

# Appendix 4B (not equity accounted)

## Preliminary Final Report

Introduced 1/7/96. Origin: Appendices 3, 4. Amended 1/7/97, 1/12/97, 1/7/98.

Name of entity

RAMSAY HEALTH CARE LIMITED

ACN, ARBN or ARSN

001 288 768

Half yearly  
(tick)

Preliminary  
final (tick)

Half year/financial year ended ('current  
period')

30 June 1999

### For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Sales (or equivalent operating) revenue (item 1.1)	Up	22%	To	259,841
Abnormal items after tax attributable to members (item 2.5)	(loss) of			(4,018)
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (item 1.26)	Down	57%	To	5,964
+Operating profit (loss) after tax attributable to members (item 1.10)	Down	57%	To	5,964
Extraordinary items after tax attributable to members (item 1.13)	gain (loss) of			Nil
+Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	down	57%	To	5,964
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security at 36% tax
Final dividend (Preliminary final report only - item 15.4) Interim dividend (Half yearly report only - item 15.6)		4.4¢		3.5¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)		4.4¢		3.5¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)		15 October 1999		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

**Consolidated profit and loss account**

*(The figures are not equity accounted)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Sales (or equivalent operating) revenue	259,841	213,014
1.2 Other revenue	30,103*	804
<b>1.3 Total revenue</b>	<b>289,944</b>	<b>213,818</b>
<b>1.4 +Operating profit (loss) before abnormal items and tax</b>	<b>12,755</b>	<b>19,051</b>
1.5 Abnormal items before tax (detail in item 2.4)	(6,998)	Nil
1.6 +Operating profit (loss) before tax (items 1.4 + 1.5)	5,757	19,051
1.7 Less tax	207	(5,090)
1.8 +Operating profit (loss) after tax but before outside +equity interests	5,964	13,961
1.9 Less outside +equity interests	Nil	Nil
<b>1.10 +Operating profit (loss) after tax attributable to members</b>	<b>5,964</b>	<b>13,961</b>
1.11 Extraordinary items after tax (detail in item 2.6)	Nil	Nil
1.12 Less outside +equity interests	Nil	Nil
1.13 Extraordinary items after tax attributable to members	Nil	Nil
<b>1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)</b>	<b>5,964</b>	<b>13,961</b>
1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	Nil	Nil
<b>1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)</b>	<b>5,964</b>	<b>13,961</b>
1.17 Retained profits (accumulated losses) at beginning of financial period	29,699	23,788
1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	Nil	Nil
1.19 Aggregate of amounts transferred from reserves	Nil	Nil
<b>1.20 Total available for appropriation (carried forward)</b>	<b>35,663</b>	<b>37,749</b>

+ See chapter 19 for defined terms.

*\* essentially represents proceeds on sale of non-hospital assets*

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

**Consolidated profit and loss account continued**

1.20	Total available for appropriation ( <i>brought forward</i> )	35,663	37,749
1.21	Dividends provided for or paid	(8,050)	(8,050)
1.22	Aggregate of amounts transferred to reserves	-	-
1.23	<b>Retained profits (accumulated losses) at end of financial period</b>	<b>27,613</b>	<b>29,699</b>

<b>Profit restated to exclude amortisation of goodwill</b>		Current period \$A'000	Previous corresponding period \$A'000
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	5,964	13,961
1.25	Less (plus) outside +equity interests	Nil	Nil
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	5,964	13,961

<b>Intangible, abnormal and extraordinary items</b>	<i>Consolidated - current period</i>			
	Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of goodwill	N/A	N/A	N/A
2.2	Amortisation of other intangibles	N/A	N/A	N/A
2.3	<b>Total amortisation of intangibles</b>	N/A	N/A	N/A
2.4	Abnormal items			
	Commissioning Costs North Shore and Flinders Private Hospitals	(7,870)	2,833	-
	Profit on Sale of non-hospital asset	2,502	46	2,548
	Write off of discontinued projects	(1,630)	101	(1,529)
2.5	<b>Total abnormal items</b>	<b>(6,998)</b>	<b>2,980</b>	<b>-</b>
2.6	Extraordinary items	N/A	N/A	N/A
2.7	<b>Total extraordinary items</b>	N/A	N/A	N/A

