)	(112)
At 30 June 2017	**-**	**(41,535)**	**(74,158)**	**(115,693)**
Net Book Value				
At 30 June 2017	**1,937,444**	**54,462**	**45,455**	**2,037,361**
At 30 June 2016	**1,933,268**	**59,878**	**52,511**	**2,045,657**

^ Mainly internally generated software costs

(ii) Goodwill – Recognition and Measurement

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. 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.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is determined to have an indefinite life.

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 such that:

- It represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with AASB 8 *Operating Segments.*

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

(ii) Goodwill – Recognition and Measurement (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.

(iii) Intangible assets – Recognition and Measurement

Intangible assets acquired separately are measured on initial recognition 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.

	Service Concession Assets	**Development Costs (mainly internally developed software costs)**
Useful lives	Finite	Finite
Amortisation method used	Amortised over the period of the lease	Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired	Acquired	Internally generated
Impairment testing	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

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

(iv) Service concession assets – Recognition and Measurement

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.

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'.

(v) Key Estimates and Assumptions

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. Adjustments to useful lives are made where deemed necessary.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

12. 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. This is tested for impairment on an annual basis.

Goodwill has been allocated to the Australian business, the UK business and the French business as follows:

	Australia		UK		France		Total	
	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000	2017 $000	2016 $000
Carrying amount of goodwill	1,053,120	1,031,256	256,171	268,350	628,153	633,662	1,937,444	1,933,268

(ii) Key Estimates and Assumptions

The recoverable amount of the Australian business, the UK business and the French business has been determined based on a value in use calculation using cash flow projections as at 30 June 2017 based on financial budgets approved by senior management covering the following financial year and applying a growth factor to the following four years. Key assumptions used in the value in use calculations are as follows:

	Australia %	UK %	France %
Extrapolated growth factor (Year 5+)			
2017	3.0	2.0	1.0
2016	3.0	2.0	1.0
Pre-tax discount rate			
2017	10.9	6.5	7.7
2016	11.0	6.5	8.7

Key inputs in value in use calculations are:

- 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 19% - 34.4% 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 Australia, the United Kingdom and France, management do not consider that any reasonably likely 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.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

13. TAXES

	2017 $000	2016 $000
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Continuing operations:		
Current income tax		
Current income tax charge	222,825	225,202
Adjustments in respect of previous years	(1,289)	(7,837)
Deferred income tax		
Relating to origination and reversal of temporary differences	(22,737)	(28,474)
Adjustments in respect of deferred income tax of previous years	(130)	8,783
Income tax expense reported in the Income Statement	198,669	197,674

(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:

	2017 $000	2016 $000
Accounting profit before tax	749,665	708,936
At the Parent Entity's statutory income tax rate of 30% (2016: 30%)	224,899	212,681
Expenditure not allowable for income tax purposes	9,184	4,757
Amounts not assessable for income tax purposes	(34,406)	(17,692)
Impact of changes in foreign tax rates on deferred tax balances	(26,357)	(13,540)
Other French income tax expense	18,803	18,245
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	3,140	7,750
Other	3,406	(14,527)
	198,669	197,674
Income tax expense reported in the consolidated Income Statement	198,669	197,674

(c) Recognised tax assets and liabilities

	2017 $000 Current income tax	2017 $000 Deferred income tax	2016 $000 Current income tax	2016 $000 Deferred income tax
Opening balance	(28,039)	(82,104)	(15,841)	(105,227)
(Charged)/ credited to income	(221,536)	22,867	(217,365)	19,691
Credited to equity	-	(1,947)	-	17,353
Payments	221,176	-	201,477	-
Exchange differences	817	887	1,569	(5,843)
Acquisition and disposal of subsidiary	(9)	491	2,121	(8,078)
Closing balance	(27,591)	(59,806)	(28,039)	(82,104)

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

13. TAXES (CONTINUED)

(c) Recognised tax assets and liabilities (continued)

