ASX RELEASE

24 August 2023

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Appendix 4E Preliminary Final Report

Please find attached Ramsay Health Care's Appendix 4E and Results for the full-year ended 30 June 2023.

A presentation of the results hosted by Managing Director and CEO, Craig McNally, and Group CFO, Martyn Roberts, will commence at 9.30am this morning followed by a question and answer session.

A webcast of the event will be hosted on the Ramsay Health Care website:
https://www.ramsayhealth.com/en/investors/results-and-reports/

To pre-register for the webcast please click on the link below:

Webcast pre-registration link

A recording and transcript of the webcast will be available later in the day.

Yours sincerely

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The release of this announcement has been authorised by the Ramsay Health Care Board of Directors.

Ramsay Health Care
ABN 57 001 288 768

ASX: FY23
Full Year Results

12 months to 30th June 2023

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Ramsay
Health Care

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1 Appendix 4E – Key Matters

Results for Announcement to the Market

Year Ended June A$'m	2023	2022	Chg (%)	Chg (%) cc[1]
Continuing Operations				
Revenue from patients and other revenue	15,254.1	13,714.4	11.2	11.1
Total revenue and other income (less interest income)	**15,339.1**	**13,747.1**	11.6	11.4
Earnings before finance costs, tax, depreciation, amortisation and rent (EBITDAR)	**2,149.6**	**1,952.3**	10.1	9.7
Earnings before finance costs, tax, depreciation, amortisation and impairment (EBITDA)	**2,002.2**	**1,814.9**	10.3	9.9
Earnings before finance costs and tax (EBIT)	**1,001.4**	**876.0**	14.3	13.2
Financing costs associated with leases (AASB16)	(253.0)	(242.2)	(4.5)	(4.8)
Net other financing costs	(221.3)	(110.6)	(100.1)	(101.7)
Income Tax Expense	(181.5)	(159.3)	(13.9)	(13.3)
Net Profit after tax from continuing operations	**345.6**	**363.9**	(5.0)	(8.8)
Discontinued Operations				
Profit after tax from discontinued operations[2]	19.9	15.3	30.1	30.6
Net profit after tax for the year	**365.5**	**379.2**	(3.6)	(3.8)
Attributable to non-controlling interests	(67.4)	(105.2)	35.9	39.2
Net Profit after tax attributable to owners of the parent	**298.1**	**274.0**	8.8	5.1
Final Convertible Adjustable Rate Equity Securities (CARES) dividend per share ($)[3]	3.061	2.055	49.0	-
Franking - CARES (%)	100.0	100.0	-	-
Interim ordinary dividend per share (¢)	50.0	48.5	3.1	-
Final ordinary dividend per share (¢)[4]	25.0	48.5	(48.5)	-
Franking final ordinary dividend (%)	100.0	100.0	-	-
Total Basic Earnings per share (after CARES dividend) (¢)[5]	125.1	116.3	7.6	-
Total Fully diluted earnings per share (after CARES dividend) (¢)[5]	124.8	116.1	7.5	-
Weighted average number of ordinary shares (m)	227.9	227.8	-	-
Fully diluted weighted average number of shares (m)	228.4	228.3	-	-

1 *Constant currency*
2 *On 28th June 2023 Ramsay announced that together with its partner Sime Darby Berhad (Sime Darby), a decision had been made to explore the possibility of realising a sale of its 50:50 joint venture in Asia, Ramsay Sime Darby (RSD). As a result of this decision the investment in RSD has been re-classified as a discontinued operation and as an investment that is 'held for sale'*
3 *Record date is 29th September 2023, payment date 20th October 2023*
4 *Record date 7th September 2023, payment date 29th September 2023*
5 *EPS attributable to equity holders of the parent*

Growth in total revenue and other income reflects an increase in activity across all regions led by surgical activity, a gradual recovery in non surgical activity and includes full year contributions from businesses acquired in FY22 including Elysium Healthcare (Elysium) and GHP Speciality Care (GHP) (Revenue $776.8m increase compared to the previous corresponding period (pcp), EBITDA contribution $34.3m higher than the pcp).

EBIT includes a positive contribution from non recurring items of $42.1m ($60.5m negative contribution in the pcp) the primary contributors being net profit on the sale of assets in Ramsay Santé of $55.3m and a $20.5m impairment taken against 3 properties in the 84 property Elysium portfolio.

Group EBIT (inclusive of discontinued operations) increased 14.6% on the pcp reflecting the improving operating environment in Australia, the UK acute hospital business and Ramsay Sime Darby (RSD). The positive results were offset to an extent by lower earnings from Ramsay Santé and Elysium.

The rate of recovery in earnings across the Group was slowed by staffing shortages and inflationary cost pressures in particular labour costs. The estimated direct impact of operating in a COVID environment in Australia and the UK combined in 1QFY23 was $66.8m. The direct impact has declined to an immaterial level with residual costs expected to continue in the business for the foreseeable future.

Net financing costs increased 34.4% to $474.3m. Net financing costs (excl. AASB 16 lease costs) increased 100.1% on the pcp reflecting the impact of rapidly rising base rates and higher drawn debt over the period. Net financing costs includes net positive swap mark to market movements of $26.8m ($34.1m in the pcp). Removing the impact of mark to market movements financing costs increased 71.5%.

The effective tax rate increased from 29.6% to 33.2% primarily due to higher non deductible interest in the UK.

Ramsay continued to invest in the business to expand its services footprint and build its digital and data capability to improve the patient, employee and doctor experience and drive productivity. Investment in brownfield, greenfield and growth projects was $771.5m and investment in digital and data was $108.1m ($83.7m was expensed).

A full year dividend of 25.0cps was determined down 48.5% on the pcp taking the full year dividend to 75.0cps representing a payout ratio of 60% of full year Statutory Net Profit.

2 Operating and Financial Review

2.1 Who We Are

Ramsay Health Care (Ramsay) provides quality health care through a global network of clinical practice, teaching and research. Ramsay Health Care's global network extends across 10 countries, with over eleven million admissions/patient visits to its facilities in over 530 locations. Ramsay was founded by Paul Ramsay AO (1936-2014) in 1964 and has always focused on maintaining the highest standards of quality and safety; being an employer of choice; and operating the business based on a culture known as the "Ramsay Way" with a philosophy based on "People Caring for People"[1]. Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalisation of A$12.3bn[2] and an enterprise value (EV) of A$17.4bn[2] (EV of A$23.4bn inclusive of lease liabilities). The Ramsay Group employs over 89,000 people globally. Ramsay's operations are split across four regions:

Australia

Ramsay Australia has 74 private hospitals, clinics and day surgery units in Australia and is Australia's largest private hospital operator. Ramsay operations include mental health facilities as well as the operation of three public facilities. The business also has 14 community psychology practices, hospital in the home services, telehealth and allied health clinics. In addition, Ramsay has established the Ramsay Pharmacy retail franchise network which supports more than 60 community pharmacies and 40 in-hospital dispensaries. Ramsay Australia admits more than one million patients annually and employs more than 33,000 people.

Europe

Ramsay Santé is the second largest private care provider in Europe, operating 244 hospitals and clinics, 167 primary care centres and 32 imaging and radiotherapy centres across five countries in Europe. In France, Ramsay Santé has a market leading position in acute care and mental health facilities. In Denmark, Norway and Sweden, Ramsay Santé operates facilities including primary care units, specialist clinics and hospitals. Ramsay Santé also operates a 93-bed hospital in Italy. Ramsay Santé employs more than 36,000 employees and its facilities have approximately eleven million patient visits each year. Ramsay Health Care owns 52.79% of Ramsay Santé which is listed on the European financial markets' platform Euronext.

UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialities to private and self-insured patients as well as to patients referred by the NHS. Ramsay UK also operates a diagnostic imaging service. Ramsay UK cares for more than 184,000 patients per year and employs more than 6,600 people.

Ramsay recently acquired Elysium Healthcare a leading independent operator of long-term medium and low security hospitals and complex care homes for individuals with mental health conditions. Elysium has 76 operational sites across the UK and approximately 2,000 beds. The business employs more than 9,000 people.

Asia

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates three hospitals in Indonesia and four hospitals in Malaysia. The business employs more than 4,000 people. Ramsay Sime Darby is a 50:50 joint venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad.

[1] Please refer to www.Ramsayhealth.com/About-Us/Values website
[2] Closing price on 22nd August 2023

2.2 Group Performance

2.2.1 Overview of Results

Year Ended June A$'m	2023	2022	Chg (%)	Chg(%) cc[1]
Asia Pacific	5,711.0	5,361.2	6.5	6.5
UK	1,941.2	1,321.5	46.9	49.4
Europe	7,686.9	7,064.4	8.8	8.1
Total segment revenue & other income	**15,339.1**	**13,747.1**	11.6	11.4
Asia Pacific	816.9	725.5	12.6	13.6
UK	208.9	82.0	154.8	156.8
Europe	1,143.7	1,160.1	(1.4)	(2.5)
EBITDAR including discontinued operations	**2,169.5**	**1,967.6**	10.3	10.1
Rent on short term or low value leases	(147.4)	(137.4)	(7.3)	(7.6)
Asia Pacific	806.2	713.6	13.0	14.0
UK	206.3	80.1	157.6	159.7
Europe	1,009.6	1,036.5	(2.6)	(3.9)
EBITDA including discontinued operations	**2,022.1**	**1,830.2**	10.5	10.2
Depreciation	(940.3)	(881.8)	(6.6)	(5.2)
Amortisation & impairment	(60.5)	(57.1)	(6.0)	(6.4)
Asia Pacific	576.4	467.3	23.3	23.5
UK	63.8	(26.2)	-	-
Europe	381.1	450.2	(15.3)	(17.8)
EBIT including discontinued operations	**1,021.3**	**891.3**	14.6	13.2
Financing costs (AASB16 Leases)	(253.0)	(242.2)	(4.5)	(4.8)
Net other financing costs	(221.3)	(110.6)	(100.1)	(101.7)
Profit before Tax including discontinued operations	**547.0**	**538.5**	1.6	1.1
Income Tax Expense	(181.5)	(159.3)	(13.9)	(13.3)
Net Profit after tax including discontinued operations	**365.5**	**379.2**	(3.6)	(7.2)
Attributable to non-controlling interests	(67.4)	(105.2)	35.9	39.2
Net Profit after tax attributable to owners of the parent	**298.1**	**274.0**	8.8	5.1
Final dividend per share (¢)	25.0	48.5	(48.5)	-
Full year dividend per share (¢)	75.0	97.0	(22.7)	-
Basic Earnings per share (after CARES dividend) (¢)	125.1	116.3	7.6	-
Fully diluted earnings per share (after CARES dividend) (¢)	124.8	116.1	7.5	-
Weighted average number of ordinary shares (m)	227.9	227.8	-	-
Fully diluted weighted average number of shares (m)	228.4	228.3	-	-

1 Constant currency

2.2.1.1 Revenue Breakdown by type

Year Ended June A$'m	2023	2022	Chg (%)	Chg (%) cc[1]
Revenue from patients and other revenue	14,962.2	13,174.0	13.6	12.4
Revenue from governments under COVID support contracts	1.7	138.4	-	-
Revenue from contracts with customers	**14,963.9**	**13,312.4**	12.4	12.3
Interest income	39.9	36.2	10.2	6.9
Other income - income from government grants	290.2	402.0	(27.8)	(27.9)
Other income - income from the sale of development assets	14.9	1.8	-	-
Other income - net profit on disposal of non-current assets	60.3	23.8	153.4	152.3
Total revenue and other income before intersegment revenue	**15,369.2**	**13,776.2**	11.6	11.4

1 Constant currency

The increase in revenue from patients and other revenue reflects the increase in activity levels in each region lead by growth in surgical admissions with non surgical activity recovering in 2HFY23. Growth in surgical admissions in Australia and Europe was skewed to day or short stay surgeries reflecting a large proportion of deferred surgery from the prior period being lower acuity surgery, combined with a trend in France in some elective specialities to day surgery.

In Europe, Ramsay Santé continued to make its facilities and clinical capabilities available to support public health systems to assist in the response to further outbreaks of the COVID virus. "Other income from government grants" reflects payments received under the French Government decree which provides compensation for both lost revenue and the costs to Ramsay Santé of providing its facilities and services to assist with supporting COVID patients. It also includes compensation for COVID related costs and compensation for wage increases and the impact of high inflation on the business from both the French and Nordics governments.

Activity is now at a level in France where the reliance on the guarantee has declined significantly with $137.5m (€88.7m) revenue booked for the 12 month period under the guarantee representing 2.6% of total revenue reported in France for the period. The remaining $152.7m represents cost compensation.

The revenue contribution from businesses acquired in FY22 including Elysium and GHP was $776.8m higher than the pcp.

Net profit on the disposal of non-current assets reflects net profit on the sale of assets in Europe of $56.9m combined with profit on the sale of the Murray Valley hospital site in Australia of $3.4m.

Income from the sale of development assets represents the sale of medical suites in Australia ($7.6m in profit included in non-recurring items).

2.2.2 EBIT

Non-Recurring Items in the FY23 Result

A$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of non-current assets and businesses	11.0	-	55.3	66.3
Net Impairment of fixed assets + right of use assets	-	(14.3)[1]	-	(14.3)
Partial reversal of non-recurring employee costs	5.5	-	-	5.5
Transaction costs/ Acquisition, disposal, and development costs	(2.6)	(0.6)	(12.2)	(15.4)
Total EBIT Impact	**13.9**	**(14.9)**	**43.1**	**42.1**
Net swap mark to market movements	8.8	-	18.0	26.8
Total PBT Impact	**22.7**	**(14.9)**	**61.1**	**68.9**
Income tax impact of non-recurring items	(6.8)	3.0	(16.8)	(20.6)
Non-controlling interests in non-recurring items net of tax	-	-	(20.8)	(20.8)
NPAT impact	**15.9**	**(11.9)**	**23.5**	**27.5**

1 *Includes a $20.5m site impairment in Elysium partially offset by a write back of a prior year impairment in Ramsay UK $6.2m*

Non-Recurring Items in the FY22 Result

A$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of non-current assets and businesses	8.6	-	10.6	19.2
Expensing of IT and other assets	(12.6)	(0.2)	-	(12.8)
Impairment of fixed assets	(10.1)	-	(1.2)	(11.3)
Refund of prior year rent	-	-	8.3	8.3
Inventory write off	(4.3)	(18.0)	-	(22.3)
Write back of a provision for indemnities and warranties	-	-	24.8	24.8
Non-recurring employee costs	(10.0)	-	-	(10.0)
Transaction costs/ Acquisition, disposal, and development costs	(11.8)	(26.2)	(18.4)	(56.4)
Total EBIT impact	**(40.2)**	**(44.4)**	**24.1**	**(60.5)**
Bank loan facility break costs netted against interest savings	(7.4)	-	-	(7.4)
Net swap mark to market movements	-	-	34.1	34.1
Total PBT Impact	**(47.6)**	**(44.4)**	**58.2**	**(33.8)**
Income tax impact of non-recurring items	14.3	8.4	(11.3)	11.4
Non-controlling interests in non-recurring items net of tax	-	-	(22.5)	(22.5)
NPAT impact	**(33.3)**	**(36.0)**	**24.4**	**(44.9)**

The contribution to Group EBITDA from businesses acquired in FY22 including GHP and Elysium and smaller businesses in the Nordics was $34.3m higher than the pcp.

Underlying Group EBIT (ex-non recurring items) increased 2.9% on the pcp reflecting the improving operating environment in Australia, the UK acute hospital business and Ramsay Sime Darby. The result was offset to an extent by lower earnings from Ramsay Santé and Elysium .

Whilst 2HFY23 statutory NPAT was significantly below 1HFY23 due to increased interest and tax costs and a negative contribution from non-recurring items, EBIT before non-recurring items for 2HFY23 was only 1.5% below 1HFY23 due to acute seasonality factors in Australia and a lower performance from Elysium.

Ramsay Santé's performance reflects the impact of inflation on costs over the last few years not fully reflected in government tariffs combined with restrictions on capacity utilisation in the first part of the year due to labour shortages.

The short term performance of the Elysium business has been impacted by critical labour shortages restricting capacity utilisation and resulting in higher labour costs. Elysium's performance started to improve in 4QFY23 as the recruitment pipeline reduced staff vacancies and agency costs.

The Group result includes the estimated direct impact of operating in a COVID environment in Australia and the UK combined in 1QFY23 of $66.8m. The estimated direct impact thereafter declined to an immaterial level. The residual costs associated with COVID are expected to continue for the foreseeable future.

The positive contribution from non- recurring items in FY23 was weighted to the 1HFY23 result. At the EBIT level the contribution in 1HFY23 was $56.3m, in 2HFY23 non-recurring items made a negative contribution of $14.2m. Non-recurring items for the 12 month period included:

- Net profit of $55.3m on the sale of assets in Europe (profit netted against a small loss on sale) including $46m on a property adjacent to a Ramsay Santé hospital in the Nordics portfolio;
- Net profit of $11m on the sale of consulting suites in Australia and profit on the sale of the Murray Valley hospital site;
- The movement in amortisation and impairments reflects the reversal of an impairment taken against an underperforming hospital in the UK in FY18, the performance of which has subsequently been improved ($6.2m), offset by the impairment of 3 sites in the Elysium portfolio of ($20.5m);
- Non-recurring employee costs in Asia Pacific represents the partial reversal of a provision taken in the FY22 result.

Refer to Divisional Performance for further detail.

2.2.3 Financing Costs and Tax

Net financing costs (incl.of AASB 16 costs) increased 34.4 % to $474.3m slightly above the range forecast for the year of $430-460m and includes a lower positive impact of the swap mark to market in Ramsay Santé's financing facilities ($26.8m compared to $34.1m in the pcp). Net financing costs (ex AASB 16) increased 100.1% over the pcp. Excluding the impact of swap mark to market movements, net financing costs increased 71.5% reflecting higher base rates and higher average drawn debt across the period compared to the pcp.

The weighted average cost of debt for the Funding Group[1] at 30 June was 4.74% (excluding CARES). Approximately 73% of the Funding Group debt at 30 June was hedged at an average base rate (excluding lending margin) of 3.04%.

