Financial Report **2020**

Ramsay Health Care Limited & Controlled Entities

ARTANIA CRUISE SHIP PASSENGER, JURGEN SCHREYEK, GIVEN GUARD OF HONOUR AT JOONDALUP HEALTH CAMPUS AFTER 'MIRACLE' COVID-19 SURVIVAL*

Ramsay Health Care

Financial Report

FOR THE YEAR ENDED

30 JUNE 2020

Ramsay Health Care Limited & Controlled Entities
A.B.N. 57 001 288 768

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2020.

DIRECTORS

The names of the Directors of Ramsay Health Care Limited ("Ramsay" or "the Company") in office during the financial year and until the date of this report, unless noted otherwise, are listed below. Each Director's beneficial interest in the share capital of the Company as at the date of this report is as follows:

Director	Ramsay Health Care Limited		
	Ordinary Shares	**Convertible Adjustable Rate Equity Securities (CARES)**	**Rights over Ordinary Shares**
C.A. Deans	5,705	1,402	-
P.J. Evans	11,099	-	-
J. McMurdo *(appointed 11 September 2019)*	4,964	-	-
C.R. McNally	351,707	-	140,808
K.L.C. Penrose *(appointed 1 March 2020)*	957	-	-
M.S. Siddle	3,905,244	-	-
C. Süssmuth Dyckerhoff	3,705	-	-
D.I. Thodey AO	11,071	700	-
R.H. McGeoch AO *(resigned 14 November 2019)**	55,511	257	-
K.C. D. Roxburgh *(resigned 14 November 2019)**	50,180	-	-
B.R. Soden *(resigned 12 September 2019)**	324,070	2,000	180,577

* *Retiring Directors' beneficial interest in the share capital of the company is provided at the date of the Director's retirement.*

Particulars of each Director's and Company Secretaries' experience and qualifications are set out in **Attachment 1** to the Financial Report.

Interests in Contracts or Proposed Contracts with the Company

No Director has any interest in any contract or proposed contract with the Company other than as disclosed elsewhere in this report.

OPERATING & FINANCIAL REVIEW

Principal Activities

Ramsay is a global hospital group operating in approximately 500 locations across Australia, the United Kingdom, France, Sweden, Norway, Denmark, Germany, Indonesia, Malaysia, Hong Kong and Italy. The Group is committed to being a leading provider of health care services by delivering high quality outcomes for patients and ensuring long term profitability. Ramsay is well-respected in the health care industry for operating quality private hospitals and for its excellent record in hospital management, staff engagement and patient care.

Ramsay facilities cater for a broad range of health care needs from day surgery procedures to highly complex surgery, as well as psychiatric care and rehabilitation. The Group now operates across 11 countries, treating over 8.5 million patients in approximately 500 locations and employing almost 80,000 staff. Importantly, Ramsay continues to differentiate its business in terms of leadership, focusing on quality and clinical excellence and reinvesting in its business. We maintain market leading positions in Australia, France and Scandinavia, and we are a market leader in the private provision of services to the National Health Service (NHS) in England.

Ramsay listed on the Australian Securities Exchange in 1997 and, over the last twenty three years has developed and acquired a high quality portfolio of strategically located assets both in Australia and overseas, which have helped to position it at the forefront of the global health care market.

Ramsay is committed to ongoing improvement in patient care in all areas and has an excellent record in providing quality patient care and managing clinical risk. All Ramsay facilities offer high quality health care services and are fully accredited with the relevant accreditation bodies in their regions. Accreditation is an important driver for safety and quality improvement and ensures that Ramsay hospitals are at the forefront of health care delivery.

Ramsay maintains a decentralised management structure which allows each of its facility managers to develop productive working relationships with doctors. This has assisted in attracting high calibre medical practitioners to consult in its facilities. Ramsay takes a leadership role in shaping the world that we live in through its focus on the environment, good corporate governance and societal issues at large. Since 2011 Ramsay has been included in the FTSE4Good Index, an index which objectively measures the performance of companies that meet globally recognised corporate responsibility standards.

The Group also commits significant funds and resources to clinical teaching and medical research believing that the private sector has an important role to play in the training and development of the future medical and nursing workforce. To this end, through its hospitals, the Group works closely with government and universities in the training of nursing and medical staff.

In November 2007, Ramsay Health Care acquired Capio UK and its portfolio of hospitals in England. Ramsay Health Care UK is now one of the leading providers of independent hospital services in the UK, with a network of over 30 acute hospitals and day procedure centres providing a comprehensive range of clinical specialties to private and self-insured patients as well as to patients referred by the NHS.

In March 2010, Ramsay Health Care purchased a 57% interest in Group Proclif SAS (Proclif), a private hospital operator based in France. Proclif changed its name to Ramsay Santé. This was the start of several acquisitions in France, culminating in its acquisition of a controlling interest in Générale de Santé (GdS) in October 2014. GdS was the leading operator of private hospitals in France comprising 75 facilities (including 61 hospitals) in the fields of medicine, surgery, obstetrics and rehabilitation. On 1 July 2015, Ramsay Santé and GdS merged and the merged entity is now known as Ramsay Santé (formerly Ramsay Générale de Santé). Ramsay owns 52.5% of this merged entity. It is listed on Euronext. This merged entity acquired HPM, a group of nine hospitals in Lille in December 2015. In November 2018, the merged entity acquired the share capital of Capio AB. Capio is a leading, pan-European healthcare provider offering a broad range of healthcare services in Sweden, Norway, Denmark, France and Germany.

In July 2013, Ramsay Health Care entered into a Joint Venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad. Ramsay owns 50% of this Joint Venture. The joint venture combined Sime Darby's portfolio of health care assets in Malaysia (three hospitals and a nursing and health sciences college) with Ramsay's three Indonesian hospitals, under a jointly owned company, Ramsay Sime Darby Health Care Sdn Bhd (RSD).

Non – AASB Financial Information

The review of results of operations included in the Directors' Report below includes a number of non-AASB financial measures. These non-AASB financial measures are used internally by management to assess the performance of the business and make decisions on the allocation of resources. It is the Company's intention to no longer separate its profit between core and non-core, going forward.

Financial Performance

A summary of the consolidated statutory revenue and earnings is set out below:

Summary of statutory earnings	2020 $m* AASB16	2020 $m** AASB117	2019 $m** AASB117	% Change*** AASB117
Revenue from contracts with customers and income from government grants	12,395.5	12,395.5	11,552.8	7.3%
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	1,974.0	1,974.0	2,092.6	(5.7%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,808.2	1,311.7	1,502.3	(12.7%)
Earnings before interest and tax (EBIT)	877.5	726.7	1,016.0	(28.5%)
Statutory reported net profit after tax attributable to owners of the parent	284.0^	327.1	545.5	(40.0%)

^ *Percentage change between AASB 16 results for 2020 and AASB 117 results for 2019 is 47.9%.*

	2020* AASB16	2020** AASB117	2019** AASB117	% Change*** AASB117
Basic earnings per share (after CARES dividend)	131.0c	151.7c	260.5c	(41.8%)
Diluted earnings per share (after CARES dividend)	130.5c	151.2c	258.9c	(41.6%)

* *Results prepared under AASB16 Leases refer to Overview section of the Consolidated Financial Statements for further information.*
** *Results prepared under AASB117 Leases refer to Overview section of the Consolidated Financial Statements for further information. Results in 2020 include 12 months of Capio results. Results in 2019 include Capio results from 7 November 2018.*
****Percentage change is calculated between the 2019 and 2020 results prepared under AASB117 Leases.*

Summary of Core earnings#	2020 $m* AASB16	2020 $m** AASB117	2019 $m** AASB117	% Change*** AASB117
Revenue from contracts with customers and income from government grants	12,395.5	12,395.5	11,552.8	7.3%
Core earnings before interest, tax, depreciation, amortisation, rent and non-core items (Core EBITDAR)	2,009.7	2,009.7	2,161.0	(7.0%)
Core earnings before interest, tax, depreciation and amortisation and non-core items (Core EBITDA)	1,843.9	1,357.9	1,592.1	(14.7%)
Core earnings before interest and tax and non-core items (Core EBIT)	952.3	812.0	1,108.0	(26.7%)
Core net profit after tax attributable to owners of the parent	336.9^	387.7	590.9	(34.4%)

^ *Percentage change between AASB 16 results for 2020 and AASB 117 results for 2019 is 43.0%.*

	2020* AASB16	2020** AASB117	2019** AASB117	% Change*** AASB117
Basic Core earnings per share (after CARES dividend)	156.4c	180.9c	282.7c	(36.0)%
Diluted Core earnings per share (after CARES dividend)	155.9c	180.2c	281.0c	(35.9)%

\# *Core earnings are the earnings attributable to members of the parent before net non-core items and from continuing operations.*
* *Results prepared under AASB16 Leases refer to Overview section of the Consolidated Financial Statements for further information.*
** *Results prepared under AASB117 Leases refer to Overview section of the Consolidated Financial Statements for further information. Results in 2020 include 12 months of Capio results. Results in 2019 include Capio results from 7 November 2018.*
*** *Percentage change is calculated between the 2019 and 2020 results prepared under AASB117 Leases.*

Reconciliation of Statutory earnings to Core earnings

The reconciliation below outlines the Statutory net profit after tax, adjusted for the non-core items.

	2020 $m	2019 $m
Statutory net profit after tax attributable to owners of the parent	284.0	545.5
Add: Net non-core items, net of tax, attributable to owners of the parent	52.9	45.4
Core net profit after tax attributable to owners of the parent	336.9	590.9

Reconciliation of Statutory earnings under AASB16 Leases to earnings under AASB117 Leases

The reconciliation below outlines the statutory earnings under AASB16 Leases to the earnings under AASB117 Leases.

	2020 $m
Statutory net profit after tax attributable to owners of the parent under AASB16	**284.0**
Add: Amortisation of Right of Use Asset	345.7
Add: Interest in relation to Lease Liability	231.7
Less: Rent	(496.5)
Less: Tax impact of the above	(20.7)
Less: Attributable to non-controlling interests	(17.1)
Net profit after tax attributable to owners of the parent under AASB117	**327.1**

Financial Highlights

Ramsay's statutory net profit after tax (NPAT), attributable to members of the parent (after adjusting for net non-core items after tax) was $284.0 million, a decrease of 47.9% on the previous corresponding period. On a like for like basis, under the previous lease accounting standard (AASB117), this represented a decrease of 40% on the previous corresponding period.

Group Core Net Profit After Tax (Core NPAT) of $336.9 million, for the year ended 30 June 2020 decreased by 43.0% on the previous corresponding period. On a like for like basis, under the previous lease accounting standard (AASB117), this represented a decrease of 34.4% on the previous corresponding period. It is the Company's intention to no longer separate its profit between core and non-core, going forward.

Statutory net profit after tax delivered EPS of 130.5 cents for the year, a decrease of 49.6% on the previous corresponding period. On a like for like basis, under the previous lease accounting standard (AASB117), this represented a decrease of 41.6% on the previous corresponding period.

Core NPAT delivered Core EPS of 155.9 cents for the year, a decrease of 44.5% on the previous corresponding period. On a like for like basis, under the previous lease accounting standard (AASB117), this represented a decrease of 35.9% on the previous corresponding period.

As previously announced, the Company will not be paying a final dividend on ordinary shares for FY'20. The CARES dividend due for payment on 20 October 2020 will be paid.

The business had been tracking well until the end of February 2020, the extraordinary circumstances posed by the COVID 19 pandemic on the Company's operations around the world resulted in us withdrawing guidance in March 2020 and had a significant impact on the full year result. Due to the pandemic, elective surgery restrictions were imposed in most regions from March 2020, creating a significant level of uncertainty. Ramsay led the industry discussions with all levels of government in our major regions – Australia, UK and France – to make our facilities available to the respective national efforts, and in return, Ramsay were successful in securing agreements with government in the form of a viability guarantee.

Ramsay's hospitals around the globe played, and continue to play, a critical role in supporting governments, caring for patients and our communities and ensuring that our facilities are made available and remain fully staffed. It has been an extremely challenging time for the Ramsay staff and doctors as the business has pivoted to support national efforts during this crisis. COVID 19 has impacted the financial result this year but, importantly, it has reinforced the Company's role as a leading health care and hospital provider in the major regions we operate in.

Operational Highlights – Australia

For the full year, revenue in Ramsay's Australian operations decreased by 2.2% and EBITDAR decreased by 23.2%. Prior to the pandemic Ramsay's Australian division was on track to meet full year targets, but was significantly impacted by elective surgery restrictions during the last quarter.

Ramsay Australia entered partnership agreements with governments in New South Wales, Queensland, Victoria and Western Australia to maintain full capacity and make our facilities available to assist with the national COVID 19 response. In return, Ramsay received net recoverable costs as defined in these agreements. This resulted in the business being broadly breakeven at an EBIT level for the four months between March and June 2020.

Joondalup Health Campus was one of the first facilities in the country to treat a large cohort of COVID 19 patients. Joondalup took in 30 patients suffering with coronavirus from the *Artania* cruise ship and cared for these patients without any cross infection to staff, doctors or other patients.

Most of these agreements were paused or ceased on 30 June 2020 as elective surgery restrictions eased. Ramsay's Australian hospitals experienced increased surgical demand from July as they started to ramp back up to full capacity. With the exception of Victoria, surgical activity so far in financial year 2021 has been above last year. However, volumes in medical specialties are recovering more slowly. The business has incurred additional costs associated with increased Personal Protective Equipment (PPE) usage, more costly PPE on a per unit basis, social distancing requirements, staff costs involved in screening patients, staff and visitors and increased cleaning regimes.

The escalation of the crisis in Victoria demonstrated that it was too early to make any conclusive statements about the near term. As elective surgery restrictions were reintroduced in Victoria in late July the agreement with the Victorian government was recommenced on 23 July 2020.

Operational Highlights – Continental Europe

Overall, for the year ended 30 June 2020, Ramsay Santé's revenues were up 14.3% and EBITDAR was up 8.5%. For the first half of financial year 2020, Ramsay Santé's revenues were up 44.3% and EBITDAR was up 38% reflecting the consolidation of an extra four months of Capio earnings (Capio was acquired 7 November 2018). However, the second half of financial year 2020 was negatively impacted by COVID 19, with revenue down 5.3% and EBITDAR down 10.5%.

Ramsay Santé was on track to meet full year targets before COVID 19 hit Europe and was recording strong activity to that point. However, the hospitals across the region were heavily impacted by the pandemic. June activity was better than expected both in France and the Nordics, contributing to a positive result in that month.

Ramsay Santé is receiving a revenue guarantee from the French government which applies from 1 March to 31 December 2020. Sweden also received government support during the period, specifically in relation to St Göran's Hospital.

Ramsay's facilities in France, Italy and Sweden have been at the forefront of the pandemic, caring for over 7,000 COVID 19 patients. Our staff travelled from all over France to assist at the frontline in the worst affected areas in Paris.

Surgical activity in France and the Nordics has been ramping up since June although it is now impacted by the summer vacation period. There remain concerns of a second wave in Europe and, while the business has performed well in the first few months of this year, there are still many uncertainties and it is too early to make any predictions about 2021.

Ramsay Santé continues to make good progress on the integration of the Capio business. It is expected that identified synergies will be achieved but the timing of the realization of these synergies has been impacted by the pandemic.

Operational Highlights – UK

On the back of a strong first half, Ramsay UK continued to perform well at the start of the third quarter. However, like other regions, Ramsay UK was heavily impacted by COVID 19 and elective surgery restrictions. For the full year, revenue was down 4.9% and EBITDAR was down 10.6% on the previous year.

Ramsay UK led the industry discussions on making hospitals available to the NHS and an agreement was reached with NHS England for the COVID 19 period where Ramsay received net cost recovery for its services, including operating costs, overheads, use of assets, rent and interest, less a deduction for any private revenue. As a result, the business was broadly break even at the EBIT level for March to June 2020. The crisis has seen many new services move into our hospitals and the engagement built with NHS Trusts has positioned Ramsay UK well for the future.

Most of the UK facilities were made available to the national effort and the business performed 13,000 urgent operations for the NHS by the end of June (33% of the independent sector). In addition, our staff volunteered to work in NHS ICU or palliative care wards during the crisis and we loaned ventilators to the NHS.

Uncertainties still remain in relation to the pandemic in the UK and the duration of the current agreement with NHS England, which remains on foot. We are in negotiations with NHS England to extend and vary this agreement with a possible December 2020 end date.

Ramsay UK will participate in the contract tender process recently launched by the NHS to identify operators to assist with reducing waiting lists over the next four years. More than 50,000 patients have now waited at least a year for treatment and waiting lists are predicted to hit 10 million by December 2020.

Operational Highlights – Asia

There were no restrictions imposed on elective surgery during the pandemic in either Malaysia or Indonesia, therefore there were no government viability guarantees put in place. However, movement control orders in these countries impacted patient volumes during the pandemic. Patient volumes in these regions are now gradually increasing.

Financial Position

A summary of the audited Statement of Financial Position is set out below:

	2020 $m	2019 $m	% Change
Total assets	18,058.7	12,639.8	42.9%
Total liabilities	(13,822.8)	(9,616.7)	43.7%
Net assets	4,235.9	3,023.1	40.1%

Ramsay's total assets increased by 42.9% mainly due to an increase in the right of use assets. Total liabilities increased by 43.7% mainly due to the increase in lease liabilities. These movements are in line with expectations given the implementation of AASB16 Leases which resulted in capitalisation of the right of use asset balance of $4,548.3 million and recognition of $4,929.6 million of lease liabilities.

Ramsay's net asset position increased by 40.1% which is largely attributable to the $1.5 billion equity raising less dividends paid to Ramsay shareholders of $322.5 million.

Balance Sheet Strength & Liquidity

The equity raising of $1.5 billion was undertaken to strengthen Ramsay's balance sheet and provide financial flexibility in order to navigate an uncertain operating environment. Proceeds from the equity raising have been used to partially repay Ramsay Funding Group's revolving debt facilities, which remain available for redraw.

As a result of the equity raising, the Group Consolidated Leverage Ratio* has reduced from 3.1x at 30 June 2019 to 2.0x as at 30 June 2020.

The Group has available undrawn debt capacity and cash headroom of around A$3 billion (equivalent). The next scheduled debt maturity is not until October 2022.

* *Note: The Group Consolidated Leverage Ratio is presented on a pre AASB16 basis, consistent with the Ramsay Funding Group debt facility documents.*

Capital Employed

	2020 $m	2019 $m	Variance $m
Working Capital	(875.6)	(440.4)	(435.2)
Property, plant and equipment	4,447.2	4,642.8	(195.6)
Intangible assets	4,246.1	4,263.3	(17.2)
Current and deferred tax assets	143.6	15.7	127.9
Other assets/(liabilities)	(138.7)	(546.8)	408.1
Capital employed (before right of use assets)	**7,822.6**	**7,934.6**	**(112.0)**
Right of use assets	4,477.9	-	4,477.9
Capital employed	**12,300.5**	**7,934.6**	**4,365.9**
Core Return on Capital Employed (ROCE*) (before lease accounting changes)	**10.4%**	**16.3%**	**(5.9%)**
Core Return on Capital Employed (ROCE*)	**9.4%**	**16.3%**	**(6.9%)**

* *ROCE = EBIT / average of opening and closing capital employed*

Ongoing capital employed (before right of use assets) decreased by $112.0 million from 2019 driven by:

- Working capital decreased by $435.2 million due to revenue guarantee payments received by Ramsay Santé being in excess of revenue guarantee accruals recognised in the period.
- Property, plant and equipment reduced by $195.6 million due to a $368.3 million transfer of assets to right of use asset with the implementation of AASB16 Leases.
- Other assets / (liabilities) have increased $408.1 million due to the derecognition of the deferred lease provision of $294.3 million and reclassification of the unfavourable contracts provision of $207.3 million to property, plant and equipment. Both changes were a result of implementation of AASB 16 Leases.

Cash Flow

	2020* $m	2019** $m	Variance $m
Core EBITDA	**1,843.9**	**1,592.1**	**251.8**
Changes in working capital	435.2	98.6	336.6
Finance costs	(418.8)	(158.8)	(260.0)
Income tax paid	(203.4)	(253.0)	49.6
Movements in other items	23.8	(375.6)	399.4
Operating cash flow	**1,680.7**	**903.3**	**777.4**
Capital expenditure	(680.6)	(593.8)	(86.8)
Free cash flow	**1,000.1**	**309.5**	**690.6**
Net acquisitions	**(22.7)**	**(1,167.5)**	**1,144.8**
Interest and dividends received	**47.3**	**9.0**	**38.3**
Cashflow after investing activities	**1,024.7**	**(849.0)**	**1,873.7**
Dividends paid	**(335.1)**	**(321.3)**	**(13.8)**
Other financing cashflows	**(1,363.9)**	**758.3**	**(2,122.2)**
Net shares issued	**1,467.1**	**375.0**	**1,092.1**
Net increase/(decrease) in cash	**792.8**	**(37.0)**	**829.8**

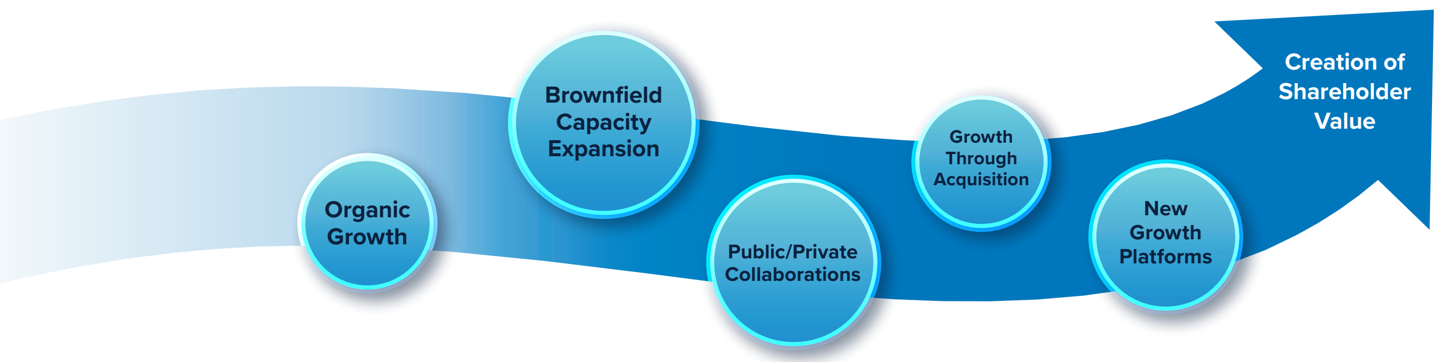
* *2020 cashflow is prepared under AASB 16 Leases. Net interest includes interest associated with capitalised leases under AASB16.*
** *2019 cashflow is prepared under AASB 117 Leases.*

Cashflow increased by $829.8 million from 2019, mainly as a result of:
- Net acquisition cash outflows decreased by $1,144.8 million. The outflow in 2019 mainly relates to the acquisition of Capio
- Other financing cash outflows increased by $2,122.2 million. The outflow in 2020 mainly relates to repayment of debt with banks and the repayment of principal on the lease liabilities capitalised on implementation of AASB 16 Leases (previously included in Core EBITDA as rental costs in 2019).
- Net shares issued cash inflows increased by $1,092.1 million. The inflow in 2020 is due to the equity raise and has been used in part to pay down debt.

Business Strategies & Prospects for Future Financial Years

Ramsay's scale and size provides the opportunity to explore greater efficiencies and to establish stronger partnerships, which will generate earnings growth along the healthcare value chain. At the same time, we are building our capabilities in terms of ensuring we have a workforce that is adaptable and forward thinking that we are delivering what customers want, and we are delivering quality outcomes.

Growth is only pursued if the Group's financial and strategic criteria and investment hurdles are satisfied. Ramsay's growth strategy is broken down into five key components which are discussed below.



Organic Growth

Organic growth is underpinned by demographics, Ramsay's quality portfolio of hospitals and continuous business improvement.

Business Strategies & Prospects for Future Financial Years (Continued)

Brownfield Capacity Expansion

During the year the Board approved $196 million in new brownfield projects which underscores the Company's confidence in the long term industry dynamics.

Public/Private Collaborations

A key component of Ramsay's growth strategy is further involvement in the provision of public hospital services through "public/private collaborations".

Growth through Acquisition

The Company remains committed to expanding its global portfolio and will continue to search for opportunities in new and existing markets that are a strategic fit and meet the Company's rigorous financial hurdles.

New Growth Platforms

We are looking at areas of growth in adjacent businesses like pharmacy (in Australia) and patient transport (in France) that will supplement our core strategy and assist in delivering improved and integrated services to patients across an increasingly disperse health ecosystem.

Material Business Risks

Ramsay faces a number of business risks that could affect the Group's operations, business strategies and financial prospects. These are described below, together with relevant mitigation strategies. It is not possible to identify every risk that could affect Ramsay's business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise.

Impact of COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the global economy and the ability of businesses and governments to operate. Across the globe, travel, trade, business, working arrangements and consumption have been materially impacted by the COVID-19 pandemic. The impacts of COVID-19 for Ramsay include but are not limited to the following risks:

- Ramsay has observed that a growing number of countries are deferring surgeries as a result of the spread of COVID-19. Further, a number of health authorities are either recommending or enforcing the deferral of elective surgeries in order to reduce the strain on healthcare systems. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on Ramsay's business. However, a prolonged reduction in elective surgeries across Ramsay's key operating geographies will materially adversely impact Ramsay's financial performance and profitability.
- In connection with governmental requirements to maintain capacity, Ramsay has in place and continues to negotiate agreements in each of its key operating geographies to provide Ramsay with a level of cost recovery in return for such capacity arrangements (except for France, where there is to be a level of revenue recovery). There is no guarantee that the terms of such agreements, including the level of financial recovery, the conditions to receiving any funds and the ability to terminate such arrangements at a time that suits Ramsay, will be able to be obtained on terms equivalent to existing arrangements.
- COVID-19 is having an adverse impact on supply chains including the cost and global supply of Personal Protection Equipment (PPE) used to protect health care workers.
- COVID-19 is having a significant people impact on the healthcare sector globally due to health care workers being infected and the impacts associated with the mental health of healthcare workers. In addition, COVID-19 will continue to impact availability of staff during the pandemic including as elective surgery increases post the pandemic.
- In the event that significant numbers of staff need to be quarantined due to exposure to COVID-19, or where they are required to assist in clearing elective surgery backlogs, they may need to be supplemented by more expensive staff, including overtime and/or agency staff.
- Government measures and economic impacts of business shutdowns are increasing the levels of unemployment that could result in declines of private health insurance (PHI) membership due to affordability. Significant declines in PHI membership, particularly in Australia, would have an adverse impact on Ramsay's revenue.
- Public perception of the safety of hospitals during the pandemic could impact the volume of returning elective surgeries as patients may choose to delay some procedures due to the perceived risk of catching the virus while in hospital.
- COVID-19 and the responses to it may lead to accelerated shifts in site of care in some countries and changes in practices (including the increased use of telehealth), which may adversely impact future revenues.

Government policy & regulation

Ramsay operates in the healthcare industry which is subject to extensive laws, regulations, policies and ethical standards (which may vary by jurisdiction) relating to, among other things, the conduct of operations, the licensing and accreditation of facilities and the addition and development of facilities and services.

There are a number of areas in which changes in the policies of governments may have a material impact on the health sectors in each of the regions in which Ramsay operates and, more specifically, the private healthcare sector and Ramsay. Changes which could have a material impact Ramsay include but are not limited to:

- Policies that would effectively reduce the role of the private sector in a country's health system, including the involvement of the private sector in the provision of healthcare to public patients
- Economic factors or regulations that impact the affordability of private health insurance (particularly in Australia) and the level of private health insurance coverage
- Changes to patient choice, such as the legislation in the UK, which allows patients the freedom to choose private or public health care provision

Material Business Risks (Continued)

Health insurance funds

A large component of Ramsay's revenue in Australia is derived from health insurers. Therefore, failure to reach satisfactory commercial terms with major insurers has the potential to impact on the financial performance and operations of Ramsay.