	Statement of Financial Position 2017 $000	2016 $000
Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:		
(i) Deferred tax liabilities		
Inventory	(14,758)	(14,597)
Recognition of revenue	(16,620)	(14,962)
Depreciable assets	(170,384)	(209,347)
Other	(14,352)	(9,889)
Provisions and lease liabilities	(81,332)	(95,807)
Gross deferred tax liabilities	(297,446)	(344,602)
Set-off of deferred tax assets	58,183	62,244
Net deferred tax liabilities	(239,263)	(282,358)
(ii) Deferred tax assets		
Employee provisions	134,328	116,131
Other provisions and lease liabilities	78,726	100,502
Unearned income	5,344	9,912
Other	4,724	1,863
Losses	7,245	14,765
Derivatives	7,273	19,325
Gross deferred tax assets	237,640	262,498
Set-off of deferred tax assets	(58,183)	(62,244)
Net deferred tax assets	179,457	200,254

(d) 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 funding and sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries using a group allocation method 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 subsequently charged to the subsidiary. 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 $10,682,872 (2016: increased by $20,576,175). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 23.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

13. TAXES (CONTINUED)

(e) Income Tax - Recognition and Measurement

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.

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.

(f) Other taxes – Recognition and Measurement

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.

(g) Key Estimates and Assumptions

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash-flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences recognised.

(h) Tax losses

At 30 June 2017, there is $5,726,854 (2016: $5,726,854) of capital losses carried forward for which a deferred tax asset has not been recognised. As it is not probable they will be used in the foreseeable future, they have not been recognised.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14a. INVESTMENT IN JOINT VENTURE

The Group has a 50% interest in Ramsay Sime Darby Health Care Sdn Bhd (RSDH), a joint venture involved in operating hospitals and day surgery facilities across Malaysia and Indonesia. The Group's interest in RSDH is accounted for using the equity method in the consolidated financial statements.

	2017 $000	2016 $000
Investment in joint venture at beginning of period	210,765	211,573
Share of profit of joint venture	13,146	9,966
Foreign currency translation and other equity movements	(17,810)	(10,774)
	206,101	210,765

Recognition and Measurement

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the Income Statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14b. PROVISIONS

	2017 $000	2016 $000
Current		
Restructuring provision	4,764	4,764
Unfavourable contracts	6,768	10,244
Insurance provision	12,159	13,152
Legal and compliance provision	27,386	38,699
Deferred lease provision	370	300
Other provisions	17,901	13,453
	69,348	80,612
Non-current		
Non-current employee and Director entitlements	32,880	31,522
Deferred lease provision	260,159	254,886
Unfavourable contracts	33,083	27,909
Insurance provision	105,269	114,556
Restructuring provision	15,175	12,515
Legal and compliance provision	20,644	22,261
Other provisions	8,088	12,678
	475,298	476,327
Total	544,646	556,939

(i) Recognition and Measurement
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.

(ii) Movements in provisions

	Deferred lease $000	Restructuring $000	Insurance $000	Unfavourable contracts $000	Legal and compliance $000	Other provision $000	Total $000
At 30 June 2016	255,186	17,279	127,708	38,153	60,960	26,131	525,417
Arising during the year	18,524	5,927	14,778	9,711	8,439	5,360	62,739
Utilised during the year	(542)	(966)	(7,896)	(7,284)	(8,711)	(1,856)	(27,255)
Exchange differences	(12,639)	37	(125)	(729)	(199)	(74)	(13,729)
Unused amounts reversed	-	(2,338)	(17,037)	-	(12,459)	(4,273)	(36,107)
Discount rate adjustment	-	-	-	-	-	701	701
At 30 June 2017	260,529	19,939	117,428	39,851	48,030	25,989	511,766
Current 2017	370	4,764	12,159	6,768	27,386	17,901	69,348
Non-current 2017	260,159	15,175	105,269	33,083	20,644	8,088	442,418
	260,529	19,939	117,428	39,851	48,030	25,989	511,766
Current 2016	300	4,764	13,152	10,244	38,699	13,453	80,612
Non-current 2016	254,886	12,515	114,556	27,909	22,261	12,678	444,805
	255,186	17,279	127,708	38,153	60,960	26,131	525,417

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14b. PROVISIONS (CONTINUED)

(iii) Nature and timing of provisions

Restructuring provision

The restructuring provision primarily relates to:

- the restructuring of the Group subsequent to the purchase of acquisitions in the prior years. The restructuring plan was drawn up and announced to the employees during the year of acquisition;
- restructuring of entities with the Group, announced prior to acquisition; and
- land rich duties payable.

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 deductibles arising under the Medical Malpractice Insurance policy, including potential uninsured and 'Incurred but not Reported' claims.