The weighted average cost of debt for the Consolidated Group at 30th June was 4.73% (excluding CARES). Approximately 73% of the Consolidated Group debt at 30 June was hedged at an average base rate (excluding lending margin) of 2.57%.

Ramsay Santé continues to be supported by its own funding arrangements underpinned by secured loan facilities.

The effective tax rate for the period (inclusive of discontinued operations) was 33.2% compared to 29.6% in the pcp primarily reflecting the non deductibility of interest in the UK.

2.2.4 Balance Sheet

A$'m	30-6-2023	31-12-2022	30-6-2022
Working capital	(498.4)	(169.4)	(345.1)
Property plant & equip	5,238.1	5,035.7	4,806.5
Intangible assets	6,163.7	5,961.9	5,820.8
Current & deferred tax assets	89.8	106.2	111.7
Other assets/(liabilities)	(17.0)	(68.6)	(169.7)
Capital employed (before right of use assets)	**10,976.2**	**10,865.8**	**10,224.2**
Right of use assets	4,949.1	4,735.4	4,629.5
Capital employed	**15,925.3**	**15,601.2**	**14,853.7**
Capitalised Leases (AASB16)	**5,954.9**	**5,645.6**	**5,482.4**
Net Debt (excl. lease liability debt & incl. derivatives)	5,147.2	5,241.0	4,845.1
Total shareholders funds (excl. minority interest)	4,154.8	4,070.1	3,933.5
Invested Capital	**9,302.0**	**9,311.1**	**8,778.6**
Funding Group Net Debt (excl. lease liability debt and incl derivatives)[1]	2,664.4	2,601.8	2,416.8
Return on invested capital (ROIC) (%) AASB16 accounting methodology[2]	4.4	4.6	4.3[3]
Return on invested capital (ROIC) (%) cash methodology[4]	11.2	12.1	11.5
Funding Group Leverage (Old Lease Standard AASB 117) (x)[1 '5]	3.2	3.5	3.3
Consolidated Group Leverage (AASB 117) (x)[6]	3.6	3.9	3.5

1 The Funding Group excludes Ramsay Santé. Banking covenants and Fitch rating are calculated on the Funding Group rolling 12 month earnings profile and net debt
*2 Accounting ROIC = 12 mth rolling EBIT *(1-tax)/average of opening and closing invested capital*
3 Proforma excluding funds in escrow for the Spire transaction
4 Cash ROIC = 12 month rolling NOPAT (based on AASB117)/average opening and closing invested capital (AASB117)
5 Net debt (pre AASB16 basis) /EBITDA excluding non recurring items
6 Prepared on a pre AASB16 basis Net debt/rolling 12 month EBITDA

1 Funding Group – excludes Ramsay Santé (funded by stand alone debt facilities). Banking covenants and Fitch rating based on the Funding Group earnings profile and net debt. Ramsay Santé continues to be supported by its own funding arrangements underpinned by secured loan facilities against assets on its balance sheet

Key changes in the balance sheet since 30th June 2022 relate to:

- The acquisition by Elysium of two UK child and adolescent mental health services facilities from Regis Healthcare Ltd (Regis) for $68.1m (£40m); combined with the opening of brownfield and greenfield developments across the Group;
- The completion of purchase price accounting for the acquisition of GHP in 2HFY22. Exchange rate translation on both Ramsay Santé and UK goodwill also contributed to the increase in intangible assets since 31st December 2022;
- The increase in “Right of Use Assets” is due to FX changes and additional leases being capitalised in Ramsay Santé following the lowering of its lease value threshold;
- The reclassification of the investment in Ramsay Sime Darby as "held for sale";
- The sale of a hospital and associated land in Norway owned by Ramsay Santé. There is a deferred payment associated with the sale of the property of $30.5m (€20.2m) classified as a non current asset; and
- The movement in working capital over the 12 month period is primarily related to the reimbursement of receivables under the French Government revenue guarantee.

During the twelve month period lenders to Ramsay’s Funding Group agreed to increase the maximum allowable leverage ratio within its banking covenants from 3.5x to 4x to take into account the short-term impact of COVID on earnings. The Funding Group finished the period at 3.2x.

2.2.5 Cashflow

Year ended June A$'m	2023	2022	Chg (%)
EBITDA including discontinued operations	2,022.1	1,830.2	10.5
Changes in working capital	153.3	(457.1)	-
Finance costs	(465.8)	(375.4)	(24.1)
Income tax paid	(234.2)	(229.3)	(2.1)
Movement in other items	(195.8)	(52.9)	(270.1)
Operating cash flow	**1,279.6**	**715.5**	**78.8**
Capital expenditure	(720.9)	(708.5)	1.8
Free cash flow	**558.7**	**7.0**	**7,881**
Net divestments/(acquisitions)	(12.8)	734.1	101.7
Interest & dividends received	19.9	4.4	352.3
Cash flow after investing activities	**565.8**	**745.5**	**(24.1)**
Dividends	(236.8)	(371.0)	36.2
Other financing cash flows	(5.6)	(1,039.9)	(99.5)
Net increase/(decrease) in cash	**323.4**	**(665.4)**	**148.6**
Cash interest cover (x) (EBITDA/finance charges)	4.3	4.9	(11.3)

Operating cashflow increased 79% driven by higher earnings and a material improvement in working capital reflecting the reimbursement of receivables in Ramsay Santé.

Net divestments/(acquisitions) includes receipts from the sale of assets in Europe, receipts from the sale of development assets in Australia and the sale of the Murray Valley hospital in Australia netted against the acquisition by Elysium of two UK based child and adolescent mental health services facilities.

Ramsay continued to invest in the business over the period. Total Group cash capital expenditure for the period was $715m. The difference between total Group capex of $771.5m and cash capex being primarily finance leases subsequently taken out against assets in Ramsay Santé.

2.2.6 Outlook

Group

Ramsay is uniquely positioned to win share and benefit from the growing demand for healthcare services underpinned by changes in demographics, clinical and technological advancements and high demand for healthcare services requiring governments and the private sector to work more closely together. **The current environment dictates some change in the emphasis and focus of the long term strategy.**

In light of higher development costs and disruption in the building industry combined with some of the trends that have emerged through COVID, **investment in the pipeline of opportunities will be modified to ensure disciplined capital allocation and focused execution of the strategy with Australia being the key priority for investment**.

The emphasis of the Australian growth strategy will shift towards investment in digital and data platforms to drive and support growth and improve the efficiency of the business. Investment in the physical footprint will be focused towards treatment and diagnostics capacity in addition to investment in out of hospital activities to create a more integrated healthcare experience for patients.

Australian earnings in FY24 are expected to reflect mid single digit volume growth as the market continues to recover. **A range of initiatives have been introduced to improve near term performance** focused on driving top line growth, improving revenue management and operational excellence and cost efficiencies, designed to offset the ongoing pressure on costs, in particular labour costs.

In FY24 **Ramsay UK is forecasting volume growth in the mid to high single digits driven from both the public and private sector** while continuing to target higher acuity activity. The business will continue to focus on functional excellence and operational efficiencies to offset ongoing cost pressures.

The performance of Elysium is expected to improve in FY24 off a stronger 4QFY23 performance (pre-impairment of PPE right of use asset) driven by a reduction in staff vacancy rates resulting in lower labour costs combined with a focus on other costs and higher reimbursement rates. A failure to improve profitability would result in the deterioration of Elysium's financial outlook in the near-term and may adversely impact its valuation.

Ramsay Santé is currently forecasting top line volume growth of low single digit in France and better in the Nordics supported by the acquisitions made over the last years. The business will continue to focus on integrating recently acquired businesses and licences and self funding the build out of its regional out of hospital services to support its strong core hospital business. Margins will continue to be impacted by the cumulative impact of the higher cost environment that is currently not fully reflected in the annual tariff set for the year from 1st March 2023. Reflecting rising base rates and higher drawn debt, net interest expense is expected to be materially higher than FY23.

In June 2023 Ramsay announced, in conjunction with its 50:50 joint venture partner Sime Darby Berhad, that it was exploring the sale of the RSD.[1] **A sale process was commenced which has resulted in the receipt of a number of non-binding indicative offers. Ramsay and Sime Darby are in the process of narrowing the number of parties we will take through to the next stage of the process.** We expect to announce the outcome of the process before the AGM, noting that there is no certainty that a sale process will result in a completed transaction.

Ramsay expects growth in earnings in FY24 to be driven by:

- Mid single digit top line growth driven by higher volumes and higher reimbursement levels;
- Margin recovery will be slowed by ongoing inflationary pressures across most costs which are not fully reflected in reimbursement structures;
- An increase in digital and data opex investment in Australia of $34-44m over FY23 (total opex $60-70m);
- Depreciation and amortisation is expected in the range of $1.0bn - $1.1bn;
- Net interest expense (incl. of AASB16 lease costs) is expected to be in the range $570-600m reflecting higher average base rates;[2]
- The effective tax rate is expected to be ~30%;
- The balance sheet is expected to de-lever through a combination of organic growth and proceeds from the potential sale of RSD;
- Investment in brownfield and greenfield projects in Australia is expected to be $250-300m focused on expanding hospital treatment capacity and its out of hospital services footprint;
- Group capex is expected to be $0.89-$1.02bn; and
- The dividend payout ratio is expected to be in the range of 60-70% of Statutory Net Profit.

For further information on the **Outlook** refer to Divisional Performance for further details

[1] Refer ASX announcement dated 28th June 2023
[2] Does not assume the sale of RSD

2.3 Divisional Performance

2.3.1 Asia Pacific

2.3.1.1 Results Summary

Australia

Year Ended June A$'m	2023	2022	Chg (%)
Revenue from patients and other revenue	5,682.9	5,331.4	6.6
Revenue from governments under COVID support contracts	-	12.3	-
Other income - income from the sale of development assets	14.9	1.8	-
Other income - net profit on disposal of non-current assets	3.4	8.6	(60.5)
Intersegment revenue	9.8	7.1	38.0
Total segment revenue and other income (less interest income)	**5,711.0**	**5,361.2**	6.5
EBITDAR	**797.0**	**710.2**	12.2
Rent	(10.7)	(11.9)	10.1
EBITDA	**786.3**	**698.3**	12.6
Depreciation	(219.8)	(222.4)	1.2
Amortisation and impairment	(10.0)	(23.9)	58.2
EBIT	**556.5**	**452.0**	23.1
Financing costs associated with leases (AASB16 leases)	(44.9)	(42.2)	(6.4)
EBIT after financing costs associated with leases	**511.6**	**409.8**	24.8
Capital Expenditure	332.0	307.0	-

Contribution from Asian Joint Venture (within discontinued businesses)

Year Ended June A$'m	2023	2022	Chg (%)
Share of profit from Joint Venture	19.9	15.3	30.1

Year Ended June MYR'm[1]	2023	2022	Chg (%)
Revenue	1,320.4	1,178.2	12.1
EBITDA	301.1	259.6	16.0
EBIT	**187.9**	**158.7**	18.4

1 *Represents the results for 100% of Ramsay Sime Darby*

2.3.1.2 Review of Results

2.3.1.2.1 Australia

The result in Australia benefited from growth in volumes compared to the pcp and FY19 (pre COVID) levels across all categories except psychiatry (psych) and maternity with the rate of volume growth in the 2HFY23 stronger than the rate of growth in 1HFY23. The operating environment gradually improved over the 12 month period, albeit the rate of growth has been slower than expected, as disruptions caused by COVID and workforce shortages started to normalise.

Total admissions per work day increased 4.7% compared to the pcp and 5.8% vs FY19 (pre COVID). Key trends in admissions across the 12 month period included:

- Surgical admissions per work day increased 7% over the pcp (9% versus FY19) with day surgery increasing at a faster rate of 7.6% than overnight surgery at 5.9% compared to the pcp. Growth in 2HFY23 was higher than 1H at 10.1% vs pcp (10% compared to 2HFY19) compared to 1H at 3.9% (7.8% increase vs 1HFY19);
- Non surgical admissions per workday increased 2.3% compared to the pcp (2.4% compared to FY19). Growth in 2HFY23 was higher at 6.5% led by increases in rehabilitation (10.3 % on pcp) and medical admissions. Psych volumes have been slower to recover remaining below FY19 levels. Maternity volumes are also currently below last year and FY19 by 9%.

Revenue from the Pharmacy business increased 6.8% on the pcp to $511.3m driven by increased volumes combined with the expansion of aged care and professional services. During the year, an additional community pharmacy franchise was opened in Queensland. Other opportunities are being pursued to expand the portfolio in line with strategic objectives including the launch of an e-commerce platform, continued focus on services to aged care and expanded funded professional pharmacist services.

The State government viability agreements to recover losses stemming from the operating restrictions around COVID, ceased on 30th September 2022. Ramsay has subsequently entered into agreements with state government health authorities to undertake public work on a more commercial basis moving forward.

Amortisation and impairment declined over the period due to a $10.1m impairment charge taken in the pcp.

EBIT grew 23.1% on the pcp benefiting from volume growth, the reduced impact of COVID cases in the community and the easing in the impact of labour shortages on capacity utilisation and labour costs in the business. Margins are gradually benefiting from improved activity and operational leverage, as well as programs introduced to better manage labour costs.

Negotiations with a number of health funds have been completed over the last twelve months. Negotiated rates of indexation and contract terms have been more reflective of the inflationary environment at the time of contracting. Given the ongoing escalation in costs, in particular wage increases and government charges and levies, the business will continue to have a proactive dialogue with key stakeholders around reimbursement models.

The result includes digital and data opex of $27m an increase of $20m on the pcp. The result also includes cyber security related opex of $10m.

There is a positive EBIT contribution from non-recurring items of $13.9m which includes the $5.5m partial reversal of a provision in the FY22 result for non recurring employee costs, a $7.6m profit on the sale of development assets and a $3.4m profit on the sale of the Murray Valley hospital site. The FY22 EBIT result included a negative contribution from non-recurring items of $40.2m. (Refer tables in Section 2.2.2 for further details).

The result also reflects higher global overheads, compared to the pcp (increased $8.9m on the pcp). Removing the impact of non recurring items and the increase in global overheads the Australian EBIT result increased 12.0% on the pcp and includes an improvement in EBITDAR margins in 4QFY23 compared to 3Q.

2.3.1.2.2 Ramsay Sime Darby

The Ramsay Sime Darby (RSD) joint venture reported a 30.1% increase in its equity accounted contribution driven by a 18.4% increase in EBIT (in local currency) over the pcp reflecting growth in Malaysia offset by lower earnings in Indonesia due to the benefits of COVID related activities in the prior year.

2.3.1.3 Capital Expenditure

Total capital expenditure in Australia was $332m split across:

- $208m in brownfield and greenfield projects
- $18m in other growth projects
- $11m in digital and data projects. This spend is in addition to the digital and data opex of $27m mentioned above
- $95m in routine and compliance projects

Brownfield and greenfield investment was at the lower end of original forecasts due to delays caused by external approval processes and issues in the building industry at the current time. Spend in FY23 included the Northern Private Hospital in Melbourne (scheduled to be completed by the end of CY2023) greenfield project and the redevelopment of Warringal Hospital in Melbourne. Activity in FY23 also included investment in out of hospital activities including expanding Ramsay Psychology from 11 clinics to 18 at the end of June.

Brownfield projects completed during the period with a net investment of $73.8m delivered 22 net beds, one theatre and one cath lab. Projects completed during the year included the expansion of Wollongong hospital and the expansion of treatment capacity at Peninsula hospital.

2.3.1.4 Outlook

Australia

In the medium term the Australian business's strategy will focus on:

- Investing in its extensive hospital network to ensure that its facilities meet the future demand for healthcare services;
- Investing in new and adjacent services including its day surgery strategy, psychology clinics and out of hospital community care services;
- Focusing on operational excellence including an expanded procurement strategy to leverage Ramsay's global scale to offset rising costs;
- Investing in its operational foundations including its 5 year digital and data strategy and sustainability initiatives encompassing the reduction of carbon emissions and single use plastics; and
- Ongoing workforce initiatives to ensure the business stays highly competitive, mitigates the risks in the current tight labour market and differentiates itself as a service provider of the future.

FY24 Outlook

Australian earnings in FY24 are expected to improve on the back of mid single digit volume growth, productivity improvements coming from improved labour management and cost saving initiatives.

The business has launched a range of operational and transformation programs in 3 areas:

- Activity growth;
- Improved revenue management; and
- Operational excellence and cost efficiencies.

Earnings will reflect the upfront costs of opening the new Northern Hospital in Melbourne combined with additional state levies and taxes and an increase in cyber security related costs ($10m higher than in FY23).

The business will continue to ensure health insurers pay indexation that better reflects the cumulative impact of inflation on costs over the last few years and the ongoing upward pressure on wages in the market including the increase in the superannuation guarantee.

The Out of Hospital operations will continue to focus on underlying organic growth combined with the rollout of new sites in 2024.

The Australian business will continue to invest for growth in its greenfield and brownfield program together with an increased emphasis on growing the digital and data platform to supporting future growth and productivity improvements:

- Net investment in digital and data projects is expected to be $76-86m in total ($40-50m increase on FY23) split into $60-70m in net opex ($34-44m increase on FY23) combined with $16-18m in capex
- Investment in digital and data projects is expected to increase in FY25 to $140-160m. It is expected that this will be treated $70-80m as net opex and $70-80m as capex
- Based on current plans net opex is expected to peak in FY25 and become a net benefit in FY28[1]. Benefits of the digital and data investment programs are expected to be a mix of productivity, growth in revenue and cost reduction/avoidance
- The brownfield and greenfield project pipeline has been reviewed given high construction costs, problems in the building industry at the current time and a slowdown in approval processes. The range is now expected to be $250-300m. Projects will continue to be focused on expansion of treatment capacity as opposed to material increases in bed capacity

Ramsay Sime Darby

In FY24 RSD expects to report further growth in earnings driven by an ongoing recovery in activity in demand for surgical services and an increase in demand for out of hospital services including in home care and allied services such as health screenings, eye health and dental care.

On 28th June 2023 Ramsay announced that together with its partner Sime Darby Berhad (Sime Darby), a decision had been made to explore the possibility of realising a sale of its 50:50 joint venture in Asia, RSD.[2] The decision was reached following the receipt of significant inbound interest in RSD at values that are in shareholders' interests to explore.