Ramsay is also susceptible to factors adversely affecting private health funds. A decline in the profitability of health funds, a decline in health fund membership and an inability of health funds to obtain premium increases (because of government regulation or other restrictions) may indirectly impact the financial performance of Ramsay through pressure on rates being charged by the hospitals or fewer patients due to declining membership.

Revenue from government sources

The majority of Ramsay's revenue in the UK, France and Scandinavia is derived from government sources. Accordingly, Ramsay has prima facie, significant risk exposure to adverse pricing changes as set by the respective governments. Failure to reach a satisfactory outcome with governments has the potential to impact on the financial performance and operations of Ramsay. Failure to achieve an acceptable outcome may be because of differences in rates, terms or conditions (including the introduction of different funding models).

Cyber Security/Information Technology

Ramsay handles and stores personal information digitally and in paper form, including health information, for its customers and employees. With expanding information privacy and security regulations, and an increasingly hostile cyber environment, Ramsay recognises information privacy and cyber security as an increasing risk. Any breach by Ramsay of privacy and security regulations could expose Ramsay to penalties (including financial penalties), which could adversely affect Ramsay's financial position or cause reputational harm.

Any damage or interruption to Ramsay's information systems or those provided by third party technology vendors could adversely affect Ramsay's service capability, its ability to conduct its business and generate revenue, as well as result in significant costs being incurred, for example to rebuild systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties.

Industry disruption or lack of innovation

The rate of disruption and innovative changes remain a key area of risk and opportunity. The importance of latest technology and trends to enable improved service delivery, attracting and retaining staff and adjusting to industry changes is increasing. Failure to innovate, harness new technology (e.g. telehealth) or adapt to disruptive technologies are important risk considerations.

Acquisitions

Ramsay's future business strategy includes the potential acquisition of additional hospitals, health services or businesses with relevant adjacencies, including through minority investments. These acquisitions may expose Ramsay to unanticipated liabilities and losses to the extent that operational, legal or financial due diligence fails to identify adequately key risks or where valuations are overstated. The process of integrating acquired operations into Ramsay's existing operations may not realise expected synergies as a result of unforeseen operating difficulties or a failure to leverage economies of scale. Furthermore, a failure to adequately assess and integrate cultural aspects of operations across international markets may affect the contribution of those international markets to Ramsay's overall performance.

Ramsay's potential to make further acquisitions may be restricted by relevant competition regulators depending on the size of the proposed acquisition as well as the competition regulators' interpretation of the market in which Ramsay is operating and how a proposed acquisition may alter the competitive environment of that market. There can also be no guarantee that Ramsay will identify any future acquisition opportunities or be able to complete future acquisition opportunities on acceptable terms or, if it does do so, that such acquisitions will be effectively integrated into, and beneficial to, Ramsay's business.

People/workforce

People are Ramsay's most important asset and have been key to the organisation's ongoing success. Managing the risks associated with the supply of quality labour, staff retention and maintaining the Ramsay culture is a key focus and includes, but is not limited to:

- Management of nursing staff – the most significant cost in hospital operations is nursing labour. In some regions such as the UK there is a shortage of nurses and enhanced competition to recruit and retain nursing staff which also causes additional upward pressure on nursing costs. Should these labour costs be larger than anticipated this may impact on the financial performance and operations of Ramsay.
- Workplace health and safety – there may be an accident or incident at one of Ramsay's facilities that results in serious injury, or damage to property. This may in turn result in Ramsay being fined by a regulatory authority, an interruption to Ramsay's operations, a worker's compensation claim, a work health and safety claim or a damages claim against Ramsay. This may also adversely impact Ramsay's business reputation, operations and profitability.
- Industrial relations – Many of Ramsay's employees are covered by enterprise bargaining agreements or other unregistered workplace agreements, which periodically require renegotiation and renewal. Disputes may arise in the course of such renegotiations which may lead to strikes or other forms of industrial action that could disrupt Ramsay's operations. Further, any such renegotiation could result in increased labour costs for Ramsay. If any of these events occur, it may have a material adverse effect on Ramsay.
- Retention – The unexpected loss of any key members of management and operating personnel could adversely impact Ramsay's ability to develop and implement its business strategies.

Material Business Risks (Continued)

Relationships with Doctors

The recommendation of a patient's doctor is often the most significant factor in a patient's choice of hospital in many of Ramsay's regions. Therefore, doctor engagement and working in partnership with doctors is a key factor in the success of Ramsay's hospitals. There is no guarantee that doctors will continue to refer their patients to Ramsay hospitals.

As virtually all of the doctors operating or working at Ramsay's hospitals are not employees (other than in Scandinavia), they have the choice to work in whichever location provides the best services in terms of theatres, equipment, nurses, beds and suites. Further, doctors directly affect the efficiency and quality of service of a hospital through the number and type of patients they treat, the time they take in theatre, their consumption of supplies and their decision on when to discharge patients.

Clinical

The delivery of high quality clinical care is fundamental to Ramsay's success. There are many things that could threaten this objective, including ineffective policies and practices and misbehaviour, misconduct and medical malpractice of staff and visiting medical officers or other errors such as medication errors. Poor clinical risk management could result in reputational damage and financial loss resulting from, among other things, potential significant medical malpractice incidents or claims, or outbreaks of infection or contamination (including, but not limited to, as a result of the impact of the COVID-19 pandemic) at a facility.

Competition

Ramsay operates in markets with established competitors and there is a risk that the actions of existing or future competitors will have a material adverse effect on Ramsay's ability to implement its plans and on Ramsay's business, results of operations or financial condition.

Financial

Ramsay's reported revenue and earnings will fluctuate with changes in the currency exchange rates between the Australian dollar (Ramsay's reporting currency) and the currencies of Ramsay's offshore operations.

Ramsay uses debt to reduce its cost of capital and to increase earnings per share. It is therefore subject to the risk of rising interest rates (either on floating rate debt or when existing facilities expire), the future availability of funding, and potential breach of a term or condition of its debt facilities. Ramsay has policies in place to manage liquidity, interest rate, foreign exchange and counterparty credit risk.

Sustainability

Ramsay recognises the importance that social and environmental risks have on value creation as a global company, employing over 77,000 staff and caring for over eight million patients each year. Failure to meet the expectations of our stakeholders on key areas such as quality, safety and sustainability is a risk to the value that Ramsay creates and our reputation. The past few years have emphasised the impacts of climate change and increasing societal pressures such as ageing populations and affordability. A refreshed strategy "Ramsay Cares" is being implemented with a focus on three pillars – Caring for our People, Caring for our Communities and Caring for our Planet.

Legal & regulatory

Ramsay is subject to legal and compliance related risks, including but not limited to:

- Licences – hospitals are required to be licensed under various legislation in the jurisdictions within which they operate. If Ramsay is unable to secure applicable licences for the operation of its hospitals in the future or if any of its existing hospital licences are revoked, this may have a material adverse effect on Ramsay and its ability to operate its business.
- Disputes or litigation – Ramsay may also be involved in disputes or litigation, including disputes with patients, suppliers, funders, government and regulatory bodies, landlords, franchisees or current or former employees (for example, industrial action or workplace health and safety claims).

Insurance

Insurance is maintained within ranges of coverage consistent with industry practice. However, there is a risk given that such insurance will not be available in the future on commercially reasonable terms or that any cover will be inadequate and unavailable to cover any or all claims.

DIVIDENDS

Dividends paid or recommended for payment on ordinary shares are as follows:

Final dividend 0.0 cents per share* (2019: 91.5 cents)	$0.0 million (2019: $184.9 million)
Interim dividend paid during the year @ 62.5 cents per share (2019: 60.0 cents)	$126.3 million (2019: $121.2 million)

Dividends paid or recommended for payment on CARES are as follows:

Final dividend recommended @ $1.77 per security (2019: $2.29)	$4.6 million (2019: $6.0 million)
Interim dividend paid during the year @ $2.04 per security (2019: $2.44)	$5.3 million (2019: $6.3 million)

** No current year final dividend has been declared.*

The tax rate at which paid dividends have been franked and recommended dividends will be franked is 30% (2019: 30%).

CORPORATE INFORMATION

This financial report covers the Ramsay Health Care Limited consolidated Group which comprises the Company and its subsidiaries (**'the Group'**).

The Company is a for-profit company, limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The registered office is Suite 18.03, Level 18, 126 Phillip Street, Sydney NSW 2000.

The financial report of the Company for the year ended 30 June 2020 was authorised for issue on 8 September 2020 in accordance with a resolution of the Directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as referred to in the Operating and Financial Review, there have been no significant changes in the state of the Group's affairs during the financial year.

PERFORMANCE RIGHTS (EQUITY)

At the date of this report there were 1,277,546 (2019: 1,085,023) ordinary shares under the Executive Performance Rights Plan that are yet to vest. Refer to Note 17 of the financial statements for further details of any rights outstanding as at 30 June 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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.

LIKELY DEVELOPMENTS & EXPECTED RESULTS

Directors and management of the consolidated entity will continue to seek growth in its existing business and to ensure the operation of high quality, cost effective facilities, in order to optimise returns to shareholders. At the same time, directors and management are continuing to pursue opportunities, including expansion of existing facilities, further hospital acquisitions as well as other opportunities closely aligned to the health sector, which are within the Company's core competencies and investment criteria.

INDEMNIFICATION & INSURANCE OF DIRECTORS & OFFICERS

The Company has a Directors' and Officers' Liability policy covering each of the Directors and certain executive officers for liabilities incurred in the performance of their duties and as specifically allowed under the *Corporations Act 2001*. The premiums in respect of the policy are payable by the Company. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy and therefore the Directors do not intend disclosing further particulars relating thereto.

REMUNERATION REPORT – AUDITED

Letter to shareholders from People & Remuneration Chair

Dear Shareholders

On behalf of the Board of Ramsay Health Care, I am pleased to present you with our FY'20 Remuneration Report. Since our last AGM, and in light of the shareholders vote against the FY'19 remuneration report, we have spent time listening to our shareholders and we have incorporated this feedback into the ongoing evolution of our remuneration framework. In addition, we have considered the extraordinary circumstances posed by COVID-19. We acknowledge the impact this has had on shareholders, the community and other stakeholders, while also recognising the efforts of the Ramsay management team in effectively guiding the business through these unprecedented and challenging times.

Feedback from Shareholders

During the past fiscal year, the Ramsay People and Remuneration Committee has reflected on the feedback from shareholders on the FY'19 Remuneration Report. We have spent significant time meeting with proxy advisors and shareholders so that we could better understand and incorporate their feedback into our evolving remuneration framework. We appreciate the time and thought that shareholders have put into providing this feedback.

On the positive side, we were pleased to hear that our shareholders supported the changes to the remuneration framework that were disclosed last year for introduction in FY'20. These changes were designed to enhance the alignment of remuneration with our strategic imperatives, The Ramsay Way, which defines our culture and values, and the expectations of our stakeholders. The changes which were implemented in FY'20 include:

- Enhancements to the STI framework including an individual STI modifier (0 – 100%) based on the Ramsay Way to reflect how individuals achieve their performance goals;
- Simplified scorecards to provide clarity and transparency on performance expectations and the link to strategic goals; removing double counting of the EPS metric between STI and LTI; and setting threshold, target and stretch performance levels for financial measures;
- Deferral of STI payments for all senior executives;
- Minimum shareholding requirements for NEDs and Executives to further enhance shareholder alignment; and
- Introduction of a formal clawback policy.

However, our shareholders also gave us clear feedback that further evolution was required in both the remuneration framework and the application of the framework. We have sought to address this feedback in our frameworks and practices, including the following changes:

- In our assessment of performance against EPS targets, we recognise the need to ensure executives are held accountable for prior decisions. To support this, we have established principles for how exceptions to the EPS measure will be considered on a case-by-case basis to ensure appropriate accountability for remuneration purposes. These principles apply to consideration of achievement of EPS targets from FY'20. We also note that from FY'21 Ramsay does not intend to report earnings on a core and non core basis. Remuneration targets will be amended to reflect this change and the principles for considering exceptions will be updated accordingly;
- From FY'21 we will use a three year EPS growth measure relative to a target growth range for the LTI hurdle rather than the historic practice of setting hurdles annually relative to guidance. This will enhance long term decision making and align to shareholder expectations;
- From FY'21, we will introduce a return-based metric (ROIC) into the LTI, as a gateway to being considered for the EPS hurdled parcel of performance rights. This is to ensure appropriate attention to capital efficiency as we pursue our growth strategy, particularly in light of the acquisitive nature of our business;
- We have reviewed Non-Executive Director (NED) and CEO remuneration levels relative to market. As a result we will reduce NED base fees by 20% through removal of the NED share plan, and there will be no change to CEO remuneration for FY'21;
- We have continued to refine the application of the STI performance framework and our disclosure of metrics and achievement levels to ensure that the targets are appropriately challenging, and outcomes are more transparent. This is an ongoing process of refinement both of target setting and clarity of disclosure.

FY'20 Performance & Remuneration Outcomes

Until late February 2020 the business had been tracking well in terms of strategic, operational and financial targets, but the extraordinary circumstances posed by the COVID-19 pandemic in the last four months of the year has had a significant negative impact on the full year financial performance.

With the onset of the pandemic, the primary focus of the Ramsay management team turned to business sustainability, ensuring that we protect the wellbeing of our patients, staff and doctors, and responding to the healthcare crisis by assisting governments with their response to COVID-19. Ramsay's hospitals around the globe played a critical role in national responses by making our facilities and staff available across Australia, the United Kingdom, France and Scandinavia. We are proud of our global teams – how they responded to the crisis and the role they have played in each country. Over this period the teams have built on and strengthened our culture of *people caring for people*.

Management have also taken decisive action to effectively manage the balance sheet through the equity raise, in order to enhance financial flexibility during a period of uncertainty, and position Ramsay for future growth opportunities.

Given the significant impacts of COVID-19, we did not meet the FY'20 financial targets we set for either the short-term or long-term incentive plans. We also recognise the broader impact of COVID-19 on many of our stakeholders. As a result, the Board has determined the following outcomes for FY'20 in terms of remuneration:

- No fixed remuneration increases will be provided to senior management in Australia and the UK.
- No STI payments will be made, notwithstanding that a proportion of the non-financial scorecard targets were met. See section 4.2 for further details.
- The FY'18 LTI will not vest as neither the TSR or EPS hurdles were met. Given that the EPS performance was well below threshold there was no need for a review of EPS inclusions or exclusions in determining individual accountability for vesting of LTI for this year.

Conclusion

We look forward to further feedback from our shareholders on this FY'20 Remuneration Report as we continue to evolve our remuneration framework. The Board of Ramsay remain committed to ensuring our reward outcomes align with performance for our stakeholders and that we have remuneration structures in place which support Ramsay's strategy and The Ramsay Way – *people caring for people*.

ALISON DEANS
Chair, People and Remuneration Committee

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This Remuneration Report (Report) for the year ended 30 June 2020 has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Act) and the Accounting Standards.

1. Key Management Personnel

The report discloses the FY'20 remuneration arrangements and outcomes for the people listed below, who are the individuals within the Company who have been determined to be Key Management Personnel (KMP) in the financial year to 30 June 2020. Key Management Personnel (KMP) are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly.

Name	Position	Term
Executives		
Mr Craig McNally	Managing Director and CEO	Full year
Mr Bruce Soden	Former Group Finance Director and Chief Financial Officer	Until 31 December 2019
Mr Martyn Roberts	Group Chief Financial Officer	From 20 April 2020
Mr Daniel Sims	CEO Ramsay Australia	Full year
Mr Olivier Chretien	Group Chief Strategy Officer	Until 30 June 2020
Non-Executive Directors		
Mr Michael Siddle	Chairman	Full year
Mr Peter Evans	Deputy Chairman	Full year
Ms Alison Deans	Non-Executive Director	Full year
Mr James McMurdo	Non-Executive Director	From 11 September 2019
Ms Karen Penrose	Non-Executive Director	From 1 March 2020
Dr Claudia Süssmuth Dyckerhoff	Non-Executive Director	Full year
Mr David Thodey AO	Non-Executive Director	Full year
Mr Rod McGeoch	Non-Executive Director	Until 14 November 2019
Mr Kerry Roxburgh	Non-Executive Director	Until 14 November 2019

2. Our response to feedback on our FY'19 Remuneration Report

At our FY'19 AGM, 29.23% of shareholders voted against our FY'19 Remuneration Report (A 'First Strike'). Following this, the Ramsay Board and People and Remuneration Committee have consulted extensively with proxy advisors, institutional investors, equity analysts and other stakeholders. We appreciate the time and thought given by all stakeholders in this period of consultation. The feedback received has been valuable and we have incorporated it into the ongoing evolution of our remuneration framework. Five key issues were raised during these discussions and these are listed below together with our response.

Concern raised	Our response
Core EPS used as a performance metric in the LTI plan without adjustment to ensure executive accountability for past decisions	The determination of 'Core EPS' in our Annual Report uses a consistent and transparent set of adjustments to statutory EPS to give a consistent measure of the underlying profitability of the business. While this approach is appropriate for financial purposes, the calculation may include adjustments related to decisions made in prior years that have adverse impacts in the current year with the unintended consequence that an executive might not be held accountable for their past decisions. From FY'20, in determining EPS results for remuneration purposes, the Board will consider any adjustments made in calculating the EPS metric and make adjustments on a case-by-case basis (including attribution of individual accountability for results) to ensure management are held accountable for their past decisions and are not unfairly advantaged or disadvantaged by events outside their control. To ensure any adjustments are consistently applied, five guiding principles will be applied (please see section 3.5 for further details): • Plan integrity and management accountability – adjustments will be made to align with the purpose of the plan and reflect management accountability for past decisions. • Nature and timing of adjustments – adjustments, both positive and negative, will only be made at the time of vesting. • Transparency - the Company will provide a clear rationale and disclosure, for any adjustments made, especially in cases where performance has not been achieved.

Concern raised	Our response
Core EPS used as a performance metric in the LTI plan without adjustment to ensure executive accountability for past decisions...continued	• Material or significant events - adjustments will only be made for events or items over the vesting period that have a material impact positively or negatively on the performance outcome, and consequently reward outcome. • Balance of interests – adjustments will be balanced to ensure outcomes are not unfairly biased towards either shareholders or management. From FY'21, Ramsay does not intend to report Core EPS and Non-Core EPS. The EPS metric for remuneration purposes will reflect this change and the principles for considering adjustments to the EPS measure will still apply.
EPS metric in the LTI plan is based on performance relative to annual market guidance, rather than a disclosed long term target	From FY'21 the EPS metric used in the LTI will be based on a 3 year range for EPS growth against threshold and stretch performance levels. This will increase transparency for shareholders and strengthen the focus on long term performance over the 3 year period, rather than year-on-year performance.
Absence of a return-based metric in LTI plan	Ramsay continues to pursue a growth strategy – including significant acquisitions as well as organic capital investment – in a capital intensive business. As such, we recognise that it is important to ensure that management deploys capital effectively. To reflect this, from FY'21, the EPS component of the LTI grant will only vest if a threshold level of return on capital (ROIC) is achieved.
Lack of transparency for disclosures in relation to STI metrics and associated performance outcomes	In parallel with refinements of our STI scorecard in FY'20, we have sought to improve the clarity and depth of our disclosure regarding the rationale, structure and assessments of performance in our STI scorecard. Specifically, we have sought to clarify the alignment between our strategy and the measures in the scorecard. We have disclosed greater detail on the metrics used and on performance relative to our threshold, target and stretch targets for financial metrics. We have disclosed the specific weightings for each of the 5 key categories in our STI scorecard and provided more detail regarding performance against each key category. These changes provide significantly more clarity and transparency than previous years, ensuring stakeholders can better assess the pay to performance linkage, the priority we place on metrics and the respective outcome achieved for each metric. This will give greater insight into the Board's determination of the appropriate aggregate reward outcome taking into account performance against each of the category metrics, as well as the appropriateness of the overall performance assessment.
Perceived high levels of NED and CEO pay relative to the market	A review of NED "Non-Executive Director" remuneration during FY'20 highlighted an opportunity to re-align NED fees to broader market practice. The Board has determined to reduce NED base fees by 20% from 1 July 2020 and accordingly, it will no longer be making the NED Share Rights Plan award equal to 20% of the relevant NED's base fees (excluding committee fees and superannuation). In addition, the Chairman's fee has been reduced by $65,100 per annum. These are permanent changes to NED and Chairman fees. The minimum shareholding requirement introduced in FY'20 will ensure that the interests of NEDs continue to be aligned to shareholder interests. Subject to shareholder approval at the 2020 AGM, the Company will still provide NEDs the opportunity to salary sacrifice a portion of their annual remuneration to be granted as share rights if they choose to do so. Our CEO's pay has been benchmarked to ASX-listed companies with similar market capitalisation, revenue and international operations. As a global organisation and recognising that there are no direct Australian listed competitors, consideration is also given to international healthcare organisations. There will be no change to CEO pay for FY'21.

3. Executive Remuneration Framework

3.1 Alignment of Ramsay's strategy & remuneration framework

Our remuneration is designed to attract, motivate and retain a highly qualified and experienced group of executives. It is structured to align executives to the creation of long term shareholder value by executing on our focused strategy and delivering on quality consumer outcomes, in accordance with the Ramsay Way: 'People Caring for People'.

Ramsay's Focused Strategy

Growth

Driving stronger growth from the core

- Organic Growth
- Brownfield Capacity
- Public/Private Collaboration

Developing new growth platforms

- Acquisitions
- Integrated Care
- New Models of Care

Efficiency

Strengthening the core

- Operational Excellence
- Digitalisation
- Global Procurement
- Capital Efficiency

Sustainability

Building a more sustainable organisation

- Patient & Doctor Experience
- Clinical Excellence
- Innovation
- Global Talent

Our Remuneration Principles

Attract, retain & motivate	Performance based	Simple & transparent	Strategic Alignment	Shareholder Alignment	The Ramsay Way
Enabling Ramsay to attract, motivate and retain the best talent globally	Provides reward where individuals have demonstrated strong performance	Can be easily explained and understood by all stakeholders	Drives performance against strategy	Drives long term value for shareholders	Encourages the right behaviours aligned to "People Caring for People"

Our Remuneration Framework

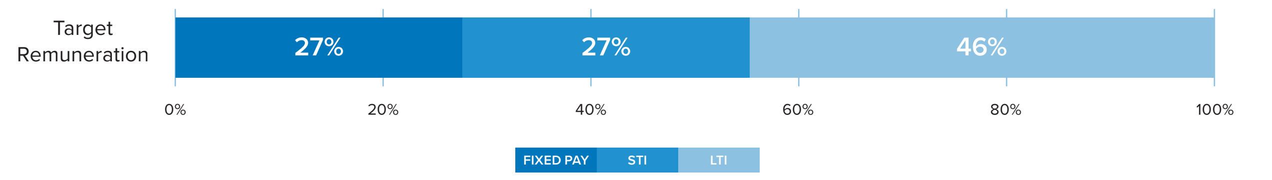
Fixed annual remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Provides competitive base pay to attract and retain the capability required to manage and lead a global business	Rewards performance in executing Ramsay's strategic priorities during the year, and behaviour aligned to the Ramsay Way	Drives long-term value creation for shareholders and encourages an owner's mindset and long-term decision making

3.2 Remuneration mix: the composition of our pay

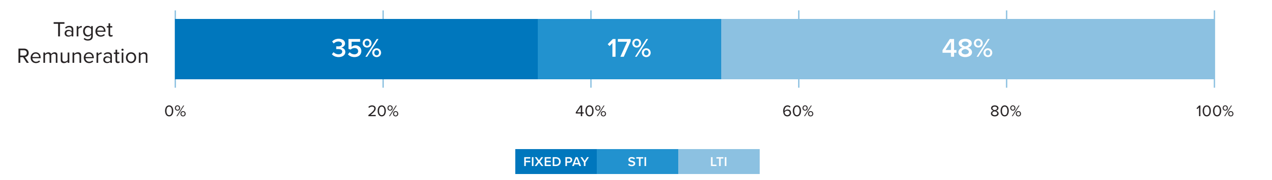
Illustrated below are the proportions of reward for KMP that are delivered by each of the framework elements when 'target' and 'maximum' performance is achieved. The remuneration mix is weighted towards at-risk, performance-based remuneration to ensure a focus on both short-term and long term performance, and alignment with shareholder interests.

The calculation for average KMP below excludes the CEO as that is detailed seperately.

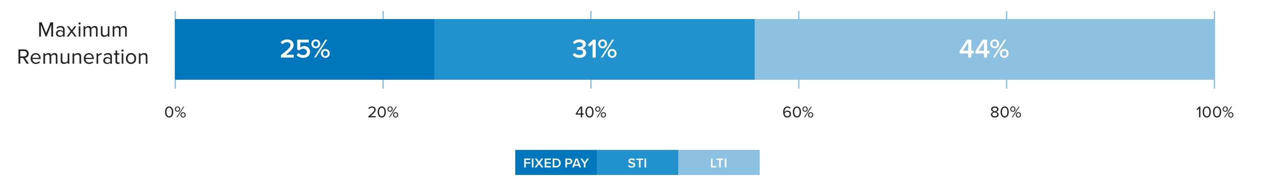
CEO at-target mix



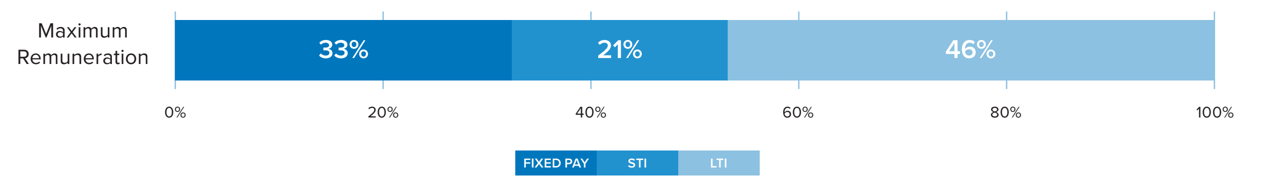
Average KMP at-target mix



CEO at-maximum mix



Average KMP at-maximum mix



3.3 Fixed Annual Remuneration (FAR)

FAR is set taking into account market benchmarks referenced to ASX-listed companies with similar market capitalisation, revenue and international operations. As a global organisation and recognising that there are no direct Australian listed competitors, consideration is also given to international healthcare organisations and other private healthcare operators in Australia. To remain market competitive, FAR is reviewed annually against appropriate market benchmarks considering individual performance for the year and the executive's expertise brought to the role.

3.4 Short-Term Incentives (STI)

The STI plan is designed such that a proportion of Executives' remuneration is at risk – to be delivered based on the achievement of performance measures linked to annual business objectives linked to the delivery of strategy.

Component	Detail
Award Opportunity	

Executives	Target Opportunity	Maximum Opportunity
CEO & MD	100% of FAR	125% of FAR
Other Executive KMP	50% of FAR	60% to 62.5% of FAR

Performance Measures & Weightings

Performance outcomes for all KMP are determined based on both group and individual performance, using a scorecard, and moderated by performance aligned with the 'Ramsay Way' (see below).

Performance is assessed against measures aligned to five key strategic priorities – each one fundamental to delivering on our strategy.

	Rationale	Operational Executives[1]	Non-Operational Executives[2]
Financial	Core NPAT[3], revenue and EBIT are critical to the delivery of returns for our shareholder.	50%	40%
Strategy/Personal	Delivery of annual strategic objectives that are key to delivering the long term strategy.	10%	20%
People	Our people are our most important asset and our culture (The Ramsay Way of People Caring for People) is fundamental to our ongoing success.	10%	20%
Consumer	Listening and responding to the needs of our patients allows us to continually evaluate and improve on all aspects of our performance ensuring ongoing competitive advantage.	15%	10%
Quality	Delivering superior clinical outcomes is critical to our ongoing success so we focus on maintaining the highest stands of clinical quality and safety.	15%	10%

1. *Includes MD & CEO and CEO Australia*
2. *Includes CFO and CSO*
3. *It is our intention to no longer separate our profit between core and non core going forward so this will be NPAT for FY'21.*

These priorities are all measurable over an annual cycle and fundamental to the delivery of our long term strategy as they measure the financial outcomes and strategic foundations delivered during the year whilst also ensuring we are continually improving our culture, consumer engagement and, our high standards of quality.

