Ramsay Health Care

To	Company Announcements Office	Date	27 February 2020
Company	ASX Limited		
From	Henrietta Rowe Group Company Secretary Ramsay Health Care Limited		
Subject	Half Year Financial Report 31 December 2019		

Please find attached Ramsay Health Care's Financial Report for the half year ended 31 December 2019.

Regards

H Rowe.

Henrietta Rowe
Group Company Secretary
Ramsay Health Care Limited

Phone: +61 29220 1000

RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

RAMSAY HEALTH CARE LIMITED

INDEX

SECTION 1

RESULTS FOR ANNOUNCEMENT

TO THE MARKET

RAMSAY HEALTH CARE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.1 HIGHLIGHTS OF RESULTS

		6 months ended 31/12/2019 $000 [A] AASB16	6 months ended 31/12/2019 $000 [B] AASB117	6 months ended 31/12/2018 $000 [C] AASB117	% increase/ (decrease) [D] AASB117 to AASB16	% increase/ (decrease) [E] AASB117 to AASB117
Total revenue and other income (Core)		6,337,819	6,337,819	5,172,673	22.5%	22.5%
Profit before disposal of assets, finance costs, tax, depreciation, amortisation, rent and non-core items (Core EBITDAR)		1,146,646	1,146,646	977,094	17.4%	17.4%
Profit before disposal of assets, finance costs, tax, depreciation, amortisation and non-core items (Core EBITDA)		1,066,290	832,373	728,637	46.3%	14.2%
Profit before finance costs, tax and non-core items (Core EBIT)		633,186	564,796	509,916	24.2%	10.8%
Core net profit after tax attributable to owners of the parent	**(1),(2)**	273,615	300,578	290,774	(5.9)%	3.4%
Non-core items after tax attributable to owners of the parent	**(1)**	(15,230)	(19,477)	(20,682)		
Net profit after tax for the period attributable to owners of the parent [F]		**258,385**	**281,101**	**270,092**	**(4.3)%**	**4.1%**

Earnings per share (cents per share)

Diluted Core EPS	**(1),(2),(3)**	**132.5c**	**145.8c**	**140.6c**	(5.8)%	3.7%
Diluted Statutory EPS		**125.0c**	**136.2c**	**130.3c**	(4.1)%	4.5%
Core EPS	**(1),(2)**	**133.1c**	**146.6c**	**141.3c**	(5.8)%	3.8%
Statutory EPS		**125.6c**	**136.8c**	**131.1c**	(4.2)%	4.3%

[A]: Results are prepared under AASB16 Leases – Refer to the Overview section of the Consolidated Half Year Financial Statements Page (24 to 27) for further information

[B]: Results are prepared under AASB117 Leases – Refer to the Overview section of the Consolidated Half Year Financial Statements Page (24 to 27) for further information

[C]: Includes Capio results from 7 November 2018 and is prepared under AASB117 Leases

[D]: Percentage change is calculated between the 2018 results prepared under AASB117 Leases and the 2019 results prepared under AASB16 Leases

[E]: Percentage change is calculated between the 2018 and 2019 results prepared under AASB117 Leases

[F]: Before deducting dividends payable to holders of Convertible Adjustable Rate Equity Securities (CARES)

1. Refer to the Overview section a(iii) and a(iv) of the Consolidated Half Year Financial Statements Page (28 to 30) for further information.
2. Core net profit after tax and diluted core earnings per share are before non-core items.
3. Diluted core earnings per share (Diluted Core EPS) calculation is based upon Core net profit after tax adjusted for Preference Dividends, using the weighted average number of ordinary shares adjusted for the effect of dilution.

1.2 EARNINGS PER SHARE

	6 months ended 31/12/2019 $000	6 months ended 31/12/2018 $000
Net profit after tax for the period attributable to the owners of the parent	258,385	270,092
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(5,962)	(6,466)
Profit used in calculating basic and diluted earnings per share (after CARES dividend)	252,423	263,626

	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	201,033,145	201,161,331
Weighted average number of ordinary shares used in calculating diluted earnings per share	202,009,722	202,282,927

RAMSAY HEALTH CARE LIMITED

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1.3 DIVIDEND INFORMATION

Dividends – Ordinary Shares	**Amount per security**	**Franked amount per security**
Current year - Interim dividend	62.5c	62.5c
Previous corresponding period - Interim dividend	60.0c	60.0c
Record date for determining entitlements to the interim dividend	6 March 2020	
Date the current year interim dividend is payable	27 March 2020	

Convertible Adjustable Rate Equity Securities (‘CARES’) Dividends	
Record date for determining entitlements to the CARES interim dividend	1 April 2020
Date the interim CARES dividend is payable	20 April 2020

The proposed interim ordinary and CARES dividends will be franked at the rate of 30% (2018: 30%).