Subsequent to the announcement in June, a sale process was commenced which has resulted in the receipt of a number of non-binding indicative offers. Ramsay and Sime Darby are in the process of narrowing the number of parties we will take through to the next stage of the process. We expect to announce the outcome of the process before the AGM, noting that there is no certainty that a sale process will result in a completed transaction.

[1] The benefits of programs delivered outweigh the investment in new programs
[2] Refer ASX announcement dated 28th June 2023

2.3.2 United Kingdom

2.3.2.1 Results Summary

Year Ended June A$'m	2023	2022[1]	Chg (%)
Ramsay UK - acute hospital business			
Revenue from patients and other revenue	1,147.0	911.1	25.9
Revenue from governments under COVID support contracts	1.7	126.1	(98.7)
Total revenue and other income	**1,148.7**	**1,037.2**	10.8
EBITDAR	**172.3**	**46.8**	268.2
Rent	(1.2)	(1.4)	14.3
EBITDA	**171.1**	**45.4**	276.9
Depreciation	(94.0)	(92.8)	(1.3)
Amortisation and impairment	6.4	(1.8)	-
EBIT	**83.5**	**(49.2)**	-
Financing costs associated leases (AASB16 Leases)	(77.3)	(82.6)	6.4
EBIT less financing costs associated with leases	**6.2**	**(131.8)**	-
Capital Expenditure	44.3	71.8	-
Elysium - Mental Healthcare			
Revenue from patients and other revenue	788.5	284.3	177.3
Total revenue and other income	**792.5**	**284.3**	178.8
EBITDAR	**36.6**	**35.2**	4.0
Rent	(1.4)	(0.5)	180.0
EBITDA	**35.2**	**34.7**	1.4
Depreciation	(34.4)	(11.7)	194.0
Amortisation and impairment	(20.5)	-	-
EBIT	**(19.7)**	**23.1**	(185.3)
Financing costs associated leases (AASB16 Leases)	(12.8)	(5.0)	156.0
EBIT less financing costs associated with leases	**(32.5)**	**18.1**	(279.6)
Capital Expenditure	66.5	20.8	-
UK Segment			
Total segment revenue and other income	**1,941.2**	1,321.5	46.9
Total EBITDAR	**208.9**	82.0	154.8
Total EBITDA	**206.3**	80.1	157.6
Total EBIT	**63.8**	(26.1)	**-**
Total Capital Expenditure - UK	**110.9**	92.6	**-**

1 Elysium was acquired on 31st January 2022. The FY22 earnings only have a five month contribution from the business

Overview of UK result in Local Currency

Year Ended June £'m	2023	2022[1]	Chg (%)
Total Revenue and other income	**1,083.0**	725.1	49.4
EBITDAR	**116.4**	48.5	139.8
EBITDA	**114.9**	44.3	159.4
EBIT	**35.8**	(15.3)	333.5

1 Elysium Healthcare was acquired on 31st January 2022

Proforma Result Comparison for Elysium Healthcare

Year Ended June £'m	2023	2022[1]	Chg (%)
Total revenue and other income	**442.2**	375.0	17.9
EBITDAR	**20.6**	43.2	(52.3)
EBITDA	**19.8**	40.8	(51.4)
EBIT	**(10.3)**	21.4	(148.1)

1 Assumes ownership for the full 12 months ended June 2022

2.3.2.2 Review of Results

The UK region result benefited from good volume growth and mix improvement in the acute hospital business from both the public and private sector combined with an improvement in the hospital operating environment as COVID cases in the community declined driving a significant turnaround in its EBITDA contribution. Both Ramsay UK and Elysium were impacted by inflationary cost pressures and labour shortages prevalent across the UK market. Non recurring items in the current year were a negative EBIT contribution of $14.9m compared to a negative contribution of $44.4m in the pcp. Removing the impact of non recurring items the UK EBIT result increased 318.5% to $78.7m.

Ramsay UK

Ramsay UK reported a 10.8% increase in revenue driven by a 14.4% increase in admissions over the pcp with growth in both private and public channels. Private volumes represented 28% of total volumes across the period. NHS volumes increased 16% over the pcp and private volumes increased by 10.4% driven by a 17.7% increase in PMI admissions reflecting success in a number of national insurer tenders, including the finalising of a 4 year contract with BUPA. Self pay admissions growth has slowed following a sharp increase post COVID, however inquiry levels remain high. The business has also benefited from a higher level of case complexity and the contribution from the three new facilities opened through COVID.

Labour shortages are starting to ease but remain an issue in some areas and resulted in higher agency costs over the period. The business has invested in its in-house recruitment capability and supplemented it with an offshore recruitment partner. Nurse and junior doctor strike action has had little impact on the business to-date however may result in further inflationary wage pressure across the sector.

EBITDAR margins improved materially over the year as the impact of COVID including patient cancellations declined to an immaterial level. Margins continued to improve over the course of the year despite the headwinds caused by ongoing inflationary pressures.

The result includes non-recurring items of $6.2m related to the reversal of an impairment provision taken in a prior period due to the sustained improvement in the performance of the hospital over the past few years. The result in the prior period included a negative contribution from non recurring transaction costs of $26.2m (£16m) and a $18m write down in inventory (£10.1m). Excluding the impact of non recurring items the business reported a significant turnaround in EBIT from negative $4.8m to $77.3m.

Elysium Healthcare

Ramsay acquired Elysium Healthcare in January 2022. References to performance versus the prior period assume the business was owned for the full twelve month period ie proforma (unless otherwise stated), are for interest only and are based on results in local currency.

Total revenue for the twelve month period increased 17.9% on the pcp reflecting a 10.3% increase in average occupied beds across the twelve month period compared to the pcp (reflecting new developments that have come online), a 3.9% increase in the average daily fee and a 48.9% increase in specialing revenue. The business took over the management of Ramsay UK's three neuro sites during the period.

In accordance with AASB136 Impairment of assets, the carrying value of the physical sites within the Elysium portfolio has been assessed. This review has resulted in 3 sites out of its 84 operational sites being impaired at a total non-cash cost of $20.5m (£10.9m).

On a like for like basis EBITDAR declined 52.3% on the pcp. The result was significantly impacted by lower than expected occupancy rates, as the ramp up of new facilities has been hampered by staffing shortages impacting the ability to admit new patients across rehab and neuro in particular; inflationary pressures across all inputs in particular staffing costs; and a higher use of agency staff increasing labour costs over the period.

The business has invested in new recruitment and training services and facilities and this has seen an increase in the pipeline of candidates as the labour market in the UK eases. Labour cost ratios improved over 4QFY23 as the use of agency staff started to decline with labour costs as a percentage of revenue declining from 72.5% for the full year to 68.8% in June. The business has added 447 net FTE since January including 197 international healthcare workers (a further 212 offers have been made).

The underlying result (ex non cash site impairment) for the 4QFY23 was a significant improvement on the second and third quarter reflecting the early benefits of the various initiatives introduced over the last twelve months. The focus remains on improving occupancy which was higher in 4QFY23 than the full year but remains below the targeted level, and further reducing the use of agency workers.

In September 2022 Elysium acquired two freehold properties for £39.8m for the provision of services for child and adolescent mental health services (CAMHS). The first site is an existing fully operational site in Ebbw Vales in Wales (21 beds) and the second site is a new facility in Redditch, England (18 beds including 6 beds for young adult with eating disorders) which is expected to open 2QFY24. The facilities have established relationships with NHS Wales and England and are consistent with the UK government's strategic objective to deliver care closer to home and reduce the length of stay for young people and young adults.

2.3.2.3 Capital Expenditure

Capital expenditure in the UK over the twelve month period was $66.5m (£37.2m) for Elysium and $44.3m (£24.8m) for Ramsay UK of which:

- $43.3m was brownfield and greenfield capex;
- $5.2m was digital and data capex
- $8.7m was growth capex; and
- $53.7m was routine capex.

Total UK digital and data spend was $40.4m of which $35.2m was treated as opex rather than capex. Investment in RHCUK digital capability & capacity continued, building on investment in an EHR and Workforce system as well as spend on three day hospitals projects, the development of a two theatre day hospital with full diagnostics capability at Kettering which opened in mid August 2023, investment in diagnostic equipment, upgrading Ramsay UK's digital front door. Spend in Elysium was primarily on the upgrade and development and extension of a number of sites across the portfolio.

2.3.2.4 Outlook

NHS tariffs for the year commencing 1 April 2023 were finalised in mid August and the uplift is expected to flow by the end of September. The final tariffs for both businesses are in line with expectations and will be back dated to 1st April.

Ramsay UK

In FY24 Ramsay UK is expected to continue to benefit from growth in volumes from the NHS, as waiting lists lengthen and higher volumes from the growing private pay market. The business is forecasting volume growth in the mid to high single digits in percentage terms while continuing to target higher acuity levels.

Operating margins are expected to improve due to an ongoing focus on functional excellence and operational efficiencies combined with the benefit of additional volume. The business expects to continue to be impacted by inflationary pressures and a tight labour market for clinical workers in the UK. Increased investment in its workforce strategy will be focused on attracting and retaining talent.

The business expects to invest $61m (£34.1m) in capex of which A$31.5m (£17.6m) will be spent on enhancing capacity including building out imaging and diagnostic capability.

Investment in its digital infrastructure and its health platform will be ongoing and is expected to be $12.7m (£7.1m in total) comprising $2m (£1.1m) in SaaS operational costs plus $10.7m (£6m) in capex. The key focus of the digital and data program in FY24 is investing in its digital front door to create a better patient experience for the private and self pay market.

Elysium Healthcare

In FY24 Elysium expects strong top line growth driven by improved occupancy levels, a high single digit increase in new bed capacity coming online and tariff uplift mitigating the impact of the inflationary environment.

The performance of Elysium is expected to improve in FY24 from a stronger 4QFY23 performance (pre-impairment) driven by a reduction in vacancy rates resulting in lower labour costs combined with a focus on other costs, higher occupancy levels and higher reimbursement rates. A failure to improve profitability would result in the deterioration of Elysium’s financial outlook in the near-term and may adversely impact its valuation.

Capital expenditure in FY24 is expected to be $104m (£58.2m) focused on maintaining, upgrading and converting existing facilities combined with selected investment in greenfield opportunities.

2.3.3 Ramsay Santé

2.3.3.1 Results Summary

Year Ended June A$'m	2023	2022	Chg (%)
France			
Revenue from patients and other revenue	5,007.6	4,646.3	7.8
Other income - net profit on disposal of non-current assets	6.2	13.7	-
Income from government grants	277.4	357.1	(22.3)
Total segment revenue and other income	**5,291.2**	**5,017.1**	5.5
EBITDAR	**862.9**	**927.4**	(7.0)
Rent	(111.6)	(101.0)	(10.5)
EBITDA	**751.3**	**826.4**	(9.1)
Depreciation	(442.3)	(421.5)	(4.9)
Amortisation & impairment	(15.3)	(26.7)	42.7
EBIT	**293.7**	**378.2**	(22.3)
Financing costs associated with leases (AASB16 Leases)	(105.5)	(101.0)	(4.5)
EBIT less financing costs associated with leases	**188.2**	**277.2**	(32.1)
Nordics			
Revenue from patients and other revenue	2,332.2	2,000.9	16.6
Income from government grants	12.8	44.9	(71.5)
Other income - net profit on disposal of non-current assets	50.7	1.5	-
Total segment revenue and other income	**2,395.7**	**2,047.3**	17.0
EBITDAR	**280.8**	**232.7**	20.7
Rent	(22.5)	(22.6)	0.4
EBITDA	**258.3**	**210.1**	22.9
Depreciation	(149.8)	(133.4)	(12.3)
Amortisation & impairment	(21.1)	(4.7)	(348.9)
EBIT	**87.4**	**72.0**	21.4
Financing costs associated with leases (AASB16 Leases)	(12.5)	(11.4)	(9.7)
EBIT less financing costs associated with leases	**74.9**	**60.6**	23.6
Total segment revenue and other income - Europe	**7,686.9**	7,064.4	8.8
Total EBITDAR - Europe	**1,143.7**	1,160.1	(1.4)
Total EBITDA - Europe	**1,009.6**	1,036.5	(2.6)
Total EBIT - Europe	**381.1**	450.2	(15.3)
Total Capital Expenditure - Europe	**328.5**	333.8	(1.6)

Ramsay Santé – Result in local currency

Year Ended June €'m	2023	2022	Chg (%)
Total Revenue and other income	4,924.3	4,555.5	8.1
EBITDAR	**729.8**	748.6	(2.5)
EBITDA	**643.6**	669.3	(3.8)
EBIT	**240.2**	291.7	(17.7)
Net interest	**(150.5)**	(105.6)	(42.5)
PBT	**89.6**	186.1	(51.9)
Minority interests	(38.5)	(66.8)	(42.4)
NPAT after minority interests	**26.3**	**63.7**	(58.7)

2.3.3.2 Review of Results

During FY23 Ramsay Santé continued to support public health systems in treating patients, with the level of COVID hospitalisations lower than in the prior period. Payments received under the French Government's revenue guarantee structure combined with support from governments in all its regions to cover the increased costs of the operating environment, including the impact of inflationary cost pressures was $290.2m (€186.6m) compared to $401.9m (€258.9m) in the pcp. Payments declined as hospitals returned to more normal activity patterns.

Total revenue increased 8.8% reflecting a 4.4% increase in patient admissions and 1.6m additional patient consultations in the Nordic primary care centres combined with the contribution from acquisitions made in FY22, in particular GHP, of $314m (€202m) to revenue ($268m higher than the pcp).

The Ramsay Santé EBIT result included a contribution from non-recurring items of A$43.1m compared to $24.1m in the pcp including profit on the sale of assets of $56.9m

The result reflects the impact of inflationary pressure on costs in particular labour costs over the last few years that have not been fully reflected in annual tariffs, the impact of labour shortages on capacity utilisation, a change in the mix of activity and the decline in COVID related activity such as testing. Staffing shortages improved over the 12 month period and are now limited to specific geographies and skill sets.

France

Ramsay Santé's hospitals in France continued to operate under the French Government's revenue guarantee arrangements for the 12 month period with the structure of the arrangements modified and extended from the 1st January 2023 through to 31st December 2023. Mental health services were excluded from the revenue guarantee over the period and are now reimbursed under a bundled structure.

Revenue in France increased across all categories driven by a 3% increase in MSO (medical, surgical and obstetrics) admissions on the pcp with day patients continuing to grow at a faster rate (6.6%) than inpatients (-0.5%). FCR (follow up and rehab care) admissions grew 11.4% over the pcp with inpatients increasing 5.4% and day patients increasing 11.8%. Mental health admissions increased 5.3% over the pcp with inpatients increasing 4.1% and day patients increasing 5.5%.

Total revenue includes payments under the revenue guarantee of $137.5m (€88.7m) down 10.5% on the pcp and government funded cost support of $140.3m (€89.7m) down 31.7% on the pcp. As of 1st March 2023, cost support transitioned back to the annual tariff structure in place pre COVID. The annual MSO tariff for the year commencing 1st March 2023 is 5.4% and the FCR tariff is 1.9%. Ramsay Santé believes the tariff does not adequately compensate the sector for the cumulative impact of inflation on costs through the COVID years and the business continues to have an active dialogue with the Government on the potential for additional compensation.

Nordics

Revenue in the Nordics region increased 17.0% on the pcp and includes revenue from acquisitions made in FY22 including GHP of $314m (€202m). The business received $12.4m (€8.2m) of government related cost support compared to $44.9m in the pcp reflected in "Income from government grants". Activity levels in the Nordics region (ex COVID related activities in the pcp) continued to improve with MSO admissions increasing 9.8% on the pcp driven by long waiting lists in most countries and higher volumes in allied and primary health activities.

The integration of the GHP business is progressing according to plan and synergies have been realised as expected to date. The business started to operate two new geriatric care contracts in Stockholm on 1st May 2023 representing an annual turnover of approximately $71m (€50m), and St Göran opened its new maternity ward in Stockholm on 1st April 2023.

The result includes net profit on disposal of assets of $50.7m including a profit of $46m (€31m) at the EBIT level ($19.3m after tax and minority interests) from the sale of a property attached to a Ramsay Santé hospital in Norway.

2.3.3.3 Capital Expenditure

Total capital expenditure over the 12 month period was $328.6m (€211.6m) split between France A$274.1m (€176.3m) and the Nordics $54.9m (€35.3m). Capital expenditure was split between

- Greenfield and brownfield developments $73.5m
- Growth $28.4m
- Maintenance $197m
- Digital and data spend $29.7m

Projects this year included:

- On 1st March 2023, the Ange Gardien mental health clinic re-opened its doors following an extensive redevelopment of the facility and merger with the neighbouring Perreuse clinic into a single expanded modern site. The 232 beds and 15 day places will significantly enhance the mental health services proposed to the greater eastern Ile-de-France region
- Two primary care centres opened their doors in late 2022 in France and the Haussmann medical centre in central Paris was opened in January 2023

The brownfield and growth capex has been netted off to an extent by new finance leases of $66m and asset disposals $6m.

Digital and data opex during the year totalled $21.5m and included further development of the digital front door for patients in both the Nordics and France.

2.3.3.4 Outlook

In the medium term Ramsay Santé's strategy will focus on building on its aim to be an integrated digi-physical healthcare operator in Europe :

- Work with local stakeholders and authorities in each region to drive improvements and innovation in the provision of health services to the population;
- Continue to pursue the strategy of moving further along the patient pathway through investment in adjacent services. This will include entering new patient segments including primary care in France and Denmark and PHI in the Nordics region;
- Continued investment in digital customer interface to become the preferred primary entry point into an integrated healthcare system and grow demand for new services;
- Extract the synergies from recent acquisitions and selectively pursue growth opportunities in imaging, mental health, primary care and speciality care;
- Focus on ensuring the high quality of services to drive growth in demand for services and increase share of quality based funding
- Continue to optimise its hospital and clinic network in France; and
- Improve the the efficiency of its back office systems to support the growth of the business.

FY24 Outlook

Ramsay Santé is currently forecasting top line volume growth of low single digit in France and better in the Nordics supported by the acquisitions made over the last years.

Inflationary cost pressures and staff shortage difficulties will continue to place pressure on margins in FY24.