(i) Key Estimates and Assumptions
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 uncertainty 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 10% - 20% of the estimated Ramsay claim cost.

Employee leave benefits

(i) Wages, salaries, annual leave & 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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 one 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.

Legal and compliance provision

The legal and compliance provision primarily relates to amounts provided for litigation that is currently in the court process or a matter under review by a relevant authority.

14c. 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 insurance companies. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14d. DEFINED EMPLOYEE BENEFIT OBLIGATION

The Group has a defined employee benefit obligation in France as required to be paid under local legislation.

The following tables summarise the funded status and amounts recognised in the consolidated Statement of Financial Position for the plans:

	2017 $000	2016 $000	2015 $000	2014 $000	2013 $000
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(80,222)	(75,635)	(72,595)	(21,269)	(10,833)
Fair value of plans assets	4,985	5,009	4,880	-	-
Net (liability) - non-current	(75,237)	(70,626)	(67,715)	(21,269)	(10,833)

	Defined Employee Benefit Obligation 2017 $000	2016 $000
Net benefit expense (Note 3) (recognised in superannuation expenses)	5,647	5,338

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

	Defined Employee Benefit Obligation 2017 $000	2016 $000
Opening defined benefit obligation	75,635	72,595
Acquisition balances	-	3,961
Current service cost	4,389	4,460
Interest cost	1,249	932
Benefits paid	(3,921)	(2,079)
Actuarial losses / (gains) on obligation	2,961	(6,512)
Exchange differences on foreign plans	(91)	2,278
Closing defined benefit obligation	80,222	75,635

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

Opening fair value of plans assets	5,009	4,880
Acquisition balances	-	-
Expected return	(9)	53
Contributions by employer	-	-
Actuarial losses	-	(79)
Exchange differences on foreign plans	(15)	155
Fair value of plans assets	4,985	5,009
Actuarial return on plan assets	-	-

Plan assets consist of 100% of investment in bonds. 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.

The Group expects to contribute $ nil to its defined benefit obligations in 2018.

	Defined Employee Benefit Obligation 2017 $000	2016 $000
Actuarial losses/(gains) recognised in the Statement of Comprehensive Income	2,961	(6,433)
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	3,855	894

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14d. DEFINED EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

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

	Defined Employee Benefit Obligation 2017 (%)	2016 (%)
Discount rate	1.6	1.2
Future salary increases	1.6	1.0
Future pension increases	1.0	-

Recognition and Measurement

The Group has a defined employee benefit obligation in France arising from local legislative requirements.

The cost of providing benefits under this obligation is determined using the projected unit credit method using actuarial valuations. Actuarial gains and losses for the defined obligation are recognised in full in the period in which they occur in Other Comprehensive Income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested, immediately following the introduction of, or changes to, the obligation.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds) less unrecognised past service costs.

Key Estimates and Assumptions

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. In determining the appropriate discount rates, the interest rates of corporate bonds in France are considered. The mortality rate is based on publicly available mortality rates for France. Future salary increases are based on expected future inflation rates in France.

IV. RISK MANAGEMENT

15. FINANCIAL RISK MANAGEMENT

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.

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

The Group manages its exposure to key financial risks, including market risk (interest rate and foreign currency risk), credit risk and liquidity 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 and foreign exchange forward 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 and 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.

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The level of debt is disclosed in Note 7d.

IV. RISK MANAGEMENT (CONTINUED)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Interest rate risk (continued)

At reporting 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:

	2017 $000	2016 $000
Financial Assets		
Cash and cash equivalents	419,519	328,989
Financial Liabilities		
Bank Loans	(828,765)	(680,007)
Net exposure	(409,246)	(351,018)

Interest rate derivatives contracts are outlined in Note 7c, with a net negative fair value of $29,377,000 (2016: $63,518,000) which 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 2017, after taking into account the effect of interest rate swaps, approximately 72% (2016: 78%) 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.