A copy of the CEO & MD's scorecard for FY'20 can be found in section 4.2 of this report. For executives, the scorecard cascades from the CEO.

Clear threshold and stretch performance targets have been set for financial measures, to provide greater transparency to executives and shareholders on the performance that the Board expects to be achieved.

For non-financial metrics quantitative metrics are used wherever possible and complemented with qualitative metrics assessed in performance appraisals undertaken by the People & Remuneration Committee and the Board, drawing on multiple sources of feedback.

<table>
<tr><th>Component</th><th>Detail</th></tr>
<tr><td>'The Ramsay Way' Performance Modifier</td><td>From FY'20, a performance modifier for STI has been introduced which adjusts outcomes for each individual, based on their demonstration of 'The Ramsay Way' values and behaviours. 'The Ramsay Way' is our cultural backbone which assists in guiding decision making that is both people and outcome focussed, while also balancing risk behaviours in both a financial and non-financial sense. The application of this modifier can only reduce the quantum of awards, with the modifier being a multiplier between 0 – 100%.</td></tr>
<tr><td>Calculation of Awards</td><td>How STI performance outcome is determined:
<table>
<tr><th colspan="3">STI Opportunity</th><th></th><th>Unadjusted Outcome</th><th></th><th>Ramsay Way Modifier</th><th></th><th>Performance Outcome</th></tr>
<tr><td>FAR ($)</td><td>x</td><td>STI Target Opportunity (%)</td><td>x</td><td>Scorecard Result (%)</td><td>x</td><td>'The Ramsay Way' (%)</td><td>=</td><td>Value of STI Award ($)</td></tr>
</table>
In addition, the Board has discretion to adjust the performance outcomes so that it is fully reflective of the Group and individuals' performance over the year.</td></tr>
<tr><td>Delivery of Awards</td><td>The STI award is delivered half in cash and half in deferred equity, in the form of restricted shares.
For the CEO & MD, restricted shares, less any applicable tax, are granted and deferred for 3 years post performance.
For other Executive KMP, the deferral period is 2 years with 50% of the deferred equity being released after the first year, and the second 50% released at the end of the subsequent year.
The deferral of equity for KMP below the CEO & MD was introduced for FY'20 to encourage long-term decision making and improve the alignment between Executives and Shareholders.
<table>
<tr><th>Deferred STI Amount ($)</th><th></th><th>Share Price ($)</th><th></th><th>Allocation of Restricted Shares</th></tr>
<tr><td>(50% of STI Award)</td><td>/</td><td>Face value allocation using 5 Day VWAP to STI payment date</td><td>=</td><td>(Rounded to the nearest whole number)</td></tr>
</table></td></tr>
</table>

3.5 Long Term Incentive (LTI)

The LTI plan is designed to reward sustainable long term performance and align executives to shareholder outcomes whilst allowing Ramsay to attract and retain the best talent globally.

<table>
<tr><th>Component</th><th>Approach</th></tr>
<tr><td>Award Opportunity</td><td>LTI opportunities have been set based on the ability of the executive to influence sustainable long-term value creation. A face value allocation methodology is used to determine the number of rights granted.
<table>
<tr><th>Executives</th><th>Opportunity</th></tr>
<tr><td>CEO & MD</td><td>175% of FAR</td></tr>
<tr><td>CFO</td><td>90% of FAR</td></tr>
<tr><td>CEO Australia[1]</td><td>243% of FAR</td></tr>
<tr><td>Group CSO</td><td>75% of FAR</td></tr>
</table>
1. This is a legacy LTI arrangement which is being progressively reduced each year.</td></tr>
<tr><td>Performance Period</td><td>3 Years (1 July 2019 – 30 June 2022)</td></tr>
</table>

Component	Approach
Performance Measures & Weightings	• **50% Relative TSR Performance Metric (rTSR)** • **50% Core EPS Performance Metric (EPS)** **Relative TSR Performance Metric** The relative TSR hurdle is determined by measuring and ranking Ramsay's TSR relative to the TSRs of a comparator group of companies. The comparator group is comprised of the S&P/ASX100 index (excluding companies in sectors having different drivers of operating performance being those in the real estate, finance and resources sectors). There is no retesting of grants from FY'19 onwards. For the FY'17 and FY'18 LTI grants, if the TSR hurdle is not achieved on the first test date then unvested performance rights will be re-tested on two more occasions (at 6 and 12 months following the original testing date) based on performance over the extended period. If the TSR hurdle is not satisfied on the second and final re-test, unvested performance rights under these grants will lapse. The relative TSR hurdle has been chosen because it provides a direct link between executive reward and shareholder return, relative to Ramsay's ASX peers. **Core EPS Performance Metric** Up to and including the FY'20 LTI grants, the EPS hurdle is measured by comparing Ramsay's aggregate Core EPS over 3 years against an aggregate Core EPS target calculated based on Ramsay's market guidance for Core EPS disclosed at the start of each financial year. The annual Core EPS targets are then aggregated to provide the threshold and maximum 3-year targets for vesting of performance rights. No re-testing of the Core EPS hurdle is permitted. The Core EPS hurdle has been chosen as it provides evidence of Ramsay's growth in profitability and is linked to shareholder returns. In determining 'Core EPS' results for the LTI, the Board will consider the adjustments made in calculating the Core EPS metric and make adjustments on a case-by-case basis (including attribution of individual accountability for results) to ensure management are not unfairly advantaged or disadvantaged and are held accountable for their past decisions. The principles to be applied in making these adjustments are; • **Plan integrity and management accountability** – adjustments will be made to align with the purpose of the plan and reflect management accountability for past decisions. • **Nature and timing of adjustments** – adjustments, both positive and negative, will only be made at the time of vesting. • **Transparency** – the Company will provide a clear rationale and disclosure, for any adjustments made, especially in cases where performance has not been achieved. • **Material or significant events** – adjustments will only be made for events or items over the vesting period that have a material impact on the performance outcome, and consequently reward outcome. • **Balance of interests** – adjustments will be balanced to ensure outcomes are not unfairly biased towards either shareholders or management. From FY'21 the EPS performance metric will be updated with the introduction of a ROIC gateway and the measurement of EPS will be based on a 3 year growth range against threshold and stretch performance hurdles. From FY'21 Ramsay does not intend to report Core EPS and Non-Core EPS. The EPS metric will be updated to reflect this change.
Calculation of Awards	**TSR Vesting Schedule up to and including FY'20 grants**

Company's TSR ranking against the comparator group	% of performance rights that vest
Below 50th Percentile	Nil
At 50th Percentile	50%
Between 50th and 75th Percentile	Between 50% and 100% increasing on a straight-line basis
At or above 75th Percentile	100%

EPS Vesting Schedule up to and including FY'20 LTI grant

Aggregate EPS performance over the 3 year performance period	% of performance rights that vest
EPS is >1% less than lower end of market guidance	0%
EPS is 1% below the lower end of market guidance	25%
Lower end of market guidance achieved	50%
Mid-point of market guidance achieved	75%
Upper end of market guidance achieved	90%
1%+ above the upper end of market guidance achieved	100%

<table>
<tr><th>Component</th><th>Approach</th></tr>
<tr><td>Delivery of Awards</td><td>Performance rights are granted for no consideration as they form part of the remuneration package for Executives. Each performance right is an entitlement to receive a fully paid ordinary share in Ramsay Health Care (ASX: RHC) at no cost (or an equivalent cash payment).

Performance rights are granted at face value by dividing the individual's LTI opportunity (as a percentage of fixed pay) by the five-day volume weighted average price (VWAP) up to and including the first trading day of the performance period.

<table>
<tr><th>Executive FAR Amount ($)</th><th></th><th>LTI Opportunity Amount (%)</th><th></th><th>Share Price ($)</th><th></th><th>Allocation of Performance Rights</th></tr>
<tr><td></td><td>X</td><td></td><td>/</td><td>Face value allocation using 5 Day VWAP to first day of performance period</td><td>=</td><td>(Rounded to the nearest whole number)</td></tr>
</table>
</td></tr>
</table>

3.6 Other

The following components apply to both the STI and LTI.

<table>
<tr><th>Component</th><th>Approach</th></tr>
<tr><td>Board Discretion</td><td>The Board, in conjunction with the People & Remuneration Committee may exercise judgement and apply discretion as is required to ensure that outcomes appropriately reflect the performance of the individual and the Company, as well as aligning to the expectations of Ramsay's stakeholders.</td></tr>
<tr><td>Leavers</td><td>The Board retains absolute discretion in determining STI payments for a leaving executive. However, if an executive ceases employment with Ramsay before KPI targets are achieved, then they will generally not be entitled to receive any STI. However, if cessation of employment is due to retirement, illness, disability or death or is a Company-initiated termination other than for cause, the Executive may receive a pro-rata STI payment for the portion of the performance period they were employed.

LTI Performance Rights may remain on foot with hurdles tested at the same time as other participants in the plan if cessation of employment is due to retirement, illness, disability or death or is a Company-initiated termination other than for cause.</td></tr>
<tr><td>Malus & Clawback provisions</td><td>The Board may take action to reduce, recoup or otherwise adjust "at risk" remuneration including in-year incentives, unvested incentives and previously awarded incentives (cash or equity) where, in the opinion of the Board:
• the employee:
– has acted fraudulently or dishonestly;
– has engaged in gross misconduct;
– has engaged in an act which has brought the Group into disrepute or has acted or failed to act in a way that has contributed to, or is likely to contribute to, material reputational damage to the Group;
– has breached his or her duties or obligations to the Group (including acting in breach of the terms and conditions of their employment and/or Ramsay's Code of Conduct for Employees, as amended or replaced from time to time);
– is convicted of an offence or has a judgement entered against them in connection with the affairs of the Group;
• "at risk" remuneration vests as a result of a Financial Misstatement Circumstance or the fraud, dishonesty, negligence or breach of duties or obligations of any other person and, in the opinion of the Board, the remuneration would not have otherwise vested;
• adverse outcomes have arisen after vesting of "at risk" remuneration (including during the deferral period) that cause a re-evaluation of the original assessment of performance generating the award;
any other circumstances exist or have occurred which the Board determines in good faith to have resulted in the employee receiving an unfair benefit.

The ability of the Board to apply the policy is broad and includes (but is not limited to) lapsing or requiring repayment of awards, and for unvested equity re-setting performance conditions or amending the terms on which they are disposed.</td></tr>
</table>

MINIMUM SHAREHOLDING REQUIREMENTS

From FY'20, a Minimum Shareholding Requirement (MSR) has been introduced. This requires all Executives and NEDs to obtain and hold Ramsay Health Care shares in line with the detail below:

Position	Minimum Shareholding Requirement	Timeframe to Acquire
MD & CEO	200% of Fixed Annual Remuneration	5 years from time of appointment (or implementation of policy for individuals in role at 1 July 2019)
Executive KMP	100% of Fixed Annual Remuneration	
Non-Executive Directors	100% of Base Annual Fees	

4. FY'20: Performance & Remuneration Outcomes

This section provides a summary of Ramsay's performance in FY'20, and the actual remuneration outcomes that this delivered for our executives.

4.1 FAR adjustments

The FAR increases that were committed to in the prior year were implemented in FY'20, ranging from 0 - 2.25%. For FY'21, there will be no increase to fixed remuneration for executives.

4.2 Actual STI outcomes

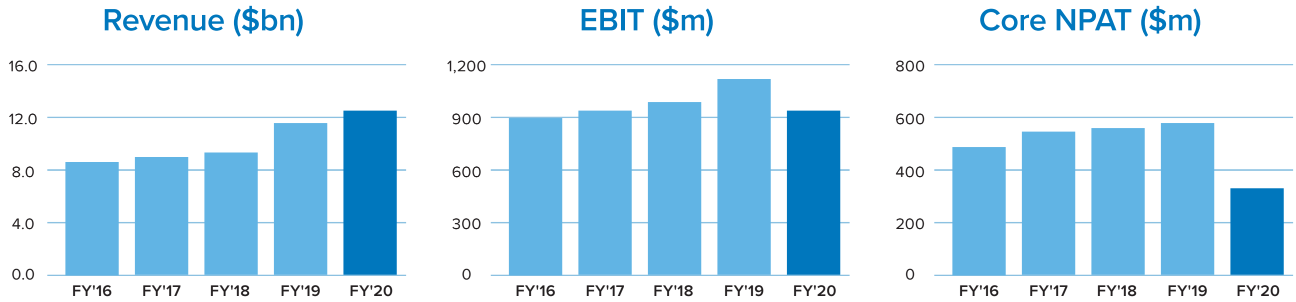
For FY'20 the Board applied discretion to adjust all STI outcomes to zero reflecting the material negative impact of COVID-19 on financial outcomes.

Below is a summary of the performance achieved against the scorecard as approved by the Board at the commencement FY'20.

Measure	Weighting	Achievement	Commentary on performance
Financial			
• Core NPAT • Revenue • EBIT	50%		• On track to February 2020 • Significantly negatively impacted by COVID-19 for March-June 2020 and therefore significantly below threshold performance
Strategic			
• Growth Investment • Business Model Transformations • New Models of Care	10%		• Growth investment spend and new spend approved, both above target • Business model transformation delivered against plans but with some delays due to COVID-19 • Good progress in developing new models of care • Progress behind expectation on development of global strategy
People			
• Executive Leadership Capability • Employee Engagement • Workplace fatalities = 0 • Lost time injury rate 5% better than comparable national benchmarks	10%		• Executive capability strengthened through leadership team renewal and enhanced leadership programs • Employee engagement action plans implemented and measurement system in place • LTIFR 5% better than national benchmarks where available and generally improved on prior year
Consumer			
• NPS	15%		• NPS exceeded target and improved year on year in all major regions
Quality			
• Hospital accreditation • Never events • Infection rates • Unplanned readmissions • Unplanned return to theatre	15%		• Quality measures improved year on year, and exceeded targets set relative to external benchmarks where available and industry standards • All hospital accreditations achieved

NOT MET | PARTIALLY MET | MET | EXCEEDED

The key financial metrics introduced for FY'20 for the STI were Core NPAT, Revenue and EBIT. Until the end of February 2020, financial performance had been tracking well but the COVID-19 pandemic significantly impacted the full year financial performance. Elective surgery ceased in most of our markets and the private health sector moved to provide capacity and capability in collaboration with the public sector in the fight against COVID-19. As a result of this transition, core NPAT and EBIT were significantly impacted for FY'20 as demonstrated in the charts below.



4.3 LTI Performance

The FY'18 grant was due to vest at the end of FY'20 for the MD & CEO, the former Group Finance Director and Chief Financial Officer and the CEO Australia. This grant will not vest as the relative TSR and the EPS performance metrics were not met.

Measure	Weighting	Threshold	Actual Result	Proportion of award vested	Commentary
FY'18 Plan					
Core EPS	MD & CEO & Former Group Finance Director and Chief Financial Officer: 50% CEO Australia: 33.33%	808.7 cps	712.0 cps	Nil	Our EPS performance was significantly below guidance for FY'20. As a result, the EPS performance hurdle was not met and the rights subject to this performance hurdle will not vest. Further details are set out below. The unvested FY'18 performance rights that were subject to the EPS hurdle have also lapsed.
Relative TSR	MD & CEO & Former Group Finance Director and Chief Financial Officer: 50% CEO Australia: 33.33%	50%	45.83%	Nil	Ramsay's relative TSR percentage ranking at 30 June 2020 testing date resulted in no vesting of TSR performance rights. These performance rights are subject to re-testing on 31 December 2020 and if some or all of the FY'18 performance rights do not vest then a third and final re-testing of the unvested FY'18 performance rights will take place on 30 June 2021. The retesting will be undertaken on the basis of Ramsay's performance over the extended period – i.e. from 1 July 2017.
Business unit performance	CEO Australia: 33.33%	Budget	Actual EBIT less than budget	Nil	The CEO Australia is the only KMP with FY'18 performance rights that are subject to a business unit performance hurdle. The impact of COVID-19 on financial performance will also mean that Australia's EBIT performance will not meet budget for the three years to 30 June 2020 and therefore the rights subject to business unit performance will not vest.
FY'17 Plan					
Relative TSR	50%	50%	31.92%	Nil	The third and final TSR test of unvested FY'17 rights, has been completed for the four years ending 30 June 2020, Ramsay Health Care was ranked 33rd against the Comparator Group, with an overall percentile ranking of 31.92%. While this result was a slight improvement over the previous tests it was still well below the 50% threshold ranking for vesting. These performance rights will now lapse.

EPS PERFORMANCE

The FY'18 performance rights that were subject to the EPS performance hurdle were measured by reference to Ramsay's market guidance for core EPS each year. These performance rights were subject to the vesting scale on a 'step' basis as follows:

Aggregate EPS performance over the 3 year performance period	Percentage of Performance Rights subject to the EPS hurdle that vest
EPS well short of the market guidance	0%
EPS just below the lower end of market guidance	25%
Lower end of market guidance is achieved	50%
Mid-point of market guidance is achieved	75%
Upper end of market guidance is achieved	90%
Well above the upper end of market guidance achieved	100%
No additional rights will vest for EPS performance that is between the above specified points.	

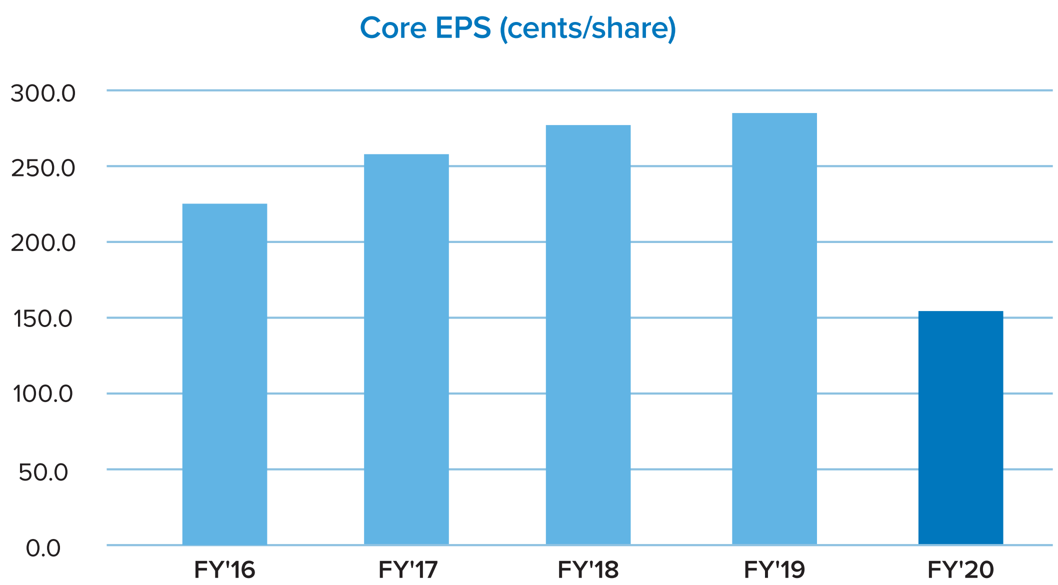
As set out below with reference to the core EPS performance hurdle criteria, none of the FY'18 performance rights subject to this hurdle vested and have lapsed.

	FY'18 8%-10% (cps)	FY'19 0%-2% (cps)	FY'20 -6% to 4% (cps)	Aggregate EPS (cps)	% of Performance Rights to Vest
<1% below guidance	274.8	272.4	261.5	808.7	25%
Lower end of guidance	277.6	275.1	264.2	816.9	50%
Middle of guidance	280.2	277.9	267.0	825.0	75%
Upper end of guidance	282.7	280.6	269.8	833.1	90%
>1% above guidance	285.6	283.4	272.5	841.5	100%
Actual EPS Achieved & Vesting Outcome	**275.1**	**281.0**	**155.9**	**712.0**	**0%**

EPS calculations above consider the recent capital raise and thus bonus share issue adjustments have been made for prior years.

The FY'20 EPS performance was significantly impacted by COVID-19 notwithstanding performance until February 2020 was on track to meet guidance. The Board has determined no adjustment will be made to the FY'20 EPS outcome meaning that the FY'18 EPS component will vest at nil.

The EPS performance for the last five years is detailed in the graph below:



TSR PERFORMANCE

The FY'18 performance rights that were subject to the relative TSR performance hurdle were tested against the S&P/ASX100 index (excluding companies in sectors having different drivers of operating performance being those in the real estate, finance and resource sectors). These performance rights were subject to the vesting scale on a 'step' basis as follows:

Company's TSR ranking against the comparator group	Percentage of Performance Rights subject to the TSR hurdle that vest
Below 50th percentile	Nil
At 50% percentile	50%
Between 50th and 75th percentile	Between 50% and 100% increasing on a straight line basis
Above 75th percentile	100%

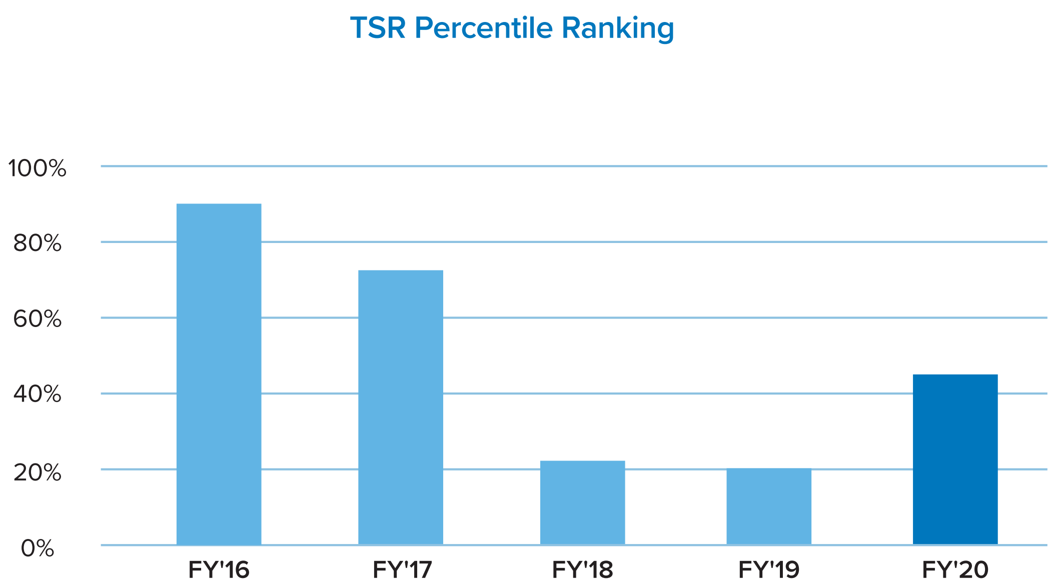
As noted in Ramsay's FY'19 Remuneration Report, the portion of Ramsay's FY'17 LTI grant that was subject to the relative TSR performance hurdle did not vest and was subject to retesting. Retesting of these performance rights was performed at 31 December 2019 and 30 June 2020. No unvested FY'17 performance rights vested following retesting and the remaining unvested rights have all now lapsed.

The below table sets out the outcomes achieved for previous LTI grants tested against a TSR hurdle in each of the past three years.

There will be a re-testing of the FY'18 Rights subject to the TSR performance condition at 31 December 2020 and if some or all FY'18 Rights do not vest, a third and final re-testing of the unvested FY'18 Rights will take place at 30 June 2021. If there are any unvested FY'18 Rights remaining at 30 June 2021 they will automatically lapse. Retesting no longer applies to LTI grants from FY'19.

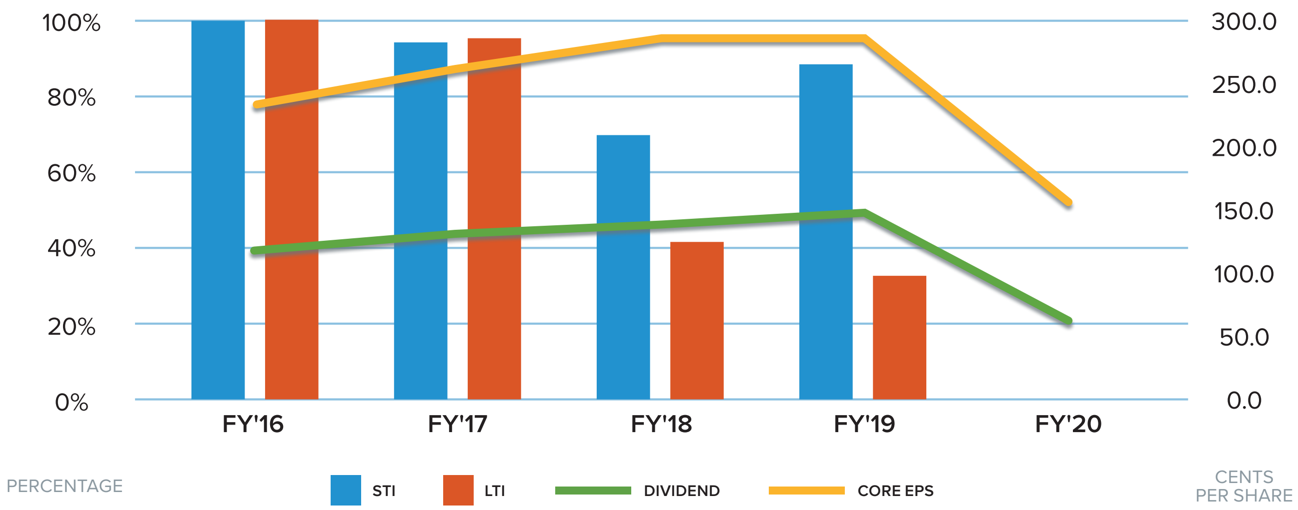
Year of grant	Testing date (30 June)	TSR percentile ranking for vesting to commence	TSR percentile ranking for full vesting	Actual TSR percentile ranking achieved	TSR component vesting under LTI programme
FY'18	2020	50%	75%	45.83%	0%
FY'17	2019	50%	75%	20.41%	0%
FY'16	2018	50%	75%	21.83%	0%

The three year relative TSR performance over the last five years is detailed below:



4.4 Five year Group Performance Correlated to Variable Reward Outcomes

The graph and table below summarises STI and LTI outcomes over the past five years together with share price dividend and NPAT performance demonstrating the alignment of at risk reward outcomes and shareholder outcomes.



	FY'16	FY'17	FY'18	FY'19	FY'20
STI	100%	96%	69%	87%	0%
LTI	100%	97%	41%	34%	0%
Closing Share Price	$71.76	$73.60	$53.98	$72.24	$66.52
Dividend	$1.1900	$1.3450	$1.4400	$1.5150	$0.6250
NPAT ($m)	$481.4	$542.7	$579.3	$590.9	$336.9

4.5 Actual remuneration – Non Statutory

The below table shows what executive KMP actually received in FY'20: amounts that are paid or vested to executives in FY'20 with FY'19 for comparison.