Reflecting rising base rates over the course of FY23 and higher average drawn debt, net interest expense (inclusive of AASB 16 lease interest) is expected to be materially higher than in FY23.

Ramsay Sante's FY23 result had the benefit of non-recurring items that contributed ~$23.5m after tax and minority interests to the Ramsay FY23 result, this not expected to be repeated in FY24.

Capital expenditure for the FY24 year is expected to be around the same level as FY23.

3 Financial Results

Contents

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 $m	2022 $m
CONTINUING OPERATIONS			
Revenue from contracts with customers	2.a	14,963.9	13,312.4
Interest income	2.c	39.9	36.2
Other income – income from government grants	2.b	290.2	402.0
Other income – income from sale of development assets	2.c	14.9	1.8
Other income – net profit on disposal of non-current assets	2.c	60.3	23.8
Total revenue and other income		**15,369.2**	**13,776.2**
Employee benefit and contractor costs	3	(8,820.3)	(7,731.8)
Occupancy costs		(610.7)	(577.7)
Service costs		(541.0)	(506.6)
Medical consumables and supplies		(3,347.7)	(3,107.8)
Depreciation, amortisation and impairment	3	(1,000.8)	(938.9)
Cost of development assets sold		(7.3)	(1.4)
Total expenses, excluding finance costs		**(14,327.8)**	**(12,864.2)**
Share of (loss)/profit of joint venture		(0.1)	0.2
Profit before tax and finance costs		**1,041.3**	**912.2**
Finance costs	3	(514.2)	(389.0)
Profit before income tax		**527.1**	**523.2**
Income tax	15	(181.5)	(159.3)
Profit after tax from continuing operations		**345.6**	**363.9**
DISCONTINUED OPERATIONS			
Profit after tax from discontinued operations	16.b	19.9	15.3
Net profit after tax for the year		**365.5**	**379.2**
Attributable to non-controlling interests		67.4	105.2
Attributable to owners of the parent		**298.1**	**274.0**
		365.5	**379.2**

		Cents per Share	Cents per Share
Earnings per share (EPS) attributable to equity holders of the parent			
Basic earnings per share (after CARES dividend)	6	125.1	116.3
Diluted earnings per share (after CARES dividend)	6	124.8	116.1
Earnings per share (EPS) attributable to equity holders of the parent from continuing operations			
Basic earnings per share (after CARES dividend)	6	116.4	109.6
Diluted earnings per share (after CARES dividend)	6	116.1	109.4

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

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	2023 $m	2022 $m
Net profit after tax for the year	**365.5**	**379.2**
Items that will not be reclassified to net profit		
Actuarial gain on defined employee benefit obligation	42.9	85.6
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Taken to equity	(41.3)	15.8
Transferred to Income Statement	5.3	18.2
Foreign currency translation	209.2	(115.5)
Income tax expense relating to these items	(50.9)	(35.2)
Other comprehensive income/(loss), net of tax	**165.2**	**(31.1)**
Total comprehensive income	**530.7**	**348.1**
Attributable to non-controlling interests	93.8	103.3
Attributable to owners of the parent	**436.9**	**244.8**
	530.7	**348.1**

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

Appendix 4E – Key Matters

Operating and Financial Review

Financial Results

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

	Note	2023 $m	2022 $m
ASSETS			
Current assets			
Cash and cash equivalents	8.a	656.1	314.2
Trade and other receivables	9.a	2,266.9	2,330.1
Inventories	9.b	388.6	376.8
Derivative financial instruments	8.d	64.5	11.3
Income tax receivables	15	48.7	42.2
Prepayments		191.7	186.4
Other current assets		28.3	24.5
		3,644.8	3,285.5
Assets held for sale	16.b	251.0	-
Total current assets		**3,895.8**	**3,285.5**
Non-current assets			
Other financial assets		82.7	100.8
Investment in joint ventures	16.a	0.9	238.1
Property, plant and equipment	11	5,238.1	4,806.5
Right of use assets	12	4,949.1	4,629.5
Intangible assets	13	6,163.7	5,820.8
Deferred tax assets	15	443.7	478.7
Prepayments		10.6	10.7
Derivative financial instruments	8.d	63.6	45.7
Defined employee benefit assets	16.e	55.1	19.2
Other receivables	9.a	126.9	79.0
Total non-current assets		**17,134.4**	**16,229.0**
TOTAL ASSETS		**21,030.2**	**19,514.5**
LIABILITIES			
Current liabilities			
Trade and other creditors	9.c	3,153.9	3,052.0
Loans and borrowings	8.b	69.9	42.8
Lease liabilities	8.c	416.9	354.8
Provisions	16.c	125.8	196.0
Income tax payables	15	43.9	102.0
Total current liabilities		**3,810.4**	**3,747.6**
Non-current liabilities			
Loans and borrowings	8.b	5,861.5	5,173.5
Lease liabilities	8.c	5,538.0	5,127.6
Provisions	16.c	367.5	356.8
Defined employee benefit liabilities	16.e	172.6	177.0
Other creditors		98.3	98.6
Deferred tax liabilities	15	358.7	307.2
Total non-current liabilities		**12,396.6**	**11,240.7**
TOTAL LIABILITIES		**16,207.0**	**14,988.3**
NET ASSETS		**4,823.2**	**4,526.2**
EQUITY			
Issued capital	7.a	2,216.4	2,197.6
Treasury shares	7.b	(67.8)	(72.4)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(32.7)	(152.6)
Retained earnings		1,786.7	1,708.7
Parent interests		**4,154.8**	**3,933.5**
Non-controlling interests		**668.4**	**592.7**
TOTAL EQUITY		**4,823.2**	**4,526.2**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Attributable to Equity Holders of the Parent						
	Issued Capital (Note 7.a)	Treasury Shares (Note 7.b)	CARES (Note 7.c)	Other Reserves	Retained Earnings	Non-controlling Interests	Total
	$m	$m	$m	$m	$m	$m	$m
As at 1 July 2022	**2,197.6**	**(72.4)**	**252.2**	**(152.6)**	**1,708.7**	**592.7**	**4,526.2**
Total Comprehensive Income	-	-	-	121.4	315.5	93.8	530.7
Dividends paid	-	-	-	-	(237.5)	(18.1)	(255.6)
Shares issued – Dividend Reinvestment Plan	18.8	-	-	-	-	-	18.8
Treasury shares vesting to employees	-	4.6	-	(4.6)	-	-	-
Share based payment expense for employees	-	-	-	3.1	-	-	3.1
As at 30 June 2023	**2,216.4**	**(67.8)**	**252.2**	**(32.7)**	**1,786.7**	**668.4**	**4,823.2**
As at 1 July 2021	**2,197.6**	**(76.7)**	**252.2**	**(91.3)**	**1,750.9**	**518.1**	**4,550.8**
Total Comprehensive Income	-	-	-	(64.9)	309.7	103.3	348.1
Dividends paid	-	-	-	-	(351.9)	(19.1)	(371.0)
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(9.6)	(9.6)
Treasury shares vesting to employees	-	4.3	-	(4.3)	-	-	-
Share based payment expense for employees	-	-	-	7.9	-	-	7.9
As at 30 June 2022	**2,197.6**	**(72.4)**	**252.2**	**(152.6)**	**1,708.7**	**592.7**	**4,526.2**

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 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from customers		14,990.4	13,044.0
Receipts of government grants		390.3	4.2
Payments to suppliers and employees		(13,401.1)	(11,728.0)
Income tax paid	15	(234.2)	(229.3)
Lease finance costs	3	(253.0)	(242.2)
Other finance costs		(212.8)	(133.2)
Net cash flows from operating activities	8.a	**1,279.6**	**715.5**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(720.9)	(708.5)
Proceeds from sale of businesses and other non-current assets		73.8	43.0
Interest and dividends received		19.9	4.4
Business combinations, net of cash received	10	(86.6)	(1,228.5)
Business combination consideration returned from escrow		-	1,967.8[1]
Acquisition of investments and purchase of non-controlling interests		-	(48.2)
Net cash flows (used in)/from investing activities		**(713.8)**	**30.0**
Cash flows from financing activities			
Dividends paid to equity holders of the parent	4	(218.7)	(351.9)
Dividends paid to non-controlling interests		(18.1)	(19.1)
Repayment of lease principal		(403.2)	(387.8)
Payment of refinancing costs		(2.0)	(2.1)
Proceeds from borrowings		2,868.8	5,123.4
Repayment of borrowings		(2,469.2)	(5,773.4)
Net cash flows used in financing activities		**(242.4)**	**(1,410.9)**
Net increase/(decrease) in cash and cash equivalents		323.4	(665.4)
Net foreign exchange differences on cash held		18.5	(25.2)
Cash and cash equivalents at the beginning of year		314.2	1,004.8
Cash and cash equivalents at the end of year	8.a	**656.1**	**314.2**

1 *$2 billion relates to the business combination amounts held in escrow for the Spire acquisition at 30 June 2021. The proposed Spire acquisition did not proceed and as a result the amounts released during the year ended 30 June 2022 were used to pay down bank loans of the Group.*

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Overview

This section sets out the basis on which the Ramsay Group's financial report is prepared as a whole. Where a significant accounting policy is specific to a note, the policy is described within that note.

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

a Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board (**AASB**) and the Corporations Act 2001;
- has been prepared on the basis of historical cost, except for derivative financial instruments;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year; In addition, on 28 June 2023, the Group classified an investment in joint venture as discontinued operation. In accordance with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, the Group has:
  - presented the profit or loss from the discontinued operation separately in the Income Statement in the current year and restated the prior year;
  - presented the assets of the discontinued operation as held for sale, separately from other assets in the Statement of Financial Position, with no re-presentation of amounts in the prior year;
- 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.

b New and amended accounting standards and interpretations, effective 1 July 2022

The Group has adopted all new and amended Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2022, all of which did not have a material impact on the financial statements:

- *AASB 2020-3 Amendment to AASB 1 First-time Adoption of Australian Accounting Standards – Subsidiary as a First-time Adopter*
- *AASB 2020-3 Amendments to AASB 3 Business Combinations – Reference to the Conceptual Framework*
- *AASB 2020-3 Amendment to AASB 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*
- *AASB 2020-3 Amendments to AASB 116 Property, Plant and Equipment – Proceeds before Intended Use*
- *AASB 2020-3 Amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- *AASB 2023-2 Amendments to AASs – International Tax Reform Pillar Two Model Rules*

c Accounting standards and interpretations issued or amended 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 statements 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. The Group does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

d Basis of consolidation

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited (**the Company,** or **the Parent Entity**) and its subsidiaries (together, **the Group,** or **the consolidated entity**) 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.

d Basis of consolidation (Continued)

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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

e 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:

Note 2.b	Other income – income from government grants	Page 31
Note 8.c	Lease liabilities	Page 43
Note 10	Business combinations	Page 51
Note 11	Property, plant and equipment	Page 55
Note 13	Intangible assets	Page 58
Note 14	Impairment testing of goodwill	Page 61
Note 15	Taxes	Page 62
Note 16.b	Assets held for sale	Page 66
Note 16.c	Provisions	Page 68
Note 16.e	Defined employee benefit obligation	Page 70
Note 18	Share based payment plans	Page 76

f 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.

g 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 the UK entities and Euro for the French entities. 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

This section provides additional information on the Group results for the year, including further detail on results by segment, revenue, expenses, earnings per share and dividends.

1 Segment information

The Managing Director examines the Group's performance and allocates resources from a geographic perspective and has identified four different business units. The segment information discloses the financial performance and total assets and liabilities of each operating business.

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 primarily 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.

On 28 June 2023, the Group classified an investment in joint ventures as a discontinued operation, which was included in the Asia Pacific Segment. Consequently, the profit or loss from the investment classified as a discontinued operation is no longer presented in the segment disclosures from continuing operations for both the current and prior year. Refer to Note 16.b for further details.

Discrete financial information about each of these operating businesses is reported to the Managing Director 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.

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Year ended 30 June 2023					
Revenue from contracts with customers	5,682.9	1,941.2	5,007.6	2,332.2	14,963.9
Other income – income from government grants	-	-	277.4	12.8	290.2
Other income – income from sale of development assets	14.9	-	-	-	14.9
Other income – net profit on disposal of non-current assets	3.4	-	6.2	50.7	60.3
Total revenue and other income before intersegment revenue	5,701.2	1,941.2	5,291.2	2,395.7	15,329.3
Intersegment revenue	9.8	-	-	-	9.8
Total segment revenue and other income	**5,711.0**	**1,941.2**	**5,291.2**	**2,395.7**	**15,339.1**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**797.0**	**208.9**	**862.9**	**280.8**	**2,149.6**
Rent[2]	(10.7)	(2.6)	(111.6)	(22.5)	(147.4)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**786.3**	**206.3**	**751.3**	**258.3**	**2,002.2**
Depreciation, amortisation and impairment	(229.8)	(142.5)	(457.6)	(170.9)	(1,000.8)
Earnings before interest and tax (EBIT)[4]	**556.5**	**63.8**	**293.7**	**87.4**	**1,001.4**
Net finance costs					(474.3)
Income tax expense					(181.5)
Profit after tax from continuing operations					**345.6**
Attributable to non-controlling interests					(67.4)
Net profit from continuing operations attributable to owners of the parent					**278.2**
Year ended 30 June 2022					
Revenue from contracts with customers	5,343.7	1,321.5	4,646.3	2,000.9	13,312.4
Other income – income from government grants	-	-	357.1	44.9	402.0
Other income – income from sale of development assets	1.8	-	-	-	1.8
Other income – net profit on disposal of non-current assets	8.6	-	13.7	1.5	23.8
Total revenue and other income before intersegment revenue	5,354.1	1,321.5	5,017.1	2,047.3	13,740.0
Intersegment revenue	7.1	-	-	-	7.1
Total segment revenue and other income	**5,361.2**	**1,321.5**	**5,017.1**	**2,047.3**	**13,747.1**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**710.2**	**82.0**	**927.4**	**232.7**	**1,952.3**
Rent[2]	(11.9)	(1.9)	(101.0)	(22.6)	(137.4)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**698.3**	**80.1**	**826.4**	**210.1**	**1,814.9**
Depreciation, amortisation and impairment	(246.3)	(106.3)	(448.2)	(138.1)	(938.9)
Earnings before interest and tax (EBIT)[4]	**452.0**	**(26.2)**	**378.2**	**72.0**	**876.0**
Net finance costs					(352.8)
Income tax expense					(159.3)
Profit after tax from continuing operations					**363.9**
Attributable to non-controlling interests					(105.2)
Net profit from continuing operations attributable to owners of the parent					**258.7**

1 "EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, impairment and rent.
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 impairment.
4 "EBIT" is a non-statutory profit measure and represents profit before interest and tax.

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Adjustments & Eliminations $m[1]	Total $m
As at 30 June 2023						
Assets & liabilities						
Segment assets	8,903.5	5,199.3	10,179.3	2,800.7	(6,052.6)	21,030.2
Segment liabilities	(4,042.7)	(5,047.6)	(7,829.8)	(1,623.6)	2,336.7	(16,207.0)
As at 30 June 2022						
Assets & liabilities						
Segment assets	8,387.2	4,827.5	9,242.9	2,644.6	(5,587.7)	19,514.5
Segment liabilities	(3,847.6)	(4,467.7)	(6,981.1)	(1,603.7)	1,911.8	(14,988.3)

1 Adjustments and eliminations consist of investments in subsidiaries and intercompany balances, which are eliminated on consolidation.

Segment revenue reconciliation to Income Statement

	2023 $m	2022 $m
Total segment revenue and other income	15,339.1	13,747.1
Intersegment revenue elimination	(9.8)	(7.1)
Interest income	39.9	36.2
Total revenue and other income	**15,369.2**	**13,776.2**

2 Revenue and other income

The Group primarily derives revenue from providing health care and related services to both public and private patients in the community.

2.a Revenue from contracts with customers

	2023 $m	2022 $m
Revenue from patients	14,379.6	12,666.1
Revenue from governments under COVID support contracts	1.7	138.4
Rental revenue	99.2	91.9
Revenue from ancillary services	483.4	416.0
Revenue from contracts with customers	**14,963.9**	**13,312.4**

Accounting Policies

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 are provided to the patient.

Revenue from governments under COVID support contracts

Since 2020, specific contracts have been 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 pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia

Agreements with the state governments of NSW, WA, QLD and VIC (each a State) commenced from either 31 March or 1 April 2020, with various expiry dates and, in some cases, "Pause and Restart" mechanisms, depending on State requirements. In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis). 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 lease assets. Interest and debt servicing costs are excluded.

Recoverable costs and revenue amounts were aggregated quarterly with each quarter considered separately. Where the revenue amounts exceed recoverable costs the payment for that quarter was deemed to be zero.

Details have been disclosed in prior reporting periods.

These agreements all terminated on or about 30 September 2022 other than Victoria which terminated on or about 2 November 2022.

UK

Volume based agreements with NHS England were in place in prior years from 1 January 2021 to 31 March 2021 and 10 January 2022 to 31 March 2022 respectively. Ramsay was able to continue providing private patient activity during the relevant periods.

Rental revenue

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.

Revenue from ancillary services

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

2 Revenue and other income (Continued)

2.b Other income – income from government grants

	2023 $m	2022 $m
Other income – income from government grants	290.2	402.0

Accounting Policies

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.

Key Accounting Judgements, Estimates and Assumptions

Ramsay Santé was a beneficiary of the French government decree issued on 6 May 2020 which provided 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. The French government issued a new decree on 13 April 2021 covering the period 1 January 2021 to 30 June 2021 which subsequently was extended until 31 December 2021. For the period 1 July 2021 to 31 December 2021, the decree provided a guarantee of revenue equal to the equivalent period of 2020 billed revenue, inclusive of the 2020 revenue guarantee, if any. The law enacted on 22 January 2022 extended the revenue guarantee until 30 June 2022, and a decree gazetted on 24 August 2022 extended the revenue guarantee to 31 December 2022.