1.4 NET TANGIBLE ASSETS

Net tangible assets (NTA) per share at 31 December 2019 is negative $29.29 (June 2019 - negative: $6.42). Had the net tangible assets per share at 31 December 2019 been calculated using a balance sheet prepared under AASB117 Leases, on a preparation basis comparable with the June 2019 results, the amount would be negative $5.90.

1.5 DETAILS OF JOINT VENTURE ENTITY

The main joint venture entity which contributes to Ramsay Health Care Limited’s net profit is detailed below:

Name of entity	**Contribution to net profit**		**Percentage of ownership interest**	
	6 months ended 31/12/2019 $000	**6 months ended 31/12/2018 $000**	**As at 31/12/2019**	**As at 31/12/2018**
Equity accounted joint venture entity				
Ramsay Sime Darby Health Care Sdn Bhd	12,485	10,987	50%	50%
Total share of after tax profits of equity accounted investments	**12,485**	**10,987**		

1.6 COMMENTARY ON RESULTS

Commentary on results follows.

ASX ANNOUNCEMENT

27 February 2020

RAMSAY HEALTH CARE PERFORMANCE IN LINE WITH EXPECTATIONS. REAFFIRMS FULL YEAR GUIDANCE

Financial Highlights

- Core net profit after tax[1] (Core NPAT) of $273.6 million (up 3.4% on a like for like basis*)
- Core earnings per share[2] (Core EPS) of 132.5 cents (up 3.7% on a like for like basis*)
- Group:
  - Revenue up 22.5% to $6.3 billion (excl Capio revenue up 4.8%)
  - EBITDAR up 17.4% to $1.1 billion (excl Capio EBITDAR up 5.4%)
- Australia/Asia:
  - Australia Revenue up 3.9% to $2.7 billion
  - Australia EBITDAR up 2.4% to $530 million
  - Equity accounted share of Asia joint venture net profits up 13.6% to $12.5 million
- United Kingdom:
  - Revenue up 8.7% to £267.6 million
  - EBITDAR up 6.0% to £47.7 million
- Continental Europe**
  - Revenue up 44.3% to €1.9 billion (excl Capio revenue up 2.4%)
  - EBITDAR up 38.0% to €319.1 million (excl Capio EBITDAR up 7.4%)
- Interim dividend 62.5 cents fully franked, up 4.2% on the previous corresponding period

**The New Lease Accounting Standard (AASB16) was adopted on 1 July 2019 and comparatives have not been restated, as permitted under the transitional provisions in the standard. In order to make meaningful comparison of the results, commentary has been provided on a like for like basis under the Old Lease Accounting Standard (AASB117) for 1H FY20 and 1H FY19.*

***Ramsay Santé has consolidated the earnings of Capio since the acquisition date on 7 November 2018.*

Overview

Ramsay Health Care today reported a Group Core Net Profit After Tax (Core NPAT) of $273.6 million, for the six months to 31 December 2019. On a like for like basis*, this was an increase of 3.4% on the previous corresponding period.

Core EPS is 132.5 cents for the half year, which on a like for like basis* is an increase of 3.7% or 145.8 cents.

The Company's statutory net profit after tax, attributable to members of the parent (after adjusting for net non-core items after tax) is $258.4 million.

Directors are pleased to announce a fully-franked interim dividend of 62.5 cents, up 4.2% on the previous corresponding period. The dividend Record Date is 6 March 2020 with payment on 27 March 2020.

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

Overview continued

Ramsay Health Care Managing Director Craig McNally said overall, the business performed solidly in the 1H.

"Our businesses in the UK, Continental Europe and Asia performed well during the period but this was partially offset by more challenging conditions in Australia," Mr McNally said.