Executive		FAR[1]	Other payments[2]	STI[3]	Vested LTI[4]	Total Actual Remuneration
Mr Craig McNally	**FY'20**	**$2,141,654**	**$0**	**$0**	**$0**	**$2,141,654**
Managing Director and CEO	FY'19	$2,091,064	$0	$2,295,000	$1,312,802	$5,698,866
Mr Bruce Soden	**FY'20**	**$785,311**	**$2,284,971**	**$0**	**$0**	**$3,070,282**
Former Group Finance Director and Chief Financial Officer	FY'19	$1,600,538	$0	$711,000	$2,078,636	$4,390,174
Mr Martyn Roberts[5]	**FY'20**	**$240,929**	**$0**	**$0**	**$0**	**$240,929**
Group Chief Financial Officer	FY'19	$0	$0	$0	$0	$0
Mr Daniel Sims	**FY'20**	**$985,596**	**$0**	**$0**	**$0**	**$985,596**
CEO Ramsay Australia	FY'19	$940,000	$0	$376,000	$875,239	$2,191,239
Mr Olivier Chretien	**FY'20**	**$1,021,003**	**$528,319**	**$0**	**$0**	**$1,549,322**
Group Chief Strategy Officer	FY'19	$1,000,482	$0	$375,000	$0	$1,375,482

1. *FAR includes cash salary, superannuation and non-monetary benefits such as private health insurance cover and motor vehicle running costs.*
2. *The Former Group Finance Director and Chief Financial Officer received a payment in lieu of notice equivalent to 4 months fixed pay; in addition to any accrued annual leave and long service leave, and the Group Chief Strategy Officer received a payment in lieu of notice equivalent to 6 months fixed pay in addition to any accrued annual leave.*
3. *STI earned for performance in FY'19 and paid in FY'20. The Managing Director is obliged to accept 50% of his STI in cash (paid at the same time as for other Executives) and the remaining 50% of his STI is delivered in shares purchased on-market, which are subject to disposal restrictions for 3 years.*
4. *There was no vesting of LTI in FY'20 as both the TSR and EPS hurdle were not met. FY'19 LTI vested represents the market value of the Performance Rights that vested during FY'19 based on multi-year performance between 1 July 2015 and 30 June 2018. The value is calculated by multiplying the number of vested rights by the 5-day volume weighted average price of Ramsay shares up to and including the date of vesting on 31 August 2018 ($55.9902). Note that the LTI grants made to Mr McNally that vested during FY'19 were made whilst he held the position of Group Chief Operating Officer.*
5. *Martyn Roberts commenced 20 April 2020 so amounts for FY'20 relate to the period 20 April to 30 June 2020.*

5. Executive Service Agreements

The below details the key terms of the Executive Service Agreement for Craig McNally – Managing Director & CEO, and Martyn Roberts – Group CFO.

Duration	Ongoing
Termination by employee	6 months notice. Company may elect to make payment in lieu of notice. Employee may terminate the employment agreement without notice if a fundamental change occurs in his role or responsibilities.
Termination by Company	12 months notice (CEO) or 6 months (CFO) or payment in lieu of notice. Ramsay Health Care may summarily terminate employment without notice in certain circumstances.
Restraint Period	12 month restraint provision applies.

The Managing Director, Group Chief Financial Officer and Group Chief Strategy Officer have written service contracts. The CEO – Ramsay Health Care Australia does not have written service agreements and therefore his employment continues until termination by either the Executive or Ramsay. On termination, reasonable notice will apply, and the Executive will be entitled to any benefits that they have earned prior to termination (including statutory entitlements) and any applicable payments under Ramsay's policies.

The Group Chief Strategy Officer's Executive Service Agreement provides that 6 months' notice must be provided for termination by either party and a 6 month restraint provision applies. The Group Chief Strategy Officer left the business as at 30 June 2020.

APPOINTMENT OF GROUP CFO: ADDITIONAL TERMS

In joining Ramsay, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO has been provided with performance rights equivalent to $1m that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. The vesting of the performance rights is weighted to the longer-term with vesting in tranches of 20%, 30% and 50% over 3 years.

6. Remuneration Governance

6.1 Remuneration Governance

The Board oversees the Ramsay people strategy, both directly and through the People & Remuneration Committee of the Board. The People & Remuneration Committee seeks input from the MD & CEO and the Group Chief People Officer, who attend Committee meetings, except where matters relating to their own remuneration are considered.

Board

The remuneration related responsibilities of the Board include:

- satisfying itself that the Group's remuneration framework is aligned with the Group's purpose, values, strategic objectives and risk appetite;
- setting performance targets for the MD & CEO and members of the senior executive team, considering performance against those targets and determining remuneration outcomes; and
- determining the remuneration of the MD & CEO.

Consultation with Shareholders & other external stakeholders

Continued regular consultation with shareholders and proxy advisors to ensure remuneration practices are aligned to market expectations.

People & Remuneration Committee

Primarily responsible for the consideration and recommendation of alternative remuneration practices, to the Board. Consideration is given to the many stakeholders in which the committee regularly interacts with, including management, shareholders and external advisors. Responsibilities include:

- reviewing and making recommendations to the Board on the remuneration arrangements of the CEO, and CFO, and equity-based incentives across the Group;
- reviewing and approving remuneration arrangements for the senior executive team, and remuneration policies and people practices for the Group including monitoring the Group's remuneration framework for alignment to values, strategic objectives, long-term financial soundness and risk appetite;
- review of remuneration by gender, effectiveness of people policies, engagement survey results and succession planning;
- reviewing and recommending to the Board in relation to Director fees, travel and other benefits.

Remuneration Consultants & Other External Advisors

Support the People & Remuneration Committee by providing independent advice on matters including:

- objective benchmarking data;
- market practices of other listed companies;
- legal, tax and accounting advice; and
- alternatives for incentives plans.

Management

Provides information relevant to the remuneration decisions and makes recommendations to the People & Remuneration Committee. The MD & CEO recommends the remuneration arrangements and performance assessment of his direct reports.

6.2 Management of Risk & Remuneration

Our remuneration framework has been structured to encourage strategic decision making from all of our leaders, ensuring that company and shareholder outcomes are at the heart of all decisions. A key determinant in this is the ability to mitigate excessive risk taking or short-term oriented behaviours by executives. Structurally, this is achieved through the use of deferred equity in both the short and long term incentive plans, combined with scorecard metrics that retain a core focus on strategic direction, as well as shareholder and customer outcomes together with the introduction of malus and clawback provisions (see below).

BOARD DISCRETION

The Board, in conjunction with the People & Remuneration Committee, has the ability to exercise discretion to ensure the quantum of executive remuneration is appropriate in light of individual and Company performance, for example by amending STI and LTI vesting outcomes. This discretion ensures that the quantum of executive remuneration is appropriate. This is also detailed in section 3.6 above.

MALUS & CLAWBACK PROVISION

The malus and clawback provision introduced during the reporting period gives the Board the ability to reduce and/or withhold any variable remuneration awards that have been awarded but remain unvested or unpaid, as well as recoup amounts that have previously been paid. This is described in section 5.1 and applies equally to incentive awarded under STI and LTI plans.

MINIMUM SHAREHOLDING REQUIREMENT

Minimum shareholding requirements for NEDs and Executives introduced this year further enhances shareholder alignment as detailed in section 3.6 above.

6.3 Engagement of Remuneration Consultants & Other External Advisors

The People & Remuneration Committee, in accordance with its Charter can engage with remuneration consultants, according to specific guidelines.

Ramsay did not receive any 'remuneration recommendations' as defined under the *Corporations Act 2001* (Cth) in FY'20.

6.4 Security Trading Policy

All Ramsay Directors and employees are subject to the Securities Trading Policy, a copy of which is available on our website.
This policy prohibits:

- the dealing (or procurement of another person to deal) with Ramsay's securities or the securities of another company where they are in possession of inside information;
- dealing with Ramsay securities during blackout periods;
- short term dealing (eg buying and selling securities within a 12-month period or entering into forward contracts); and
- hedging Ramsay securities.

7. Non-Executive Director Fees

7.1 Policy & Approach

NEDs fees are reviewed annually and are set at a level that is sufficient to attract and retain high calibre directors with skills and experience required to oversee a business of Ramsay's size and complexity.

The current annual aggregate fee pool for NEDs is capped at $3,500,000 (including statutory superannuation contributions), as approved by shareholders at the AGM held on 12 November 2014. No increase is proposed for FY'21. Importantly, no portion of the NEDs' remuneration is at risk in order to preserve Non-Executives' impartiality.

To create alignment between the interests of NEDs and shareholders, all NEDs are subject to a Minimum Shareholding Requirement equal to 100% of their annual base fee. This requirement must be satisfied within 5 years of appointment, for newly appointed NEDs.

7.2 Board & Committee Fees

For FY'20, Non-Executive Director fees and Committee fees did not increase from FY'19 levels, which marks the third consecutive year that Non-Executive Director fees have been retained at these levels. All fees shown in the table below are inclusive of superannuation.

Position	Chair ($'000s)	Member ($'000s)
Board	725	284
Audit Committee	56	28
Risk Management Committee	50	25
Remuneration Committee	41	21
Nomination Committee	No fee provided for this committee	

The Deputy Chairman receives a fee of $339,593.

7.3 Preserved Benefits

NEDs appointed prior to October 2003 (being, Michael S Siddle & Peter J Evans) remain entitled to retirement benefits under the, now frozen, Directors' Retirement Benefits Plan. Under the plan, retirement benefits previously accrued on a pro-rata basis over a period of nine years, commence after a minimum service period of three years.

Entitlements are indexed in line with the one-year Commonwealth Government Bond Rate and are adjusted twice a year. No adjustments are made based on increases in Directors' fees or years of service. The indexation of retirement benefits occurs simply to preserve the real value of existing entitlements and not to enhance any Director's remuneration, and as such, is not counted towards the aggregate fee pool.

The value of the frozen benefits as at 30 June 2020, to which participating NEDs are entitled upon retirement are set out below:

Total Frozen Benefit 31 Dec 09	Total Provision 30 June 2019	Benefits paid in FY'20[1]	Total Bond Rate Adjustment	Total Provision 30 June 2020
2,879,813	2,252,974	1,021,148	12,269	1,244,095

1. Benefits paid to Mr McGeoch and Mr Roxburgh in FY'20

7.4 Proposed changes to NED remuneration for FY'21

For FY'21, to align with market practice the Board has determined to reduce NED base fees by 20%. Accordingly, it will no longer be making the NED Share Rights Plan award that was equal to 20% of the NED's base fees (excluding committee fees and superannuation). The Chairman fee will also reduce from $725,000 (FY'20) to $659,900 (FY'21) to better align to market practice. These changes are made to ensure that NED remuneration is more aligned to market practice. The introduction of the minimum shareholding requirements for NEDs ensures that NEDs continue to be appropriately aligned with shareholders. Subject to shareholder approval at the 2020 AGM, the Company will provide NEDs the opportunity to salary sacrifice a portion of their fees to be granted as share rights if they choose to do so.

In addition for FY'21, there will be a travel allowance equivalent to $10,000 per meeting for internationally based NEDs for travel in excess of nine hours for attendance at Board meetings.

8. Statutory Disclosures

8.1 Statutory Remuneration Table for FY'20

Details of each of the KMP's remuneration for FY'20 (calculated in accordance with the applicable Accounting Standards) are set out below. All values are in Australian Dollars ($) unless otherwise stated.

	Fixed Remuneration		Short-Term Benefits		Long-Term Benefits						
Name[1]	Cash Salary & Fees[2] $	Superannuation $	Non-Monetary[3] $	Accrued STI[4] $	Long Service Leave Entitlements $	Deferred STI $	LTI Share Based Rights[5] $	Accrued Termination/ Retirement Benefits[6]	Total Remuneration $	Share Based Payments as a % of Total Remuneration	Total Performance Related Remuneration
C.R. McNally	Managing Director & Chief Executive Officer										
FY'20	2,085,900	21,003	34,751	-	59,769	-	(263,375)	-	1,938,048	(14%)	(14%)
FY'19	2,040,000	20,531	30,533	2,295,000	55,039	-	2,256,553	-	6,697,656	34%	68%
M. Roberts	Group Chief Financial Officer										
FY'20	236,693	4,216	-	-	3,820	-	100,496	-	345,225	29%	29%
FY'19	-	-	-	-	-	-	-	-	-	-	-
B.R. Soden[7] (RETIRED)	Former Group Financial Director & Chief Financial Officer										
FY'20	723,481	10,501	51,329	-	-	-	(752,025)	531,332	564,618	(133%)	(133%)
FY'19	1,559,469	20,531	20,538	711,000	40,961	-	3,539,450	-	5,891,949	60%	70%
D.A. Sims	Chief Executive Officer – Ramsay Health Care Australia										
FY'20	938,997	21,003	25,596	-	20,907	-	(747,045)	-	259,458	(288%)	(288%)
FY'19	919,469	20,531	-	376,000	20,047	-	1,745,443	-	3,081,490	57%	69%
O. Chretien[8]	Group Chief Strategy Officer										
FY'20	1,000,000	21,003	-	-	17,062	-	(10,581)	500,000	1,527,484	(1%)	(1%)
FY'19	979,951	20,531	-	375,000	17,795	-	167,895	-	1,561,172	11%	35%
Total – FY'20	**4,985,071**	**77,726**	**111,676**	**-**	**101,558**	**-**	**(1,672,530)**	**1,031,332**	**4,634,833**	**(36%)**	**(36%)**
Total – FY'19	**5,498,889**	**82,124**	**51,071**	**3,757,000**	**133,842**	**-**	**7,709,341**	**-**	**17,232,267**	**45%**	**67%**

Name[1]	Fixed Remuneration		Short-Term Benefits		Long-Term Benefits						
	Cash Salary & Fees[2] $	Superannuation $	Non-Monetary[3] $	Accrued STI[4] $	Long Service Leave Entitlements $	Deferred STI $	LTI Share Based Rights[5] $	Accrued Termination/ Retirement Benefits[6]	Total Remuneration $	Share Based Payments as a % of Total Remuneration	Total Performance Related Remuneration
M.S. Siddle	Chairman										
FY'20	705,178	21,003	-	-	-	-	-	5,421	731,602	-	-
FY'19	705,164	20,531	-	-	-	-	-	10,323	736,018	-	-
P.J. Evans	Deputy Chairman										
FY'20	445,925	21,003	-	-	-	-	-	6,848	473,776	-	-
FY'19	445,911	20,531	-	-	-	-	-	13,040	479,482	-	-
C.A. Deans	Non-Executive Director										
FY'20	297,863	21,003	-	-	-	-	-	-	318,866	-	-
FY'19	178,406	12,910	-	-	-	-	-	-	191,316	-	-
J. McMurdo	Non-Executive Director										
FY'20	235,479	16,919	-	-	-	-	-	-	252,398	-	-
FY'19	-	-	-	-	-	-	-	-	-	-	-
K. Penrose	Non-Executive Director										
FY'20	82,803	7,001	-	-	-	-	-	-	89,804	-	-
FY'19	-	-	-	-	-	-	-	-	-	-	-
C.R. Süssmuth Dyckerhoff	Non-Executive Director										
FY'20	289,347	21,003	-	-	-	-	-	-	310,350	-	-
FY'19	192,955	12,165	-	-	-	-	-	-	205,120	-	-
D.J Thodey AO	Non-Executive Director										
FY'20	317,380	21,003	-	-	-	-	-	-	338,383	-	-
FY'19	300,435	20,531	-	-	-	-	-	-	320,966	-	-

Name[1]	Fixed Remuneration		Short-Term Benefits		Long-Term Benefits				Total Remuneration $	Share Based Payments as a % of Total Remuneration	Total Performance Related Remuneration
	Cash Salary & Fees[2] $	Superannuation $	Non-Monetary[3] $	Accrued STI[4] $	Long Service Leave Entitlements $	Deferred STI $	LTI Share Based Rights[5] $	Accrued Termination/ Retirement Benefits[6]			
R.H. McGeoch AO[9] (RETIRED)	Non-Executive Director										
FY'20	113,995	8,751	-	-	-	-	-	-	122,746	-	-
FY'19	305,414	20,531	-	-	-	-	-	8,810	334,755	-	-
K.C.D. Roxburgh[10] (RETIRED)	Non-Executive Director										
FY'20	118,453	8,751	-	-	-	-	-	-	127,204	-	-
FY'19	317,366	20,531	-	-	-	-	-	10,557	348,454	-	-
Total – FY'20	**2,606,423**	**146,437**	**-**	**-**	**-**	**-**	**-**	**12,269**	**2,765,129**		
Total – FY'19[11]	**2,445,651**	**127,730**	**-**	**-**	**-**	**-**	**-**	**42,730**	**2,616,111**		

1. *Except for the following KMP, each of the KMP listed in the table above held their named position for the whole of FY'20:*
   - *Mr McMurdo was appointed as a NED with effect from 11 September 2019.*
   - *Mr McGeoch retired as a NED with effect from 14 November 2019.*
   - *Mr Roxburgh retired as a NED with effect from 14 November 2019.*
   - *Mr Soden retired as Group Finance Director and Chief Financial Officer with effect from 31 December 2019*
   - *Ms Penrose was appointed as a NED with effect from 1 March 2020.*
   - *Mr Roberts commenced employment as Group Chief Financial Officer on 20 April 2020.*
   - *Mr Chretien's role as Group Strategy Officer was made redundant with effect from 30 June 2020.*
2. *With respect to NEDs, this amount includes fees received in the form of Share Rights under the NEDs Share Rights Plan.*
3. *This figure represents non-monetary benefits such as health insurance cover and motor vehicle running costs that do not form part of the KMP's cash salary.*
4. *No STI awards were delivered in FY'20. The FY'19 amounts represent the Executive's accrued STI for the year FY'19 STI paid in FY'20 The STI paid to Mr McNally for FY'19 was delivered 50% in cash and the other 50% in ordinary shares in Ramsay, acquired on-market at the market price.*
5. *In accordance with the requirements of the Accounting Standards, the remuneration includes a proportion of the fair value of the Performance Rights awarded under the LTI programme granted or outstanding during the year. The fair value is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that Executives may ultimately realise should the equity instruments vest. The fair value of the Performance Rights at the date of their grant has been determined in accordance with AASB 2 applying the Black-Scholes and Monte Carlo Simulation models. The assumption underpinning these valuations are set out in note 16 to the financial statements.*

   As a result of the Company's Core EPS performance in FY'20 it is increasingly unlikely that performance rights granted in FY'18 and FY'19 will vest. Accordingly, amortisation in relation to these grants in prior years has been written back in FY'20 reflecting the negative results shown in the table above.
6. *With respect to NEDs, this constitutes amounts provided for by Ramsay during the financial year in relation to the contractual retirement benefits which the NED will be entitled to upon retirement from office. These amounts represent the bond rate adjustment for the year as set out in [section 7 above].*
7. *Mr Soden retired from his position as Group Finance Director and Chief Financial Officer on 31 December 2019. The statutory remuneration Mr Soden received in FY'2020 is shown up to and including 31 December 2019. Upon his retirement Mr Soden received an ex-gratia payment of $531,332. His total retirement benefit including accrued annual and long service leave was $2,284,971.*
8. *Mr Chretien left Ramsay with effect from 30 June 2020. Mr Chretien received a termination benefit of $500,000 on his redundancy in addition to accrued annual leave.*
9. *Mr McGeoch retired from the Board following Ramsay's 2019 AGM on 14 November 2019. Upon his retirement Mr McGeoch received his accrued Retirement Benefit of $464,511.*
10. *Mr Roxburgh retired from the Board following Ramsay's 2019 AGM on 14 November 2019. Upon his retirement Mr Roxburgh received his accrued Retirement Benefit of $556,637.*
11. *This total does not include amounts for P.E. Akopiantz and M.L. Seale who retired in FY'19. Their total remuneration paid in FY'19 was $219,326.*

8.2 - Equity Award Tables (Including FY'20 Movements)

The below table shows the movements (during FY'20 and up to the date of this report) in equity settled performance rights granted as remuneration to Executive KMP.

Name	Date of Grant	Number of Rights Granted[1]	Vesting Date[2]	Number of Rights Vested/Exercised[3]	Value of Rights Vested/Exercised[4] $	Number of Rights Subject to TSR Retesting[5]	Number of Rights Forfeited/Lapsed[6, 7]	Value of Rights Forfeited/Lapsed[8]
C.R. McNally								
Equity Settled Performance Rights	10-Nov-16	48,578	31-Aug-19	18,216	$1,221,906		6,073	$407,369
			31-Aug-20	-	-	24,289	24,289	$1,597,101
	17-Nov-17	47,958	31-Aug-20	-	-	23,979	23,979	$1,576,718
	15-Nov-18	66,346	31-Aug-21	-	-	-	-	-
	17-Nov-19	50,483	31-Aug-22	-	-	-	-	-
B.R. Soden[9]								
Equity Settled Performance Rights	10-Nov-16	76,916	31-Aug-19	28,843	$1,934,751		9,615	$644,962
			31-Aug-19	-	-	38,458	38,458	$2,528,771
	17-Nov-17	67,406	31-Aug-20	-	-	33,703	33,703	$2,216,110
	15-Nov-18	74,713	31-Aug-21	-	-	-	-	-
	17-Nov-19	-	31-Aug-22	-	-	-	-	-
D.A. Sims								
Equity Settled Performance Rights	10-Nov-16	48,578	31-Aug-19	12,144	$814,604	16,193	20,241	$1,357,740
			31-Aug-20	-	-	16,193	16,193	$1,064,756
	17-Nov-17	42,571	31-Aug-20	-	-	14,191	28,380	$1,866,101
	15-Nov-18	47,186	31-Aug-21	-	-	-	-	-
	17-Nov-19	31,922	31-Aug-22	-	-	-	-	-
O. Chretien								
Equity Settled Performance Rights	15-Nov-18	13,938	31-Aug-21	-	-	-	-	-
	17-Nov-19	10,372	31-Aug-22	-	-	-	10,372	$682,002
M. Roberts								
Equity Settled Performance Rights	20-Apr-20	15,372	Staggered[10]	-	-	-	-	-

1. *The implied maximum possible total value of the equity awards allocated during FY'2020 and yet to vest can be determined by multiplying the number of Performance Rights granted by the current share price of Ramsay shares. The minimum possible total value of LTI awards is nil. The weighted average fair value per FY'2020 Performance Right at the grant date was $33.36 for the TSR performance hurdle and $68.62 for the EPS performance hurdle. The performance criteria applicable to prior year grants are disclosed in prior Remuneration Reports.*
2. *This vesting date is an indicative date only. Vesting of Performance Rights will occur once the Board has determined the extent to which the applicable performance hurdles have been met. Vesting will only occur after the announcement of the release of Ramsay's Full Year results for the previous financial year.*
3. *On vesting of each Performance Right, the holder received one fully-paid ordinary share in Ramsay, subject to disposal and other dealing restrictions, if held in the trust.*
4. *The amount is based on Ramsay's 5-day VWAP on the date of vesting (as there is no exercise price payable in respect of Performance Rights). The market value of each Performance Right on vesting was $67.0787 on 30 August 2019.*
5. *All of the FY'18 LTIs subject to the TSR performance condition did not vest and will be retested on 31 December 2020 and, if necessary, 30 June 2021. If the relevant threshold for vesting of these retested performance rights is not achieved, the rights will lapse.*
6. *The FY'17 LTIs subject to the TSR performance condition did not vest and were retested on 31 December 2019 and 30 June 2020. The relevant threshold for vesting of these retested rights was not achieved and the rights therefore lapsed.*
7. *All of the FY'18 LTI Performance Rights subject to Core EPS and business unit performance conditions did not achieve the relevant thresholds for vesting and the rights therefore lapsed.*
8. *The value of unvested Performance Rights is calculated using the relevant Ramsay 5-day VWAP at the date of lapsing.*
9. *Mr Soden retired from his position as Group Finance Director and Chief Financial Officer effective 31 December 2019.*
10. *Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 to vest on 20-Apr-21, 30% of the Rights or 4,611 to vest on 20-Apr-22, and 50% of the rights or 7,687 to vest on 20-Apr-23.*

The below table shows the movements (during FY'20 and up to the date of this report) in share rights granted as a part of NED remuneration.

Name	Date of Grant	Number of Rights Granted[1]	Vesting Date[2]	Number of Rights Vested/Exercised[3]	Value of Rights Vested/ Exercised[4] $	Number of Rights Forfeited/Lapsed[5]	Value of Rights Forfeited/Lapsed
M.S. Siddle							
	15-Nov-19	675	2-Mar-20	675	$44,053	-	-
P.J. Evans							
	15-Nov-19	675	2-Mar-20	675	$44,053	-	-
C.A. Deans							
	15-Nov-19	675	2-Mar-20	675	$44,053	-	-
J. McMurdo[6]							
	15-Nov-19	542	2-Mar-20	542	$35,373	-	-
K. Penrose							
	-	-	-	-	-	-	-
C.R. Süssmuth Dyckerhoff							
	15-Nov-19	675	2-Mar-20	675	$44,053	-	-
D.J Thodey AO							
	15-Nov-19	675	2-Mar-20	675	$44,053	-	-

1. *Share rights are granted to NEDs at no cost as a part of their fees for services to the Company. The number of shares rights granted is determined by dividing 20% of the NED base fee by the 5-trading day VWAP commencing on the day after the Company announced its FY'19 preliminary results ($65.2631). Mr McGeoch and Mr Roxburgh retired from the Board on 14 November 2019, they therefore did not receive a grant of share rights in FY'20. In lieu of shares Mr McGeoch and Mr Roxburgh each received a cash payment of $16,543 prorated to the date of their retirement from the Board.*
2. *Share rights were fully vested at the time of granting and automatically exercised after the announcement of the release of the Company's half yearly results. There is no exercise price payable in respect of share rights.*
3. *On the exercise of each share right, the holder received one fully-paid ordinary share in Ramsay, subject to a holding lock as of this Remuneration Report.*
4. *The value of each share right was $65.2631 calculated by reference to the 5 trading day period commencing on the day after the Company announced its FY'19 preliminary results.*
5. *As they are not subject to performance conditions, no share rights lapsed during the respective period.*
6. *Mr McMurdo was appointed to the Board with effect from 11 September 2019 and therefore received a pro-rata grant of share rights in respect of his FY'20 remuneration.*

The movement during FY'20 in the number of rights over ordinary shares in the Company held, directly or indirectly or beneficially, by each KMP, including their related parties is as follows.

	FY'20						
Name	Equity Settled Performance Rights/ Share Rights	Rights Held at 1 July 2019	Number of Rights Granted	Number of Rights Vested/Exercised	Number of Rights Forfeited/Lapsed	Rights Held at 30 June 2020	Number of Rights Vested/Exercised Post 30 June 2020
Non-Executive Directors							
M.S. Siddle	Share Rights	-	675	675	-	-	-
P.J. Evans	Share Rights	-	675	675	-	-	-
C.A. Deans	Share Rights	-	675	675	-	-	-
J. McMurdo	Share Rights	-	542	542	-	-	-
K. Penrose	Share Rights	-	-	-	-	-	-
C.R. Süssmuth Dyckerhoff	Share Rights	-	675	675	-	-	-
D.J. Thodey	Share Rights	-	675	675	-	-	-
K. Roxburgh	Share Rights	-	-	-	-	-	-
R. McGeoch	Share Rights	-	-	-	-	-	-
Executive Directors							
C.R. McNally	Performance Rights	187,635	51,784	18,216	32,127	189,076	-
B. Soden (Retired)	Performance Rights	260,287	-	28,843	50,867	180,577	-
Other KMP Executives							
D.A. Sims	Performance Rights	155,704	31,922	12,144	37,610	137,872	-
M. Roberts	Performance Rights	-	15,372	-	-	15,372	-
O. Chretien	Performance Rights	13,938	10,372	-	10,372	13,938	-

8.3 - KMP Shareholdings

The table below outlines the holdings and movements during FY'20 in the equity of the Company by each KMP, including their related parties. No shares were held nominally by any KMP or their related parties.