The decree covering the calendar year 2022 provided a guarantee of revenue equal to the 2021 revenue billed to the Social Security agency, inclusive of the 2021 revenue guarantee and of an indexation for the increase in tariffs for the relevant periods on a prorata basis. The structure of the arrangements up until 31 December 2022 was similar to prior periods, however the decree covering the calendar year 2022 excluded mental health services now reimbursed under a bundled payment structure. The French Government has extended its support to the industry through a modified revenue guarantee scheme for the calendar year up to 31 December 2023. This new guarantee amounts to 70% of the 2022 guarantee (tariff adjusted) plus 30% of the period billings. If the total actual billings over the period were below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall.

The guarantee is assessed on a facility by facility basis and is calculated based on activity for the entire period covered by the decree.

As the final square up of the revenue guarantee for the year ended 30 June 2023 will not be performed until FY24 and FY25, the grant income recognised for Ramsay Santé is based on the amount we are reasonably assured will be received, at the time of issuing the Ramsay Group financial statements. This may result in a different amount being received. Any resulting difference will be recognised in the Ramsay Group results in the period the final square up is performed.

2 Revenue and other income (Continued)

2.c Other income - miscellaneous

	2023 $m	2022 $m
Interest income	39.9	36.2
Other income – income from sale of development assets	14.9	1.8
Other income – net profit on disposal of non-current assets	60.3	23.8
	115.1	**61.8**

Accounting Policies

Interest income

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.

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 purchaser.

Net profit on disposal of non-current assets

Non-current assets include Property, plant and equipment and Intangible assets. Refer to Note 11 and Note 13 for details on the accounting policies.

3 Expenses

A breakdown of specific expenses helps users understand the financial performance of the Group.

	Note	2023 $m	2022 $m
(i) Depreciation			
Depreciation – Plant and equipment	11	322.5	309.9
Depreciation – Buildings	11	169.8	154.8
Depreciation – Right of use assets – Leased property	12	366.8	343.2
Depreciation – Right of use assets – Leased plant and equipment	12	81.2	73.9
Total		**940.3**	**881.8**
(ii) Amortisation			
Amortisation – Service concession assets	13	22.0	25.1
Amortisation – Other	13	26.8	20.7
Total		**48.8**	**45.8**
(iii) Impairment			
Net reversal of impairment – Plant and equipment	11	(1.9)	-
(Net reversal of impairment)/Impairment – Land and buildings	11	(0.9)	5.3
Impairment – Right of use asset – Property	12	14.5	-
Impairment – Intangible assets	13	-	6.0
Total		**11.7**	**11.3**
Total depreciation, amortisation and impairment		**1,000.8**	**938.9**
(iv) Property rental costs (included in occupancy costs)			
Expenses relating to short term leases	8.c	14.8	15.2
Expenses relating to leases of low value assets	8.c	5.3	5.8
Variable lease payments	8.c	0.8	0.9
(v) Employee benefit and contractor costs			
Wages and salaries		7,281.4	6,293.1
Workers' compensation		13.7	8.7
Superannuation		237.0	211.5
Termination benefits		17.5	17.9
Social charges and contributions on wages and salaries		969.0	881.7
Other employment		293.7	305.9
Share-based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)		8.0	13.0
Total		**8,820.3**	**7,731.8**
(vi) Finance costs			
Interest expenses		265.4	148.0
Finance charges – Lease liability	8.c	253.0	242.2
		518.4	390.2
Finance costs capitalised		(4.2)	(1.2)
Total		**514.2**	**389.0**

Accounting Policies

Finance Costs

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

4 Dividends

Dividends are a portion of Ramsay Group's profit that are paid out to its shareholders, in return for their investment.

	Parent Entity 2023 $m	Parent Entity 2022 $m
(i) Dividends determined and paid during the year on ordinary shares:		
Current year interim dividend paid		
Franked dividends – ordinary		
(50.0 cents per share) (2022: 48.5 cents per share)	114.0	111.0
Previous year final dividend paid		
Franked dividends – ordinary		
(48.5 cents per share) (2022: 103.0 cents per share)	110.5	231.9
	224.5	342.9
(ii) Dividends proposed and not recognised as a liability on ordinary shares:		
Current year final dividend proposed		
Franked dividends – ordinary		
(25.0 cents per share) (2022: 48.5 cents per share)	57.1	110.5
(iii) Dividends determined and paid during the year on CARES:		
Current year interim and previous year final dividend paid		
Franked dividends – CARES	13.0	9.0
(iv) Dividends proposed and not recognised as a liability on CARES:		
Current year final dividend proposed		
Franked dividends – CARES	8.0	5.3
(v) 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% (2022: 30%)	890.7	851.9
franking credits that will arise from the payment of income tax payable as at the end of the financial year[1]	13.6	16.1
	904.3	868.0
The amount of franking credits available for future reporting periods:		
impact on the franking account of dividends proposed or determined before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(27.9)	(49.9)
	876.4	818.1

1 As Ramsay Health Care Ltd and its 100% owned Australian 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% (2022: 30%). $65.1 million (2022: $116.3 million) of the proposed dividends will be franked at the rate of 30% (2022: 30%).

5 Net tangible assets/(liabilities)

Net Tangible Assets/(Liabilities) (**NTA**) are the total assets minus intangible assets and total liabilities, divided by the number of ordinary shares of the Company currently on issue at the reporting date. Net tangible assets/(liabilities) include right of use assets as the underlying leases are for physical assets.

	2023 $ per Share	2022 $ per Share
Net tangible (liabilities) per ordinary share	(6.22)	(6.41)

6 Earnings per share

Earnings per share is the portion of post-tax profit allocated to each Ramsay ordinary share.

	2023			2022		
	Continuing operations $m	Discontinued operations $m	Total $m	Continuing operations $m	Discontinued operations $m	Total $m
Net profit for the year attributable to owners of the parent	278.2	19.9	298.1	258.7	15.3	274.0
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(13.0)	-	(13.0)	(9.0)	-	(9.0)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	265.2	19.9	285.1	249.7	15.3	265.0

	2023 Number of Shares (m)	2022 Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	227.9	227.8
Effect of dilution – share rights not yet vested	0.5	0.5
Weighted average number of ordinary shares adjusted for the effect of dilution	228.4	228.3

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 2022 has been adjusted to reflect the shares issued under the Divdend Reinvestment Plan in 2023, 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.

	2023			2022		
	Continuing operations Cents per Share	Discontinued operations Cents per Share	Total Cents per Share	Continuing operations Cents per Share	Discontinued operations Cents per Share	Total Cents per Share
Earnings per share (EPS) attributable to equity holders of the parent						
Basic earnings per share (after CARES dividend)	116.4	8.7	125.1	109.6	6.7	116.3
Diluted earnings per share (after CARES dividend)	116.1	8.7	124.8	109.4	6.7	116.1

Calculation of earnings per share

Basic 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

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.

II Capital – Financing

This section discusses how the Ramsay Group manages funds and maintains capital structure, including bank borrowings, related finance costs and access to capital markets.

How the Group manages its capital – Financing

The Group manages its capital structure with the objective of ensuring it will be able to continue as a going concern as well as maintaining optimal returns to shareholders and benefits for its stakeholders. The Group also aims to maintain a capital structure that is consistent with its targeted credit ratings, ensuring sufficient headroom is available within such ratings to support its growth strategies at an optimised weighted average cost of capital. Prudent liquidity reserves in the form of committed undrawn bank debt facilities or cash are maintained in order to accommodate its expenditures and potential market disruption.

The Group may raise or retire debt, adjust its dividend policy, return capital to shareholders, issue new shares or financial instruments containing characteristics of equity, 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 2023, dividends of $237.5 million (2022: $351.9 million) were paid. For the year ended 30 June 2023, fully franked ordinary dividends of 75.0c (2022: 97.0c) per share were determined.

The Group monitors its capital structure primarily by reference to its debt financial covenants and credit rating gearing metrics. Debt levels under the Group's financial covenants are assessed relative to the cash operating profits (EBITDA[1]) of the Group that are used to service debt. This ratio is calculated as Net Debt/EBITDA[1] and is 5.5x for the year ended 30 June 2023 (2022: 5.7x), however lending facilities within the Group contain calculations and thresholds specific to each facility and borrowing groups having access to such facilities.

The Group has committed senior debt funding with various maturities starting in April 2024 and ending in May 2032. As such, certain subsidiaries must comply with various financial and other undertakings in particular, the following customary financial undertakings:

- Total Net Leverage Ratio (Net Debt/EBITDA[1])
- Interest Cover Ratio (EBITDA[1]/ Net Interest)
- Minimum Shareholders Funds

The facilities maturing in April 2024 have a tenure of one year and are expected to be extended every six months.

Details of Capital – Financing are as follows:	Note	2023 $m	2022 $m
Equity	7	4,823.2	4,526.2
Net Debt	8	11,102.1	10,327.5
		15,925.3	14,853.7

[1] EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation.

7 Equity

	Note	2023 $m	2022 $m
Issued capital	7.a	2,216.4	2,197.6
Treasury shares	7.b	(67.8)	(72.4)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(32.7)	(152.6)
Retained earnings		1,786.7	1,708.7
Non-controlling interests		668.4	592.7
		4,823.2	4,526.2

7.a Issued capital

Issued capital represents the amount of consideration received for the ordinary shares issued by Ramsay Health Care Limited (**the Company**).

Issued and paid up capital

	2023 Number (m)	2023 $m	2022 Number (m)	2022 $m
As at 1 July	228.9	2,197.6	228.9	2,197.6
Shares issued – Dividend Reinvestment Plan	0.3	18.8	-	-
As at 30 June	229.2	2,216.4	228.9	2,197.6

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.

Accounting Policies

Ordinary shares

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.

7.b Treasury shares

Treasury shares are the shares repurchased on the open market, for the share rights issued to employees under the Employee Share Plan.

	2023 $m	2022 $m
1.0 million ordinary shares (30 June 2022: 1.1 million ordinary shares)	67.8	72.4

Nature & Purpose

Treasury shares are shares in the Company held by the Employee Share Plan and are deducted from equity.

7 Equity (Continued)

7.c Convertible Adjustable Rate Equity Securities (CARES)

Convertible Adjustable Rate Equity Securities (CARES) are non-cumulative, redeemable and convertible preference shares in Ramsay Health Care Limited.

Issued and paid up capital

	2023 $m	2022 $m
2.6 million CARES shares fully paid (30 June 2022: 2.6 million CARES shares fully paid)	252.2	252.2

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 share 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 = (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 rate 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.

8 Net debt

	Note	2023 $m	2022 $m
Cash and cash equivalents	8.a	656.1	314.2
Loans and borrowings – current	8.b	(69.9)	(42.8)
Lease liabilities – current	8.c	(416.9)	(354.8)
Loans and borrowings – non-current	8.b	(5,861.5)	(5,173.5)
Lease liabilities – non-current	8.c	(5,538.0)	(5,127.6)
Net derivative assets / (liabilities) – debt related	8.d	128.1	57.0
		(11,102.1)	**(10,327.5)**

8.a Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash on hand and short-term deposits with a maturity of less than three months. This note presents the amount of cash on hand at year end, together with further reconciliations in relation to the Statement of Cash Flows.

	2023 $m	2022 $m
Cash at bank and on hand	656.1	314.2

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.

Accounting Policies

Cash and cash equivalents

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.

Reconciliation to Statement of Cash Flows

	2023 $m	2022 $m
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	656.1	314.2

8 Net debt (Continued)

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

	2023 $m	2022 $m
Net profit after tax for the year	**365.5**	**379.2**
Adjustments for:		
Share of profit of joint venture	(19.8)	(15.5)
Depreciation, amortisation and impairment	1,000.8	938.9
Interest received	(39.9)	(36.2)
Share-based payments	8.0	13.0
Net profit on disposal of non-current assets	(60.3)	(23.8)
Other	0.7	18.7
Changes in assets & liabilities:		
Deferred tax	44.2	(55.0)
Receivables	118.2	(664.8)
Other assets	(2.5)	(8.9)
Creditors, accruals and other liabilities	58.6	179.7
Provisions	(86.7)	(22.9)
Inventories	(14.2)	28.2
Current tax	(93.0)	(15.1)
Net cash flows from operating activities	**1,279.6**	**715.5**

Reconciliation of liabilities arising from financing activities

	As at 1 July 2022 $m	Cash Flows $m	Foreign Exchange Movement $m	New Leases $m	Business Combinations $m	Disposal/ Termination or Reassessment of Leases $m	Other $m	As at 30 June 2023 $m
Loans and borrowings – current	**42.8**	19.5	3.9	-	-	-	3.7	**69.9**
Loans and borrowings – non-current	**5,173.5**	380.1	207.4	-	2.5	-	98.0	**5,861.5**
Lease Liabilities	**5,482.4**	(403.2)	345.9	486.8	-	43.0	-	**5,954.9**
Total	**10,698.7**	(3.6)	557.2	486.8	2.5	43.0	101.7	**11,886.3**

	As at 1 July 2021 $m	Cash Flows $m	Foreign Exchange Movement $m	New Leases $m	Business Combinations $m	Disposal/ Termination or Reassessment of Leases $m	Other $m	As at 30 June 2022 $m
Loans and borrowings – current	**51.7**	(658.9)	(8.7)	-	658.9	-	(0.2)	**42.8**
Loans and borrowings – non-current	**5,229.0**	8.9	(122.0)	-	24.1	-	33.5	**5,173.5**
Lease Liabilities	**5,271.0**	(387.8)	(226.8)	310.3	514.1	1.6	-	**5,482.4**
Total	**10,551.7**	(1,037.8)	(357.5)	310.3	1,197.1	1.6	33.3	**10,698.7**

Disclosure of financing facilities

Refer to Note 8.b.

8 Net debt (Continued)

8.b Loans and borrowings

This note outlines the Group's loans and borrowings, which are predominantly from banks and other financial institutions, with varying maturities.

	Maturity	2023 $m	2022 $m
Current			
Secured bank loans:			
€ Bi-lateral Facilities[1]	Up to Jun 2024	69.9	42.8
Total current loans and borrowings		**69.9**	**42.8**
Non-current			
Unsecured bank and other financial institution loans:			
A$ 1,500,000,000 Syndicated Facility Loan[2]	Up to Jul 2026	1,496.9	1,443.2
A$ 513,750,000 Syndicated Facility Loan[3]	Dec 2024	513.4	599.5
A$ Bi-lateral Facilities[4]	Up to Jul 2025	164.0	-
A$ 100,000,000 Bi-lateral Term Loan[5]	Nov 2024	99.9	-
€ 300,000,000 Syndicated Facility Loan[6]	Oct 2024	491.0	455.6
		2,765.2	2,498.3
Secured bank loans:			
€ 1,650,000,000 Syndicated Term Loan[7]	Up to Apr 2027	2,361.7	2,188.2
€ Bi-lateral Facilities[1]	Up to May 2032	571.0	335.1
		2,932.7	2,523.3
Secured/Unsecured corporate notes:			
€ 100,000,000 Sustainability Linked Euro Private Placement Notes[8]	Up to Dec 2029	163.6	151.9
Total non-current loans and borrowings		**5,861.5**	**5,173.5**
Total loans and borrowings		**5,931.4**	**5,216.3**

1 *Euro bi-lateral facilities are secured by a first charge over certain Ramsay Santé and controlled entities' land, buildings and the shares of real estate subsidiaries. These loans are repayable in instalments over the term of the facilities.*
2 *Sustainability linked syndicated revolving bank debt facility with equal tranches which mature over 3 years, 4 years and 5 years.*
3 *Syndicated revolving bank debt facility. Facility was reduced in December 2022 from A$600 million to A$513.8 million. This facility was subsequently repaid and terminated on 5 July 2023 via the new bilateral facilities established in June 2023.*
4 *Bilateral revolving bank debt facility.*
5 *Bi-lateral term loan facility and repayable in full on maturity.*
6 *Syndicated revolving bank debt facility. This facility was repaid and terminated on 5 July 2023 via the new bilateral facilities established in June 2023.*
7 *Sustainability linked syndicated term loan facilities repayable in full on maturity. The lenders only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities.*
8 *Euro Private Placement Notes, maturing in December 2028 and December 2029.*

Ramsay and its wholly owned subsidiaries

A$500 million, A$305 million and A$1,500 million in new bi-lateral facilities was established during November 2022, April 2023 and June 2023 respectively. These facilities are for general corporate purposes and to reduce refinancing risk in relation to maturities in FY25.
The covenant package, group guarantees and other terms and conditions in respect of the debt facilities are governed under a Common Terms Deed Poll (CTDP).

Ramsay Santé and controlled entities

Ramsay Santé issued a new 10-year amortising bilateral facility for EUR150 million secured by a first charge over certain Ramsay Santé and controlled entities' land and buildings.

8 Net debt (Continued)

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. For the financial year, the variable market-based interest rates vary from 1.10% to 4.12% (2022: 1.104% to 1.793%) for Australia and 0.125% to 3.21% (2022: -0.553% to -0.475%) for France respectively.

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

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$m	$m	$m	$m
Bank loans	5,767.8	5,895.8	5,064.4	5,286.3
Corporate notes	163.6	166.8	151.9	165.0
	5,931.4	6,062.6	5,216.3	5,451.3

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 17.

Assets pledged as security

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

	2023	2022
	$m	$m
Fixed and floating charge		
Fixed assets	-	3.0
Investment holdings in subsidiaries	4,304.0	3,599.8
Total non-current assets pledged as security	4,304.0	3,602.8

Accounting Policies

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.

8 Net debt (Continued)

8.c Lease liabilities

The Group has lease contracts for the use of hospitals, office space and various items of equipment and vehicles which it uses in its operations. Leases of hospitals and office space can have lease terms between 5 and 120 years, while vehicles and equipment generally have lease terms between 5 and 10 years.

Generally, the Group is restricted from assigning and subleasing the leased assets. A number of the lease contracts include extensions, 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 a low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

	2023 $m	2022 $m
As at 1 July	**5,482.4**	**5,271.0**
Additions	486.8	310.3
Business combinations	-	514.1
Disposals or terminations	-	(9.7)
Payments	(656.2)	(630.0)
Accretion of interest	253.0	242.2
Reassessment of lease terms	43.0	11.3
Exchange differences	345.9	(226.8)
As at 30 June	**5,954.9**	**5,482.4**

	2023 $m	2022 $m
Current lease liabilities	416.9	354.8
Non-current lease liabilities	5,538.0	5,127.6
Total lease liabilities	**5,954.9**	**5,482.4**

Assets pledged as security

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

	2023 $m	2022 $m
Leased assets pledged as security	900.2	788.7

Cash outflows

The Group had total cash outflows for leases of approximately $677.1 million in 2023 (2022: $651.9 million) - the principal portion of lease payments totalled $403.2 million (2022: $387.8 million), interest payments totalled $253.0 million (2022: $242.2 million) and other payments relating to low-value assets, short term and variable lease payments totalled approximately $20.9 million (included in payments to suppliers and employees) (2022: $21.9 million).