<b>Comparison of half year profits</b> <i>(Preliminary final report only)</i>		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly report)	4,037	6,899

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

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3.2	Consolidated +operating profit (loss) after tax attributable to members for the 2nd half year	1,927	7,062
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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

**Consolidated balance sheet**

(See note 5)

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000	
<b>Current assets</b>				
4.1	Cash	13,327	19,864	13,431
4.2	Receivables	33,433	22,322	24,213
4.3	Investments	Nil	Nil	Nil
4.4	Inventories	4,730	2,430	2,994
4.5	Other (provide details if material)	Nil	Nil	Nil
4.6	<b>Total current assets</b>	<b>51,490</b>	<b>44,616</b>	<b>40,638</b>
<b>Non-current assets</b>				
4.7	Receivables	2,924	Nil	Nil
4.8	Investments	297	221	221
4.9	Inventories	Nil	Nil	Nil
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	N/A	N/A	N/A
4.11	Development properties (+mining entities)	N/A	N/A	N/A
4.12	Other property, plant and equipment (net)	444,341	398,288	446,564
4.13	Intangibles (net)	21,473	12,570	13,624
4.14	Other (provide details if material) - capitalised costs	907	2,507	2,813
4.15	<b>Total non-current assets</b>	<b>469,942</b>	<b>413,586</b>	<b>463,222</b>
4.16	<b>Total assets</b>	<b>521,432</b>	<b>458,202</b>	<b>503,860</b>
<b>Current liabilities</b>				
4.17	Accounts payable	35,006	32,931	26,482
4.18	Borrowings	13,574	7,987	14,158
4.19	Provisions	16,480	13,826	12,216
4.20	Other (provide details if material)	Nil	Nil	Nil
4.21	<b>Total current liabilities</b>	<b>65,060</b>	<b>54,744</b>	<b>52,856</b>
<b>Non-current liabilities</b>				
4.22	Accounts payable	195	308	290
4.23	Borrowings	227,267	178,818	223,959
4.24	Provisions	25,433	18,769	20,418
4.25	Other (provide details if material)	Nil	Nil	Nil
4.26	<b>Total non-current liabilities</b>	<b>252,895</b>	<b>197,895</b>	<b>244,667</b>

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

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4.27	Total liabilities	317,955	252,639	297,523
4.28	Net assets	203,477	205,563	206,337

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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

**Consolidated balance sheet continued**

	<b>Equity</b>			
4.29	Capital *	80,704	10,878	10,878
4.30	Reserves	95,160	164,986	164,986
4.31	Retained profits (accumulated losses)	27,613	29,699	30,473
4.32	Equity attributable to members of the parent entity	203,477	205,563	206,337
4.33	Outside +equity interests in controlled entities	Nil	Nil	Nil
4.34	<b>Total equity</b>	<b>203,477</b>	<b>205,563</b>	<b>206,337</b>
4.35	Preference capital included as part of 4.32	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Exploration and evaluation expenditure capitalised**

*To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.*

	Current period \$A'000	Previous corresponding period- \$A'000
5.1	Opening balance	N/A
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	
5.6	<b>Closing balance as shown in the consolidated balance sheet (item 4.10)</b>	<b>N/A</b>

**Development properties**

*(To be completed only by entities with mining interests if amounts are material)*

	Current period \$A'000	Previous corresponding period- \$A'000
6.1	Opening balance	N/A
6.2	Expenditure incurred during current period	
6.3	Expenditure transferred from exploration and evaluation	
6.4	Expenditure written off during current period	
6.5	Acquisitions, disposals, revaluation increments, etc.	
6.6	Expenditure transferred to mine properties	
6.7	<b>Closing balance as shown in the consolidated balance sheet (item 4.11)</b>	<b>N/A</b>

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

\* As a result of changes to the Corporations Law, there is no longer a requirement for disclosure of a share premium account. The balance of the share premium account was transferred to the capital line 4.29. Prior period comparatives have not been restated.