	Held at 1 July 2019		Received on Vesting of LTI		Received as Other Remuneration[1]		Other Net Change Purchase/Sale		Held at 30 June 2020	
Name	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES
Non-Executive Directors										
M.S. Siddle	3,905,244	-	-	-	675	-	-	-	3,905,919	-
P.J. Evans	9,889	-	-	-	675	-	535	-	11,099	-
C. A. Deans	4,495	1,402	-	-	675	-	535	-	5,705	1,402
J. McMurdo[2]	4,422		-	-	542	-	-	-	4,964	-
K. Penrose[3]	-	-	-	-	-	-	957	-	957	-
C.R. Süssmuth Dyckerhoff	530	-	-	-	675	-	2,500	-	3,705	-
D.J. Thodey	9,310	700	-	-	675	-	1,086	-	11,071	700
K. Roxburgh[4]	50,180	-	-	-	-	-	-	-	50,180	-
R. McGeoch[5]	55,511	257	-	-	-	-	-	-	55,511	257
Non-Executive Directors										
C.R. McNally	323,834	-	18,216	-	9,122	-	535	-	351,707	-
B. Soden[6]	295,227	2,000	28,843	-	-	-	-	-	324,070	2,000
Other KMP Executives										
D.A. Sims	103,113	-	12,144	-	-	-	-11,000	-	104,257	-
M. Roberts	-	-	-	-	-	-	-	190	191	-
O. Chretien	-	-	-	-	-	-	-	-	-	-

1. *Includes ordinary shares allocated to NEDs upon exercise of share rights granted in accordance with the terms of the NEDs Share Rights Plan. The shares for Mr McNally relate to the equity component of his FY'19 STI payment.*
2. *Mr McMurdo was appointed to the Board on 11 September 2019. Mr McMurdo's shareholding details are provided in the above table from the date of his appointment*
3. *Ms Penrose was appointed to the Board on 1 March 2020. Ms Penrose's shareholding details are provided in the above table from the date of her appointment*
4. *Mr Roxburgh retired from the Board on 14 November 2019. Mr Roxburgh's shareholding details are provided in the above table up until the date of his retirement.*
5. *Mr McGeoch retired from the Board on 14 November 2019. Mr McGeoch's shareholding details are provided in the above table up until the date of his retirement.*
6. *Mr Soden retired on 31 December 2019. Mr Soden's details are provided in the above table up until the date of his retirement.*

8.4 Transactions with KMP

LOANS TO KMP & THEIR RELATED PARTIES

There were no loans outstanding to KMPs and their related parties, at any time in FY'20.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Board[1]	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
	Attended (Eligible to attend)	Attended (Eligible to attend)	Attended (Eligible to attend)	Attended (Eligible to attend)	Attended (Eligible to attend)
C.A. Deans[2]	13 (13)			7 (7)	2 (2)
P.J. Evans	13 (13)	6 (6)	4 (4)	7 (7)	
J. McMurdo[3]	11 (11)	3 (4)			
C.R. McNally	13 (13)				
K.L.C. Penrose[4]	8 (8)	1 (1)			
M.S. Siddle	13 (13)			5 (7)	4 (4)
C. Süssmuth Dyckerhoff	10 (13)		4 (4)		
D.I. Thodey AO	12 (13)	6 (6)	3 (4)		4 (4)
R.H. McGeoch AO[5]	3 (4)			2 (3)	2 (2)
K.C.D. Roxburgh[5]	4 (4)	3 (3)	2 (2)		2 (2)
B.R. Soden[6]	2 (2)				

1 Includes special board meetings.
2 Ms Alison Deans was appointed as Chairman of the People and Remuneration Committee in November 2019 and as a member of the Nomination and Governance Committee in November 2019.
3 Mr James McMurdo was appointed to the Board on 11 September 2019 and was appointed as a member of the Audit Committee in November 2019.
4 Ms Karen Penrose was appointed to the Board on 1 March 2020 and was appointed as a member of the Audit Committee in March 2020.
5 Mr Rod McGeoch and Mr Kerry Roxburgh retired as Directors at the close of the 2019 AGM on 14 November 2019.
6 Mr Bruce Soden stepped down as Director of the Company with effect from 12 September 2019.

COMMITTEES

The Company has the following four committees:

Committee	Directors who are members
Audit Committee	Ms Penrose (C), Mr Evans and Mr McMurdo
Risk Management Committee	Mr Evans (C), Dr Süssmuth Dyckerhoff and Ms Penrose
People and Remuneration Committee	Ms Deans (C), Mr Thodey and Mr Siddle
Nomination and Governance Committee	Mr Thodey AO (C), Mr Siddle and Ms Deans

(C) : Designates the chairman of the committee

AUDITORS' INDEPENDENCE DECLARATION

The written Auditors' Independence Declaration in relation to the audit of the financial report has been included at page 43 and forms part of this report.

INDEMNIFICATION OF AUDITOR

As part of the Company's terms of engagement with Ernst & Young, the Company has agreed to indemnify Ernst & Young against certain liabilities to third parties arising from their engagement as auditor. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

ROUNDING

The amounts contained in this report and in the financial report have been rounded off to the nearest hundred thousand unless otherwise specified under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

ENVIRONMENTAL REGULATION & PERFORMANCE

The consolidated entity holds licences from the Environment Protection Regulatory Bodies applicable to Hospitals for the maintenance of a safe environment. The Directors are not aware of any breaches of these licences.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax services	$1,235,116
Other services	$213,651

Refer to Note 21 for further information.

Signed in accordance with a resolution of the Directors.

M.S. SIDDLE
Chairman

C.R. McNALLY
Managing Director

Sydney, 8 September 2020

Building a better
working world

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

As lead auditor for the audit of the financial report of Ramsay Health Care Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ramsay Health Care Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Douglas Bain

Douglas Bain
Partner
8 September 2020

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Independent Auditor's Report to the Members of Ramsay Health Care Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ramsay Health Care Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Why significant	How our audit addressed the key audit matter

1. Carrying value of goodwill
 	
As disclosed in Note 13 of the financial report and in accordance with the requirements of Australian Accounting Standards, the Group performed an annual impairment review of the Australian, UK, French and Nordics cash generating units ("CGUs") to determine whether the recoverable value of these assets exceeds their carrying amount at 30 June 2020.
 	
A value in use model was used to calculate the recoverable amount of each cash generating unit ("CGU").
 	
As disclosed in Note 9 and Note 13 of the financial report, the Group has also finalised the Purchase Price Allocation relating to the November 2018 acquisition of Capio AB, including the allocation of goodwill to the France and Nordic CGUs.
 	
This matter was considered a Key Audit Matter due to the extent of audit effort and judgement required to assess the reasonableness of the forecast cash flows, growth rates, discount rates and terminal growth rates used by the Group in undertaking the impairment review.
	Our audit procedures included the following:
	
	▶ Assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards.
	
	▶ For the Group's value in use models, we:
	  ▶ tested the mathematical accuracy of the cash flow models;
	  ▶ assessed the basis of preparing cash flow forecasts, considering the accuracy of previous forecasts and budgets and current trading performance and the impact of COVID-19;
	  ▶ assessed the appropriateness of other key assumptions such as the discount rates and terminal growth rates with reference to publicly available information on comparable companies in the industry and markets in which the Group operates; and
	  ▶ performed sensitivity analyses and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount.
	
	We involved valuation specialists in performing these procedures over the value in use models.
	
	▶ For the finalisation of the Capio AB Purchase Price Allocation we:
	  ▶ Reviewed the allocation of goodwill to the Group CGUs in accordance with the requirements of Australian Accounting Standards.
	  ▶ Reviewed Management's assessment of, and accounting for, the fair value adjustments required to be applied to acquired assets and liabilities;
	  ▶ Assessed the suitability of the methodologies used in third-party valuations utilised by Management in their determination of the fair value of acquired assets and liabilities; and
	  ▶ Assessed the qualifications, competence and objectivity of the third-party valuers.
	
	We involved valuation specialists in performing these procedures over the finalisation of the Capio AB Purchase Price Allocation.
	
	We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

Why significant	How our audit addressed the key audit matter
2. Provision for insurance As disclosed in Note 15(b) of the financial report, the insurance provision covers deductibles arising under insurance policies, including potential uninsured claims. Significant judgement is required in its determination due to the uncertainty in predicting future claims arising from past events. The Group engages a third-party actuary to assess the carrying value at each reporting date. This assessment involves evaluating assumptions in relation to ultimate outcomes on individual claims, claims handling costs and discount rates. This matter was considered a Key Audit Matter due to the level of judgement required to estimate the value of the liability.	Our audit procedures included the following: ▶ We assessed the key assumptions adopted by the actuary and used by the Group to determine the value of the provision. Specifically, we have reviewed the assumptions compared to industry practice, potential known claims and actual historical claims. ▶ We assessed the competence, qualifications and objectivity of the independent actuary the Group used. ▶ As the completeness of these provisions relies on specific claims information, we have reviewed and tested the Group's processes for capturing and recording the data. ▶ We evaluated the adequacy of the disclosures relating to the provision in the financial report, including those made with respect to judgements and estimates. Given the specialist nature of the calculation performed to value the provision, our actuarial specialists were involved in the assessment of the valuation model and key assumptions.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 40 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Ramsay Health Care Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
Sydney
8 September 2020

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Ramsay Health Care Limited, we declare that:

In the opinion of the Directors:

(a) the consolidated financial statements and notes of Ramsay Health Care Limited are in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
   (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Overview note.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

(e) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

M.S. SIDDLE
Chairman

C.R. McNALLY
Managing Director

Sydney, 8 September 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $m	2019 $m
Revenue from contracts with customers	2a	12,160.3	11,552.8
Interest income		12.7	6.7
Other income - income from government grants	2b	235.2	-
Other income - income from the sale of development assets		2.1	29.9
Other income - net profit on disposal of non-current assets		11.2	6.6
Total revenue and other income		**12,421.5**	**11,596.0**
Employee benefit and contractor costs	Overview,3	(7,020.4)	(6,228.3)
Occupancy costs		(551.4)	(942.9)
Service costs		(315.0)	(323.4)
Medical consumables and supplies		(2,723.1)	(2,592.2)
Depreciation, amortisation and impairment	Overview, 3	(930.7)	(486.2)
Cost of development assets sold		(6.8)	(19.4)
Total expenses, excluding finance costs		**(11,547.4)**	**(10,592.4)**
Share of profit of joint venture	15a	16.1	19.1
Profit before tax and finance costs		**890.2**	**1,022.7**
Finance costs	Overview, 3	(424.0)	(175.9)
Profit before income tax		**466.2**	**846.8**
Income tax	14	(157.0)	(274.4)
Net profit for the year		**309.2**	**572.4**
Attributable to non-controlling interests		25.2	26.9
Attributable to owners of the parent		**284.0**	**545.5**
		309.2	**572.4**
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	5	131.0	260.5
Diluted earnings per share (after CARES dividend)	5	130.5	258.9

The above Consolidated Income Statement should be read in conjunction with the accompanying notes. The Directors note that the 2020 results include the impact of accounting for AASB16 Leases, whilst the 2019 results were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 JUNE 2020

	2020 $m	2019 $m
Net profit for the year	309.2	572.4
Items that will not be reclassified to net profit		
Actuarial (loss) on defined employee benefit obligation	(10.2)	(88.8)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
(Loss) taken to equity	(5.0)	(34.7)
Transferred to Income Statement	12.3	(2.7)
Net change in cost of hedging	1.4	(4.4)
Net (loss) on bank loan designated as a hedge of a net Investment	(26.3)	(28.0)
Foreign currency translation	20.9	59.6
Income tax relating to components of other comprehensive (expense)/income	(0.8)	29.3
Other comprehensive income for the year, net of tax	**(7.7)**	**(69.7)**
Total comprehensive income for the year	**301.5**	**502.7**
Attributable to non-controlling interests	27.3	(0.8)
Attributable to the owners of the parent	**274.2**	**503.5**
	301.5	**502.7**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $m	2019 $m
ASSETS			
Current assets			
Cash and cash equivalents	7a	1,503.7	745.5
Trade and other receivables	8a	1,916.9	1,589.5
Inventories	8b	411.0	344.8
Income tax receivable	14	14.6	19.3
Prepayments		175.4	177.0
Other current assets		39.2	26.5
		4,060.8	2,902.6
Assets classified as held for sale		-	16.6
Total current assets		**4,060.8**	**2,919.2**
Non-current assets			
Other financial assets		82.6	62.7
Investments in joint venture	15a	245.8	270.3
Property, plant and equipment	Overview,10	4,447.2	4,642.8
Right of use assets	Overview,11	4,477.9	-
Intangible assets	12	4,246.1	4,263.3
Deferred tax asset	Overview,14	409.1	390.5
Prepayments		11.1	11.3
Receivables	8a	78.1	79.7
Total non-current assets		**13,997.9**	**9,720.6**
TOTAL ASSETS		**18,058.7**	**12,639.8**
LIABILITIES			
Current liabilities			
Trade and other creditors	8c	3,203.5	2,374.7
Loans and borrowings	7b	32.3	34.0
Lease liabilities	Overview,7c	347.8	73.1
Derivative financial instruments	7d	6.2	18.6
Provisions	Overview,15b	133.7	183.2
Income tax payable	14	49.4	60.2
Total current liabilities		**3,772.9**	**2,743.8**
Non-current liabilities			
Loans and borrowings	7b	4,195.5	5,209.4
Lease liabilities	Overview,7c	4,941.4	278.1
Provisions	Overview,15b	390.0	775.9
Defined employee benefit obligation	15d	222.9	215.3
Derivative financial instruments	7d	45.1	43.8
Other creditors		24.3	16.5
Deferred tax liability	14	230.7	333.9
Total non-current liabilities		**10,049.9**	**6,872.9**
TOTAL LIABILITIES		**13,822.8**	**9,616.7**
NET ASSETS		**4,235.9**	**3,023.1**
EQUITY			
Issued capital	6	2,197.6	713.5
Treasury shares	6	(78.2)	(82.1)
Convertible Adjustable Rate Equity Securities (CARES)	6	252.2	252.2
Other reserves		(51.0)	(33.2)
Retained earnings	Overview	1,431.9	1,693.3
Parent interests		**3,752.5**	**2,543.7**
Non-controlling interests		**483.4**	**479.4**
TOTAL EQUITY		**4,235.9**	**3,023.1**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. The Directors note that the 30 June 2020 balances include the impact of accounting for AASB16 Leases, whilst the 30 June 2019 balances were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued Capital (Note 6.1) $m	Treasury Shares (Note 6.2) $m	CARES (Note 6.3) $m	Other Reserves $m	Retained Earnings $m	Non-controlling interests $m	Total $m
As at 1 July 2018		**713.5**	**(76.8)**	**252.2**	**(26.2)**	**1,494.3**	**90.4**	**2,447.4**
AASB 9 Financial Instruments adjustment		-	-	-	-	(1.1)	-	(1.1)
As at 1 July 2018 - Restated		**713.5**	**(76.8)**	**252.2**	**(26.2)**	**1,493.2**	**90.4**	**2,446.3**
Total Comprehensive Income		-	-	-	(5.4)	508.9	(0.8)	**502.7**
Dividends paid		-	-	-	-	(308.8)	(12.5)	**(321.3)**
Shares purchased for executive performance share plan		-	(21.9)	-	-	-	-	**(21.9)**
Treasury shares vesting to employees		-	16.6	-	(16.6)	-	-	-
Share based payment expense for employees		-	-	-	15.0	-	-	**15.0**
Issue of share capital in subsidiaries to non-controlling interest		-	-	-	-	-	402.3	**402.3**
As at 30 June 2019		**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,693.3**	**479.4**	**3,023.1**
As at 1 July 2019		**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,693.3**	**479.4**	**3,023.1**
AASB 16 Leases adjustment	Overview	-	-	-	-	(218.9)	-	(218.9)
As at 1 July 2019 - Restated		**713.5**	**(82.1)**	**252.2**	**(33.2)**	**1,474.4**	**479.4**	**2,804.2**
Total Comprehensive Income		-	-	-	(5.8)	280.0	27.3	**301.5**
Dividends paid		-	-	-	-	(322.5)	(12.6)	**(335.1)**
Shares purchased for executive performance share plan		-	(9.8)	-	-	-	-	**(9.8)**
Treasury shares vesting to employees		-	13.7	-	(13.7)	-	-	**-**
Issue of share capital (net of transaction costs)		1,484.1	-	-	-	-	-	**1,484.1**
Share based payment expense for employees		-	-	-	1.3	-	-	**1.3**
Acquisition of subsidiary/non-controlling interest		-	-	-	0.4	-	(10.7)	**(10.3)**
As at 30 June 2020		**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $m	2019 $m
Cash flows from operating activities			
Receipts from customers		12,433.8	11,253.2
Receipts of governments grants		235.2	-
Payments to suppliers and employees		(10,366.1)	(9,938.1)
Income tax paid		(203.4)	(253.0)
Finance costs		(418.8)	(158.8)
Net cash flows from operating activities	7a	**1,680.7**	**903.3**
Cash flows from investing activities			
Purchase of property, plant and equipment		(680.6)	(593.8)
Proceeds from sale of businesses and non – current assets		34.6	140.0
Interest and dividends received		47.3	9.0
Business combinations, net of cash received	9	(25.4)	(1,307.5)
Acquisition of investments and purchase of non-controlling interests		(31.9)	-
Net cash flows used in investing activities		**(656.0)**	**(1,752.3)**
Cash flows from financing activities			
Dividends paid to ordinary shareholders of the parent		(322.5)	(308.8)
Dividends paid to non-controlling interests		(12.6)	(12.5)
Repayment of lease principal (2019: Repayment of finance lease principal)	Overview	(323.8)	(80.2)
Purchase of ordinary shares		(9.8)	(21.9)
Proceeds from borrowings		1,182.2	2,758.6
Repayment of borrowings		(2,222.3)	(1,895.0)
Proceeds from share issue (net of transaction costs)		1,476.9	-
Proceeds from non-controlling interests for share issue		-	396.9
Costs of refinancing		-	(25.1)
Net cash flows (used in) / from financing activities		**(231.9)**	**812.0**
Net increase / (decrease) in cash and cash equivalents		792.8	(37.0)
Net foreign exchange differences on cash held		(34.6)	11.9
Cash and cash equivalents at beginning of year		745.5	770.6
Cash and cash equivalents at end of year	7a	**1,503.7**	**745.5**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. The Directors note that the 2020 year end results include the impact of accounting for AASB16 Lease, whilst the 2019 year end results were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

OVERVIEW

The consolidated financial report of Ramsay Health Care Limited (‘**the Group’**) for the year ended 30 June 2020 was authorised for issue on 8 September 2020 in accordance with a resolution of the Directors. 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. The nature of the operations and principal activities of the Group are described in the Director’s Report.

(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, assets held for sale 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;
- where necessary, and as a result of a change in the classification of certain revenues and expenses during the current year, comparative amounts in the consolidated income statement, and associated notes have been reclassified for consistency with presentation in the current period;
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191;
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

(b) New and amended accounting standards and interpretations, effective 1 July 2019
The Group applied, for the first time, AASB16 Leases and AASB Interpretation 23 Uncertainty over Income Tax Treatments. The nature and effect of these changes are disclosed below.

AASB16: Leases

Effective for Ramsay, from 1 July 2019, AASB16 Leases has replaced AASB117 Leases. AASB16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AABS16 substantially carries forward the lessor accounting in AASB117, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

(a) Transition Method and Practical Expedients Utilised
The Group adopted AASB16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application, being 1 July 2019, and comparatives have not been restated, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening Statement of Financial Position as at 1 July 2019.

AASB16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying AASB16 to leases previously classified as operating leases under AASB117:
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Exclude initial direct costs from the measurement of right of use assets at the date of initial application for leases where the right of use asset was determined as if AASB16 had been applied since the commencement date;
- Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB136 Impairment of Assets as at the date of initial application;
- Applied the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB16, the Group recognises right of use assets and lease liabilities for most leases. However, the Group has elected not to recognise right of use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

OVERVIEW (CONTINUED)

(b) New and amended accounting standards and interpretations, effective 1 July 2019

AASB16: Leases (continued)

On adoption of AASB16, the Group recognised right of use assets and lease liabilities in relation to leases of hospitals, office space, equipment and cars, which had previously been classified as operating leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 4.94%.

The right of use assets were measured as follows:

- French and Nordic assets: Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- All other leases: the carrying value that would have resulted from AASB16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

The following table reconciles the minimum lease commitments disclosed in the Group's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	$m
Minimum operating lease commitment at 30 June 2019	4,809.1
Less: effect of discounting these leases using the incremental borrowing rate as at the date of initial application	(1,643.4)
Less: short term and low value leases not recognised under AASB16	(34.6)
Add: effect of extension options reasonably certain to be exercised	1,798.5
Discounted lease payments	4,929.6
Finance leases	351.2
Lease liabilities recognised at 1 July 2019	5,280.8

The impact of adopting AASB16 on the Statement of Financial Position (increase/(decrease)) as at 1 July 2019:

	AASB117 Leases $m	Impact of Adoption of AASB16 $m	AASB16 Leases $m
Prepayments – current	177.0	(25.1)	151.9
Investment in joint venture	270.3	(0.2)	270.1
Property, plant and equipment	4,642.8	(375.1)	4,267.7
Right of use assets	-	4,548.3	4,548.3
Deferred tax assets	390.5	59.6	450.1
Total Assets	5,480.6	4,207.5	9,688.1
Trade and other creditors – current	2,374.7	(1.6)	2,373.1
Lease liabilities	351.2	4,929.6	5,280.8
Provisions	959.2	(501.6)	457.6
Total Liabilities	3,685.1	4,426.4	8,111.5
Net Assets	1,795.5	(218.9)	1,576.6
Retained earnings	1,693.3	(218.9)	1,474.4
Total Equity	1,693.3	(218.9)	1,474.4

As at 1 July 2019,

- Right of use assets of $4,548.3 million were recognised and presented separately in the Statement of Financial Position. Lease assets of $368.3 million previously recognised under property, plant and equipment as leased assets under a finance lease, were reclassified and included as right of use assets. $6.8 million previously recognised as service concession assets were derecognised;

OVERVIEW (CONTINUED)

(b) New and amended accounting standards and interpretations, effective 1 July 2019

AASB16: Leases (continued)

- Additional lease liabilities of $4,929.6 million were recognised and presented separately in the Statement of Financial Position. Lease liabilities under AASB117 were previously recognised under loans and borrowings. These lease liabilities have been reclassified from loans and borrowings in both periods;
- Prepayments of $25.1 million and accruals of $1.6 million related to previous operating leases were recognised against the lease liability;
- Provisions, consisting of the deferred lease provision and the onerous contract provisions, of $501.6 million related to the previous operating leases were derecognised/recognised against the right of use asset respectively;
- Deferred tax assets increased by $59.6 million because of the deferred tax impact of the changes in assets and liabilities; and
- The net effect of these adjustments is a debit adjustment to retained earnings of $218.9 million.
- The adoption of this standard has resulted in a current ratio of less than one, primarily as a result of the current lease liabilities recognised.

The impact to the Statement of Financial Performance for the year ended 30 June 2020 is as follows:

	AASB 117 Leases $m	Impact of Adoption of AASB 16 $m	AASB16 Leases $m
Year ended 30 June 2020			
Revenue from contracts with customers	12,160.3	-	12,160.3
Interest income	12.7	-	12.7
Other income – income from government grants	235.2	-	235.2
Other income - income from the sale of development assets	2.1	-	2.1
Other income - net profit on disposal of non-current assets	11.2	-	11.2
Total revenue and other income	**12,421.5**	**-**	**12,421.5**
Employee benefit and contractor costs	(7,020.4)	-	(7,020.4)
Occupancy costs	(1,047.9)	496.5	(551.4)
Service costs	(315.0)	-	(315.0)
Medical consumables and supplies	(2,723.1)	-	(2,723.1)
Depreciation, amortisation and impairment	(585.0)	(345.7)	(930.7)
Cost of development assets sold	(6.8)	-	(6.8)
Total expenses, excluding finance costs	**(11,698.2)**	**150.8**	**(11,547.4)**
Share of profit of joint venture	16.1	-	16.1
Profit before tax and finance costs	**739.4**	**150.8**	**890.2**
Finance costs	(192.3)	(231.7)	(424.0)
Profit before income tax	**547.1**	**(80.9)**	**466.2**
Income tax	(177.7)	20.7	(157.0)
Net profit for the period	**369.4**	**(60.2)**	**309.2**
Attributable to non-controlling interests	42.3	(17.1)	25.2
Attributable to owners of the parent	**327.1**	**(43.1)**	**284.0**
	369.4	**(60.2)**	**309.2**

The impact to the Statement of Cash Flows increase/(decrease) for the year ended 30 June 2020 is as follows:

	$m
Net cash flows from operating activities	268.2
Net cash flows from financing activities	(268.2)

Statutory Basic Earnings per Share decreased by 20.7 cents for the year ended 30 June 2020 as a result of adoption of AASB16.

OVERVIEW (CONTINUED)

(b) New and amended accounting standards and interpretations, effective 1 July 2019

AASB16: Leases (continued)

(b) Significant Accounting Policies subsequent to Transition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets, being those with a cost of $50,000 or less; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the shorter of the useful life of the asset or the term of the lease. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

The Group applies the short term lease recognition exemption to its short term lease of equipment, being those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to lease of equipment that are considered of low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight line basis over the lease term.

The Group determines the lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the options to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

AASB Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB112. 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.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Group applies significant judgement in identifying uncertainties over income tax treatments.

OVERVIEW (CONTINUED)

(b) New and amended accounting standards and interpretations, effective 1 July 2019

AASB Interpretation 23 Uncertainty over Income Tax Treatment (continued)

Since the Group operates in a complex multinational environment, each tax jurisdiction assessed whether the Interpretation had an impact on their own reported financial results.

Upon adoption of the Interpretation, the Group considered whether it had any uncertain tax positions. The Group determined, based on its tax compliance that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

(c) Accounting Standards and Interpretations Issued But Not Yet Effective

New and amended standards and interpretations issued by the AASB that will apply for the first time in the next annual financial statement are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(d) Non-AASB financial information

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. It is the Company's intention to no longer separate its profit between core and non-core going forward.

(i) Reconciliation of net profit attributable to owners of the parent to core profit (segment result)

	2020 $m* AASB16	**2020 $m** AASB117**	**2019 $m** AASB117**
Net profit after tax attributable to owners of the parent	**284.0**	**327.1**	**545.5**
Add/(less) non-core items:			
- Non-cash portion of rent expense relating to leased UK hospitals**	-	10.5	12.2
- Non-cash unfavourable lease contracts expense	-	-	9.3
- Amortisation - service concession assets	1.6	1.6	1.5
- Net (profit) on disposal of non-current assets	(11.2)	(11.2)	(6.6)
- Income from the sale of development assets	(2.1)	(2.1)	(29.9)
- Book value of development assets sold	6.8	6.8	19.4
- Impairment of non-current asset	37.5	37.5	0.6
- Acquisition, disposal, and development costs	10.4	10.4	44.4
- Restructuring – provision for personnel costs	7.0	7.0	16.5
- Restructuring – provision for service costs	24.8	24.8	21.9
- FD's unvested performance rights – accounting expense	-	-	2.6
Income tax on non-core items	(17.3)	(20.1)	(28.4)
Non-controlling interests in non-core items net of tax	(4.6)	(4.6)	(18.1)
	52.9	60.6	45.4
Core profit (segment result) after tax attributable to owners of the parent* **	**336.9**	**387.7**	**590.9**
Core earnings per share			
Core profit (segment result) after tax (above)	**336.9**	**387.7**	590.9
Less: CARES dividend	(11.3)	(11.3)	(12.8)
Core profit after tax used to calculate core earnings per share	325.6	376.4	578.1
- Diluted core earnings per share (after CARES dividend)	155.9c	180.2c	281.0c
- Basic core earnings per share (after CARES dividend)	156.4c	180.9c	282.7c
	m	**m**	**m**
Weighted average number of ordinary shares adjusted for effect of dilution	208.9	208.9	205.8
Weighted average number of ordinary shares	208.1	208.1	204.5

* *In accordance with AASB16 Leases*
** *In accordance with AASB117 Leases and AASB Interpretation 115 Operating Leases – Incentives*
*** *Core profit (segment result) after tax is a non-statutory profit measure and represents profit before non-core items*

OVERVIEW (CONTINUED)

(d) Non-AASB financial information (continued)

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

The table below reconciles the statutory consolidated Income Statement to the core (segment) consolidated Income Statement under AASB16 Leases and then reconciles to the results as if the accounts were prepared under AASB117 Leases. AASB117 was used for the accounting for leases in the prior year. The non-core items listed at (d)(i) are excluded from the relevant line items in the consolidated statutory Income Statement to ascertain the core (segment) consolidated Income Statement.