8 Net debt (Continued)

Accounting Policies

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

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 exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Lease assets

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 the 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. The Group also applies the low-value assets recognition exemption to leases of equipment that are considered to be 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.

Key Accounting Judgements, Estimates and Assumptions

Lease term

The Group determines the lease term 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.

Discount rates

The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate (**IBR**). The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

8 Net debt (Continued)

8.d Derivative financial instruments

A derivative is a financial instrument typically used to manage an underlying risk, using futures, swaps and options. The value change of a derivative is related to changes in a variable, such as interest rate or foreign exchange rate. The Group uses derivatives to manage exposure to foreign exchange and interest rate risk.

	2023 $m	2022 $m
Current assets		
Interest rate and foreign exchange derivative contracts – cash flow hedges	33.4	8.9
Interest rate and foreign exchange derivative contracts – economic hedges	31.1	2.4
Non-current assets		
Interest rate and foreign exchange derivative contracts – cash flow hedges	41.2	29.6
Interest rate and foreign exchange derivative contracts – economic hedges	22.4	16.1
	128.1	57.0
Current liabilities		
Interest rate and foreign exchange derivative contracts – cash flow hedges	-	-
Non-current liabilities		
Interest rate and foreign exchange derivative contracts – cash flow hedges	-	-
	-	-
Net derivative assets/(liabilities)	**128.1**	**57.0**

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 base interest rate excluding margin of 3.98% (2022: 1.477%). Interest bearing loans in Euro of the Group currently bear a variable base interest rate excluding margin of 3.21% (2022: 0%) pursuant to an interest rate floor within the facility agreements whereby base interest rate (EURIBOR) is deemed to be zero when it is negative.

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 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 75% (2022: 39%) of the principal outstanding.

To reduce the foreign exchange risk of expected purchases, the Group enters into foreign exchange forward contracts which are designated in a cash flow hedge relationship. The Group also enters into other foreign exchange contracts with the intention to reduce the foreign exchange risk of interest bearing loan in Euro which are not designated in hedge relationships and are measured at fair value through profit or loss.

Interest rate risk

Information regarding interest rate risk exposure is set out in Note 17.

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.

8 Net debt (Continued)

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.

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:

	2023 $m	2022 $m
0-1 years	210.0	1,102.4
1-2 years	1,268.3	210.0
2-3 years	1,350.2	1,059.4
3-5 years	2,197.4	450.0
Over 5 years	-	-
	5,025.9	2,821.8

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.

Accounting Policies

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.

8 Net debt (Continued)

Accounting Policies

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:

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).

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.

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.

Fair value of derivative financial instruments

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.

III Assets and Liabilities – Operating and Investing

This section outlines how the Ramsay Group manages its assets and liabilities to generate profit.

How the Group manages its overall financial position

The Group manages its overall financial position by segregating its Statement of FInancial Position 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	2023 $m	2022 $m
Working capital	9	(498.4)	(345.1)
Property, plant and equipment	11	5,238.1	4,806.5
Right of use assets	12	4,949.1	4,629.5
Intangible assets	13	6,163.7	5,820.8
Current and deferred tax assets	15	89.8	111.7
Other assets/(liabilities)	16	(17.0)	(169.7)
		15,925.3	14,853.7

9 Working capital

		2023 $m	2022 $m
Trade and other receivables (current)	9.a	2,266.9	2,330.1
Inventories	9.b	388.6	376.8
Trade and other creditors (current)	9.c	(3,153.9)	(3,052.0)
		(498.4)	(345.1)

Consistent with prior periods, the Group actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric and net current liability position. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances. The Group had an undrawn facility limit of $2.2 billion as at 30 June 2023.

The change in working capital during the year is a result of a decrease in the trade and other receivables amounts due to an increase in the impairment provision during the period, together with an increase in trade and other creditors as a result of additional procedures and activity being undertaken and therefore additional costs being incurred.

9.a Trade and other receivables

Trade and other receivables primarily consists of amounts outstanding from Governments, Health Funds and Self Insured patients for delivering health care and related services.

	2023 $m	2022 $m
Current		
Trade and other receivables	2,397.6	2,400.7
Allowances for impairment loss	(130.7)	(70.6)
	2,266.9	**2,330.1**
Non-current		
Rental property bonds and guarantees receivable	38.8	32.5
Other	88.1	46.5
	126.9	**79.0**
Total	**2,393.8**	**2,409.1**

9 Working capital (Continued)

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 allowances for impairment loss were as follows:

	2023 $m	2022 $m
As at 1 July	**(70.6)**	**(62.0)**
Charge for the year	(103.3)	(40.3)
Exchange differences	(5.9)	2.1
Amounts written off	49.1	29.6
As at 30 June	**(130.7)**	**(70.6)**

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[1] $m	31-60 Days PDNI[1] $m	61-90 Days PDNI[1] $m	91+ Days PDNI[1] $m	Considered impaired $m
2023	2,524.5	1,745.0	197.4	105.9	61.1	284.4	130.7
2022	2,479.7	1,776.5	294.6	122.7	37.7	177.6	70.6

1 *PDNI – Past due not impaired*

Receivables past due but not considered impaired are: $648.8 million (2022: $632.6 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 Government Authorities and creditworthy Health Funds.

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.

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.

Foreign exchange & interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 17.

9 Working capital (Continued)

9.b Inventories

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.

	2023 $m	2022 $m
Amount of medical supplies to be consumed in providing future patient services – at cost	356.4	328.4
Development assets to be sold that are currently under construction – at cost	32.2	48.4
Total	**388.6**	**376.8**

Inventory expense

Medical supplies recognised as an expense for the year ended 30 June 2023 totalled $3,347.7 million (2022: $3,107.8 million) for the Group. This expense has been included in the expense category '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 2023 totalled $7.3 million (2022: $1.4 million) for the Group. This expense has been included in the expense category 'cost of development assets sold' in the Income Statement.

Accounting Policies

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.

9.c Trade and other creditors

Trade and other creditors consists of amounts owing to employees and suppliers for goods and/or services delivered and customer amounts paid in advance of provision of services.

	2023 $m	2022 $m
Trade creditors	1,484.3	1,483.5
Accrued expenses	507.5	475.7
Employee and Director entitlements	1,138.7	1,053.8
Other creditors	23.4	39.0
Total	**3,153.9**	**3,052.0**

Fair value

Trade and other creditors amounts 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.

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 17.

10 Business combinations

Ramsay's growth has been driven, in part, by acquisitions of businesses within the healthcare sector.

Information on current year acquisitions

Regis - 2023

On 13 September 2022, Ramsay Elysium Holdings Limited acquired two UK based child and adolescent mental health services facilities from Regis Healthcare Ltd (**Regis**) for $68.1 million (£40 million). The acquisition was funded through Ramsay's existing debt facilities.

Ramsay has recognised amounts for this business combination as outlined below. These amounts have been determined on a provisional basis only.

	$m
Cash and cash equivalents	2.1
Trade and other receivables (current)	2.5
Property, plant and equipment	4.4
Deferred tax asset	1.1
Trade and other creditors	(1.7)
Current income tax payable	(2.0)
Fair value of identifiable net assets	6.4
Goodwill arising	61.7
Fair value of consideration transferred	68.1
The cash outflow as a result of the business combination is as follows:	
Cash paid in the year to 30 June 2023	(68.1)
Net cash acquired with the subsidiary	2.1
Net consolidated cash outflow	(66.0)
Direct costs relating to the business combination – included within service costs	0.5

The goodwill of $61.7 million comprises the value of intangible assets that do not qualify for separate recognition as well as synergies expected to be achieved as a result of combining Regis with the rest of the Group. 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. Goodwill is allocated entirely to the UK reporting segment in Note 1 and Note 14.

The consolidated financial statements include the results of the Regis facilities for the nine and a half months from the acquisition date. The results of Regis from acquisition to 30 June 2023 are not material to the Group and have therefore not been disclosed separately. If the combination had taken place at the beginning of the year, 1 July 2022, revenue from continuing operations and profit before interest and tax from continuing operations for the Group would not have been significantly different to the Group results as reported.

10 Business combinations (Continued)

Other Business Combinations - 2023

Other than the acquisition above, Ramsay also acquired certain businesses in Europe and Australia in the year to 30 June 2023. The summarised amounts for these other business combinations for the year ended 30 June 2023 are shown below and have been determined on a provisional basis only. These businesses are all within the healthcare sector.

	$m
Assets	9.4
Liabilities	(9.4)
Fair value of identifiable net assets/(liabilities)	-
Goodwill arising	16.3
Fair value of consideration transferred	16.3
The cash outflow as a result of the business combinations is as follows:	
Cash paid in the year to 30 June 2023	(15.2)
Net cash acquired with the subsidiaries	2.1
Net consolidated cash outflow	(13.1)
Cash paid	(15.2)
Deferred consideration	(1.1)
Total consideration	(16.3)
Direct costs relating to the business combinations – included within service costs	2.1

Information on prior year acquisitions

Elysium - 2022

On 31 January 2022, Ramsay acquired 100% of the voting shares of the leading UK based mental healthcare provider Elysium Healthcare. Ramsay has recognised amounts for this business combination as outlined below. The acquisition accounting has now been finalised. Adjustments to trade and other receivables, right of use assets and trade and other payables have decreased the goodwill arising on acquisition by $1.9 million from 30 June 2022. These adjustments have been reflected in the 30 June 2022 Statement of Financial Position. Goodwill is allocated entirely to the UK reporting segment in Note 1 and Note 14.

	$m
Cash and cash equivalents	5.8
Trade and other receivables (current)	81.2
Inventories	0.3
Other current assets	18.0
Property, plant and equipment	254.6
Right of use assets	473.0
Trade and other creditors (current)	(83.1)
Loans and borrowings (current)	(657.7)
Lease liabilities (current and non-current)	(472.8)
Deferred tax liabilities	(111.5)
Other liabilities (current and non-current)	(6.7)
Fair value of identifiable net liabilities	(498.9)
Goodwill arising	1,311.5
Fair value of consideration transferred	812.6
The cash outflow as a result of the business combination is as follows:	
Cash paid in the year to 30 June 2022	(812.6)
Net cash acquired with the subsidiary	5.8
Net consolidated cash outflow	(806.8)

10 Business combinations (Continued)

GHP - 2022

On 2 May 2022, Ramsay Santé acquired 98% of the voting shares of the GHP Speciality Care AB (**GHP**). Ramsay has recognised the fair values of the identifiable assets and liabilities of GHP as outlined in the table below. The acquisition accounting has now been finalised. Adjustments to property, plant and equipment and provisions and other liabilities have increased the goodwill arising on acquisition by $23.4 million from 30 June 2022. These adjustments have been reflected in the 30 June 2022 Statement of Financial Position. Goodwill is allocated entirely to the Nordics reporting segment in Note 1 and Note 14.

	$m
Cash and cash equivalents	27.0
Trade and other receivables (current)	31.2
Inventories	1.5
Other current assets	14.3
Property, plant and equipment	11.5
Intangible assets	7.4
Trade and other creditors	(17.7)
Loans and borrowings	(22.3)
Deferred tax liabilities	(1.0)
Provisions and other liabilities	(48.7)
Fair value of identifiable net assets	3.2
Non controlling interest	(0.4)
Goodwill arising	359.9
Fair value of consideration transferred	362.7
The cash outflow as a result of the business combination is as follows:	
Cash paid in the year to 30 June 2022	(355.2)
Cash paid in the year to 30 June 2023	(7.5)
Net cash acquired with the subsidiary	27.0
Net consolidated cash outflow	(335.7)
Net consolidated cash outflow in the year to 30 June 2022	(328.2)
Net consolidated cash outflow in the year to 30 June 2023	(7.5)
Total net consolidated cash outflow	(335.7)

Other Business Combinations – 2022

Other than the two major acquisitions above, Ramsay also acquired certain businesses in Europe in the year to 30 June 2022. The summarised amounts for these other business combinations for the year ended 30 June 2022 are shown below. The purchase price accounting has now been finalised. There was not a material difference in the provisional fair values initially recognised. These businesses are all within the healthcare sector.

	$m
Assets	77.5
Liabilities	(48.8)
Fair value of identifiable net assets	28.7
Goodwill arising	146.9
Fair value of consideration transferred	175.6
The cash outflow as a result of the business combinations is as follows:	
Cash paid in the year to 30 June 2022	(106.3)
Net cash acquired with the subsidiary	12.8
Net consolidated cash outflow	(93.5)
Cash paid in the year to 30 June 2022	(106.3)
Deferred consideration	(69.3)
Total consideration	(175.6)

10 Business combinations (Continued)

Accounting Policies

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and is 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 standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Key Accounting Judgements, Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of businesses at their business combination date fair values, except for lease liabilities and right of use assets, which are measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date and where the right of use asset is further adjusted for favourable and unfavourable terms. Where a significant amount of freehold land and buildings are recognised in the business combination, the fair value is determined by an external valuer using an approach relevant to the market in that country.

11 Property, plant and equipment

Property, plant and equipment represents the investment by the Group in tangible assets such as land, buildings, hospital fit-outs and medical equipment.

	Land & Buildings $m	Plant & Equipment $m	Assets Under Construction $m	Total $m
30 June 2023				
Cost	4,538.0	3,319.1	625.3	8,482.4
Accumulated depreciation and impairment	(1,091.5)	(2,152.8)	-	(3,244.3)
	3,446.5	**1,166.3**	**625.3**	**5,238.1**
Movement:				
As at 1 July 2022	**3,226.3**	**1,052.6**	**527.6**	**4,806.5**
Additions	83.5	302.4	344.8	730.7
Transferred from assets under construction	173.7	88.6	(262.3)	-
Business combinations	3.2	7.1	-	10.3
Reclassification (Note 12, Note 13)	32.3	-	-	32.3
Depreciation	(169.8)	(322.5)	-	(492.3)
Impairment	0.9	1.9	-	2.8
Disposals	(11.0)	(1.0)	(1.9)	(13.9)
Exchange differences	107.4	37.2	17.1	161.7
As at 30 June 2023	**3,446.5**	**1,166.3**	**625.3**	**5,238.1**
30 June 2022				
Cost	4,132.5	2,937.4	527.6	7,597.5
Accumulated depreciation and impairment	(906.2)	(1,884.8)	-	(2,791.0)
	3,226.3	**1,052.6**	**527.6**	**4,806.5**
Movement:				
As at 1 July 2021	**3,035.6**	**953.3**	**499.7**	**4,488.6**
Additions	119.9	317.4	240.7	678.0
Transferred from assets under construction	132.6	97.8	(230.4)	-
Business combinations	184.8	50.0	37.7	272.5
Reclassification (Note 12, Note 13)	1.8	(9.4)	(4.1)	(11.7)
Depreciation	(154.8)	(309.9)	-	(464.7)
Impairment	(5.3)	-	-	(5.3)
Disposals	(23.1)	(16.0)	(8.1)	(47.2)
Exchange differences	(65.2)	(30.6)	(7.9)	(103.7)
As at 30 June 2022	**3,226.3**	**1,052.6**	**527.6**	**4,806.5**
30 June 2021				
Cost	3,854.2	2,744.8	499.7	7,098.7
Accumulated depreciation and impairment	(818.6)	(1,791.5)	-	(2,610.1)
	3,035.6	**953.3**	**499.7**	**4,488.6**

11 Property, plant and equipment (Continued)

Accounting Policies

Assets Under Construction is stated at cost, net of accumulated impairment losses, if any. Land and Buildings and Plant and Equipment are 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
- Plant and equipment, other than plant integral to buildings – various periods not exceeding 10 years

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

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.

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.

Key Accounting Judgements, 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.

12 Right of use assets

A right of use asset represents the Group's, as a lessee, right to use an asset over the life of a lease. See note 8.c for the Group's lease arrangements and related lease liabilities recognised.

	Leased Property $m	Leased Plant & Equipment $m	Total $m
30 June 2023			
Cost	6,860.4	500.3	7,360.7
Accumulated depreciation and impairment	(2,181.0)	(230.6)	(2,411.6)
	4,679.4	**269.7**	**4,949.1**
Movement:			
As at 1 July 2022	**4,393.1**	**236.4**	**4,629.5**
Additions	387.0	99.8	486.8
Reclassification (Note 11)	(31.1)	-	(31.1)
Depreciation	(366.8)	(81.2)	(448.0)
Impairment	(14.5)	-	(14.5)
Reassessment of lease terms	43.3	-	43.3
Disposals or terminations	-	(0.2)	(0.2)
Exchange differences	268.4	14.9	283.3
As at 30 June 2023	**4,679.4**	**269.7**	**4,949.1**
30 June 2022			
Cost	6,119.4	426.8	6,546.2
Accumulated depreciation and impairment	(1,726.3)	(190.4)	(1,916.7)
	4,393.1	**236.4**	**4,629.5**
Movement:			
As at 1 July 2021	**4,189.5**	**222.0**	**4,411.5**
Additions	218.8	91.5	310.3
Business combinations	514.1	-	514.1
Reclassification (Note 11)	0.7	7.3	8.0
Depreciation	(343.2)	(73.9)	(417.1)
Reassessment of lease terms	11.3	-	11.3
Disposals or terminations	(8.4)	(0.4)	(8.8)
Exchange differences	(189.7)	(10.1)	(199.8)
As at 30 June 2022	**4,393.1**	**236.4**	**4,629.5**
30 June 2021			
Cost	5,690.5	378.5	6,069.0
Accumulated depreciation and impairment	(1,501.0)	(156.5)	(1,657.5)
	4,189.5	**222.0**	**4,411.5**

Leased assets, where pledged, are used as security for the related lease liabilities. Refer note 8.c.

13 Intangible assets

The Group's investment in intangible assets includes goodwill, service concession assets, brand names and on-premise software.