**Consolidated statement of cash flows**

(See note 6)

		Current period \$A'000	Previous corresponding period- \$A'000
<b>Cash flows related to operating activities</b>			
7.1	Receipts from customers	248,703	208,372
7.2	Payments to suppliers and employees	(221,354)	(164,255)
7.3	Dividends received		-
7.4	Interest and other items of similar nature received	408	804
7.5	Interest and other costs of finance paid	(14,472)	(9,194)
7.6	Income taxes paid	(3,678)	(1,417)
7.7	Other (provide details if material)		-
<b>7.8</b>	<b>Net operating cash flows</b>	<b>9,607</b>	<b>34,310</b>
<b>Cash flows related to investing activities</b>			
7.9	Payment for purchases of property, plant and equipment	(88,694)	(91,072)
7.10	Proceeds from sale of property, plant and equipment	29,695	158
7.11	Payment for purchases of equity investments		
7.12	Proceeds from sale of equity investments		
7.13	Loans to other entities	(2,897)	
7.14	Loans repaid by other entities		
7.15	Other (provide details if material)	(76)	-
<b>7.16</b>	<b>Net investing cash flows</b>	<b>(61,972)</b>	<b>(90,914)</b>
<b>Cash flows related to financing activities</b>			
7.17	Proceeds from issues of +securities (shares, options, etc.)		80,437
7.18	Proceeds from borrowings	75,041	71,310
7.19	Repayment of borrowings	(21,163)	(47,758)
7.20	Dividends paid	(8,050)	(3,263)
7.21	Other (provide details if material)		(12)
	- Repayment of indebtedness to Paul Ramsay Holdings Pty Ltd		(32,847)
	- Issue costs paid		(6,259)
<b>7.22</b>	<b>Net financing cash flows</b>	<b>45,828</b>	<b>61,608</b>
<b>7.23</b>	<b>Net increase (decrease) in cash held</b>	<b>(6,537)</b>	<b>5,004</b>
7.24	Cash at beginning of period (see Reconciliation of cash)	19,864	14,860

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

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7.25	Exchange rate adjustments to item 7.24.		Nil
	<b>Cash at end of period</b>		
7.26	(see <i>Reconciliation of cash</i> )	<b>13,327</b>	<b>19,864</b>

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+ See chapter 19 for defined terms.

## Non-cash financing and investing activities

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

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## Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous Corresponding period- \$A'000
8.1 Cash on hand and at bank	5,106	4,172
8.2 Deposits at call	8,221	15,692
	Nil	Nil
8.3 Bank overdraft	Nil	Nil
8.4 Other (provide details)		
	<b>13,327</b>	<b>19,864</b>
8.5 <b>Total cash at end of period</b> (item 7.25)		

## Ratios

	Current period	Previous corresponding Period
<b>Profit before abnormals and tax / sales</b>		
9.1 Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	4.9%	8.9%
<b>Profit after tax / +equity interests</b>		
9.2 Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.32)	2.93%	6.79%

## Earnings per security (EPS)

	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	5.48¢	14.15¢
(b) Diluted EPS (if materially different from (a))	5.48¢	13.99¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	108,783,866	98,650,574

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

<b>NTA backing</b> <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	1.85	1.92

**Details of specific receipts/outlays, revenues/ expenses**

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.4	408	804
12.2 Interest revenue included in item 12.1 but not yet received (if material)	Nil	Nil
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	14,472	9,122
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	4,239	6,616
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	N/A	N/A
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	14,939	10,039

**Control gained over entities having material effect**

*(See note 8)*

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	N/A
13.3 Date from which such profit has been calculated	N/A
13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	N/A

+ See chapter 19 for defined terms.

**Loss of control of entities having material effect**

(See note 8)

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	
14.3	Date to which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	

**Reports for industry and geographical segments**

The economic entity operates within the health care industry predominantly in Australia.

**Dividends (in the case of a trust, distributions)**

15.1	Date the dividend (distribution) is payable	29 October 1999
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received up to 5.00 pm if paper based, or by "End of Day" if a proper +SCH transfer)	15 October 1999
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	Yes

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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Preliminary final report**

**Amount per security**

		Amount per security	Franked amount per security at 36% tax
15.4	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	4.4¢	3.5¢
15.5	Previous year	4.4¢	3.5¢
15.6	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	3.0¢	2.4¢
15.7	Previous year	3.0¢	2.4¢

**Total dividend (distribution) per security (interim *plus* final)**

*(Preliminary final report only)*

	Current year	Previous year
15.8 +Ordinary securities	7.4¢	7.4¢
15.9 Preference +securities	N/A	N/A

**Half yearly report - interim dividend (distribution) on all securities or  
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding Period - \$A'000
15.10 +Ordinary securities	4,786	4,786
15.11 Preference +securities	N/A	N/A
15.12 <b>Total</b>	<b>4,786</b>	<b>4,786</b>

The +dividend or distribution plans shown below are in operation.