Interest rate sensitivity

The following sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the end of the reporting period, as specified in the following table, if the interest rates had been higher or lower than the year end rates and all other variables were held constant, the consolidated entity’s post tax profit and Other Comprehensive Income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2017 $000	2016 $000	2017 $000	2016 $000
AUD				
+80 basis points (2016: +120 basis points)	(1,159)	(1,872)	10,124	17,588
-80 basis points (2016: -120 basis points)	1,159	1,872	(10,407)	(18,520)
GBP				
+60 basis points (2016: +70 basis points)	(1,513)	(98)	2,139	2,318
-60 basis points (2016: -70 basis points)	1,513	98	(1,794)	(1,956)
EUR				
+10 basis points (2016: +20 basis points)	(113)	(355)	566	7,977
-10 basis points (2016: -20 basis points)	113	355	(129)	4,241

The assumed movement in basis points for the interest rate sensitivity analysis is considered reasonable, given the market forecasts available at the reporting date and the current economic environment in which the consolidated entity operates.

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 2017, comparing to 2016, is due to the decrease in hedging from 78% in 2016 to 72% in 2017 and the decreased interest rate volatility in 2017.

IV. RISK MANAGEMENT (CONTINUED)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign operations.

The Group manages its foreign exchange rate exposure within approved policy parameters by utilising foreign currency swaps and forwards.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in foreign currency.

The Group hedges its exposure to fluctuations on the translation into Australian dollars of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in GBP, Euro and MYR exchange rates, with all other variables held constant. The impact on the Group's post tax profit is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2017 $000	2016 $000	2017 $000	2016 $000
British Pound (GBP)				
+20% (2016: +25%)	(11)	(218)	(45,695)	(102,268)
-20% (2016: -25%)	13	272	54,815	127,827
Euro (EUR)				
+20% (2016: +20%)	(277)	(216)	(7,342)	(35,095)
-20% (2016: -20%)	332	260	8,812	42,091
Malaysian Ringgit (MYR)				
+20% (2016: +20%)	(2)	(3,509)	(34,349)	(30,118)
-20% (2016: -20%)	2	4,211	41,222	36,144

The movement in the post-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in foreign currencies, where the functional currency of the entity is a currency other than the above currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in equity arises from changes in the borrowings (net of cash and cash equivalents) in the hedge of net investments in overseas operations (UK, France and Malaysia) and cash flow hedges. These movements will off-set the translation of the overseas operations' net assets in Australian dollar.

(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 reporting date is addressed in each applicable note.

Trade receivables

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 Governments 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.

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

IV. RISK MANAGEMENT (CONTINUED)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

The Group's credit risk is spread across a number of Health Funds and Governments. Whilst the Group does have significant credit risk exposure to a single debtor or group of related debtors, the credit quality of these debtors is considered high, as they are either Health Funds, governed by the prudential requirements of PHIAC, or Governments.

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.

Financial instruments and cash deposits

Credit risks related to balances with banks and financial institutions are managed by Ramsay Group Treasury in accordance with Board approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The Group does not hold any credit derivatives to off-set its credit risk exposure. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table below.

(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's 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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	> 5 years $000	Total $000
Year ended 30 June 2017						
Trade and other payable	-	(1,682,645)	-	-	-	(1,682,645)
Interest-bearing loans and borrowings	-	(32,666)	(126,525)	(3,188,282)	(40,059)	(3,387,532)
Financial derivatives	-	(4,412)	(11,983)	(13,474)	-	(29,869)
	-	(1,719,723)	(138,508)	(3,201,756)	(40,059)	(5,100,046)
Year ended 30 June 2016						
Trade and other payable	-	(1,704,028)	-	-	-	(1,704,028)
Interest-bearing loans and borrowings	-	(26,012)	(86,983)	(3,344,599)	(21,791)	(3,479,385)
Deferred consideration	-	(30,060)	-	-	-	(30,060)
Financial derivatives	-	(4,559)	(14,369)	(46,883)	-	(65,811)
	-	(1,764,659)	(101,352)	(3,391,482)	(21,791)	(5,279,284)

IV. RISK MANAGEMENT (CONTINUED)

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts.