"During the 1H, we continued to invest in infrastructure and research to position the business for the future including, digitalizing and integrating our IT systems.

"At the same time, we are focused on opportunities outside our core hospital business that will further our position as a global integrated healthcare service provider with a more convenient and accessible healthcare offering to better meet the expectations of our clinicians and our patients."

Segment Results

Australia

Ramsay's Australian operations delivered revenue growth of 3.9% and an overall EBITDAR growth of 2.4% on the previous corresponding period.

"Admissions growth during the 1H was above the prior corresponding period however, overall activity growth in Australia remains subdued compared to the long term average," Mr McNally said.

"For the full year, Ramsay Australia is on track to complete approximately $168 million worth of projects including 197 beds (144 net beds), three operating theatres and 85 consulting suites. Two other major projects will complete soon after the end of this financial year at North West Private in Brisbane and John Flynn Private on the Gold Coast.

"In the 1H we completed $50 million worth of brownfield projects. A further $189 million worth of developments were approved by the Board during the period, including 207 net beds, eight operating theatres and a new emergency department as well as further onsite consulting suite developments.

"We continue to develop our hospital in the home strategy and are well-progressed in discussions with partners to create community and home-based healthcare services to provide rehabilitation in the home and out of hospital palliative care and chronic disease management programmes. We look forward to further expanding our services beyond the hospital walls and simplifying care coordination for our patients from hospital to home."

Continental Europe

Ramsay Santé (including Capio) performed well in H1 FY'20 with revenue up 44.3% and EBITDAR up 38.0%. "This was a good result given the ongoing strike actions in France," Mr McNally said.

"Excluding Capio, Ramsay Santé delivered a solid result with revenue up 2.4% and EBITDAR up 7.4% on the prior corresponding period. Activity for the first half was up against the prior corresponding periods in all areas.

"For the first time, the French Government has agreed to commit to giving a multi-year visibility on tariffs with a safety net of at least +0.2% in 2020, 2021 and 2022. For 2020, we have obtained 0.6% for MSO and 0.5% for rehab and mental health."

He said Ramsay Santé continued to make good progress on the integration of the Capio business and identified synergies were on track to be delivered.

United Kingdom

"Ramsay UK performed well during the 1H, recording its best half performance in recent years," Mr McNally said.

"Revenues were up 8.7% on the previous half assisted by an increase in overall activity for the 1H and strong performances particularly in private medical insurance and self pay volumes.

"Ramsay UK's EBITDAR performance was 6.0% ahead of the prior corresponding period."

He said the UK general election majority and Brexit provided a more certain environment and the positive signs in the UK in terms of volume growth should continue.

"It is good to see some commitment to longer term policies for health and to funding increases as well as a sharper focus on waiting lists."

Asia

"Ramsay's Asian joint venture (Ramsay Sime Darby) had another excellent half recording strong operating performances in both Malaysia and Indonesia and strong overall growth in admissions over the 1H FY'19."

Balance Sheet, Cash Flow and New Lease Standard

Ramsay's balance sheet and strong and reliable cash flow generation continue to provide the Company with the flexibility to fund the continuing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs.

The Group Consolidated Leverage Ratio (Net Debt/ EBITDA) measured under the old Lease Accounting Standard (AASB117) reduced from 3.1 times at 30 June 2019 to 2.9 times at 31 December 2019.

On the adoption of the new Accounting Standard (AASB16) the Group recognised right of use assets of $4.5 billion and Lease Liabilities of $4.9 billion which had previously been classified as operating leases. As a result of the recognition of the Lease Liabilities the Group Consolidated Leverage Ratio (Net Debt/EBITDA) measured under AASB16 is 4.5 times. As previously advised, while the adoption of the Standard has a significant non cash impact on the Profit & Loss and Balance Sheet for FY'20, it has had no impact on net cash flow, debt covenants and debt facility headroom.

Outlook

Mr McNally said while there continued to be positive signs for Ramsay's business in the UK and Europe, volume growth in Australia remained subdued.

"We expect the softer operating environment we have been experiencing in Australia to continue," Mr McNally said. "While we remain optimistic about the long term, this subdued volume growth, in combination with recent events including the bushfires and coronavirus, create an uncertain operating environment in the short term.