N/A
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The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions)

N/A
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+ See chapter 19 for defined terms.

### Equity accounted associated entities and other material interests

*Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate note. See AASB 1016: Disclosure of Information about Investments in Associated Companies.*

Investments in associated entities		Current period	Previous corresponding
		\$A'000	period- \$A'000
16.1	Statutory carrying value of investments in associated entities (SCV)	Nil *	N/A
16.2	Share of associated entities' retained profits and reserves not included in SCV:		
	Retained profits	Nil	N/A
	Reserves	Nil	N/A
16.3	<b>Equity carrying value of investments</b>	<b>Nil</b>	<b>N/A</b>

### Material interests in entities which are not controlled entities

*The economic entity has an interest (that is material to it) in the following entities.*

Name of entity	Percentage of ownership interest (*ordinary securities, +units etc) held at end of period		Contribution to +operating profit (loss) and extraordinary items after tax	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
17.1 <b>Equity accounted associated entities</b>			<i>Equity accounted</i>	
Mildura Base Hospital Pty Ltd *	100%	N/A	Nil	N/A
17.2 <b>Other material interests</b>			<i>Not equity accounted (ie part of item 1.14)</i>	

\* At 30 June 1999 the Group owned 100% of the issued capital being \$100 with the intention of selling 50% or more of the capital to third parties in the next financial year.

Consequently this investment has been treated as an equity investment, as the Groups control of the company is only temporary. The equity treatment is not materially different to treating this investment as a controlled entity.

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Preliminary final report**

**Issued and quoted securities at end of current period**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

Category of +securities	Total number	Number quoted	Issue price per security (see note 14)	Amount paid up per security (see note 14)
18.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
18.3 <b>+Ordinary securities Fully paid</b>	108,783,866	108,783,866	N/A	N/A
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
18.5 <b>+Convertible debt securities</b> <i>(description and conversion factor)</i>	-	-	-	-
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
18.7 <b>Options</b> <i>(description and conversion factor)</i>	2,692,500	2,692,500	<i>Exercise Price</i>	<i>Expiry date (if any)</i>
			1.85	17/9/02 #
18.8 Issued during current period	217,500	217,500	1.85	15/12/03 #
18.9 Exercised during current period	-	-	-	-
18.10 Expired during current period	-	-	-	-
18.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
18.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

# Expiry date is five years after issue. In each case, none of the options are exercisable within two years of date of issue, up to 40% of the options are exercisable after 2 years, a further 20% of the options are exercisable in the final three months of each of the subsequent three

+ See chapter 19 for defined terms.

years. The options cannot be exercised unless the market value price of the shares exceeds \$2.20.

### **Comments by directors**

*Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.*

### **Basis of accounts preparation**

*If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]*

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer to attachment.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

There are sufficient franking credits available to frank the final dividend to 80%. Next years dividends may not be franked.

Changes in accounting policies since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)*

No material changes.

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+ See chapter 19 for defined terms.

## Additional disclosure for trusts

19.1	Number of units held by the management company or responsible entity or their related parties	N/A
19.2	A statement of the fees and commissions payable to the management company or responsible entity.  Identify: <ul style="list-style-type: none"><li>• initial service charges</li><li>• management fees</li><li>• other fees</li></ul>	N/A

## Annual meeting

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place	ANA HOTEL SYDNEY
Date	16 NOVEMBER 1999
Time	2.30PM
Approximate date the annual report will be available	15 OCTOBER 1999

## Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 12).

Identify other standards used

Nil
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2 This report, and the financial statements prepared under the Corporations Law (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

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+ See chapter 19 for defined terms.

4 This report is based on financial statements to which one of the following applies.

(Tick one)

The financial statements have been audited.

The financial statements have been subject to review.

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

5 *Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.*

6 The entity has a formally constituted audit committee.

Sign here:



(Director)

Date: .8 September 1999

Print name: Bruce Soden

## Notes

- For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
- True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
- Consolidated profit and loss account**
  - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
  - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
  - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).