	Goodwill $m	Service Concession Assets $m	Other[1] $m	Total $m
30 June 2023				
Cost	5,756.4	239.8	511.4	6,507.6
Accumulated amortisation and impairment	-	(159.3)	(184.6)	(343.9)
	5,756.4	**80.5**	**326.8**	**6,163.7**
Movement:				
As at 1 July 2022	**5,385.6**	**105.8**	**329.4**	**5,820.8**
Additions	-	-	34.5	34.5
Business combinations	78.0	1.2	-	79.2
Reclassification (Note 11)	-	(1.2)	-	(1.2)
Amortisation	-	(22.0)	(26.8)	(48.8)
Disposals	-	-	(12.4)	(12.4)
Exchange differences	292.8	(3.3)	2.1	291.6
As at 30 June 2023	**5,756.4**	**80.5**	**326.8**	**6,163.7**
30 June 2022				
Cost	5,385.6	241.3	496.0	6,122.9
Accumulated amortisation and impairment	-	(135.5)	(166.6)	(302.1)
	5,385.6	**105.8**	**329.4**	**5,820.8**
Movement:				
As at 1 July 2021	**3,766.3**	**99.7**	**367.6**	**4,233.6**
Additions	-	0.8	31.0	31.8
Business combinations	1,818.6	35.3	1.1	1,855.0
Reclassification (Note 11)	-	4.9	(1.2)	3.7
Amortisation	-	(25.1)	(20.7)	(45.8)
Disposals	(4.2)	(0.2)	(13.4)	(17.8)
Impairment	-	-	(6.0)	(6.0)
Exchange differences	(195.1)	(9.6)	(29.0)	(233.7)
As at 30 June 2022	**5,385.6**	**105.8**	**329.4**	**5,820.8**
30 June 2021				
Cost	3,766.3	220.9	513.6	4,500.8
Accumulated amortisation and impairment	**-**	(121.2)	(146.0)	(267.2)
	3,766.3	**99.7**	**367.6**	**4,233.6**

1 Mainly brands and on-premise software costs, including both purchased and internally generated software.

13 Intangible assets (Continued)

Accounting Policies

Goodwill

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

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.

Service concession assets

Service concession assets represent the Group's right 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'.

Other Intangible assets

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 software 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.

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

- Service Concession Asset – over the term of the arrangement
- Software - 2 to 10 years

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.

13 Intangible assets (Continued)

Accounting Policies

	Service Concession Assets	Brands	Software costs
Useful lives	Finite	Indefinite	Finite
Amortisation method used	Amortised over the period of the arrangement	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/Acquired
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.

Key Accounting Judgements, Estimates and Assumptions

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

14 Impairment testing of goodwill

Goodwill arises when the Group acquires a business. It is the portion of the purchase price that is higher than the sum of the fair value of net assets acquired, which represents the synergies expected to arise from the acquisition. Goodwill is impaired when its historical cost exceeds its current recoverable amount.

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 operating 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. Goodwill is tested for impairment on an annual basis, as a minimum.

Goodwill has been allocated to the Asia Pacific operating segment, the UK operating segment, the French operating segment and the Nordics operating segment as shown in the table below. The provisional goodwill acquired through acquisition of Elysium Healthcare and GHP Specialty Care were not allocated to operating segments at 30 June 2022.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Unallocated $m	Total $m
2023	1,182.2	1,696.9	1,297.0	1,580.3	-	**5,756.4**
2022	1,181.7	267.4	1,200.8	1,130.1	1,605.6	**5,385.6**

Key Accounting Judgements, Estimates and Assumptions

The recoverable amount of the Asia Pacific operating segment, the UK operating segment, the French operating segment and the Nordics operating segment has been determined based on a value in use calculation using cash flow projections as at 30 June 2023 based on financial estimates approved by senior management and the Board of Directors covering the following financial year. In determining the 2024 (year 1) cash flow projections, management has factored in the performance of the Group in the current year. 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 outlined in the table below. Significant assumptions used in the impairment testing are inherently subjective and in times of economic uncertainty, such as that, caused by the COVID pandemic, the degree of subjectivity is higher than it might otherwise be.

	Asia Pacific %	UK %	France %	Nordics %
Terminal growth rate (Year 5+)				
2023	3.0	2.5	1.8	2.8
2022	3.0	1.9	1.3	2.0
Pre-tax discount rate				
2023	10.8	9.7	6.2	7.5
2022	9.9	10.3	7.0	7.2

Key inputs in value in use calculations are:

- Tax rates have been estimated at 30% for Australian operations, and 21% - 26% 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.

Detailed sensitivity testing was performed on the UK segment by decreasing the terminal growth rate from 2.5% to 1.7% which results in the carrying value equalling the recoverable amount, similarly increasing the pre-tax discount rate from 9.7% to 10.4% results in the carrying value equalling the recoverable amount and reducing the earnings before interest, tax, depreciation, amortisation and rent, in the first year by 19.0% results in the carrying value equalling the recoverable amount.

For Asia Pacific, UK, 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.

15 Taxes

This note provides an analysis of the income tax expense and deferred tax balances, including a reconciliation of the tax expense recognised, reconciled to the Group's net profit before tax at the Group's applicable tax rate. A deferred tax asset or liability is created when there are temporary differences between the accounting profit and taxable profit, representing a future income tax receivable or payable.

(i) Income tax expense

	2023 $m	2022 $m
The major components of income tax expense are:		
Current income tax		
Current income tax charge	171.1	220.1
Deferred income tax		
Relating to origination and reversal of temporary differences	12.6	(58.7)
Adjustments in respect of deferred income tax of previous years	(2.2)	(2.1)
Income tax expense reported in the Consolidated Income Statement	**181.5**	**159.3**
Income tax from continuing operations	181.5	159.3
Income tax from discontinued operations	-	-
	181.5	**159.3**

(ii) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Income Statement and tax expense calculated per the statutory income tax rate

	2023 $m	2022 $m
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:		
Profit before tax from continuing operations	527.1	523.2
Profit before tax from discontinued operations	19.9	15.3
Accounting profit before tax	547.0	538.5
At the Parent Entity's statutory income tax rate of 30% (2022: 30%)	164.1	161.5
Expenditure not allowable for income tax purposes	28.9	14.7
Amounts not assessable for income tax purposes	(10.8)	(29.6)
Impact of changes in foreign tax rates on deferred tax balances	(5.0)	(8.1)
Other French income tax expense	10.7	18.4
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	5.3	2.8
Other	(11.7)	(0.4)
Income tax expense reported in the Consolidated Income Statement	**181.5**	**159.3**

15 Taxes (Continued)

(iii) Recognised tax assets and liabilities

	2023 Current income tax $m	2023 Deferred income tax $m	2022 Current income tax $m	2022 Deferred income tax $m
As at 1 July	**(59.8)**	**171.5**	**(71.4)**	**222.1**
(Charged)/credited to income	(171.1)	(10.4)	(220.1)	60.8
(Charged)/credited to equity	-	(72.7)	-	(0.8)
Payments	234.2	-	229.3	-
Exchange differences	2.9	(6.0)	4.8	(4.3)
Acquisitions and disposals of subsidiary	(1.4)	2.6	(2.4)	(106.3)
As at 30 June	**4.8**	**85.0**	**(59.8)**	**171.5**

	Statement of Financial Position	
	2023 $m	2022 $m
Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:		
Deferred tax liabilities		
Inventory	(21.6)	(28.6)
Deferred revenue	(31.0)	(17.4)
Depreciable assets	(215.2)	(178.6)
Derivatives	(22.6)	-
Other provisions and lease liabilities	(163.5)	(150.0)
Gross deferred tax liabilities	(453.9)	(374.6)
Set-off of deferred tax assets	95.2	67.4
Net deferred tax liabilities	**(358.7)**	**(307.2)**
Deferred tax assets		
Employee provisions	179.8	182.6
Other provisions and lease liabilities	284.2	299.2
Unearned income	8.5	23.7
Losses	66.4	35.1
Derivatives	-	5.5
Gross deferred tax assets	538.9	546.1
Set-off of deferred tax liabilities	(95.2)	(67.4)
Net deferred tax assets	**443.7**	**478.7**

(iv) 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 decreased by $33.3 million (2022: decreased by $20.0 million). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 25.

Tax losses

At 30 June 2023, there were nil (2022: nil) losses carried forward in the Ramsay Health Care Ltd tax consolidated group and therefore no resulting deferred tax asset has been recognised. $66.4 million (2022: $35.1 million) has been recognised in relation to tax losses in other tax jurisdictions.

15 Taxes (Continued)

Accounting Policies

Income tax

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

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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Key Accounting Judgements, 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.

16 Other assets/liabilities (net)

	Note	2023 $m	2022 $m
Prepayments – current and non-current		202.3	197.1
Other assets – current		28.3	24.5
Assets held for sale	16.b	251.0	-
Defined employee benefit assets	16.e	55.1	19.2
Other financial assets – non-current		82.7	100.8
Investment in joint ventures	16.a	0.9	238.1
Other receivables – non-current	9.a	126.9	79.0
Provisions – current and non-current	16.c	(493.3)	(552.8)
Defined employee benefit obligation	16.e	(172.6)	(177.0)
Other creditors – non-current		(98.3)	(98.6)
		(17.0)	(169.7)

16.a Investment in joint ventures

A joint venture (**JV**) 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. The Group has a 50% interest in Ramsay Sime Darby Health Care Sdn Bhd (**RSDH**) (Malaysia registered company) and a 50% interest in Ascension Ramsay Global Sourcing Limited (UK registered company).

The Group has a 50% interest in 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 joint venture is accounted for using the equity method in the consolidated financial statements.

On 28 June 2023, investment in RSDH was reclassified as held for sale and the equity accounting of the investment was suspended from this date. The investment held for sale was presented at the carrying amount of investment in RSDH at 28 June 2023. Refer to Note 16.b for further detail.

	2023 $m	2022 $m
As at 1 July	**238.1**	**217.5**
Share of profit of joint venture[1]	19.8	15.5
Reclassified as held for sale (Note 16.b)	(251.0)	-
Foreign currency translation and other equity movements	(6.0)	5.1
As at 30 June	**0.9**	**238.1**

1 Share of profit of joint venture is from both continuing operations and discontinued operations (refer to Note 16.b).

16 Other assets/liabilities (net) (Continued)

Accounting Policies

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 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.

16.b Assets held for sale/Discontinued operations

Assets held for sales/Discontinued operations is a component of Ramsay Group that represents a separate major line of business or geographical area of operation that is held for sale. This section presents the profit or loss, cash flows and assets and liabilities from the components of the Group that are subject to a committed plan for sale.

Sale of Ramsay Sime Darby Health Care Sdn Bhd (RSDH)

On 28 June 2023, the Group publicly announced the decision, together with the joint venture partner Sime Darby Berhad, to sell the 50:50 joint venture company RSDH. The sale of RSDH is expected to be completed within a year from the reporting date. At 28 June 2023, the Group classified the investment in RSDH JV as a discontinued operation and as an investment held for sale. The investment held for sale was measured at the carrying amount of the equity accounted investment in RSDH JV at 28 June 2023.

The share of profit of RSDH JV was included in the Asia Pacific Segment. With the investment being classified as a discontinued operation, during the period, the profit from this investment is no longer included in the segment note (Note 1) in the current year. The prior year comparative in the segment note has also been restated.

16 Other assets/liabilities (net) (Continued)

	2023 $m	2022 $m
Assets of the discontinued operations		
Investment in joint ventures	251.0	-
Total assets held for sale	251.0	-
Results of the discontinued operations		
Share of profit of joint venture	19.9	15.3
Profit before income tax and finance costs	19.9	15.3
Net finance costs	-	-
Profit before income tax	19.9	15.3
Income tax	-	-
Profit after tax from discontinued operations	19.9	15.3
Cash flows of the discontinued operations		
Operating	-	-
Investing	-	-
Financing	-	-
Net increase/(decrease) in cash and cash equivalents	-	-

	2023 Cents per Share	2022 Cents per Share
Contribution to earnings per share by the discontinued operations		
Basic earnings per share (after CARES dividend)	8.7	6.7
Diluted earnings per share (after CARES dividend)	8.7	6.7

Accounting Policies

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

The carrying amount of investment in joint venture is not adjusted to recognise changes in the Group's share of net assets of the joint venture once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Income Statement.

Key Accounting Judgements, Estimates and Assumptions

The Group considered the investment in RSDH JV to meet the criteria to be classified as held for sale at 28 June 2023 for the following reasons:

- RSDH is available for immediate sale and can be sold in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.
- Ramsay annouced that, together with its JV partner Sime Darby Berhad, a decision was made to explore the possibility of realising a sale of RSDH JV on 28 June 2023.

16 Other assets/liabilities (net) (Continued)

16.c Provisions

A provision is a liability with uncertain timing and amount, but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to insurance, restructuring, legal obligations, unfavourable contracts and employee benefits.

	2023 $m	2022 $m
Current		
Restructuring provision	18.4	19.8
Unfavourable contracts	3.5	3.4
Insurance provision	12.8	18.3
Legal and compliance provision	42.2	83.8
Self-insured workers compensation	7.5	5.3
Other provisions	41.4	65.4
	125.8	**196.0**
Non-current		
Employee and Director entitlements	40.3	39.7
Unfavourable contracts	40.4	40.6
Insurance provision	68.2	67.7
Restructuring provision	36.4	32.7
Legal and compliance provision	162.9	162.4
Self-insured workers compensation	14.4	11.5
Other provisions	4.9	2.2
	367.5	**356.8**
Total	**493.3**	**552.8**

Movements in provisions

	Restructuring $m	Insurance $m	Unfavourable contracts $m	Legal and compliance $m	Self-insured workers compensation	Other provisions $m	Total $m
As at 1 July 2022	**52.5**	**86.0**	**44.0**	**246.2**	**16.8**	**67.6**	**513.1**
Arising during the year	-	10.4	-	16.5	16.9	10.2	54.0
Utilised during the year	(4.2)	(9.7)	(3.3)	(16.7)	(11.8)	(10.0)	(55.7)
Unused amounts reversed	(6.0)	(6.3)	-	(44.5)	-	(22.9)	(79.7)
Exchange differences	12.5	0.6	3.2	3.6	-	1.4	21.3
As at 30 June 2023	**54.8**	**81.0**	**43.9**	**205.1**	**21.9**	**46.3**	**453.0**
Current 2023	18.4	12.8	3.5	42.2	7.5	41.4	125.8
Non-current 2023	36.4	68.2	40.4	162.9	14.4	4.9	327.2
	54.8	**81.0**	**43.9**	**205.1**	**21.9**	**46.3**	**453.0**
Current 2022	19.8	18.3	3.4	83.8	5.3	65.4	196.0
Non-current 2022	32.7	67.7	40.6	162.4	11.5	2.2	317.1
	52.5	**86.0**	**44.0**	**246.2**	**16.8**	**67.6**	**513.1**

16 Other assets/liabilities (net) (Continued)

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.

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.

Employee leave benefits

Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in 'Trade and other creditors' 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.

Long service leave

The liability for long service leave is recognised in the provision for employee entitlements 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.

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.

Self-insured workers compensation

The Australian Group is self-insured for workers compensation claims. Provisions are recognised based on claims reported and an estimate of claims incurred but not reported. These provisions are determined on a discounted basis, using an actuarial valuation performed at each reporting date. The Australian Group has entered into bank guarantees in relation to its self-insured workers compensation obligations, refer to Note 19.

Accounting Policies

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.

Key Accounting Judgements, Estimates and Assumptions

The insurance 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.

16 Other assets/liabilities (net) (Continued)

16.d 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.

16.e Defined employee benefit obligation

A defined benefit plan is an employer-based program that pays retirement benefits based on a predetermined formula such as the employee's length of employment, age and salary history. 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.

In contrast to a defined contribution plan, the employer, not the employee, is responsible for all of the planning and investment risk of a defined benefit plan. The Group has a defined contribution obligation in other jurisdictions. Refer Note 16.d.

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

	2023 $m	2022 $m	2021 $m	2020 $m	2019 $m
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(384.4)	(386.6)	(473.5)	(418.4)	(389.9)
Fair value of plans assets	266.9	228.8	224.4	195.5	174.6
Net (liability) – non-current	**(117.5)**	**(157.8)**	**(249.1)**	**(222.9)**	**(215.3)**

	2023 $m	2022 $m
As presented on the Statement of Financial Position		
Defined benefit obligation asset	55.1	19.2
Defined benefit obligation liability	(172.6)	(177.0)
	(117.5)	(157.8)

	2023 $m	2022 $m
Net expense for the defined employee benefit obligation (Note 3) (recognised in superannuation expenses)	15.3	28.8

	2023 $m	2022 $m
Changes in the present value of the defined benefit obligation are as follows:		
As at 1 July	**(386.6)**	**(473.5)**
Current service cost	(10.4)	(24.0)
Finance cost	(4.9)	(5.7)
Benefits paid	13.9	11.4
Actuarial gains/(losses)	17.5	71.4
Exchange differences on foreign plans	(13.9)	33.8
As at 30 June	**(384.4)**	**(386.6)**
Changes in the fair value of plan assets are as follows:		
As at 1 July	**228.8**	**224.4**
Expected return	-	3.4
Contributions by employer	19.8	16.8
Benefits paid	(4.0)	(3.7)
Actuarial gains	26.2	9.1
Exchange differences on foreign plans	(3.9)	(21.2)
As at 30 June	**266.9**	**228.8**
Actuarial return on plan assets	-	3.4

16 Other assets/liabilities (net) (Continued)

Plan assets are invested as follows:

	2023 %	2022 %
Equities	28.9	28.9
Bonds	40.3	40.3
Property	10.4	10.4
Other	20.4	20.4

The Group expects to contribute nil to its defined benefit obligations in 2024.

	2023 $m	2022 $m
Actuarial (gains)/losses recognised in the Statement of Comprehensive Income	(43.7)	(80.5)
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	18.1	61.8

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

	2023 %	2022 %
Discount rate	2.0 to 3.6	3.1 to 3.4
Future salary increases	1.8 to 3.2	1.8 to 3.4
Future pension increases	2.0 to 3.3	1.0 to 2.0

Accounting Policies

The Group has defined employee benefit obligations in the Nordics and in France, arising from local legislative requirements.