	Statutory consolidated Income Statement AASB16 $m	Non-core items as included at (d)(i) AASB16 $m	Core (segment) consolidated Income Statement AASB16 $m	Core (segment) consolidated Income Statement AASB117 Adjustments $m	Core (segment) consolidated Income Statement AASB117 $m
Year Ended 30 June 2020					
Revenue from contracts with customers	12,160.3	-	12,160.3	-	12,160.3
Interest income	12.7	-	12.7	-	12.7
Other income – income from government grants Interest income	235.2	-	235.2	-	235.2
Other income - income from the sale of development assets	2.1	(2.1)	-	-	-
Other income - net profit on disposal of non-current assets	11.2	(11.2)	-	-	-
Total revenue and other income	**12,421.5**	**(13.3)**	**12,408.2**	**-**	**12,408.2**
Employee benefit and contractor costs	(7,020.4)	7.0	(7,013.4)	-	(7,013.4)
Occupancy costs	(551.4)	-	(551.4)	(486.0)	(1,037.4)
Service costs	(315.0)	35.2	(279.8)	-	(279.8)
Medical consumables and supplies	(2,723.1)	-	(2,723.1)	-	(2,723.1)
Depreciation, amortisation and impairment	(930.7)	39.1	(891.6)	345.7	(545.9)
Cost of development assets sold	(6.8)	6.8	-	-	-
Total expenses, excluding finance costs	**(11,547.4)**	**88.1**	**(11,459.3)**	**(140.3)**	**(11,599.6)**
Share of profit of joint venture	16.1	-	16.1	-	16.1
Profit before tax and finance costs	**890.2**	**74.8**	**965.0**	**(140.3)**	**824.7**
Finance costs	(424.0)	-	(424.0)	231.7	(192.3)
Profit before income tax	**466.2**	**74.8**	**541.0**	**91.4**	**632.4**
Income tax	(157.0)	(17.3)	(174.3)	(23.5)	(197.8)
Net profit for the period	**309.2**	**57.5**	**366.7**	**67.9**	**434.6**
Attributable to non-controlling interests	25.2	4.6	29.8	17.1	46.9
Attributable to owners of the parent	**284.0**	**52.9**	**336.9**	**50.8**	**387.7**
	309.2	**57.5**	**366.7**	**67.9**	**434.6**

OVERVIEW (CONTINUED)

(d) Non-AASB financial information (continued)

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

	Statutory consolidated Income Statement $m	Non-core items as included at (d)(i) $m	Core (segment) consolidated Income Statement $m
For the year ended 30 June 2019			
Revenue from contracts with customers	11,552.8	-	11,552.8
Interest income	6.7	-	6.7
Other income – income from the sale of development assets	29.9	(29.9)	-
Other income - net profit on disposal of non-current assets	6.6	(6.6)	-
Total revenue and other income	**11,596.0**	**(36.5)**	**11,559.5**
Employee benefit and contractor costs	(6,228.3)	19.1	(6,209.2)
Occupancy costs	(942.9)	21.5	(921.4)
Service costs	(323.4)	66.3	(257.1)
Medical consumables and supplies	(2,592.2)	-	(2,592.2)
Depreciation, amortisation and impairment	(486.2)	2.1	(484.1)
Cost of development assets sold	(19.4)	19.4	-
Total expenses, excluding finance costs	**(10,592.4)**	**128.4**	**(10,464.0)**
Share of profit of joint venture	19.1	-	19.1
Profit before tax and finance costs	**1,022.7**	**91.9**	**1,114.6**
Finance costs	(175.9)	-	(175.9)
Profit before income tax	**846.8**	**91.9**	**938.7**
Income tax	(274.4)	(28.4)	(302.8)
Net profit for the year	**572.4**	**63.5**	**635.9**
Attributable to non-controlling interests	26.9	18.1	45.0
Attributable to owners of the parent	**545.5**	**45.4**	**590.9**
	572.4	**63.5**	**635.9**

(e) 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.

OVERVIEW (CONTINUED)

(e) Basis of consolidation (continued)

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.

(f) 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, right of use and intangible assets, refer note 10, note 11 and note 12;
- Impairment testing of goodwill, refer note 13;
- Impairment of property, plant and equipment, refer note 10;
- Income tax losses and deferred tax, refer note 14;
- Insurance provision, refer note 15b;
- Defined employee benefit obligations, refer note 15d; and
- Share based payment transactions, refer note 17.

(g) 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.

(h) 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 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.

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 (the chief operating decision maker) 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 four reportable operating segments being Asia Pacific, UK, France and Nordics.

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 $m	UK $m	France $m	Nordics $m	Total $m
Year Ended 30 June 2020					
Revenue					
Revenue from contracts with customers	5,068.0	929.5	4,352.7	1,810.1	12,160.3
Other income – income from government grants	-	-	235.2	-	235.2
Total revenue before intersegment revenue	5,068.0	929.5	4,587.9	1,810.1	12,395.5
Intersegment revenue	8.7	-	-	-	8.7
Total segment revenue	**5,076.7**	**929.5**	**4,587.9**	**1,810.1**	**12,404.2**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**797.1**	**167.1**	**877.0**	**168.5**	**2,009.7**
Rent [2]	(16.9)	(1.3)	(122.7)	(24.9)	(165.8)
Earnings before interest, tax, depreciation and amortisation (EBITDA) [3]	**780.2**	**165.8**	**754.3**	**143.6**	**1,843.9**
Depreciation and amortisation	(206.7)	(93.3)	(454.8)	(136.8)	(891.6)
Earnings before interest and tax (EBIT) [4]	**573.5**	**72.5**	**299.5**	**6.8**	**952.3**
Interest					(411.3)
Income tax expense					(174.3)
Segment (core) net profit after tax [5]					**366.7**
Attributable to non-controlling interest					(29.8)
Segment (core) net profit after tax, attributable to owners of the parent [6]					**336.9**
Non-core items net of tax after non-controlling interest					(52.9)
Net profit attributable to owners of the parent					**284.0**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, rent and non-core items.
2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and non-core items.
4 "EBIT" is a non-statutory profit measure and represents profit before interest, tax and non-core items.
5 "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit before non-core items.
6 "Segment (core) net profit after tax attributable to owners of the parent" 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)

Year ended 30 June 2019	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Revenue					
Revenue from contracts with customers	5,182.5	942.8	4,281.0	1,146.5	11,552.8
Total revenue before intersegment revenue	5,182.5	942.8	4,281.0	1,146.5	11,552.8
Intersegment revenue	3.7	-	-	-	3.7
Total segment revenue	5,186.2	942.8	4,281.0	1,146.5	11,556.5
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**1,036.2**	**180.9**	**820.8**	**123.1**	**2,161.0**
Rent [2]	(66.4)	(91.2)	(344.3)	(67.0)	(568.9)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**969.8**	**89.7**	**476.5**	**56.1**	**1,592.1**
Depreciation and amortisation	(171.4)	(42.2)	(231.9)	(38.6)	(484.1)
Earnings before interest and tax (EBIT)[4]	**798.4**	**47.5**	**244.6**	**17.5**	**1,108.0**
Interest					(169.3)
Income tax expense					(302.8)
Segment (core) net profit after tax [5]					**635.9**
Attributable to non-controlling interest					(45.0)
Segment (core) net profit after tax, attributable to owners of the parent [6]					**590.9**
Non-core items net of tax after non-controlling interest					(45.4)
Net profit attributable to owners of the parent					**545.5**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, rent and non-core items.
2 Rent includes rent on operating leases accounted for under AASB 117.
3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and non-core items.
4 "EBIT" is a non-statutory profit measure and represents profit before interest, tax and non-core items.
5 "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit before non-core items.
6 "Segment (core) net profit after tax attributable to owners of the parent" is a non-statutory profit measure and represents profit before non-core items that are attributable to the owners of the parent.

As at 30 June 2020	Asia Pacific $m	UK $m	France $m	Nordics $m	Adjustments & Eliminations* $m	Total $m
Assets & liabilities						
Segment assets	6,500.8	2,716.0	10,602.9	1,866.9	(3,627.9)	18,058.7
Segment liabilities	(2,139.5)	(2,272.8)	(8,573.7)	(836.8)	-	(13,822.8)
As at 30 June 2019						
Assets & liabilities						
Segment assets	5,562.9	2,033.5	5,692.1	904.0	(1,552.7)	12,639.8
Segment liabilities	(2,581.1)	(1,395.7)	(4,673.2)	(966.7)	-	(9,616.7)

*Adjustments and eliminations consist of unallocated goodwill (in 2019 only), investments in subsidiaries, intercompany and receivables/payables, most of which are eliminated on consolidation.

I. RESULTS FOR THE YEAR (CONTINUED)

1. SEGMENT INFORMATION (CONTINUED)

(i) Segment revenue reconciliation to Income Statement

	2020 $m	2019 $m
Total segment revenue	12,404.2	11,556.5
Inter segment sales elimination	(8.7)	(3.7)
Interest income	12.7	6.7
Other income – net profit on disposal of non-current assets	11.2	6.6
Other income – income from the sale of development assets	2.1	29.9
Total revenue and other income	12,421.5	11,596.0

(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.

2a. REVENUE AND OTHER INCOME

	2020 $m	2019 $m
Revenue from patients	11,778.9	11,327.0
Revenue from governments under COVID 19 support contracts	189.6	-
Rental income	37.9	40.0
Income from ancillary services	153.9	185.8
Revenue from contracts with customers	**12,160.3**	**11,552.8**

Revenue is recognised and measured at the amount of the consideration received or receivable to the extent that the performance obligations under contracts have been satisfied 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.

Revenue from governments under COVID 19 support contracts
During the period, specific contracts were entered into with various government bodies under which Ramsay made available its facilities and services, including equipment and staff, to assist with the respective government's response to the COVID 19 pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia – agreements with the state governments of NSW, WA, Queensland and Victoria commenced from either 31 March or 1 April 2020 (each a **State**). In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, the net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis (revenue amounts)) for these services. Recoverable costs include direct operating costs, service costs, corporate overhead costs (to the extent related to the provision of service), depreciation associated with pre-existing capital which is owned and depreciation associated with amortisation of leases. Interest and debt servicing costs are excluded. The agreements will end on various dates, depending on each States requirements. These end dates will (in most cases) be 20 or 30 days after the State gives notice but not before; in the case of the State of Victoria, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of the State of Queensland, the State determines that activation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019 has ceased; and, in the case of NSW, the date notified by the Commonwealth government as being the last date covered by the private hospital financial viability payment under the National Partnership Agreement.

Recoverable costs and revenue amounts are aggregated quarterly with each quarter considered separately with the first quarterly period ended 30 June 2020. Where the revenue amounts exceed recoverable costs the payment for that quarter is deemed to be zero.

Victoria and Queensland include a "Pause and Restart" mechanism whereby the State can put the agreement on pause allowing the Operator to return to normal operations and relieves the State of any payment obligations during the pause while allowing the State to restart the contract to provide COVID 19 pandemic support when necessary. The Queensland State government has agreed to Ramsay's request to put the agreement on hold from 1 July 2020. While the Victorian agreement was paused from 30 June 2020, it was restarted with effect from 23 July 2020. The NSW agreement does not have a Pause and Restart mechanism.

I. RESULTS FOR THE YEAR (CONTINUED)

2a. REVENUE AND OTHER INCOME (CONTINUED)

The agreement with the state government of WA was terminated with effect from 30 June 2020. However, it includes a right for the WA Department of Health to direct Ramsay for a 12 month period from 30 June 2020 to sign a new agreement on the same terms as the original agreement. This right can be exercised if the Department or the Commonwealth government reasonably form the view that this is necessary to ensure that the public and private health sectors can respond successfully to the COVID 19 pandemic.

UK – an agreement with NHS England, commenced on 23 March 2020, to make the Ramsay UK facilities and services available to the NHS England and its patients. Ramsay receives, and recognises as revenue, the net cost of services provided, including operating costs, overheads, use of assets, rent and interest less a deduction for revenue earned through the provision of private, urgent elective care to patients. The term of the agreement was initially for a minimum of 14 weeks from 23 March 2020 and is currently on a rolling basis, which is terminable by the NHS England on one month's notice.

Future events could cause the assumptions on which these revenue accruals are based to change, which could affect the future results of the Group. As the revenue recognised by the Group in accordance with the contracts is variable, revenue has been recognised only to the extent that it is highly probable that a significant revenue reversal of the cumulative amount of revenue will not occur when the uncertainty associated with the variable consideration is resolved.

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 control of the development asset is transferred to the customer.

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.

2b. OTHER INCOME – REVENUE FROM GOVERNMENT GRANTS

	2020 $m	2019 $m
Other income – income from government grants	235.2	-

Income from Government Grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. Grants are accounted for on a gross basis in revenue and expenses, by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is recognised as other income.

Ramsay Santé is a beneficiary of the French government decree, issued on 7 May 2020, which provides a guarantee of revenue from 1 March 2020 to 31 December 2020, equal to 10/12th of the 2019 calendar year revenue from the government, with some small indexation factor. Should the actual billings over this March to December period fall below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall. In line with the requirements, under the guarantee, these estimates, payments and final square ups are completed on a site by site basis.

As the final square up of the revenue guarantee will not be performed until March 2021 and the grant income recognised for Ramsay Santé is based on the current estimate at hand at the time of issuing the Ramsay Group financial statements, these estimates may be updated and produce a different outcome for the 31 December 2020 Ramsay Group half year results. Similarly, the Ramsay Santé accounts will not be issued until October 2020 and these estimates may be updated and produce a different outcome to the management accounts.

The estimated grant income accrual earned under this guarantee, for the period 1 March 2020 to 30 June 2020, takes into consideration the forecast of revenue billings for the period 1 July 2020 to 31 December 2020. The key assumptions made in this estimation of the billings for the July 2020 to December 2020 period are:

- estimate of hospital activity under current restrictions;
- estimate of the timing of when hospital operations will return to pre-COVID 19 activity levels; and
- estimate of whether there will be an initial increase in activity when restrictions end.

I. RESULTS FOR THE YEAR (CONTINUED)

2c. REVENUE FROM CONTRACTS WITH CUSTOMERS AND INCOME FROM GOVERNMENT GRANTS

	Note	2020 $m	2019 $m
Revenue from contracts with customers	2a	12,160.3	11,552.8
Other income – income from government grants	2b	235.2	-
Revenue from contracts with customers and income from government grants		**12,395.5**	**11,552.8**

3. EXPENSES

	2020 $m	2019 $m
(a) Depreciation		
Depreciation - Plant and equipment	292.4	315.4
Depreciation - Buildings	148.2	143.3
Depreciation - Right of use asset – Property	339.6	-
Depreciation - Right of use asset – Plant and equipment	61.7	-
Total depreciation	841.9	458.7
(b) Amortisation		
Amortisation - Service concession assets	18.1	16.9
Amortisation - Development cost	33.2	10.0
Total amortisation	51.3	26.9
(c) Impairment		
Impairment - Plant and equipment	4.8	0.3
Impairment – Land and buildings	11.2	0.3
Impairment - Right of use asset – Property	20.8	-
Impairment – Intangible assets	0.7	-
Total impairment	37.5	0.6
(d) Property rental costs		
Expense relating to short term leases (included in occupancy costs)	3.4	
Expense relating to leases of low value assets (included in occupancy costs)	3.5	
Variable lease payments (included in occupancy costs)	0.5	

The above should be read in conjunction with the note 7c. The Directors note that the 2020 results include the impact of accounting for AASB 16 Leases, whilst the 2019 results were prepared under the previous lease accounting standard requirements.

	2020 $m	2019 $m
(e) Employee benefit and contractor costs		
Wages and salaries	5,800.9	5,076.9
Workers' compensation	10.4	20.2
Superannuation	187.1	197.0
Termination benefits	28.4	28.0
Social charges and contributions on wages and salaries	776.4	718.8
Other employment	223.8	176.5
Share-based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)	(6.6)	10.9
	7,020.4	6,228.3
(f) Finance costs		
Interest expense	189.0	170.0
Finance charges – Lease liability*	238.6	7.6
	427.6	177.6
Finance cost - unwinding of discount and effect of changes in discount rates on deferred consideration	0.4	0.5
Finance costs capitalised	(4.0)	(2.2)
	424.0	175.9

* Finance charges in relation to lease liabilities in the comparative year, 30 June 2019 only include leases classified as finance leases under AASB 117 Leases. Refer to the Overview section for further information regarding the additional lease liability balances taken on with the implementation of AASB 16 Leases.

(g) Finance Costs - 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.

I. RESULTS FOR THE YEAR (CONTINUED)

4. DIVIDENDS

	Parent 2020 $m	Parent 2019 $m
(a) Dividend on ordinary shares paid during the year:		
(i) Interim dividend paid		
Franked dividends – ordinary		
(62.5 cents per share) (2019: 60.0 cents per share)	126.3	121.2
(ii) Previous year final dividend paid		
Franked dividends – ordinary		
(91.5 cents per share) (2019: 86.5 cents per share)	184.9	174.8
	311.2	296.0
(b) Dividend proposed and not recognised as a liability:		
Current year final dividend proposed		
Franked dividends – ordinary		
(0.0 cents per share *) (2019: 91.5 cents per share)	-	184.9
(c) Dividends declared and paid during the year on CARES:		
Current year interim and previous year final dividend paid		
Franked dividends - CARES	11.3	12.8
(d) Dividends proposed and not recognised as a liability on CARES:		
Final dividend proposed		
Franked dividends - CARES	4.6	6.0

* No current year final dividend has been declared.

	2020 $m	2019 $m
(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% (2019: 30%)	704.2	646.2
- franking credits that will arise from the payment of income tax payable as at the end of the financial year **	9.5	17.0
	713.7	663.2
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	(2.0)	(81.8)
	711.7	581.4

** 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% (2019: 30%). $4.6 million (2019: $190.9 million) of the proposed dividends will be franked at the rate of 30% (2019: 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.

I. RESULTS FOR THE YEAR (CONTINUED)

5. EARNINGS PER SHARE (CONTINUED)

	2020 $m	2019 $m
Net profit for the year attributable to the owners of the parent	284.0	545.5
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(11.3)	(12.8)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	272.7	532.7

	2020 Number of Shares (m)	2019 Number of Shares (m)*
Weighted average number of ordinary shares used in calculating basic earnings per share	208.1	204.5
Effect of dilution – share rights not yet vested (a)	0.8	1.3
Weighted average number of ordinary shares adjusted for the effect of dilution	208.9	205.8

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

* The denominator for the purpose of calculating both basic and diluted earnings per share in 2019 has been adjusted to reflect the $1,500.0 million equity raise in the second half of FY20, at less than market value.

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.

	2020 Cents per Share	2019 Cents per Share
Earnings per share		
- basic (after CARES dividend) for the year	131.0	260.5
- diluted (after CARES dividend) for the year	130.5	258.9

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 2020, dividends of $322.5 million (2019: $308.8 million) were paid. For the year ended 30 June 2020 fully franked ordinary dividends of 62.5c (2019: 151.5c) per share were declared (Interim dividend of 62.5c. No current year final dividend is proposed).

The group monitors its capital structure primarily by reference to its Group Consolidated 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 2.0 times for the year ended 30 June 2020 (2019: 3.1 times) calculated on a pre AASB16 basis. **

The Group has committed senior debt funding to October 2022 (please refer to Note 7e 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

II. CAPITAL – FINANCING (CONTINUED)

HOW THE GROUP MANAGES ITS CAPITAL – FINANCING (CONTINUED)

During April 2020, due to the potential adverse impact of COVID 19 on earnings, Ramsay Health Care obtained covenant waivers and agreed to certain modifications to the Ramsay Group's finance documents with the Ramsay Group's financiers. The wholly owned Subsidiaries of the Group are not and have not been in breach of any of the financial and other undertakings of the Senior Debt Facility Agreement.

During the second half of FY20, Ramsay Health Care also undertook an equity raising of $1,500.0 million. This action was taken to strengthen Ramsay's balance sheet and provide financial flexibility in order to navigate an uncertain operating environment and increase financial flexibility.

Proceeds from the equity raising have been used to partially repay Ramsay Funding Group's revolving debt facilities, which remain available for redraw.

As a result of the equity raising, the Group Consolidated Leverage Ratio** has reduced from 3.1x at 30 June 2019 to 2.0x as at 30 June 2020.

*Note: *EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.*
***The Group Consolidated Leverage Ratio is presented on a pre AASB16 basis, consistent with the Ramsay Funding Group debt facility documents*

Details of Capital – Financing are as follows:	Note	2020 $m	2019 $m
Equity	6	4,235.9	3,023.1
Net Debt *	7	8,064.6	4,911.5
		12,300.5	7,934.6

* Net debt increased by $4,929.6 million due to the implementation of AASB 16 Leases. Refer to the Overview section for further information regarding the additional lease liability balances taken on at 1 July 2019.

6. EQUITY

	Note	2020 $m	2019 $m
Issued capital	6.1	2,197.6	713.5
Treasury shares	6.2	(78.2)	(82.1)
Convertible Adjustable Rate Equity Securities (CARES)	6.3	252.2	252.2
Other reserves		(51.0)	(33.2)
Retained earnings		1,431.9	1,693.3
Non-controlling interests		483.4	479.4
		4,235.9	3,023.1

6.1 Issued Capital

(a) Issued and paid up capital	2020 Number (m)	2020 $m	2019 Number (m)	2019 $m
At 1 July	202.1	713.5	202.1	713.5
Shares issued – Share Placement (net of transaction costs)	21.4	1,183.3	-	-
Shares issued – Share Purchase Plan	5.4	300.8	-	-
At 30 June	228.9	2,197.6	202.1	713.5

(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	2020 $m	2019 $m
1.2 million ordinary shares (30 June 2019: 1.3 million)	78.2	82.1

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

II. CAPITAL – FINANCING (CONTINUED)

6. EQUITY (CONTINUED)

6.3 Convertible Adjustable Rate Equity Securities (CARES)

	2020 $m	2019 $m
(a) Issued and paid up capital		
2.6 million CARES shares fully paid (30 June 2019: 2.6 million CARES shares fully paid)	252.2	252.2

(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.

II. CAPITAL – FINANCING (CONTINUED)

7. NET DEBT

	Note	2020 $m	2019 $m
Cash assets	7a	1,503.7	745.5
Loans and borrowings - current	7b	(32.3)	(34.0)
Lease liabilities – current	7c	(347.8)	(73.1)
Loans and borrowings - non-current	7b	(4,195.5)	(5,209.4)
Lease liabilities – non-current	7c	(4,941.4)	(278.1)
Derivative net assets / (liabilities) - debt related	7d	(51.3)	(62.4)
		(8,064.6)	(4,911.5)

7a. CASH AND CASH EQUIVALENTS

	2020 $m	2019 $m
Cash at bank and on hand	1,503.7	745.5

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.

(i) Recognition and Measurement
Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on 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.

(ii) Reconciliation to Statement of cash flows

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	1,503.7	745.5

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

Net profit after tax for the year	309.2	572.4
Adjustments for:		
Share of profit of joint venture	(16.1)	(19.1)
Depreciation, amortisation and impairment	930.7	486.2
Interest received	(12.7)	(6.7)
Share based payments expense	(6.6)	10.9
Net (profit) / loss on disposal of non-current assets	(11.2)	(6.6)
Changes in assets & liabilities		
Deferred tax	(39.1)	(14.5)
Receivables	(268.1)	(299.6)
Other assets	5.6	115.9
Creditors, accruals and other liabilities	929.6	178.9
Provisions	(57.2)	(130.9)
Inventory	(84.0)	(19.6)
Tax provisions	0.6	36.0
Net cash from operating activities	1,680.7	903.3

II. CAPITAL – FINANCING (CONTINUED)

7a. CASH AND CASH EQUIVALENTS (CONTINUED)

(iv) Reconciliation of liabilities arising from financing activities

	Balance at 1 July 2019 $m	AASB16 Adjustment $m	Restated Balance at 1 July 2019 $m	Cash Flows $m	Foreign Exchange movement $m	New Leases $m	Other $m	Balance as at 30 June 2020 $m
Loans- Current	34.0	-	34.0	(1.7)	-	-	-	32.3
Loans- Non Current	5,209.4	-	5,209.4	(1,038.4)	16.7	-	7.8	4,195.5
Lease Liabilities	351.2	4,929.6	5,280.8	(323.8)	0.3	319.9	12.0	5,289.2
Total liabilities from financing activities	5,594.6	4,929.6	10,524.2	(1,363.9)	17.0	319.9	19.8	9,517.0

	Balance at 1 July 2018 $m	Cash Flows $m	Foreign Exchange movement $m	New Leases $m	Business Combinations $m	Sale of Facilities $m	Other $m	Balance as at 30 June 2019 $m
Loans- Current	32.0	(211.9)	(8.0)	-	221.9	-	-	34.0
Loans- Non Current	3,622.3	1,075.5	88.3	-	423.3	-	-	5,209.4
Lease Liabilities	297.9	(80.2)	11.0	52.3	89.9	(19.7)	-	351.2
Total liabilities from financing activities	3,952.2	783.4	91.3	52.3	735.1	(19.7)	-	5,594.6

(v) Disclosure of financing facilities

Refer to Note 7e.

7b. LOANS AND BORROWINGS

	2020 $m	2019 $m
Current		
Secured liabilities:		
- Bank loan	32.3	34.0
Non-current		
Secured liabilities:		
- Bank loan	2,809.1	2,883.0
Unsecured liabilities:		
- Bank and financial institution loans	1,386.4	2,326.4
	4,195.5	5,209.4
Total	4,227.8	5,243.4

Further information on bank loans is set out in Note 7e.

(i) Fair values

The fair values of the Group's interest bearing loans and borrowings are determined by using the discounted cash flow method with discount rates that reflect market 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 0.093% to 0.102% (2019: 1.21% to 1.22%) for Australia, 0.090% to 0.141% (2019: 0.722% to 0.774%) for UK and -0.510% to -0.422% (2019: -0.388% to -0.345%) for France respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

II. CAPITAL – FINANCING (CONTINUED)

7b. LOANS AND BORROWINGS (CONTINUED)

(i) Fair values (continued)

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.

	2020		2019	
	Carrying Amount $m	Fair Value $m	Carrying Amount $m	Fair Value $m
Bank loans	4,227.8	4,657.9	5,243.4	5,365.4

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

(ii) Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 16.

(iii) Assets pledged as security

The carrying amounts of assets pledged as security for loans and borrowings are set out in the following table:

	2020 $m	2019 $m
Fixed and floating charge		
Fixed assets	-	85.0
Investment holdings in subsidiaries	3,667.2	2,010.7
Total non-current assets pledged as security	3,667.2	2,095.7

(iv) Defaults & breaches

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

In April 2020, lenders to the Ramsay Funding Group provided consent to amend or waive key banking covenants tests, in connection with the funding agreements (FA) and the Common Term Deed Poll (CTDP), for the next two semi-annual covenant testing points up to and including the 31 December 2020 testing date.

This waiver is given on the condition that the Company does not declare a dividend in relation to its ordinary shares (it being agreed that CARES and CARES 2 are not ordinary shares and that this condition does not therefore apply in respect of or seek to restrict the declaration or payment of dividends in respect of CARES or CARES 2) during the period up to 31 December 2020.

(v) Subsequent Measurement

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

7c. LEASE LIABILITIES

The Group has lease contracts for hospitals, office space and various items of other equipment and vehicles used in its operations. Leases of hospitals and office space can have lease terms between 5 and 99 years, while vehicles and other equipment generally have lease terms between 5 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets as disclosed above. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extensions and termination options and variable lease payments, which are discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

II. CAPITAL – FINANCING (CONTINUED)

7c. LEASE LIABILITIES (CONTINUED)

	$m
At 1 July 2019	351.2
Adjustment on adoption of AASB16	4,929.6
Restated 1 July 2019	**5,280.8**
Additions	319.9
Disposals or terminations	(9.4)
Payments	(660.1)
Accretion of interest	336.3
Reassessment of lease terms	21.4
Exchange differences	0.3
At 30 June 2020	5,289.2

	2020 $m	2019 $m
Current lease liabilities	347.8	73.1
Non-current lease liabilities	4,941.4	278.1
Total lease liabilities	5,289.2	351.2

Lease liabilities in the comparative year, 30 June 2019 only include leases classified as finance leases under AASB 117 Leases. Refer to the Overview section for further information regarding the additional lease liability balances taken on with the implementation of AASB 16 Leases.