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+ See chapter 19 for defined terms.

4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
  
5. **Consolidated balance sheet**

**Format** The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029 and AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 9.1-9.4 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
  
6. **Statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
  
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
  
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated +operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
  
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under an ASC Class Order dated 9 July 1997, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.
  
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.

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11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASC under the Corporations Law must also be given to ASX. For example, a directors' report and statement, if lodged with the +ASC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Law accounts** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

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## COMMENT BY DIRECTORS

The directors of Ramsay Health Care are pleased to announce an annual net profit before abnormal items of \$10 million for the year ended 30 June 1999 despite the tough health insurance environment.

Detailed below is a summary of results:

	Year ended 30 June				
	\$000's				
	Existing Business		New Business	Total	
	1999	1998	1999	1999	1998
Operating Revenue	<u>232,661</u>	<u>213,014</u>	<u>27,180</u>	<u>259,841</u>	<u>213,014</u>
EBITDA	40,081	37,674	1,677	<b>41,758</b>	<b>37,674</b>
EBIT	27,914	27,426	(1,095)	<b>26,819</b>	<b>27,426</b>
Profit before tax and abnormals				<b>12,755</b>	<b>19,051</b>
NPAT pre abnormals				<b>9,982</b>	<b>13,962</b>
Abnormal loss (net of tax)				<b>(4,018)</b>	-
NPAT				<u><b>5,964</b></u>	<u><b>13,962</b></u>
Inpatient Occupancy	77%	77%	58%	<b>73%</b>	<b>77%</b>
EBIT Margin	12.0%	12.9%	-	<b>10.3%</b>	<b>12.9%</b>
Pre abnormal EPS (cents per share)				<b>9.2</b>	<b>14.1</b>
EPS (cents per share)				<b>5.5</b>	<b>14.1</b>

Revenue and EBIT from the existing hospitals rose by 9% and 2% respectively on the previous year's performance. A difficult health insurance environment however has put significant margin pressure on the private hospital industry as a whole. In particular a squeeze on the level of health insurance reimbursement has impacted the performance of our two new co-located hospitals North Shore Private Hospital and Flinders Private Hospital.

+ See chapter 19 for defined terms.

Overall group EBIT edged lower by 2% to \$26.8 million, due to the start up of the new co-located hospitals, while net profit before abnormals for the group fell by 29% to \$10 million after absorbing the impact of significantly higher depreciation and interest costs.

The annual result incorporates a net abnormal loss of \$4.0 million in relation to the write-off of pre-opening and commissioning costs associated with the start up of North Shore Private Hospital and Flinders Private Hospital, a gain on sale of a non hospital asset, and the write off of discontinued development projects.

This has been an exceptional year for the Company with the opening of the two new co-located hospital facilities, which have been funded on balance sheet. The Company adopted an accounting treatment, which recognises the pre-opening and commissioning costs, associated with the start up of these hospitals as an abnormal item. These costs include salaries and marketing expenses, the benefits of which are realised upon opening and consequently should be written off in the first year of operation.

North Shore Private Hospital was fully commissioned in October 1998 with all services coming on line with the opening of the cardiac catheterisation unit in June 1999. Flinders Private Hospital opened on 19 January 1999, and was fully commissioned in May 1999.

During the year the Victorian Government selected the Company as preferred proponent for the development of the new privatised Mildura Base Hospital. This project is Government backed and will be financed off-balance sheet. The project contract was executed in May 1999 and building has commenced with a target completion in late 2000.

Ramsay Health Care was also selected as preferred proponent for the new privatised hospital development at Berwick. This project is currently under negotiation with the Victorian Government.

On the strength of the Company's existing business the Directors are pleased to declare a final dividend of 4.4 cents per share franked at 80%. The dividend will be payable on the 29 October 1999 with the record date for determining entitlement to the dividend being 15 October 1999. As a result of continuing difficulties in the healthcare environment future dividends may not be paid at the same rate as this year and next year's dividend may not be franked.

The private health industry remains tough and the Director's expect that the difficult conditions to continue for the ensuing financial year. The Directors applaud the Federal Government's measures to reform and strengthen the private health insurance industry. This with the Company's diversified portfolio of hospitals and revenue streams means that it is well placed for the long-term future.

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