"Coronavirus may indeed create an impact for our global business and we are monitoring the impacts on supply chain and admissions."

He said growth remained a key focus and management continued to monitor and investigate acquisition and expansion opportunities as well as partnerships with government and other private healthcare providers.

"We reaffirm our FY'20 Core EPS growth on a like-for-like basis of 2% to 4%, which corresponds to negative Core EPS of -6% to -4% under the new lease accounting standard AASB16. This guidance is based on Core EBITDAR growth of 8% to 10%, which is unaffected by the new lease standard."

Contacts:

Craig McNally
Managing Director
Ramsay Health Care
+ 61 2 9220 1000

Carmel Monaghan
Chief of Staff
Ramsay Health Care
+ 61 438 646 273

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

Attachment: Summary of Financial Performance.

Attachment: **Table 1**

Summary of Financial Performance (Based on new Lease Accounting Standard)

- H1, FY20 prepared under the new Lease Accounting Standard (AASB16 Leases)
- H1, FY19 prepared under the old Lease Accounting Standard (AASB117 Leases)

	Half Year Ended 31 December $ millions		
	1st Half FY2020	1st Half FY2019	
	Group (1) (AASB16 Leases)	Group (1) (AASB117 Leases)	% Increase/ -Decrease
Net Profit After Tax (NPAT)			
Operating revenue	**6,332.5**	**5,168.8**	**22.5%**
EBITDAR	1,146.6	977.1	17.4%
EBITDA	1,066.3	728.6	46.4%
EBIT	633.2	509.9	24.2%
Profit attributable to members of the parent			
Core NPAT (2)	**273.6**	**290.8**	**- 5.9%**
Net non-core items, net of tax (3)	(15.2)	(20.7)	
Statutory NPAT	258.4	270.1	- 4.3%
Earnings Per Share, (EPS) cents			
Core EPS (4)	**132.5**	**140.6**	**- 5.8%**
Statutory EPS	125.0	130.3	- 4.1%
Dividends Per Share, cents			
Interim dividend, fully franked	62.5	60.0	4.2%

Notes

(1) The FY20 period results include the impact of AASB16 leases, while the FY19 period results were prepared under the previous lease accounting requirements (AASB117 leases). Refer to the Overview section of the Appendix 4D for further information.

(2) 'Core NPAT' attributable to members of the parent is before net non-core items and from continuing operations. In accordance with the accounting standards Ramsay Santé is consolidated. The non-controlling interest's share of Ramsay Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent. Ramsay Santé has consolidated the earnings of Capio since the acquisition date of 7 November 2018.

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

(4) 'Core EPS' is derived from core net profit after CARES Dividends.

Attachment: **Table 2**

Summary of Financial Performance (like for like based on old Lease Accounting Standard)

- H1 FY20 and H1 FY19 prepared on a like for like basis under the old Lease Accounting Standard (AASB117 Leases)

	Half Year Ended 31 December $ millions		
	1st Half FY2020	1st Half FY2019	
	Group (1) (AASB117 Leases)	Group (1) (AASB117 Leases)	% Increase
Net Profit After Tax (NPAT)			
Operating revenue	**6,332.5**	**5,168.8**	**22.5%**
EBITDAR	1,146.6	977.1	17.4%
EBITDA	832.4	728.6	14.2%
EBIT	564.8	509.9	10.8%
Profit attributable to members of the parent			
Core NPAT (2)	**300.6**	**290.8**	**3.4%**
Net non-core items, net of tax (3)	(19.5)	(20.7)	
Statutory NPAT	281.1	270.1	4.1%

Earnings Per Share, (EPS) cents			
Core EPS (4)	**145.8**	**140.6**	**3.7%**
Statutory EPS	136.2	130.3	4.5%

Dividends Per Share, cents			
Interim dividend, fully franked	62.5	60.0	4.2%

Notes

(1) The FY20 period results and the FY19 period results have been prepared on a like for like basis under the previous lease accounting requirements (AASB117 leases). Refer to the Overview section of the Appendix 4D for further information.

(2) 'Core NPAT' attributable to members of the parent is before net non-core items and from continuing operations. In accordance with the accounting standards Ramsay Santé is consolidated. The non-controlling interest's share of Ramsay Santé NPAT has been removed in arriving at the Core NPAT attributable to members of the parent. Ramsay Santé has consolidated the earnings of Capio since the acquisition date of 7 November 2018.