Year ended 30 June 2017	On demand $000	Less than 3 months $000	3 to 12 months $000	1 to 5 years $000	> 5 years $000	Total $000
Inflows	-	2,736	8,376	27,442	-	38,554
Outflows	-	(7,148)	(20,359)	(40,916)	-	(68,423)
Net	-	(4,412)	(11,983)	(13,474)	-	(29,869)
Discounted at the applicable interbank rates	-	(4,119)	(11,927)	(13,331)	-	(29,377)
Year ended 30 June 2016						
Inflows	-	3,260	9,249	31,171	-	43,680
Outflows	-	(7,819)	(23,618)	(78,054)	-	(109,491)
Net	-	(4,559)	(14,369)	(46,883)	-	(65,811)
Discounted at the applicable interbank rates	-	(2,881)	(14,307)	(46,330)	-	(63,518)

V. OTHER INFORMATION

16. SHARE BASED PAYMENT PLANS

Executive performance rights plan (equity)

An executive performance rights scheme was established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to 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:

	2017		2016	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	1,982,207		2,055,000	
- granted	608,401	$61.44	644,743	$55.47
- vested	(663,000)	$31.06	(717,536)	$20.82
- forfeited	-	-	-	-
Balance at end of year	1,927,608		1,982,207	
Exercisable at end of year	-		-	

The following table summarises information about rights held by participants in the executive performance rights plan as at 30 June 2017:

Number of Rights	Grant Date	Vesting Date (1)	Weighted Average Fair Value (2)
313,169	13-Nov-14	31-Aug-17	$38.58
366,831	13-Nov-14	31-Aug-17	$49.95
279,512	13-Nov-15	31-Aug-18	$46.98
359,695	13-Nov-15	31-Aug-18	$61.96
264,747	10-Nov-16	31-Aug-19	$50.95
343,654	10-Nov-16	31-Aug-19	$69.53
1,927,608			

(1) The vesting date shown is the most likely vesting date subject to full satisfaction of the respective performance conditions.
(2) Fair value at grant date

V. OTHER INFORMATION (CONTINUED)

16. SHARE BASED PAYMENT PLANS (CONTINUED)

Key Estimates and Assumptions

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 fair value of share rights with TSR performance conditions are estimated on the date of grant using a Monte Carlo model. The fair value of share rights with non-market performance conditions are estimated at the date of grant using the Black Scholes Option Pricing model. The following weighted average assumptions were used for grants made on 13 November 2014, 13 November 2015 and 10 November 2016.

	Granted 10-Nov-16	Granted 13-Nov-15	Granted 13-Nov-14
Dividend yield	1.85%	1.83%	1.91%
Expected volatility	22.5%	22.5%	22.5%
Historical volatility	22.0%	21.2%	21.7%
Risk-free interest rate	1.76%	2.2%	2.9%
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.

Recognition and Measurement

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 Directors.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined by an external valuer using the Monte Carlo and the Black Scholes models.

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 (Share Based Payment Reserve), 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 reporting 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.

V. OTHER INFORMATION (CONTINUED)

17. EXPENDITURE COMMITMENTS

	Note	2017 $000	2016 $000
(i) Finance leases & hire purchase commitments – Group as lessee			
- Within one year		67,101	61,746
- After one year but not more than five years		131,453	142,475
- After more than five years		71,908	81,839
Total minimum lease payments		270,462	286,060
- Less: future finance charges		(24,950)	(26,573)
- Present value of minimum lease payments		245,512	259,487
Total lease liability accrued for:			
Current			
- Finance leases	7b	62,131	63,373
Non-current			
- Finance leases	7b	183,381	196,114
		245,512	259,487

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 six years and the average discount rate implicit in the leases is between 2.5% to 8.1% (2016: 2.5% to 6.5%). The security over finance leases is disclosed in Note 7b.

(ii) Lease expenditure commitments – Group as lessee

	Note	2017 $000	2016 $000
Operating leases (non-cancellable):			
Minimum lease payments			
- Within one year		338,137	332,726
- After one year but not more than five years		1,100,620	1,109,241
- After more than five years		2,760,718	2,884,821
Aggregate lease expenditure contracted for at reporting date		4,199,475	4,326,788
Amounts provided for:			
- deferred lease - current	14b	370	300
- deferred lease - non- current	14b	260,159	254,886
- unfavourable contract - current	14b	6,768	10,244
- unfavourable contract – non-current	14b	33,083	27,909
		300,380	293,339
Amounts not provided for:			
- rental commitments		3,899,095	4,033,449

Operating leases have lease terms of between one and twenty five years. Assets which are the subject of operating leases include land and buildings, motor vehicles and items of medical equipment.

(iii) Group as lessee – Recognition and Measurement

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.

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 of the related asset exceeds the fair value of the related asset 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.