(i) Assets pledged as security

The carrying amounts of assets pledged as security for lease liabilities are set out in the following table:

	2020 $m	2019 $m
Leased assets pledged as security	351.6	412.6

(ii) Cash outflows

The Group had total cash outflows for leases of approximately $667.5 million in 2020 - the principal portion of lease payments totalled $323.8 million, interest payments totalled $336.3 million and other payments relating to low-value assets, short term and variable lease payments totalled approximately $7.4 million (included in payments to suppliers and employees).

7d. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 $m	2019 $m
Current liabilities		
Interest rate derivative contracts – cash flow hedges	(6.2)	(18.6)
Non - current liabilities		
Interest rate derivative contracts – cash flow hedges	(45.1)	(43.8)

(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.

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 0.1532% (2019: 1.357%). Interest bearing loans in GBP of the Group currently bear an average variable interest rate of 0.1316% (2019: 0.7738%). Interest bearing loans in Euro of the Group currently bear an average variable interest rate of -0.2335% (2019: -0.2913%).

II. CAPITAL - FINANCING (CONTINUED)

7d. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Instruments used by the Group (continued)

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 57% (2019: 60%) of the principal outstanding.

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 16.

(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 ratings in order to manage this 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, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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

(a) 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 predominantly interest rate swap contracts as hedges of its exposure to fluctuations in interest rates. There is an economic relationship between the hedged item and the hedging instrument as the term of the interest rate swap matches the terms of the variable rate loan (that is, notional amount, maturity, base rate, payment and reset dates).

II. CAPITAL – FINANCING (CONTINUED)

7d. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Recognition and Measurement (continued)

(a) Cash flow hedges (continued)

The Group only designates the intrinsic value of the interest rate option contracts as hedging instruments. The time value of the interest rate option contracts are recognised in Other Comprehensive Income and accumulated in a separate component of equity under the cost of Hedging Reserve. These deferred costs of hedging are recognised in the profit or loss on a systematic basis over the tenor of the interest rate option contracts.

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 Other Comprehensive Income 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.

The ineffectiveness recognised in the profit or loss was immaterial.

(b) 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 Other Comprehensive Income, 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 Other Comprehensive Income 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; or
- 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 reporting 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.

II. CAPITAL – FINANCING (CONTINUED)

7d. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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.

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:

	2020 $m	2019 $m
0-1 years	3,048.7	610.3
1-2 years	1,254.1	3,154.5
2-3 years	-	1,350.0
3-5 years	923.9	210.0
Over 5 years	-	810.0
	5,226.7	6,134.8

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 2020 is a GBP borrowing of £120 million (2019: £244.1 million) 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 Other Comprehensive Income to offset any gains or losses on translation of the net investment in the UK subsidiary. A net loss on the bank loan designated as a hedge of the net investment in a subsidiary of $15.8million (2019: net loss $5.8 million) was recognised in Other Comprehensive Income during the year.

Included in bank loans at 30 June 2020 is a Euro borrowing of €478.7 million (2019: €478.7 million) 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 Other Comprehensive Income 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 $10.5 million (2019: net loss $22.2 million) was recognised in Other Comprehensive Income during the year.

II. CAPITAL – FINANCING (CONTINUED)

7e. BORROWINGS

	Note	Maturity	2020 $m	2019 $m
Current interest-bearing loans and borrowings				
€ Bi-lateral Facilities	(v)	Up to Dec 2028	32.3	34.0
Total current interest-bearing loans and borrowings			**32.3**	**34.0**
Non-current interest-bearing loans and borrowings				
A$ 800,000,000 Syndicated Facility Loan	(i)	Dec 2023	-	721.0
A$ 350,000,000 Syndicated Facility Loan	(i)	Nov 2022	-	-
A$ 325,000,000 Bi-lateral Term Loan	(ii)	Oct 2024	320.8	319.0
£ 395,000,000 Syndicated Facility Loan	(i)	Nov 2022	289.3	515.6
€ 225,000,000 Syndicated Facility Loan	(i)	Nov 2022	288.0	284.9
€ 300,000,000 Syndicated Facility Loan	(i)	Oct 2024	488.4	486.0
€ 800,000,000 Term Loan	(iii)	Oct 2022	1,275.2	1,325.0
€ 750,000,000 Term Loan	(iii)	Oct 2024	1,220.9	1,215.0
€ 100,000,000 Revolving Facility Loan	(iv)	Oct 2022	-	-
€ 75,000,000 Capex/acquisition Facility Loan	(iii)	Oct 2022	65.1	64.8
€ Bi-lateral Facilities	(v)	Up to Dec 2028	247.8	278.1
Total non-current interest-bearing loans and borrowings			**4,195.5**	**5,209.4**
Total interest-bearing loans and borrowings			**4,227.8**	**5,243.4**

(a) Ramsay and its wholly owned subsidiaries

Ramsay Funding Group's syndicated debt facility agreements and bi lateral debt facilities remain unchanged. The covenant package, group guarantees and other common terms and conditions in respect of the debt facilities is governed under the Common Terms Deed Poll (CTDP) which Ramsay executed in November 2016.

(i) Syndicated revolving bank debt facility.
(ii) Bi-lateral term loan facility and repayable in full on maturity.

(b) Ramsay Santé and controlled entities

Ramsay Santé and controlled entities' senior debt facility agreements and bi lateral debt facilities remain unchanged. The lenders to these debt facilities only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities. The debt facilities are secured by first ranking pledges over certain material companies of Ramsay Santé, granted only by Ramsay Santé and certain Ramsay Santé controlled entities. Guarantees have also been provided and are provided only by Ramsay Santé controlled entities.

(iii) Syndicated term loan facilities repayable in full on maturity.
(iv) Syndicated revolving bank debt facility
(v) Euro bi-lateral facilities are secured by a first charge over certain Ramsay Santé and controlled entities' land and buildings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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	2020 $m	2019 $m
Working Capital	8	(875.6)	(440.4)
Property, plant and equipment	10	4,447.2	4,642.8
Right of use assets	11	4,477.9	-
Intangible assets	12	4,246.1	4,263.3
Current and deferred tax assets/(liabilities)	14	143.6	15.7
Other assets/(liabilities)		(138.7)	(546.8)
		12,300.5	7,934.6

8. WORKING CAPITAL

	Note	2020 $m	2019 $m
Trade and other receivables (current)	8a	1,916.9	1,589.5
Inventories	8b	411.0	344.8
Trade and other creditors	8c	(3,203.5)	(2,374.7)
		(875.6)	(440.4)

Consistent with prior years, Ramsay actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances. Refer to Note 7 for further information on the debt facilities and cash balances.

8a. TRADE AND OTHER RECEIVABLES

	2020 $m	2019 $m
Current		
Trade and other receivables	1,978.6	1,632.9
Allowances for impairment loss	(61.7)	(43.4)
	1,916.9	1,589.5
Non-current		
Rental property bonds and guarantees receivable	52.0	61.8
Other	26.1	17.9
	78.1	79.7
Total	1,995.0	1,669.2

(i) Allowances for impairment loss

An allowance for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows and the expected cash flows. The Group has applied a simplified approach in calculating ECLs by establishing a provision matrix for forward-looking factors specific to the debtors and the economic environment.

Movements in the provision for impairment loss were as follows:

	2020 $m	2019 $m
At 1 July	**(43.4)**	**(47.0)**
AASB 9 Financial Instruments adjustment	-	(1.1)
At 1 July - restated	**(43.4)**	**(48.1)**
Charge for the year	(43.2)	(17.5)
Foreign exchange translation	(2.1)	(0.6)
Amounts written off	27.0	22.8
At 30 June	**(61.7)**	**(43.4)**

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

8a. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) Ageing analysis

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

	Total $m	Neither past due nor impaired $m	0-30 Days PDNI* $m	31-60 Days PDNI* $m	61-90 Days PDNI* $m	91+ Days PDNI* $m	Considered impaired $m
2020	2,056.7	990.0	245.3	238.5	211.9	309.3	61.7
2019	1,712.6	1,208.7	203.4	110.6	88.5	58.0	43.4

**PDNI – Past due not impaired*

Receivables past due but not considered impaired are: $1,005.0 million (2019: $460.5 million). 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 20.

(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 carrying 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 carrying value 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 16.

8b. INVENTORIES

	2020 $m	2019 $m
Amount of medical supplies to be consumed in providing future patient services – at cost	365.2	293.8
Development assets to be sold that are currently under construction – at cost	45.8	51.0
	411.0	344.8

(i) Inventory expense
Medical supplies recognised as an expense for the year ended 30 June 2020 totalled $2,723.1 million (2019: $2,592.2 million) 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 2020 totalled $6.8 million (2019:$ 19.4 million) for the Group. This expense has been included in Cost 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.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

8c. TRADE AND OTHER CREDITORS

	2020 $m	2019 $m
Trade payables	1,148.6	1,035.3
Sundry creditors and accrued expenses	505.5	473.2
Employee and Director entitlements	993.6	865.9
Other creditors	555.8	0.3
	3,203.5	2,374.7

(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 16.

9. BUSINESS COMBINATIONS

Business Combinations – 2020

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2020 which have been determined on a provisional basis only. These businesses are within the healthcare sector.

	$m
Assets	16.2
Liabilities	(10.4)
Fair value of identifiable net assets	5.8
Goodwill arising	19.6
Business combination date fair value of consideration transferred	25.4
Direct costs relating to the business combination included within service costs	-
The cash outflow as a result of the business combination is as follows:	
Cash Paid	(25.4)
Net consolidated cash outflow	(25.4)

Capio - 2019

On the 7 November 2018, 17 November 2018 and 12 June 2019, Ramsay Santé (formerly Ramsay Générale de Santé) acquired a total of 100% of the share capital of Capio. Ramsay Santé has recognised the fair values of the identifiable assets and liabilities of Capio as outlined in the table below. The purchase price accounting has now been finalised. In the final purchase price accounting of the Capio acquisition, Ramsay Santé has reassessed the existence and fair value of unfavourable contracts at the time of acquisition. This has led to the recognition of provisions for a further $100.4 million, together with other immaterial changes to fair values of other assets and liabilities, from first disclosure following acquisition. These adjustments have increased the goodwill arising on acquisition by $87.8 million.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

9. BUSINESS COMBINATIONS (CONTINUED)

Capio 2019 (Continued)

	$m
Cash	10.0
Accounts Receivable	180.5
Inventory	44.7
Corporate tax receivable	14.3
Other assets	217.8
Property, plant and equipment	316.2
Intangible assets	383.9
Deferred income tax asset	57.3
Creditors and accruals	(536.5)
Interest-bearing liabilities	(735.1)
Provisions and other liabilities	(294.3)
Fair value of identifiable net liabilities	**(341.2)**
Non-controlling interest	(3.3)
Goodwill arising on acquisition	1,587.9
	1,243.4

Business combination date fair value of consideration transferred	
Cash paid	(1,243.4)
Total cash paid	**(1,243.4)**
Direct costs relating to the business combination – included within service costs	28.5
The cash outflow as a result of the business combination is as follows:	
Net cash acquired	10.0
Cash paid	(1,243.4)
Net consolidated cash outflow	**(1,233.4)**

The goodwill of $1,587.9 million comprises the value of synergies expected to be achieved as a result of combining Capio with the rest of the Group, as well as intangible assets that do not qualify for separate recognition. The acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy. None of the goodwill recognised is expected to be deductible for income tax purposes. The goodwill balance represents goodwill attributable to Ramsay Santé.

The Group has elected to measure the non-controlling interests in the acquiree at their fair value. The non-controlling interests in the acquiree at the time of the business combination represents other non-controlling interests within the Capio group.

The fair value of the acquired receivables amounts to $180.5 million. The gross contractual amount receivable is $196.1 million.

The revenue of Capio from acquisition to 30 June 2019 was $1,756.4 million and the profit before tax for this period was not significant to the Group.

If Capio had been acquired at the beginning of the financial year, on 1 July 2018, the total revenue and other income for the Group would have been $12,380.3 million for the year ended 30 June 2019 and the profit before income tax from continuing operations for the Group would not have been significantly different to the Group profit before tax as reported.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

9. BUSINESS COMBINATIONS (CONTINUED)

Other Business Combinations – 2019

Ramsay recognised amounts for business combinations in the financial statements for the year ended 30 June 2019 which are as follows:

	$m
Assets	67.5
Liabilities	(29.5)
Fair value of identifiable net assets	38.0
Goodwill arising	43.6
Non-controlling interest	(0.4)
Business combination date fair value of consideration transferred	81.2
Direct costs relating to the business combination included within service costs	3.8
The cash outflow as a result of the business combination is as follows:	
Net cash acquired	7.1
Cash Paid	(81.2)
Net consolidated cash outflow	(74.1)

These businesses are within the healthcare sector. The purchase price accounting has now been finalised. There was not a material difference in the provisional fair values initially recognised.

(i) 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 business combination 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. Business combination related costs are expensed as incurred.

In accounting for a business combination, the Group 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 business combination 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 business combination date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of AASB 9, 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.

(ii) Key Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of businesses at their business combination date fair values. Where a significant amount of land and buildings are recognised in the business combination, 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 $m	Plant & Equipment $m	Assets Under Construction $m	Total $m
30 June 2020				
Cost	**3,820.0**	**2,583.8**	**487.4**	**6,891.2**
Accumulated depreciation and impairment	(813.0)	(1,631.0)	-	(2,444.0)
	3,007.0	**952.8**	**487.4**	**4,447.2**
Movement:				
At 1 July 2019	**3,169.0**	**1,112.0**	**361.8**	**4,642.8**
Transfer to right of use asset	(219.6)	(148.7)	**-**	(368.3)
Restated 1 July 2019	**2,949.4**	**963.3**	**361.8**	**4,274.5**
Additions	90.9	215.2	327.2	633.3
Transferred from assets under construction	117.0	81.4	(198.4)	-
Business combination	13.6	-	-	13.6
Depreciation	(148.2)	(292.4)	-	(440.6)
Impairment	(11.2)	(4.8)	-	(16.0)
Disposals	(6.9)	(2.5)	(0.7)	(10.1)
Exchange differences	2.4	(7.4)	(2.5)	(7.5)
At 30 June 2020	**3,007.0**	**952.8**	**487.4**	**4,447.2**
30 June 2019				
Cost	**3,992.0**	**2,685.5**	**361.8**	**7,039.3**
Accumulated depreciation and impairment	(823.0)	(1,573.5)	**-**	(2,396.5)
	3,169.0	**1,112.0**	**361.8**	**4,642.8**
Movement:				
At 1 July 2018	**2,866.7**	**887.1**	**359.3**	**4,113.1**
Additions	117.9	280.5	244.8	643.2
Transferred from assets under construction	176.5	95.1	(271.6)	-
Business combination	186.2	158.7	27.4	372.3
Depreciation	(143.3)	(315.4)	-	(458.7)
Impairment	(0.3)	(0.3)	-	(0.6)
Disposals	(69.5)	(8.2)	-	(77.7)
Assets reclassified as held for sale	(3.5)	-	-	(3.5)
Exchange differences	38.3	14.5	1.9	54.7
At 30 June 2019	**3,169.0**	**1,112.0**	**361.8**	**4,642.8**
1 July 2018				
Cost	3,595.9	2,379.9	359.3	6,335.1
Accumulated depreciation and impairment	(729.2)	(1,492.8)	-	(2,222.0)
	2,866.7	**887.1**	**359.3**	**4,113.1**

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) 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 to 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.

(a) 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.

(b) 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 the Income Statement in the year the asset is derecognised.

(ii) 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. RIGHT OF USE ASSETS

The right of use assets have arisen upon adoption of AASB16 Leases from 1 July 2019. Refer to the Overview note for further information.

	Leased property $m	Leased plant & equipment $m	Total $m
30 June 2020			
Cost	5,445.2	338.3	5,783.5
Accumulated depreciation	(1,173.4)	(132.2)	(1,305.6)
	4,271.8	**206.1**	**4,477.9**
Movement:			
At 1 July 2019	-	-	-
Adjustment on adoption of AASB16	4,130.6	49.4	4,180.0
Transfer from property, plant and equipment (Note 10)	219.6	148.7	368.3
Restated 1 July 2019	**4,350.2**	**198.1**	**4,548.3**
Additions	251.4	68.5	319.9
Depreciation	(339.6)	(61.7)	(401.3)
Impairment	(20.8)	-	(20.8)
Reassessment of lease terms	21.4	-	21.4
Disposals or terminations	(5.0)	(0.5)	(5.5)
Exchange differences	14.2	1.7	15.9
At 30 June 2020	**4,271.8**	**206.1**	**4,477.9**
30 June 2019			
Cost	-	-	-
Accumulated depreciation	-	-	-
	-	-	-

Leased assets, where pledged, are used as security for the related lease liabilities. Refer note 7c.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

12. INTANGIBLE ASSETS

	Goodwill $m	Service Concession Assets $m	Other^ $m	Total $m
30 June 2020				
Cost	**3,783.4**	**216.0**	**460.1**	**4,459.5**
Accumulated depreciation	-	(85.4)	(128.0)	(213.4)
	3,783.4	**130.6**	**332.1**	**4,246.1**
Movement:				
At 1 July 2019	**3,767.0**	**154.0**	**342.3**	**4,263.3**
Adjustment on adoption of AASB16	-	(6.8)	-	(6.8)
Revised 1 July 2019 opening balance	**3,767.0**	**147.2**	**342.3**	**4,256.5**
Additions	-	3.1	27.6	30.7
Amortisation	-	(18.1)	(33.2)	(51.3)
Disposals	(1.2)	-	(5.5)	(6.7)
Business combination	19.6	-	-	19.6
Impairment	-	-	(0.7)	(0.7)
Exchange differences	(2.0)	(1.6)	1.6	(2.0)
At 30 June 2020	**3,783.4**	**130.6**	**332.1**	**4,246.1**
30 June 2019				
Cost	**3,767.0**	**219.2**	**436.5**	**4,422.7**
Accumulated depreciation	-	(65.2)	(94.2)	(159.4)
	3,767.0	**154.0**	**342.3**	**4,263.3**
Movement:				
At 1 July 2019	**2,152.0**	**61.6**	**48.9**	**2,262.5**
Additions	-	0.4	42.7	43.1
Amortisation	-	(16.9)	(10.0)	(26.9)
Disposals	(98.6)	-	(23.4)	(122.0)
Business combination	1,631.5	105.8	278.4	2,015.7
Exchange differences	82.1	3.1	5.7	90.9
At 30 June 2019	**3,767.0**	**154.0**	**342.3**	**4,263.3**
1 July 2018				
Cost	2,152.0	109.7	132.7	2,394.4
Accumulated depreciation	-	(48.1)	(83.8)	(131.9)
	2,152.0	**61.6**	**48.9**	**2,262.5**

^ *Mainly brands and internally generated software costs*

(i) 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)

12. INTANGIBLE ASSETS (CONTINUED)

(i) 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.

(ii) 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	Brands	Software costs
Useful lives	Finite	Indefinite	Finite
Amortisation method used	Amortised over the period of the lease	Not applicable	Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired	Acquired	Acquired	Internally generated
Impairment testing	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.	Annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.	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.

(iii) 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'.

(iv) 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)

13. 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, the French business and the Nordics as follows:

	Australia $m	UK $m	France $m	Nordic $m	Unallocated* $m	Total $m
2020	1,181.7	272.7	1,280.9	1,048.1	-	**3,783.4**
2019	1,181.7	275.5	770.8	-	1,539.0	**3,767.0**

* As at 30 June 2020, all of the unallocated goodwill arising from the acquisition of Capio had been allocated to cash-generating units.

(ii) Key Estimates and Assumptions

The recoverable amount of the Australian business, the UK business, the French business and the Nordics business has been determined based on a value in use calculation using cash flow projections as at 30 June 2020 based on financial estimates approved by senior management and the Board of Directors covering the following financial year. In determining the 2021 (year 1) cash flow projections and subsequent year growth factors, management has factored in the performance of the Group in the current year, including the period impacted by the COVID 19 pandemic. This has resulted in lower year 1 margins across the Cash Generating Units (CGUs) due to factoring in patient volume downturn, associated government health viability contracts and government grants, and the increased cost of service as a result of heightened personal protective equipment use and staffing levels. As COVID 19 is only expected to have a short term impact on the business, Management currently forecasts that the Group volume and cost profiles will return to pre-COVID 19 levels by 30 June 2021 for all CGUs. A growth factor is then applied to the following 4 years through to the end of the value in use models. Key assumptions used in the value in use calculations are as follows:

	Australia %	UK %	France %	Nordics %
Terminal value (Year 5+)				
2020	3.3	1.9	1.0	2.0
2019	3.5	1.9	1.0	N/A
Pre-tax discount rate				
2020	10.3	8.2	7.7	7.2
2019	10.0	7.6	7.9	N/A

Key inputs in value in use calculations are:

- 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 CGU and on the aggregated CGUs based on assessing the effect of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates. COVID 19 is only expected to have a short term impact on the business and therefore the impact on the value in use for each CGU is minimal.

For Australia, the United Kingdom, France and the Nordics, 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)

14. TAXES

	2020 $m	2019 $m
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Continuing operations:		
Current income tax		
Current income tax charge	193.1	281.1
Deferred income tax		
Relating to origination and reversal of temporary differences	(36.7)	12.8
Adjustments in respect of deferred income tax of previous years	0.6	(19.5)
Income tax expense reported in the Income Statement	157.0	274.4

(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:

	2020 $m	2019 $m
Accounting profit before tax	466.2	846.8
At the Parent Entity's statutory income tax rate of 30% (2019: 30%)	139.8	254.0
Expenditure not allowable for income tax purposes	13.7	22.4
Amounts not assessable for income tax purposes	(39.1)	(8.5)
Impact of changes in foreign tax rates on deferred tax balances	(2.6)	-
Other French income tax expense	44.4	12.8
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	6.4	0.4
Other	(5.6)	(6.7)
	157.0	274.4
Income tax expense reported in the consolidated Income Statement	157.0	274.4

(c) Recognised tax assets and liabilities

	2020 $m Current income tax	2020 $m Deferred income tax	2019 $m Current income tax	2019 $m Deferred income tax
Opening balance	(40.9)	56.6	(24.0)	(34.6)
Adjustment on adoption of AASB 16 Leases	-	59.6	-	-
Restated opening balance	(40.9)	116.2	(24.0)	(34.6)
(Charged)/ credited to income	(193.1)	36.1	(281.1)	6.7
Credited to equity	-	11.5	-	34.1
Payments	198.1	-	252.6	-
Exchange differences	1.1	12.3	3.1	(3.3)
Acquisition and disposal of subsidiary	-	2.3	8.5	53.7
Closing balance	(34.8)	178.4	(40.9)	56.6

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14. TAXES (CONTINUED)

(c) Recognised tax assets and liabilities (continued)

	Statement of Financial Position	
	2020 $m	2019 $m
Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:		
(i) Deferred tax liabilities		
Inventory	(17.1)	(16.1)
Recognition of revenue	(15.4)	(16.3)
Depreciable assets	(123.6)	(175.0)
Other provisions and lease liabilities	(128.1)	(195.6)
Gross deferred tax liabilities	(284.2)	(403.0)
Set-off of deferred tax assets	53.5	69.1
Net deferred tax liabilities	(230.7)	(333.9)
(ii) Deferred tax assets		
Employee provisions	168.3	154.5
Other provisions and lease liabilities	268.5	270.5
Unearned income	6.9	2.8
Losses	7.3	14.8
Derivatives	11.6	17.0
Gross deferred tax assets	462.6	459.6
Set-off of deferred tax liabilities	(53.5)	(69.1)
Net deferred tax assets	409.1	390.5

(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 $10.5 million (2019: increased by $30.9 million). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 24.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14. 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.

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

14. TAXES (CONTINUED)

(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 2020, there is $0.7 million (2019: $3.2 million) 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.

15a. 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 and a 50% interest in Ascension Ramsay Global Sourcing Limited. The Group's interest in both entities is accounted for using the equity method in the consolidated financial statements.

	2020 $m	2019 $m
Investment in joint venture at beginning of period	270.3	241.5
AASB 16 adjustment	(0.2)	-
Share of profit of joint venture	16.1	19.1
Dividend paid	(35.0)	-
Foreign currency translation and other equity movements	(5.4)	9.7
	245.8	270.3

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)

15b. PROVISIONS

	2020 $m	2019 $m
Current		
Restructuring provision	16.0	2.1
Unfavourable contracts	10.8	113.5
Insurance provision	13.7	12.7
Legal and compliance provision	38.7	23.1
Deferred lease provision	-	1.1
Other provisions	54.5	30.7
	133.7	183.2
Non-current		
Non-current employee and Director entitlements	41.3	37.1
Deferred lease provision	-	293.2
Unfavourable contracts	67.8	215.4
Insurance provision	74.2	85.5
Restructuring provision	51.6	101.0
Legal and compliance provision	148.8	20.3
Other provisions	6.3	23.4
	390.0	775.9
Total	523.7	959.1

(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 $m	Restructuring $m	Insurance $m	Unfavourable contracts $m	Legal and compliance $m	Other provisions $m	Total $m
At 1 July 2019	294.3	103.1	98.2	328.9	43.4	54.1	922.0
Adjustment on adoption of AASB 16 Leases	(294.3)	-	-	(207.3)	-	-	(501.6)
Restated 1 July 2019	-	103.1	98.2	121.6	43.4	54.1	420.4
Arising during the year	-	11.9	4.3	-	161.2	17.6	195.0
Utilised during the year	-	(42.6)	(8.7)	(44.2)	(10.1)	(9.0)	(114.6)
Exchange differences	-	(5.3)	(5.9)	-	(7.1)	(3.3)	(21.6)
Unused amounts reversed	-	0.5	-	1.2	0.1	1.4	3.2
Discount rate adjustment	-	-	-	-	-	-	-
At 30 June 2020	-	67.6	87.9	78.6	187.5	60.8	482.4
Current 2020	-	16.0	13.7	10.8	38.7	54.5	133.7
Non-current 2020	-	51.6	74.2	67.8	148.8	6.3	348.7
	-	67.6	87.9	78.6	187.5	60.8	482.4
Current 2019	1.1	2.1	12.7	113.5	23.1	30.7	183.2
Non-current 2019	293.2	101.0	85.5	215.4	20.3	23.4	738.8
	294.3	103.1	98.2	328.9	43.4	54.1	922.0

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

15b. PROVISIONS (CONTINUED)

(iii) Nature and timing of provisions

Restructuring provision

The restructuring provision primarily relates to:

- the restructuring of the Group subsequent to acquisitions. Provisions are made in the year the restructuring plans are drawn up and announced to employees; and
- restructuring of entities with the Group, announced prior to acquisition.

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 5%-10% 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 high quality 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 was recognised in accordance with AASB117 *Leases* for contracts where there was a fixed, not variable annual increase written into the lease, requiring the lease costs to be straight lined over the lease term. The provision represents the excess of rent expensed over the rent paid. Deferred lease provisions have been written back on adoption of AASB 16 Leases. Refer to the Overview section for further information.

Unfavourable contracts

This provision consists of VAT and other taxes payable on impaired right of use assets for certain leases.

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.

15c. 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)

15d. DEFINED EMPLOYEE BENEFIT OBLIGATION

The Group has a defined employee benefit obligation in France as required to be paid under local legislation. There is also a defined benefit obligation in the Nordics.