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

(4) 'Core EPS' is derived from core net profit after CARES Dividends.

SECTION 2

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED

31 DECEMBER 2019

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

RAMSAY HEALTH CARE LIMITED

AND CONTROLLED ENTITIES

A.B.N. 57 001 288 768

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

CONTENTS	**PAGE**

DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2019.

DIRECTORS

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

M. Siddle - Non-Executive Chairman
P. Evans - Non-Executive Deputy Chairman
C. McNally - Managing Director
B. Soden - Group Finance Director (retired 12 September 2019)
R. McGeoch AO - Non-Executive Director (retired 14 November 2019)
K. Roxburgh - Non-Executive Director (retired 14 November 2019)
D. Thodey AO - Non-Executive Director
C. Süssmuth Dyckerhoff - Non-Executive Director
A. Deans - Non-Executive Director
J. McMurdo – Non-Executive Director (appointed 11 September 2019)

PRINCIPAL ACTIVITIES

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

NON - IFRS FINANCIAL INFORMATION

The review of results of operations included in the Directors' Report below includes a number of non-IFRS financial measures. These non-IFRS financial measures are used internally by management to assess the performance of the business and make decisions on the allocation of resources.

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated statutory revenue and earnings is set out below for the six months ended 31 December

Summary of statutory earnings	**2019 $000*** AASB16**	**2019 $000* AASB117**	**2018 $000* AASB117**	**% Change** AASB117**
Revenue from contracts with customers	6,332,524	6,332,524	5,168,763	22.5%
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	1,128,642	1,128,642	940,963	19.9%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,048,285	809,230	686,308	17.9%
Earnings before interest and tax (EBIT)	609,601	536,073	465,814	15.1%
Statutory reported net profit after tax attributable to owners of the parent	258,385	281,101	270,092	4.1%

	2019* **	**2019***	**2018***	**% Change** AASB117**
Basic earnings per share (after CARES dividend)	125.6c	136.8c	131.1c	4.3%
Diluted earnings per share (after CARES dividend)	125.0c	136.2c	130.3c	4.5%

*: Results prepared under AASB117 Leases refer to Overview section of the Consolidated Half Year Financial Statements for further information. Results in 2019 include 6 months of Capio results. Results in 2018 include Capio results from 7 November 2018.

**: Percentage change is calculated between the 2018 and 2019 results prepared under AASB117 Leases

***: Results prepared under AASB16 Leases refer to Overview section of the Consolidated Half Year Financial Statements for further information

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

A summary of consolidated Core revenue and earnings is set out below for the six months ended 31 December

Summary of Core earnings	**2019 $000*** AASB16**	**2019 $000* AASB117**	**2018 $000* AASB117**	**% Change** AASB117**
Revenue from contracts with customers	6,332,524	6,332,524	5,168,763	22.5%
Core earnings before interest, tax, depreciation, amortisation, rent and non-core items (Core EBITDAR)	1,146,646	1,146,646	977,094	17.4%
Core earnings before interest, tax, depreciation and amortisation and non-core items (Core EBITDA)	1,066,290	832,373	728,637	14.2%
Core earnings before interest and tax and non-core items (Core EBIT)	633,186	564,796	509,916	10.8%
Core net profit after tax attributable to owners of the parent	273,615	300,578	290,774	3.4%

	2019* AASB16**	**2019* AASB117**	**2018* AASB117**	**% Change** AASB117**
Basic Core earnings per share (after CARES dividend)	133.1c	146.6c	141.3c	3.8%
Diluted Core earnings per share (after CARES dividend)	132.5c	145.8c	140.6c	3.7%

*: Results prepared under AASB117 Leases refer to Overview section of the Consolidated Half Year Financial Statements for further information. Results in 2019 include 6 months of Capio results. Results in 2018 include Capio results from 7 November 2018.