V. OTHER INFORMATION (CONTINUED)

17. EXPENDITURE COMMITMENTS (CONTINUED)

(iv) Group as lessor – Recognition and Measurement

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period which they are earned.

(v) Commitment to manage & operate the Mildura Base Hospital

Ramsay Health Care Australia Pty Limited had a 15 year agreement with the State of Victoria to manage and operate the Mildura Base Hospital, in accordance with the Hospital Service Agreement between Ramsay Health Care Australia Pty Limited and the State of Victoria. A 5 year extension to this agreement was signed in the year ended 30 June 2014. Under this agreement Ramsay Health Care Australia Pty Limited takes full operator risk.

18. AUDITORS' REMUNERATION

	2017 $	2016 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	1,883,575	1,796,254
- Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	460,331	482,551
Assurance related	80,726	40,000
Other	337,883	661,807
	2,762,515	2,980,612
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	1,002,204	1,031,959
- Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	146,116	266,172
Other	4,473	-
	3,915,308	4,278,743
Amounts received or due and receivable by non Ernst & Young audit firms for:		
- Audit or review of the financial report	2,777,510	2,888,000
- Taxation services	-	10,000
- Other non-audit services	295,110	81,000
	3,072,620	2,979,000

19. RELATED PARTY TRANSACTIONS

Transactions with Directors of Ramsay Health Care Limited and the Group

Entities associated with Mr Siddle and Mr Evans

During the year costs of $10,227 (2016: $24,317) were charged to and an amount of $10,227 (2016: $24,317) was received from Paul Ramsay Holdings Pty Limited for expenditures incurred on behalf of Paul Ramsay Holdings Pty Limited.

During the year costs of $ nil (2016: $88,257) were charged by and an amount of $ nil (2016: $101,989) was paid to Paul Ramsay Holdings Pty Limited for services rendered to the Group.

At 30 June 2017 costs of $16,215 (2016: $10,067) were accrued for expenditures incurred on behalf of Paul Ramsay Holdings Pty Limited that had not yet been invoiced.

20. SUBSEQUENT EVENTS

There have been no significant events after the reporting 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.