The cost of providing benefits under these obligations are 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 corporate bonds) less unrecognised past service costs.

Key Accounting Judgements, 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

This section discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

17 Financial risk management

This note provides a summary of the Group's exposure to key financial risks, including interest rate, foreign currency, credit and liquidity risks, along with the Group's policies and strategies to mitigate these risks. There have been no material changes to the Group's risk management policies since 1 July 2022.

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 Syndicated Facility Agreements with its Banks. The Syndicated Facility Agreements are with prime financial institutions. By entering into Syndicated Facility Agreements with a number of financial institutions in addition to Bilateral Facility Agreements, the Group has reduced its counterparty risk.

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 8.b.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rates:

	2023 $m	2022 $m
Financial Assets		
Cash and cash equivalents	656.2	314.2
Financial Liabilities		
Bank Loans	(1,542.5)	(4,146.7)
Net exposure	(886.3)	(3,832.5)

Interest rate derivatives contracts are outlined in Note 8.d, with a net positive fair value of $119.4 million (2022: net positive $54.3 million) which are exposed to fair value movements if interest rates change.

17 Financial risk management (Continued)

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)	
	2023 $m	2022 $m	2023 $m	2022 $m
AUD				
+100 basis points (2022: +100 basis points)	0.3	(8.7)	41.2	11.8
-100 basis points (2022: -100 basis points)	(0.4)	8.7	(43.1)	(12.2)
GBP				
+100 basis points (2022: +100 basis points)	0.2	0.5	-	-
-100 basis points (2022: -100 basis points)	(0.2)	(0.5)	-	-
EUR				
+100 basis points (2022: +20 basis points)	(4.1)	(1.2)	30.2	-
-100 basis points (2022: -20 basis points)	4.0	1.2	(31.6)	-

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 functional currency).

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.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible changes in Euro exchange rates, with all other variables held constant. The impact on the Group's equity is in relation to the loan and cash balances of the Group's subsidiary. 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)	
	2023 $m	2022 $m	2023 $m	2022 $m
Euro (EUR)				
+10% (2022: +10%)	-	-	164.8	173.1
-10% (2022: -10%)	-	-	(201.4)	(211.2)

17 Financial risk management (Continued)

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 in default. 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.

17 Financial risk management (Continued)

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, bonds and leases.

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

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

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

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
As at 30 June 2023					
Trade and other liabilities	(3,108.7)	-	-	-	(3,108.7)
Loans and borrowings	(73.2)	(316.1)	(5,980.1)	(398.2)	(6,767.5)
Lease liabilities	(171.6)	(514.7)	(1,950.7)	(6,809.5)	(9,446.4)
Financial derivatives[1]	-	-	-	-	-
	(3,353.4)	(830.7)	(7,930.9)	(7,207.7)	(19,322.6)
As at 30 June 2022					
Trade and other liabilities	(3,027.3)	-	-	-	(3,027.3)
Loans and borrowings	(26.5)	(170.9)	(5,024.3)	(264.7)	(5,486.4)
Lease liabilities	(149.2)	(447.7)	(1,504.3)	(6,549.5)	(8,650.7)
Financial derivatives[1]	-	-	-	-	-
	(3,203.0)	(618.6)	(6,528.6)	(6,814.2)	(17,164.4)

1 Derivatives in the current financial year are a financial asset based on current market rates. Hence they are not included in the liquidity risk table above.

The disclosed financial derivative instruments in the above table are the net undiscounted cash flows. However, those amounts may be settled gross or net.

Appendix 4E – Key Matters

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V Other Information

This section includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18 Share based payment plans

A share based payment is a transaction in which the Group receives goods or services in exchange for rights to its own shares. Ramsay operates a performance rights scheme, where share rights may be issued to eligible employees.

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:

	2023		2022	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	633,164		1,044,337	
granted	188,949	$44.41	220,614	$53.30
vested	(9,902)	$66.25	(29,042)	$66.22
forfeited	(224,343)	$50.73	(602,745)	$40.30
Balance at end of year	587,868		633,164	
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 2023:

Number of Rights	Grant Date	Vesting Date[1]	Weighted Average Fair Value[2]
102,146	15-Dec-20	31-Aug-23	$27.14
102,161	15-Dec-20	31-Aug-23	$59.45
92,329	15-Dec-21	31-Aug-24	$42.05
92,334	15-Dec-21	31-Aug-24	$64.55
9,130	25-Feb-22	31-Aug-24	$42.05
9,127	25-Feb-22	31-Aug-25	$64.55
89,337	15-Dec-22	31-Aug-25	$27.60
89,313	15-Dec-22	31-Aug-25	$61.22
996	20-Feb-23	31-Aug-25	$27.60
995	20-Feb-23	31-Aug-25	$61.22
587,868			

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

18 Share based payment plans (Continued)

Accounting Policies

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 or 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 Rights Plan are classified and disclosed as Treasury shares and deducted from equity.

Key Accounting Judgements, 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 (market based 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 15 December 2020, 15 December 2021 and 15 December 2022:

	Granted 15-Dec-22	Granted 15-Dec-21	Granted 15-Dec-20
Dividend yield	2.33%	2.21%	2.40%
Expected volatility	32.82%	29.56%	30.32%
Risk-free interest rate	3.14%	0.86%	0.10%
Effective life of incentive right	3 years	3 years	3 years

The expected volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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.

19 Capital commitments and contingent liabilities

Capital commitments are the Group's contractual obligation to make future payments in relation to purchases of assets.

Contingent liabilities are possible future cash payments arising from past events that are not recognised in the financial statements, as the likelihood of payment is not considered probable or cannot be reliably measured.

19.a Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2023 $m	2022 $m
Property, plant and equipment	208.5	298.8

19.b Contingent liabilities

The Group has a number of bank guarantees to third parties for various operational and legal purposes, none of which are individually material to the Group. No provision has been made in the financial statements in respect of these bank guarantees, as the probability of having to make a payment under these guarantees is considered remote.

The only material guarantee is for workers compensation self-insurance liabilities as required by State WorkCover authorities for $48.2 million as at 30 June 2023 (2022: $40.6 million). A provision for self-insured risks relating to workers compensation claims has been provided for (Refer Note 16.c).

20 Subsequent events

This note outlines events which have occurred between the reporting date, being 30 June 2023, and the date these financial results are released.

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.

21 Related party transactions

This note discloses the Group's transactions with its related parties, including their relatives or related businesses.

Transactions with Related Party Entities

As at 30 June 2023 there were no outstanding transactions (2022: $nil) to be billed to or billed from related party entities.

22 Auditors' remuneration

This note summarises the total remuneration received or receivable by the Group's external auditors for their audit, assurance and other services.

	2023 $	2022 $
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	2,692,414	2,461,495
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	177,000	120,000
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	249,496	210,978
Assurance related	7,800	10,000
Advisory services	134,500	-
	3,261,210	2,802,473
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	5,183,049	4,302,839
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	213,150	142,831
Assurance related	92,381	-
	5,488,580	4,445,670
Total	8,749,790	7,248,143
The total fees paid to Ernst & Young member firms by service type are:		
Audit Services	7,875,463	6,764,334
Non-audit Services	874,327	483,809
Total	8,749,790	7,248,143
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Audit or review of the financial report	2,693,223	2,459,569

Appendix 4E – Key Matters

Operating and Financial Review

Financial Results

23 Information relating to subsidiaries

This note provides a list of all the significant entities controlled by the Group as at the reporting date, including those included in the Closed Group.

Name	Country of Incorporation	% Equity Interest 2023	% Equity Interest 2022
RHC Nominees Pty Limited[1]	Australia	100%	100%
RHC Developments Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Investments Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings (Queensland) Pty Limited[1]	Australia	100%	100%
Ramsay Finance Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited[1]	Australia	100%	100%
RHC Ancillary Services Pty Limited[1]	Australia	100%	100%
Linear Medical Pty Limited[1]	Australia	100%	100%
Newco Enterprises Pty Limited[1]	Australia	100%	100%
Sydney & Central Coast Linen Services Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Holdings Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Pty Limited[1]	Australia	100%	100%
AHH Holdings Health Care Pty Limited[1]	Australia	100%	100%
AH Holdings Health Care Pty Limited[1]	Australia	100%	100%
Ramsay Centauri Pty Limited[1]	Australia	100%	100%
Alpha Healthcare Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Australia Pty Limited[1]	Australia	100%	100%
Donvale Private Hospital Pty Limited[1]	Australia	100%	100%
The Benchmark Hospital Group Pty Limited[1]	Australia	100%	100%
Dandenong Valley Private Hospital Pty Limited[1]	Australia	100%	100%
Benchmark – Surrey Pty Limited[1]	Australia	100%	100%
Benchmark – Peninsula Pty Limited[1]	Australia	100%	100%
Benchmark – Donvale Pty Limited[1]	Australia	100%	100%
Benchmark – Windermere Pty Limited[1]	Australia	100%	100%
Benchmark – Beleura Pty Limited[1]	Australia	100%	100%
Beleura Properties Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Finance Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Pty Limited[1]	Australia	100%	100%
Affinity Health Foundation Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Indonesia Pty Limited[1]	Australia	100%	100%
Hospitals of Australia Pty Limited[1]	Australia	100%	100%
Glenferrie Private Hospital Pty Limited[1]	Australia	100%	100%
Relkban Pty Limited[1]	Australia	100%	100%
Relkmet Pty Limited[1]	Australia	100%	100%
Votraint No. 664 Pty Limited[1]	Australia	100%	100%
Votraint No. 665 Pty Limited[1]	Australia	100%	100%
Australian Medical Enterprises Pty Limited[1]	Australia	100%	100%
AME Hospitals Pty Limited[1]	Australia	100%	100%
Victoria House Holdings Pty Limited[1]	Australia	100%	100%
C&P Hospitals Holdings Pty Limited[1]	Australia	100%	100%
HCoA Hospital Holdings (Australia) Pty Limited[1]	Australia	100%	100%
AME Properties Pty Limited[1]	Australia	100%	100%
AME Superannuation Pty Limited[1]	Australia	100%	100%

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

23 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2023	2022
Attadale Hospital Property Pty Limited[1]	Australia	100%	100%
Glengarry Hospital Property Pty Limited[1]	Australia	100%	100%
Hadassah Pty Limited[1]	Australia	100%	100%
Rannes Pty Limited[1]	Australia	100%	100%
Hallcraft Pty Limited[1]	Australia	100%	100%
Jamison Private Hospital Property Pty Limited[1]	Australia	100%	100%
Affinity Health (FP) Pty Limited[1]	Australia	100%	100%
Armidale Hospital Pty Limited[1]	Australia	100%	100%
Caboolture Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Health Campus Finance Limited[1]	Australia	100%	100%
Logan Hospital Pty Limited[1]	Australia	100%	100%
Noosa Privatised Hospital Pty Limited[1]	Australia	100%	100%
AMNL Pty Limited[1]	Australia	100%	100%
Mayne Properties Pty Limited[1]	Australia	100%	100%
Port Macquarie Hospital Pty Limited[1]	Australia	100%	100%
HCoA Operations (Australia) Pty Limited[1]	Australia	100%	100%
Hospital Corporation Australia Pty Limited[1]	Australia	100%	100%
Dabuvu Pty Limited[1]	Australia	100%	100%
HOAIF Pty Limited[1]	Australia	100%	100%
HCA Management Pty Limited[1]	Australia	100%	100%
Malahini Pty Limited[1]	Australia	100%	100%
Tilemo Pty Limited[1]	Australia	100%	100%
Hospital Affiliates of Australia Pty Limited[1]	Australia	100%	100%
C.R.P.H Pty Limited[1]	Australia	100%	100%
Hospital Developments Pty Limited[1]	Australia	100%	100%
P.M.P.H Pty Limited[1]	Australia	100%	100%
Pruinosa Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Allamanda) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Latrobe) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care 1988 Pty Limited[1]	Australia	100%	100%
AHC Foundation Pty Limited[1]	Australia	100%	100%
AHC Tilbox Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Investments Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MPH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MSH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Pindara) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (The Avenue) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Retirement Plan Pty Limited[1]	Australia	100%	100%
eHealth Technologies Pty Limited[1]	Australia	100%	100%
Health Technologies Pty Limited[1]	Australia	100%	100%
Rehabilitation Holdings Pty Limited[1]	Australia	100%	100%
Bowral Management Company Pty Limited[1]	Australia	100%	100%

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

23 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2023	2022
Simpak Services Pty Limited[1]	Australia	100%	100%
APL Hospital Holdings Pty Limited[1]	Australia	100%	100%
Alpha Pacific Hospitals Pty Limited[1]	Australia	100%	100%
Health Care Corporation Pty Limited[1]	Australia	100%	100%
Alpha Westmead Private Hospital Pty Limited[1]	Australia	100%	100%
Illawarra Private Hospital Holdings Pty Limited[1]	Australia	100%	100%
Northern Private Hospital Pty Limited[1]	Australia	100%	100%
Westmead Medical Supplies Pty Limited[1]	Australia	100%	100%
Herglen Pty Limited[1]	Australia	100%	100%
Mt Wilga Pty Limited[1]	Australia	100%	100%
Sibdeal Pty Limited[1]	Australia	100%	100%
Workright Pty Limited[1]	Australia	100%	100%
Adelaide Clinic Holdings Pty Limited[1]	Australia	100%	100%
eHospital Pty Limited[1]	Australia	100%	100%
New Farm Hospitals Pty Limited[1]	Australia	100%	100%
North Shore Private Hospital Pty Limited[1]	Australia	100%	100%
Phiroan Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Asia Pacific) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (South Australia) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Victoria) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (QLD) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (VIC) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (WA) Pty Limited[1]	Australia	100%	100%
Ramsay Pharmacy Retail Services Pty Limited[1]	Australia	100%	100%
Ramsay Professional Services Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 1) Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 2) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (UK) Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited[2]	UK	100%	100%
Ramsay Santé SA[2]	France	52.8%	52.8%
Capio AB[2]	Sweden	52.8%	52.8%
Ramsay Elysium Holding Limited[2]	UK	100%	100%

1 Entities included in the deed of cross guarantee as required for the instrument
2 This entity owns a number of subsidiaries, none of which are individually material to the Group

24 Closed group

This note presents the consolidated financial performance and position of the Australian wholly owned subsidiaries, which together with the Parent Entity, Ramsay Health Care Limited, are referred to as the 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 23, (identified by footnote 1) 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	
	2023	2022
Consolidated Income Statement	**$m**	**$m**
Profit before tax from continuing operations	385.0	381.4
Income tax expense	(157.2)	(100.7)
Profit after tax from continuing operations	227.8	280.7
Profit after tax from discontinued operations	19.9	15.3
Net profit for the year	**247.7**	**296.0**
Retained earnings at the beginning of the year	1,681.7	1,737.6
Dividends paid	(237.5)	(351.9)
Retained earnings at the end of the year	**1,691.9**	**1,681.7**

24 Closed group (Continued)

Consolidated Statement of Financial Position	Closed Group 2023 $m	Closed Group 2022 $m
ASSETS		
Current assets		
Cash and cash equivalents	30.4	34.6
Trade and other receivables	3,025.7	2,581.0
Inventories	149.6	164.5
Derivative financial instruments	35.0	11.3
Income tax receivables	28.9	15.6
Prepayments	32.8	33.6
Other current assets	4.7	3.9
	3,307.1	2,844.5
Assets held for sale	251.0	-
Total current assets	**3,558.1**	**2,844.5**
Non-current assets		
Other financial assets	663.8	663.7
Investment in joint ventures	0.9	238.1
Property, plant and equipment	2,676.7	2,529.1
Right of use assets	476.0	448.0
Intangible assets	1,048.2	1,052.8
Deferred tax assets	161.8	254.8
Prepayments	10.5	10.7
Derivative financial instruments	40.8	29.6
Other receivables	70.5	206.4
Total non-current assets	**5,149.2**	**5,433.2**
TOTAL ASSETS	**8,707.3**	**8,277.7**
LIABILITIES		
Current liabilities		
Trade and other creditors	971.2	964.0
Lease liabilities	22.2	20.4
Provisions	36.0	77.7
Total current liabilities	**1,029.4**	**1,062.1**
Non-current liabilities		
Loans and borrowings	2,274.2	2,042.6
Lease liabilities	613.4	571.4
Provisions	133.0	129.0
Total non-current liabilities	**3,020.6**	**2,743.0**
TOTAL LIABILITIES	**4,050.0**	**3,805.1**
NET ASSETS	**4,657.3**	**4,472.6**
EQUITY		
Issued capital	2,216.4	2,197.6
Treasury shares	(67.8)	(72.4)
Convertible Adjustable Rate Equity Securities (CARES)	252.2	252.2
Other reserves	564.6	413.5
Retained earnings	1,691.9	1,681.7
TOTAL EQUITY	**4,657.3**	**4,472.6**

25 Parent entity information

This note presents the stand-alone summarised financial information of the parent entity Ramsay Health Care Limited.

	2023 $m	2022 $m
Information relating to Ramsay Health Care Limited		
Current assets	2,610.5	2,837.2
Total assets	2,752.5	2,980.2
Current liabilities	0.6	0.6
Total liabilities	0.6	0.6
Issued capital	2,216.4	2,197.6
Other equity	535.4	782.0
Total shareholders' equity	2,751.8	2,979.6
Net (loss)/profit for the year after tax	(11.2)	353.4

As a condition of the Instrument (set out in Note 24), 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.

26 Material partly–owned subsidiaries

This note provides information of the significant subsidiaries that the Group owns less than 100% shareholding in.

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:

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

Refer to Note 23 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 2023 are 53.0% (2022: 53.0%). The remaining interest is held by the non-controlling interest.

Accumulated balances of non-controlling interests

Refer to the Consolidated Statement of Changes in Equity.

Profit allocated to non-controlling interests

Refer to the Consolidated Income Statement.

Summarised Statement of Profit or Loss and Statement of Financial Position for 2023 and 2022

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

Summarised cash flow information

	2023 $m	2022 $m
Operating	744.5	237.7
Investing	(220.5)	(730.7)
Financing	(172.0)	(239.2)
Net increase/(decrease) in cash and cash equivalents	352.0	(732.2)

27 Status of audit

This report is based on accounts which are in the process of being audited.

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