**: Percentage change is calculated between the 2018 and 2019 results prepared under AASB117 Leases

***: Results prepared under AASB16 Leases refer to Overview section of the Consolidated Half Year Financial Statements for further information

Reconciliation of Statutory earnings to Core earnings

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

	2019 $000	**2018 $000**
Statutory net profit after tax attributable to owners of the parent	258,385	270,092
Add: Net non-core items, net of tax, attributable to owners of the parent	15,230	20,682
Core net profit after tax attributable to owners of the parent	273,615	290,774

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

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

	2019 **$000**
Statutory net profit after tax attributable to owners of the parent under AASB16	**258,385**
Add: Amortisation of Right of Use Asset	165,527
Add: Interest in relation to Lease Liability	112,708
Less: Rent	(239,055)
Less: Tax impact of the above	(7,748)
Less: Attributable to non-controlling interests	(8,716)
Statutory net profit after tax attributable to owners of the parent under AASB117	**281,101**

Financial highlights

The Company has had an overall solid first half performance. On a like for like basis, with results prepared for both periods under the old lease accounting standard (AASB117), Core Net Profit After Tax (Core NPAT) increased 3.4% to $300.6 million. Results prepared under the new lease accounting standard, AASB16 Leases, (which was implemented on 1 July 2019 for the Group), resulted in Core NPAT of $273.6 million for the six months to 31 December 2019, a 5.9% decrease on the previous corresponding period.

Ramsay's statutory net profit after tax, attributable to members of the parent (after adjusting for net non-core items after tax) increased by 4.1% to $281.1 million, on a like for like basis, under the old lease accounting standard. Statutory net profit after tax, attributable to members of the parent (after adjusting for net non-core items after tax) prepared under the new accounting standard, AASB16 Leases, was $258.4 million, down 4.3% on the prior half.

During the half year, the Australian operations delivered an overall EBITDAR growth of 2.4% on the previous corresponding period. Admissions growth during this six months was above the prior corresponding period however, overall activity growth in Australia remains subdued compared to the long term average.

Ramsay UK performed well during the first half, recording its best half performance in recent years. Revenues were up 8.7% on the previous half assisted by an increase in overall activity for the six months and strong performances particularly in private medical insurance and self-pay volumes. The UK general election majority and Brexit provided a more certain environment and the positive signs in the UK in terms of volume growth should continue.

Ramsay Santé (including Capio) performed well in the six months with revenue up 44.3% and EBITDAR up 38.0.

Excluding Capio, Ramsay Santé delivered a solid result with revenue up 2.4% and EBITDAR up 7.4% on the prior corresponding period. Activity for the first half was up against the prior corresponding periods in all areas.

Ramsay Santé continues to make good progress on the integration of the Capio business and identified synergies were on track to be delivered.

AUDITOR'S INDEPENDENCE DECLARATION

The written Auditor's Independence Declaration in relation to the review of the half year financial report has been included at page 18 and forms part of this report.

DIRECTORS' REPORT (CONTINUED)

ROUNDING

The amounts contained in this report and in the half year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors.

M.S. Siddle
Chairman

C.R. McNally
Managing Director

Sydney, 27 February 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the review of the financial report of Ramsay Health Care Limited for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Douglas Bain
Partner
27 February 2020

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Revenue from contracts with customers		6,332,524	5,168,763
Interest income		5,295	3,910
Other income – income from the sale of development assets		2,066	26,230
Other Income – net profit on disposal of non-current assets		7,434	2,558
Total revenue and other income		**6,347,319**	**5,201,461**
Employee benefit and contractor costs		(3,444,289)	(2,757,024)
Occupancy costs	Overview	(268,548)	(417,546)
Service costs		(171,286)	(156,813)
Medical consumables and supplies		(1,415,673)	(1,173,746)
Depreciation, amortisation and impairment	Overview	(438,684)	(220,494)
Cost of development assets sold		(6,673)	(17,297)
Total expenses, excluding finance costs		**(5,745,153)**	**(4,742,920)**
Share of profit of joint venture		12,730	11,183
Profit before tax and finance costs		**614,896**	**469,724**
Finance costs	Overview	(202,550)	(78,035)
Profit before income tax		**412,346**	**391,689**
Income tax		(148,951)	(117,315)
Net profit for the period		**263,395**	**274,374**
Attributable to non-controlling interests		5,010	4,282
Attributable to owners of the parent		**258,385**	**270,092**
		263,395	**274,374**
Earnings per share (cents per share)			
Basic earnings per share (after CARES dividend)	3	125.6	131.1
Diluted earnings per share (after CARES dividend)	3	125.0	130.3