V. OTHER INFORMATION (CONTINUED)

21. INFORMATION RELATING TO SUBSIDIARIES

Name	Country of Incorporation	% Equity Interest 2017	2016
RHC Nominees Pty Limited ^	Australia	100%	100%
RHC Developments Pty Limited ^	Australia	100%	100%
Ramsay Health Care Investments Pty Limited ^	Australia	100%	100%
Ramsay Hospital Holdings Pty Limited ^	Australia	100%	100%
Ramsay Hospital Holdings (Queensland) Pty Limited ^	Australia	100%	100%
Ramsay Finance Pty Limited ^	Australia	100%	100%
Ramsay Aged Care Holdings Pty Limited ^	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited ^	Australia	100%	100%
RHC Ancillary Services Pty Limited ^	Australia	100%	100%
Linear Medical Pty Limited ^	Australia	100%	100%
Newco Enterprises Pty Limited ^	Australia	100%	100%
Sydney & Central Coast Linen Services Pty Limited ^	Australia	100%	100%
Benchmark Healthcare Holdings Pty Limited ^	Australia	100%	100%
Benchmark Healthcare Pty Limited ^	Australia	100%	100%
AHH Holdings Health Care Pty Limited ^	Australia	100%	100%
AH Holdings Health Care Pty Limited ^	Australia	100%	100%
Ramsay Centauri Pty Limited ^	Australia	100%	100%
Alpha Healthcare Pty Limited ^	Australia	100%	100%
Ramsay Health Care Australia Pty Limited ^	Australia	100%	100%
Donvale Private Hospital Pty Limited ^	Australia	100%	100%
The Benchmark Hospital Group Pty Limited ^	Australia	100%	100%
Dandenong Valley Private Hospital Pty Limited ^	Australia	100%	100%
Benchmark – Surrey Pty Limited ^	Australia	100%	100%
Benchmark – Peninsula Pty Limited ^	Australia	100%	100%
Benchmark – Donvale Pty Limited ^	Australia	100%	100%
Benchmark – Windermere Pty Limited ^	Australia	100%	100%
Benchmark – Beleura Pty Limited ^	Australia	100%	100%
Beleura Properties Pty Limited ^	Australia	100%	100%
Affinity Health Holdings Australia Pty Limited ^	Australia	100%	100%
Affinity Health Finance Australia Pty Limited ^	Australia	100%	100%
Affinity Health Pty Limited ^	Australia	100%	100%
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%
Glenferrie Private Hospital Pty Limited^	Australia	100%	100%
Relkban Pty Limited ^	Australia	100%	100%
Relkmet Pty Limited ^	Australia	100%	100%
Votraint No. 664 Pty Limited ^	Australia	100%	100%
Votraint No. 665 Pty Limited ^	Australia	100%	100%
Australian Medical Enterprises Pty Limited ^	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%
AME Properties Pty Limited ^	Australia	100%	100%
AME Superannuation Pty Limited ^	Australia	100%	100%
Attadale Hospital Property Pty Limited ^	Australia	100%	100%
Glengarry Hospital Property Pty Limited ^	Australia	100%	100%
Hadassah Pty Limited ^	Australia	100%	100%
Rannes Pty Limited ^	Australia	100%	100%
Hallcraft Pty Limited ^	Australia	100%	100%
Jamison Private Hospital Property Pty Limited ^	Australia	100%	100%
Affinity Health (FP) Pty Limited ^	Australia	100%	100%
Armidale Hospital Pty Limited ^	Australia	100%	100%
Caboolture Hospital Pty Limited ^	Australia	100%	100%
Joondalup Hospital Pty Limited ^	Australia	100%	100%
Joondalup Health Campus Finance Limited	Australia	100%	100%
Logan Hospital Pty Limited ^	Australia	100%	100%
Noosa Privatised Hospital Pty Limited ^	Australia	100%	100%
AMNL Pty Limited ^	Australia	100%	100%
Mayne Properties Pty Limited ^	Australia	100%	100%
Port Macquarie Hospital Pty Limited ^	Australia	100%	100%
HCoA Operations (Australia) Pty Limited ^	Australia	100%	100%
Hospital Corporation Australia Pty Limited ^	Australia	100%	100%
Dabuvu Pty Limited ^	Australia	100%	100%

^ *Entities included in the deed of cross guarantee as required for the class order*

V. OTHER INFORMATION (CONTINUED)

21. INFORMATION RELATING TO SUBSIDIARIES (CONTINUED)

Name	Country of Incorporation	% Equity Interest 2017	2016
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 ^	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%
Australian Hospital Care (Allamanda) Pty Limited ^	Australia	100%	100%
Australian Hospital Care (Latrobe) Pty Limited ^	Australia	100%	100%
Australian Hospital Care 1988 Pty Limited ^	Australia	100%	100%
AHC Foundation Pty Limited ^	Australia	100%	100%
AHC Tilbox Pty Limited ^	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited ^	Australia	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 ^	Australia	100%	100%
Australian Hospital Care (Pindara) Pty Limited ^	Australia	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%
Bowral Management Company Pty Limited ^	Australia	100%	100%
Simpak Services Pty Limited ^	Australia	100%	100%
APL Hospital Holdings Pty Limited ^	Australia	100%	100%
Alpha Pacific Hospitals Pty Limited ^	Australia	100%	100%
Health Care Corporation Pty Limited ^	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%
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%
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 Pharmacy Retail Services Pty Limited^	Australia	100%	100%
Ramsay International Holding Company 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%
Ramsay Health Care (UK) Limited	UK	100%	100%
Ramsay Health Care UK Finance Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited	UK	100%	100%
Ramsay UK Properties Limited	UK	100%	100%
Independent British Healthcare (Doncaster) Limited	UK	100%	100%
Ramsay Diagnostics UK Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited	UK	100%	100%
Ramsay Health Care Leasing UK Limited	Guernsey	100%	100%
Ramsay Générale de Santé SA*	France	50.9%	50.9%

^ *Entities included in the deed of cross guarantee as required for the class order*
* *Ramsay Générale de Santé SA own a number of subsidiaries, none of which are individually material to the Group*

V. OTHER INFORMATION (CONTINUED)

22. 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 21, (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 or have subsequently been added as parties to the Deed of Gross Guarantee by way of Assumption Deeds dated 24 April 2008, 27 May 2010, 24 June 2011, 20 October 2015 and 17 December 2015. 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.