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

	2020 $m	2019 $m	2018 $m	2017 $m	2016 $m
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(418.4)	(389.9)	(85.7)	(80.2)	(75.6)
Fair value of plans assets	195.5	174.6	5.3	5.0	5.0
Net (liability) - non-current	(222.9)	(215.3)	(80.4)	(75.2)	(70.6)

	2020 $m	2019 $m
Net expense for the defined employee benefit obligation (Note 3) (recognised in superannuation expenses)	24.5	12.7

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

	2020 $m	2019 $m
Opening defined benefit obligation	389.9	85.7
Acquisition balances	-	196.0
Current service cost	18.9	9.4
Interest cost	9.0	3.3
Benefits paid	(10.5)	(10.7)
Actuarial losses on obligation	11.6	96.4
Exchange differences on foreign plans	(0.5)	9.8
Closing defined benefit obligation	418.4	389.9

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

Opening fair value of plans assets	174.6	5.2
Acquisition balances	-	151.5
Expected return	3.4	1.9
Contributions by employer	19.6	2.9
Benefits paid	(3.2)	-
Actuarial gains	1.4	8.1
Exchange differences on foreign plans	(0.3)	5.0
Fair value of plans assets	195.5	174.6
Actuarial return on plan assets	(3.4)	(1.9)

Plan assets are invested as follows:

	2020 (%)	2019 (%)
Equities	21.6	24.0
Bonds	49.9	48.8
Property	9.4	12.9
Other	19.1	14.3

The Group expects to contribute $ nil to its defined benefit obligations in 2021.

	2020 $m	2019 $m
Actuarial losses recognised in the Statement of Comprehensive Income	10.2	88.3
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	102.6	92.4

III. ASSETS AND LIABILITIES OPERATING AND INVESTING (CONTINUED)

15d. DEFINED EMPLOYEE BENEFIT OBLIGATION (CONTINUED)

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

	2020 (%)	2019 (%)
Discount rate	1.1 to 1.6	1.3 to 2.3
Future salary increases	1.0 to 2.9	1.9 to 2.3
Future pension increases	1.0 to 2.9	1.0 to 2.9

(i) Recognition and Measurement

The Group has defined employee benefit obligations in the Nordics and 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.

(ii) 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 and the Nordics is considered. The mortality rate is based on publicly available mortality rates for France and the Nordics. Future salary increases are based on expected future inflation rates in France and the Nordics.

IV. RISK MANAGEMENT

16. 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, derivatives, and other financial assets.

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.

IV. RISK MANAGEMENT (CONTINUED)

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) 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 7e.

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:

	2020 $m	2019 $m
Financial Assets		
Cash and cash equivalents	1,503.7	745.5
Financial Liabilities		
Bank Loans	(1,815.0)	(2,092.2)
Net exposure	(311.3)	(1,346.7)

Interest rate derivatives contracts are outlined in Note 7d, with a net negative fair value of $51.3 million (2019: negative $62.4 million) 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 2020, after taking into account the effect of interest rate swaps and options is approximately 57% (2019: 60%) 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)	
	2020 $m	2019 $m	2020 $m	2019 $m
AUD				
+45 basis points (2019: +95 basis points)	-*	(1.7)	1.4	11.1
-45 basis points (2019: -95 basis points)	-*	1.7	(1.0)	(11.4)
GBP				
+55 basis points (2019: +80 basis points)	(0.1)	(0.8)	1.0	3.8
-55 basis points (2019: -80 basis points)	0.3	0.8	(0.9)	(3.5)
EUR				
+40 basis points (2019: +45 basis points)	(4.8)	(5.4)	11.8	23.3
-40 basis points (2019: -45 basis points)	4.8	5.4	(12.0)	(21.3)

* There would be no significant impact on net profit as unhedged interest rate exposures are not significant.

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 change in sensitivity in 2020, comparing to 2019, is due to the decreased interest rate volatility in 2020.

IV. RISK MANAGEMENT (CONTINUED)

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) 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 hedging instrument, 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)	
	2020 $m	2019 $m	2020 $m	2019 $m
British Pound (GBP)				
+20% (2019: +20%)	(0.2)	- *	(32.8)	(29.1)
-20% (2019: -20%)	0.3	- *	48.9	43.3
Euro (EUR)				
+20% (2019: +15%)	(0.1)	- *	(8.8)	(4.5)
-20% (2019: -15%)	0.1	- *	12.8	6.0
Malaysian Ringgit (MYR)				
+20% (2019: +17%)	- *	- *	(38.6)	(39.1)
-20% (2019: -17%)	- *	- *	56.4	55.1

* There would be no significant impact on net profit as unhedged foreign currency exposures are not significant. (2019: unhedged foreign currency exposures were insignificant.)

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.

IV. RISK MANAGEMENT (CONTINUED)

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments and other financial 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 based on expected credit loss where the Group measures the impairment using a lifetime expected loss allowance for all trade receivables. 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.

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 APRA, 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 Governments. 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.

(iv) 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.

IV. RISK MANAGEMENT (CONTINUED)

16. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Liquidity Risk (continued)

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

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
Year ended 30 June 2020					
Trade and other liabilities	(3,187.1)	-	-	-	(3,187.1)
Loans and borrowings	(30.5)	(106.1)	(4,382.6)	(126.8)	(4,646.0)
Lease liabilities	(119.7)	(359.1)	(1,703.6)	(5,207.2)	(7,389.6)
Financial derivatives	(2.7)	(4.6)	(44.8)	-	(52.1)
	(3,340.0)	(469.8)	(6,131.0)	(5,334.0)	(15,274.8)
Year ended 30 June 2019					
Trade and other liabilities	(2,347.4)	-	-	-	(2,347.4)
Loans and borrowings	(34.2)	(117.0)	(3,984.5)	(1,721.8)	(5,857.5)
Lease liabilities *	(19.5)	(58.4)	(188.5)	(108.3)	(374.7)
Financial derivatives	(4.5)	(15.8)	(42.0)	(1.5)	(63.8)
	(2,405.6)	(191.2)	(4,215.0)	(1,831.6)	(8,643.4)

* *Lease liabilities in the comparative year 30 June 2019 only includes leases classified as finance leases under AASB 117 Leases*

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.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
Year ended 30 June 2020					
Inflows	0.3	2.0	1.4	-	3.7
Outflows	(3.0)	(6.6)	(46.2)	-	(55.8)
Net	(2.7)	(4.6)	(44.8)	-	(52.1)
Discounted at the applicable interbank rates	(1.6)	(4.6)	(45.1)	-	(51.3)
Year ended 30 June 2019					
Inflows	3.0	7.9	20.8	0.2	31.9
Outflows	(7.5)	(23.7)	(62.8)	(1.7)	(95.7)
Net	(4.5)	(15.8)	(42.0)	(1.5)	(63.8)
Discounted at the applicable interbank rates	(2.8)	(15.7)	(42.1)	(1.7)	(62.3)

Collateral

The Group has pledged part of its longer term deposits in order to fulfil the collateral requirements for the secured funding agreement (fiducie-sûreté). At 30 June 2020 and 2019, respectively, the fair values of the term deposits pledged were $12.1 million and $18.3 million respectively. The counterparties have an obligation to return the securities to the Group. There are no significant terms and conditions associated with the use of collateral.

V. OTHER INFORMATION

17. SHARE BASED PAYMENT PLANS

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:

	2020		2019	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	1,685,969		1,632,924	
- granted	263,096	$52.59	419,711	$42.54
- vested	(201,620)	$69.32	(246,854)	$61.96
- forfeited	(469,899)	$53.46	(119,812)	$58.57
Balance at end of year	1,277,546		1,685,969	
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 2020:

Number of Rights	Grant Date	Vesting Date (1)	Weighted Average Fair Value (2)
254,633	10-Nov-16	30-Aug-19	$50.95
152,291	17-Nov-17	28-Aug-20	$32.61
205,331	17-Nov-17	28-Aug-20	$63.00
199,444	15-Nov-18	31-Aug-21	$33.86
219,441	15-Nov-18	31-Aug-21	$51.22
109,971	17-Nov-19	31-Aug-22	$33.36
136,435	17-Nov-19	31-Aug-22	$68.62
1,277,546			

(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

(i) 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 10 November 2016, 17 November 2017, 15 November 2018 and 15 November 2019:

	Granted 17-Nov-19	Granted 15-Nov-18	Granted 17-Nov-17	Granted 10-Nov-16
Dividend yield	2.31%	2.88%	2.27%	1.85%
Expected volatility	22.5%	22.5%	22.5%	22.5%
Historical volatility	21.6%	22.5%	21.7%	22.0%
Risk-free interest rate	0.75%	2.11%	1.93%	1.76%
Effective life of incentive right	3 years	3 years	3 years	3 years

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

V. OTHER INFORMATION (CONTINUED)

17. SHARE BASED PAYMENT PLANS (CONTINUED)

(ii) Recognition and Measurement

The Group provides benefits to employees (including Executive 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:

- The extent to which the vesting period has expired and
- 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.

18. EXPENDITURE COMMITMENTS

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 and is in effect until 15 September 2020, at which time it will be transferred back to the State of Victoria. Under this agreement Ramsay Health Care Australia Pty Limited takes full operator risk.

19. 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)

20. RELATED PARTY TRANSACTIONS

(i) Transactions with Directors of Ramsay Health Care Limited and the Group

At 30 June 2020 costs of $ Nil (2019: $16,320) were accrued for expenditures incurred on behalf of Paul Ramsay Holdings Pty Limited that had not yet been invoiced.

(ii) Compensation of key management personnel

	2020 $	2019 $
Non-Executive Directors		
Short term	2,606,423	2,650,670
Post-employment	158,706	184,767
	2,765,129	2,835,437
Executive Directors		
Short term	2,895,461	6,656,540
Post-employment	622,605	137,062
Performance/Incentive rights	(1,015,400)	5,796,003
	2,502,666	12,589,605
Executives		
Short term	2,201,286	2,650,420
Post-employment	588,011	78,904
Performance/Incentive rights	(657,130)	1,913,338
	2,132,167	4,642,662
Total		
Short term	7,703,170	11,957,630
Post-employment	1,369,322	400,733
Performance/Incentive rights	(1,672,530)	7,709,341
	7,399,962	20,067,704

21. AUDITORS' REMUNERATION

	2020 $	2019 $
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	2,311,672	2,077,282
- Fees for assurance services that are required by legislation to be provided by the auditor	-	-
- Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	48,350	55,848
- Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	555,842	723,474
Assurance related	165,301	475,665
	3,081,165	3,332,269
Amounts received or due and receivable by overseas member firms of Ernst & Young (Australia) for:		
- An audit or review of the financial report of the entity and any other entity in the consolidated group	3,552,735	4,933,775
- Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	679,274	729,400
Total fees to overseas member firms of Ernst & Young (Australia)	4,232,009	5,663,175
	7,313,174	8,995,444
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
- Audit or review of the financial report	1,950,577	1,763,648

V. OTHER INFORMATION (CONTINUED)

22. INFORMATION RELATING TO SUBSIDIARIES

Name	Country of Incorporation	% Equity Interest 2020	% Equity Interest 2019
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 Health Care Ventures Pty Limited	Australia	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%
NBH Hold Co. Pty Limited	Australia	100%	100%
NBH Operator Pty Limited	Australia	100%	100%
HOAIF Pty Limited	Australia	100%	100%

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

V. OTHER INFORMATION (CONTINUED)

22. INFORMATION RELATING TO SUBSIDIARIES (CONTINUED)

Name	Country of Incorporation	% Equity Interest 2020	% Equity Interest 2019
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%
Linear Healthcare UK Limited	UK	100%	100%
Independent British Healthcare (Doncaster) Limited	UK	100%	100%
Ramsay Diagnostics Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited	UK	100%	100%
Independent Medical (Group) Limited	UK	100%	100%
Exeter Medical Limited	UK	100%	100%
Ramsay Health Care (UK) No.1 Limited	UK	100%	100%
Ramsay Health Care Leasing UK Limited	Guernsey	100%	100%
Ramsay Santé SA*	France	52.5%	52.5%
Capio AB	Sweden	52.5%	52.5%

^ Entities included in the deed of cross guarantee as required for the instrument

** Ramsay Santé SA (formerly Ramsay Générale de Santé SA) owns a number of subsidiaries, none of which are individually material to the Group*

V. OTHER INFORMATION (CONTINUED)

23. CLOSED GROUP

Entities subject to instrument

Pursuant to Instrument 2016/785, relief has been granted to the entities in the table of subsidiaries in Note 22, (identified by ^) from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, 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, 17 December 2015 and 14 May 2019. 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 wholly owned Australian 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	
	2020	**2019**
Consolidated Income Statement	**$m**	**$m**
Profit from operations before income tax	428.1	737.3
Income tax expense	(128.5)	(211.0)
Net profit for the year	299.6	526.3
Retained earnings at the beginning of the year	1,557.1	1,339.8
AASB 16 Leases adjustment	(67.2)	-
Retained earnings adjustments for additions of entities into the class order	-	(0.2)
Dividends provided for or paid	(322.5)	(308.8)
Retained earnings at the end of the year	**1,467.0**	**1,557.1**
Consolidated Statement of Financial Position		
ASSETS		
Current Assets		
Cash and cash equivalents	564.7	103.6
Trade and other receivables	618.4	684.2
Inventories	160.0	145.2
Prepayments	31.7	24.0
Other current assets	9.9	13.0
Assets held for sale	-	16.6
Total Current Assets	**1,384.7**	**986.6**
Non-current Assets		
Other financial assets	648.8	634.3
Investments in joint ventures	245.8	270.3
Property, plant and equipment	2,381.6	2,249.0
Right of use assets	347.2	-
Goodwill and Intangible assets	1,073.8	1,081.7
Deferred tax asset	185.3	123.5
Prepayments	11.1	11.3
Non-current receivables	205.2	202.6
Total Non-current Assets	**5,098.8**	**4,572.7**
TOTAL ASSETS	**6,483.5**	**5,559.3**
LIABILITIES		
Current Liabilities		
Trade and other creditors	990.9	917.0
Interest-bearing loans and borrowings	-	0.1
Lease liability	16.6	-
Provisions	41.3	24.8
Derivative financial instruments	4.6	10.0
Income tax payable	6.9	44.8
Total Current Liabilities	**1,060.3**	**996.7**

V. OTHER INFORMATION (CONTINUED)

23. CLOSED GROUP (CONTINUED)

	Closed Group	
	2020	**2019**
	$m	**$m**
Non-current Liabilities		
Interest-bearing loans and borrowings	536.5	1,481.5
Lease liability	450.0	-
Provisions	129.3	139.2
Derivative financial instruments	9.6	14.6
Total Non-current Liabilities	1,125.4	1,635.3
TOTAL LIABILITIES	2,185.7	2,632.0
NET ASSETS	4,297.8	2,927.3
EQUITY		
Issued capital	2,197.6	713.5
Treasury shares	(78.2)	(82.0)
Convertible Adjustable Rate Equity Securities (CARES)	252.2	252.2
Retained earnings	1,467.0	1,557.1
Other reserves	459.2	486.5
TOTAL EQUITY	**4,297.8**	**2,927.3**

24. PARENT ENTITY INFORMATION

	2020	**2019**
	$m	**$m**
Information relating to Ramsay Health Care Limited		
Current assets	2,652.5	1,265.3
Total assets	2,806.7	1,410.7
Current liabilities	(3.3)	(47.7)
Total liabilities	(3.3)	(47.7)
Issued capital	(2,197.6)	(713.5)
Other equity	(605.8)	(649.5)
Total shareholders' equity	(2,803.4)	(1,363.0)
Net profit for the year after tax	279.8	399.9

As a condition of the Instrument (set out in Note 23), 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.

V. OTHER INFORMATION (CONTINUED)

25. MATERIAL PARTLY- OWNED SUBSIDIARIES

Ramsay Santé (formerly Ramsay Générale de Santé) has a material non-controlling interest (NCI): This entity represents the French and Nordic segments for management and segment reporting.

Financial information in relation to the NCI is provided below:

(i) Proportion of equity interest and voting rights held by non- controlling interests

Refer to Note 22 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 Santé at 30 June 2020 are 52.1% (2019: 52.9%). The remaining interest is held by the non-controlling interest.

(ii) Accumulated balances of non-controlling interests

Refer to the Consolidated Statement of Changes in Equity

(iii) Profit allocated to non-controlling interests

Refer to the Consolidated Income Statement

(iv) Summarised Statement of Profit or Loss and Statement of Financial Position for 2020 and 2019

Refer to Note 1. The French and Nordic segments consist only of this subsidiary that has a material non-controlling interest.

(v) Summarised cash flow information

	2020 $m	2019 $m
Operating	988.1	245.8
Investing	(306.3)	(1,459.6)
Financing	(408.4)	1,311.6
Net increase in cash and cash equivalents	273.4	97.8

ATTACHMENT 1 RAMSAY HEALTH CARE LIMITED DIRECTORS & COMPANY SECRETARY FOR THE YEAR ENDED 30 JUNE 2020

Craig McNally
CEO & Managing Director

Appointed 03/07/17

Mr Craig McNally was appointed Managing Director and Chief Executive Officer of Ramsay Health Care (Ramsay) on 3 July 2017, after serving seven years with Ramsay Health Care as Chief Operating Officer and 22 years prior to this in various roles including Head of Global Strategy and European Operations.

Mr McNally is one of Ramsay's longest serving Executives having commenced with the Company in 1988. He was initially employed as a Hospital Executive in Ramsay's Sydney-based mental health facilities, before taking over divisional responsibility for acute medical and surgical hospitals in the early nineties.

In 1995, he became Ramsay's Head of Strategic Development, and for the last two decades has been responsible for the development and implementation of Ramsay's growth strategy including brownfield expansions, international market assessments, mergers and acquisitions and new business strategies. As the Company's chief negotiator and deal-maker he has been at the forefront of all the major acquisitions and deals completed by Ramsay Health Care. His unique ability to assess the opportunities and risks associated with new business ventures and to evaluate their 'strategic fit', as well as his sound judgement and insight, has ensured the Company's successful growth both domestically and internationally.

In his role as head of Ramsay's UK and European business, Mr McNally has been responsible for leading these teams through the challenging acquisition and merger phases and ensuring their successful integration with Ramsay Health Care and adoption of The Ramsay Way culture. His quiet but assured leadership style is well-respected throughout the organisation.

Prior to joining Ramsay Health Care in 1988, Mr McNally was an executive of a private hospital in Sydney following completion of a health administration degree at the University of New South Wales.

He is married with three children and an enthusiastic fan of football, baseball and rugby.

Michael Siddle
Chairman

Appointed 27/05/14 (Appointed as a Director 26/5/75)

Mr Michael Siddle was appointed as Chairman of the Company on 27 May 2014, having formerly been Deputy Chairman for 17 years and a founding Director. He has built up significant knowledge of the business and the private hospital industry after starting with the Company in 1968. Mr Siddle has extensive experience in the management of private hospitals and has been integrally involved in Ramsay Health Care's successful expansion through construction, mergers and acquisitions.

Mr Siddle is also a Trustee of the Paul Ramsay Foundation.

Committee memberships:

- People & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)

Independence status:

- Non-independent

ATTACHMENT 1 RAMSAY HEALTH CARE LIMITED DIRECTORS & COMPANY SECRETARY FOR THE YEAR ENDED 30 JUNE 2020

Peter Evans FCA
Deputy Chairman

Appointed 27/05/14 (Appointed as a Director 29/12/90)

Mr Peter Evans was appointed as Deputy Chairman of the Company on 27 May 2014, having formerly served as a Non-Executive Director since his appointment to the Board in 1990. Mr Evans began working with Ramsay Health Care in 1969. He is a Chartered Accountant who was in public practice for over 20 years with predecessor firms of KPMG. Mr Evans has specialised in the financial management of hospitals and has had extensive experience in the health care field for 50 years.

Mr Evans is also a Trustee of the Paul Ramsay Foundation and has been actively involved with several other charitable organisations over many years.

Committee memberships:

- Risk Management Committee (Chair)
- Audit Committee (Member)

Independence status:

- Non-independent

Alison Deans BA MBA GAICD
Non-Executive Director

Appointed 15/11/18

Alison Deans has 25 years' experience building technology-enabled businesses involved in media, ecommerce, financial services and health, and across leadership roles as an executive, a director and in venture capital.

Ms Deans joined the Board of Ramsay Health Care in November 2018. She is also a Non-Executive Director of Westpac Banking Corporation, Cochlear Limited, SCEGGS Darlinghurst and Deputy Pty Ltd. She is also on the Investment Committee of MainSequence Ventures.

In her executive career Ms Deans was previously the CEO of eBay Australia and New Zealand, CEO of eCorp Limited, (a publicly listed portfolio of digital businesses), CEO of Hoyts Cinemas, and most recently CEO of netus Pty Ltd - a technology investment company acquired by Fairfax.

Ms Deans also spent seven years as a Consultant with McKinsey & Company and is currently a Senior Advisor with the firm. She holds a Master of Business Administration from the Stanford Graduate School of Business and a Master of Arts from Trinity College at Cambridge University.

In the past three years, Ms Deans has served as a Director of the following listed companies:

- Cochlear Limited (Appointed February 2015)
- Westpac Banking Corporation (Appointed April 2014)
- Insurance Australia Group Limited (Resigned October 2017)

Committee memberships:

- People & Remuneration Committee (Chair)
- Nomination and Governance Committee (Member)

Independence status:

- Independent

ATTACHMENT 1 RAMSAY HEALTH CARE LIMITED DIRECTORS & COMPANY SECRETARY FOR THE YEAR ENDED 30 JUNE 2020

James McMurdo BSc (Economics), ACA
Non-Executive Director
Appointed 10/09/19

Mr James McMurdo has over 30 years finance and banking experience. He has a background in corporate advisory spanning across mergers and acquisitions, strategic advisory and financing with experience across multiple industries including the healthcare sector. He has held senior operating management roles and worked extensively in both the Asia Pacific and European regions.

Until July 2020, Mr McMurdo was Vice Chairman of Investment Banking for Deutsche Bank based in Hong Kong. He has held senior management roles at Deutsche Bank including Global Co-Head of Corporate Finance, Head of Corporate and Investment Bank for Asia Pacific and CEO for Australia and New Zealand. He sat on the firm's Global Executive Committee for the Corporate and Investment Bank for four years.

Prior to this, Mr McMurdo was a Partner at Goldman Sachs where he held senior positions in the Investment Banking Division in Australia and Europe.

Mr McMurdo holds a degree in Economics from the University of Newcastle upon Tyne and is a member of the Institute of Chartered Accountants for England & Wales.

Committee memberships:

- Audit Committee (Member)

Independence status:

- Independent

Karen Penrose B.Com (UNSW) CPA FAICD
Non-Executive Director
Appointed 1/3/20

Ms Karen Penrose has had an extensive executive career in leadership and CFO roles, mainly in financial services. She is well-versed in financial management, customer outcomes and operating in a rapidly changing regulatory environment which stems from 20 years in banking with Commonwealth Bank and HSBC and eight years as a listed-company CFO.

Ms Penrose has been a full-time director since 2014 and is an experienced committee chair of audit and risk. In addition to being a Non-Executive Director of Ramsay Health Care, Ms Penrose also serves as a Director of Vicinity Centres, Bank of Queensland, and Estia Health. Ms Penrose is a member of Chief Executive Women and on the Board of Marshall Investments Pty Limited.

In the past three years, Ms Penrose has served as a Director of the following listed companies:

- Vicinity Centres (Appointed June 2015)
- Bank of Queensland (Appointed November 2015)
- Estia Health (Appointed October 2018)
- Spark Infrastructure Group (Resigned May 2020)
- Future Generation Global Investment Company Limited (Resigned October 2018)
- AWE Limited (Resigned April 2018)

Committee memberships:

- Audit Committee (Chair)
- Risk Management Committee (Member)

Independence status:

- Independent

ATTACHMENT 1 RAMSAY HEALTH CARE LIMITED DIRECTORS & COMPANY SECRETARY FOR THE YEAR ENDED 30 JUNE 2020

Claudia Süssmuth Dyckerhoff PhD
Non-Executive Director
Appointed 30/10/18

Dr Claudia Süssmuth Dyckerhoff PhD joined the Ramsay Health Care Board in October 2018, bringing expertise in market growth strategies, business development, and operational performance improvement in hospitals.

Dr Süssmuth Dyckerhoff has extensive global experience in hospitals and health care across Europe, Asia, and the USA. She joined McKinsey & Company in Switzerland in 1995 and was transferred to the USA focusing on supporting health care companies, including pharmaceutical/medical device companies, payor, provider and health systems in Europe and the USA. In 2006, Dr Süssmuth Dyckerhoff transferred to China, was elected Senior Partner in 2010 and supported health care companies as well as governments across Asia. She also led McKinsey's Asia-wide Health Systems and Services Sector.

Dr Süssmuth Dyckerhoff also supports three start-ups, and in September 2017 she joined the Board of med tech start-up Cyrcadia.

Dr Süssmuth Dyckerhoff studied Business Administration at the University of St Gallen, Switzerland as well as at ESADE, Barcelona where she graduated with an MBA/CEMS Master. She also holds a PhD in Business Administration from the University of St Gallen/University of Michigan Ann Arbor.

In the past three years, Dr Süssmuth Dyckerhoff has served as a Director of the following listed companies:

- Hoffmann La Roche (Appointed March 2016)
- Clariant AG (Appointed April 2016)

Committee memberships:

- Risk Management Committee (Member)

Independence status:

- Independent

David Thodey AO
Non-Executive Director (Appointed 28/11/17**)** and
Lead Independent Director (Appointed 1/03/20**)**

Mr David Thodey AO is a business leader who has had a strong executive career in the technology and telecommunications industries, with more than 30 years of experience creating brand and shareholder value.

In addition to being a Non-Executive Director and Lead Independent Director of Ramsay Health Care, Mr Thodey is currently Chairman of Australia's national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Chairman of Tyro Payments Limited (a leading alternative payments provider) and Xero Limited (a small business accounting software company).

Mr Thodey also had a successful career as CEO of Telstra, Australia's leading telecommunications and information services company, and prior to that he was CEO of IBM.

Mr Thodey holds a Bachelor of Arts in Anthropology and English from Victoria University, Wellington, New Zealand, attended the Kellogg School of Management postgraduate General Management Program at Northwestern University in Chicago, USA, and was awarded an Honorary Doctorate in Science and Technology from Deakin University in 2016 and an Honorary Doctorate of Business from University of Technology Sydney in 2018.

Mr Thodey is also a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE) and the Australian Institute of Company Directors (AICD).

Mr Thodey was awarded an Order of Australia in 2017 for his service to business and the promotion of ethical leadership and workplace diversity.

In the past three years, Mr Thodey has served as a Director of the following listed companies:

- Xero Limited (Appointed June 2019)
- Tyro Payments Limited (Appointed November 2018)
- Vodafone Group Plc (Resigned July 2020)

Committee memberships:

- Nomination and Governance Committee (Chair)
- People & Remuneration Committee (Member)

Independence Status:

- Independent

Henrietta Rowe B Econ (Soc Sci) (Hons), LLB (Hons), FGIA
Group General Counsel & Company Secretary

Appointed 25/06/19

Henrietta was appointed Group General Counsel & Company Secretary on 25 June 2019 and is responsible for the Group legal and secretariat functions.

Henrietta has more than 13 years' experience with leading global law firm, Herbert Smith Freehills, and in-house at the Commonwealth Bank of Australia, specialising in corporate governance, mergers and acquisitions, capital management, executive remuneration, as well as general corporate and contractual advice.

Henrietta holds a Bachelor of Economics (Social Sciences) (Honours) and a Bachelor of Laws (Honours) from the University of Sydney and is a Fellow of the Governance Institute of Australia.

Retired Board Members

Rod H McGeoch AO
LLB MAICD
NON-EXECUTIVE DIRECTOR
Appointed 03/07/97 & retired 14/11/19

Kerry C D Roxburgh
BCom MBA MeSAFAA
NON-EXECUTIVE DIRECTOR
Appointed 03/07/97 & retired 14/11/19

Bruce R Soden
B.Comm CA FAICD
CFO & GROUP FINANCE DIRECTOR
Appointed 02/01/97 & retired 12/09/19

Financial Report **2020**

Ramsay Health Care Limited & Controlled Entities

Ramsay
Health Care