The above Consolidated Income Statement should be read in conjunction with the accompanying notes. The Directors note that the 2019 period results include the impact of accounting for AASB16 Leases, whilst the 2018 period results were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	2019 $000	2018 $000
Net profit for the period	**263,395**	**274,374**
Items that will not be reclassified to net profit		
Actuarial (loss) on defined benefits plan	(21,049)	(4,972)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Gain taken to equity	11,390	1,147
Transferred to Income Statement	(2,206)	(1,734)
Net change in cost of hedging	745	-
Net gain/(loss) on bank loan designated as a hedge of a net investment	25,541	(10,279)
Foreign currency translation	(62,032)	28,059
Income tax relating to components of other comprehensive (expense)/ income	2,048	(55)
Other comprehensive income for the period, net of tax	**(45,563)**	**12,166**
Total comprehensive income for the period	**217,832**	**286,540**
Attributable to non-controlling interests	(11,510)	5,227
Attributable to the owners of the parent	**229,342**	**281,313**
	217,832	**286,540**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	As at 31/12/2019 $000	As at 30/06/2019 $000
ASSETS			
Current assets			
Cash and cash equivalents		433,104	745,450
Trade and other receivables		1,622,051	1,589,518
Inventories		374,919	344,796
Income tax receivable		26,417	19,114
Prepayments		137,495	177,028
Other current assets		33,277	26,722
		2,627,263	2,902,628
Assets classified as held for sale		16,583	16,583
Total current assets		**2,643,846**	**2,919,211**
Non-current assets			
Other financial assets		67,557	62,682
Investment in joint venture		250,204	270,299
Property, plant and equipment	Overview	4,368,289	4,642,841
Right of use asset	Overview	4,408,888	-
Intangible assets		4,213,284	4,263,331
Deferred tax asset		354,206	390,450
Prepayments		11,188	11,273
Receivables		89,191	79,692
Total non-current assets		**13,762,807**	**9,720,568**
TOTAL ASSETS		**16,406,653**	**12,639,779**
LIABILITIES			
Current liabilities			
Trade and other payables		2,249,877	2,374,739
Loans and borrowings		33,595	34,006
Lease liabilities	5, Overview	327,097	73,102
Derivative financial instruments	8	18,721	18,570
Provisions		125,827	183,296
Income tax payable		64,243	60,112
Total current liabilities		**2,819,360**	**2,743,825**
Non-current liabilities			
Loans and borrowings		4,957,221	5,209,436
Lease liabilities	5, Overview	4,869,066	278,107
Provisions	Overview	409,295	775,863
Defined employee benefit obligation		233,942	215,284
Derivative financial instruments	8	35,359	43,827
Other creditors		25,711	16,512
Deferred tax liability		234,352	333,855
Total non-current liabilities		**10,764,946**	**6,872,884**
TOTAL LIABILITIES		**13,584,306**	**9,616,709**
NET ASSETS		**2,822,347**	**3,023,070**
EQUITY			
Issued capital		713,523	713,523
Treasury shares		(72,344)	(82,022)
Convertible Adjustable Rate Equity Securities (CARES)		252,165	252,165
Other reserves		(58,666)	(33,248)
Retained earnings	Overview	1,533,747	1,693,219
Parent interests		**2,368,425**	**2,543,637**
Non-controlling interests		453,922	479,433
TOTAL EQUITY		**2,822,347**	**3,023,070**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. The Directors note that the 31 December 2019 balances include the impact of accounting for AASB16 Leases, whilst the 30 June 2019 balances were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Issued Capital $000	Treasury Shares $000	CARES $000	Other Reserves $000	Retained Earnings $000	Non-controlling interests $000	Total $000
As at 1 July 2018		**713,523**	**(76,753)**	**252,165**	**(26,260)**	**1,494,285**	**90,449**	**2,447,409**
AASB 9 Financial Instruments Adjustment		-	-	-	-	(1,083)	-	(1,083)
As at 1 July 2018 - Restated		**713,523**	**(76,753)**	**252,165**	**(26,260)**	**1,493,202**	**90,449**	**2,446,326**
Total comprehensive income		-	-	-	13,327	267,986	5,227	**286,540**
Dividends paid		-	-	-	-	(181,266)	(5,009)	**(186,275)**
Acquisition of subsidiary/non-controlling interest		-	-	-	-	-	23,797	**23,797**
Shares purchased for executive performance share plan		-	(5,135)	-	-	-	-	**(5,135)**
Treasury shares vesting to employees		-	16,582	-	(16,582)	-	-	**-**
Share based payment expense for employees		-	-	-	6,289	-	-	**6,289**