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

	Closed Group	
Consolidated Income Statement	**2017 $000**	**2016 $000**
Profit from operations before income tax	585,595	519,414
Income tax expense	(167,967)	(150,440)
Net profit for the year	417,628	368,974
Retained earnings at the beginning of the year	980,325	839,921
Retained earnings adjustments for additions of entities into the class order	-	1,625
Dividends provided for or paid	(265,479)	(230,195)
Retained earnings at the end of the year	**1,132,474**	**980,325**
Consolidated Statement of Financial Position		
ASSETS		
Current Assets		
Cash and cash equivalents	95,383	100,724
Trade and other receivables	599,330	573,281
Inventories	111,274	100,949
Prepayments	20,860	18,177
Other current assets	2,889	2,362
Total Current Assets	**829,736**	**795,493**
Non-current Assets		
Other financial assets	627,467	627,068
Investments in joint ventures	206,101	210,765
Intangible assets	1,076,893	1,082,584
Deferred tax asset	115,779	112,355
Property, plant and equipment	2,042,601	1,986,210
Prepayments	11,779	12,068
Derivative financial instruments	734	-
Non-current receivables	37,129	23,939
Total Non-current Assets	**4,118,483**	**4,054,989**
TOTAL ASSETS	**4,948,219**	**4,850,482**
LIABILITIES		
Current Liabilities		
Trade and other payables	846,064	849,103
Interest-bearing loans and borrowings	2,711	30,129
Provisions	37,884	42,496
Derivative financial instruments	8,282	10,377
Income tax payable	15,463	18,357
Total Current Liabilities	**910,404**	**950,462**
Non-current Liabilities		
Interest-bearing loans and borrowings	1,321,540	1,345,962
Provisions	153,437	163,774
Derivative financial instruments	7,200	23,561
Total Non-current Liabilities	**1,482,177**	**1,533,297**
TOTAL LIABILITIES	**2,392,581**	**2,483,759**
NET ASSETS	**2,555,638**	**2,366,723**

V. OTHER INFORMATION (CONTINUED)

22. CLOSED GROUP (CONTINUED)

	Closed Group	
EQUITY	**2017 $000**	**2016 $000**
Issued capital	713,523	713,523
Treasury shares	(70,608)	(88,844)
Convertible Adjustable Rate Equity Securities (CARES)	252,165	252,165
Retained earnings	1,132,474	980,325
Other reserves	528,084	509,554
TOTAL EQUITY	**2,555,638**	**2,366,723**

23. PARENT ENTITY INFORMATION

Information relating to Ramsay Health Care Limited	**2017 $000**	**2016 $000**
Current assets	1,102,747	1,064,190
Total assets	1,254,937	1,205,709
Current liabilities	(19,246)	(21,631)
Total liabilities	(19,246)	(21,631)
Issued capital	(713,523)	(713,523)
Other equity	(522,168)	(470,555)
Total shareholders' equity	(1,235,691)	(1,184,078)
Net profit for the year after tax	285,333	216,008

As a condition of the class order (set out in Note 22), 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.

24. MATERIAL PARTLY- OWNED SUBSIDIARIES

Ramsay Générale de Santé SA (formerly Générale de Santé SA) has a material non-controlling interest (NCI):

This entity represents the French segment for management and segment reporting.

Financial information in relation to the NCI is provided below:

(a) Proportion of equity interest and voting rights held by non- controlling interests
Refer to Note 21 which discloses the equity interest held by the Ramsay Group. The remaining equity interest is held by the non-controlling interest.
Voting rights for Ramsay Générale de Santé at 30 June 2017 are 51.5% (2016: 50.3%). The remaining interest is held by the non-controlling interest.

(b) Accumulated balances of non-controlling interests
Refer to the Consolidated Statement of Changes in Equity

(c) Profit allocated to non-controlling interests
Refer to the Consolidated Income Statement

(d) Summarised Statement of Profit or Loss and Statement of Financial Position for 2017 and 2016
Refer to Note 1. The French segment consists only of this subsidiary that has a material non-controlling interest.

(e) Summarised cash flow information

	2017 $000	**2016 $000**
Operating	244,342	232,117
Investing	(84,051)	(354,245)
Financing	(61,851)	88,285
Net increase/(decrease) in cash and cash equivalents	98,440	(33,843)

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.