As at 31 December 2018		**713,523**	**(65,306)**	**252,165**	**(23,226)**	**1,579,922**	**114,464**	**2,571,542**
As at 1 July 2019		**713,523**	**(82,022)**	**252,165**	**(33,248)**	**1,693,219**	**479,433**	**3,023,070**
AASB16 Leases Adjustment	Overview	-	-	-	-	(218,876)	-	(218,876)
As at 1 July 2019 - Restated		**713,523**	**(82,022)**	**252,165**	**(33,248)**	**1,474,343**	**479,433**	**2,804,194**
Total comprehensive income		-	-	-	(20,928)	250,270	(11,510)	**217,832**
Dividends paid		-	-	-	-	(190,866)	(3,199)	**(194,065)**
Acquisition of subsidiary/non-controlling interest		-	-	-	428	-	(10,802)	**(10,374)**
Shares purchased for executive performance share plan		-	(3,690)	-	-	-	-	**(3,690)**
Treasury shares vesting to employees		-	13,368	-	(13,368)	-	-	**-**
Share based payment expense for employees		-	-	-	8,450	-	-	**8,450**
As at 31 December 2019		**713,523**	**(72,344)**	**252,165**	**(58,666)**	**1,533,747**	**453,922**	**2,822,347**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,355,778	5,136,908
Payments to suppliers and employees	Overview	(5,358,220)	(4,430,973)
Income tax paid		(148,162)	(128,957)
Finance costs		(171,084)	(71,142)
Net cash flows from operating activities		**678,312**	**505,836**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(369,399)	(281,490)
Proceeds from sale of businesses and non-current assets		9,889	33,084
Interest and dividends received		36,050	4,622
Business combinations, net of cash received	6	(11,431)	(1,280,099)
Acquisition of investments and purchase of non-controlling interests		(19,474)	-
Net cash flows used in investing activities		**(354,365)**	**(1,523,883)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to ordinary shareholders of the parent		(190,866)	(181,266)
Dividends paid to non-controlling interests		(3,199)	(5,009)
Proceeds from bonds issued to non-controlling interest		-	378,235
Repayment of lease principal (2018: Repayment of finance lease principal)	Overview	(201,068)	(35,109)
Purchase of ordinary shares		(3,689)	(5,135)
Proceeds of borrowings		229,000	1,745,171
Repayment of borrowings		(465,241)	(979,474)
Payment of borrowing costs for funding		-	(25,339)
Net cash flows from/(used in) financing activities		**(635,063)**	**892,074**
Net (decrease)/increase in cash and cash equivalents		(311,116)	(125,973)
Net foreign exchange differences on cash held		(1,230)	(28,456)
Cash and cash equivalents at beginning of period		745,450	770,566
Cash and cash equivalents at end of period	4	**433,104**	**616,137**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. The Directors note that the 2019 period results include the impact of accounting for AASB16 Lease, whilst the 2018 period results were prepared under the previous lease accounting standard requirements. Refer to the Overview section for further information.

OVERVIEW

Ramsay Health Care Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of operations of the Group is described in the Directors' Report.

The financial report of Ramsay Health Care Limited and controlled entities (the 'Group' or the 'Consolidated Entity') for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on the 27 February 2020.

(a) Basis of preparation

This general purpose financial report:
- has been prepared in accordance with Australian Accounting Standards, including AASB134 "Interim Financial Reporting", other authoritative pronouncements of the Australian Accounting Standard Board (AASB) and the Corporations Act 2001. It does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report;
- has been prepared on the basis of historical cost, except for derivative financial instruments, listed investments and the assets and liabilities recognised through business combinations which have been measured at fair value;
- should be read in conjunction with the annual financial report of Ramsay Health Care Limited as at 30 June 2019, together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2019;
- presents all values as rounded to the nearest thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191; and
- does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

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

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time from 1 July 2019. New standards impacting the Group which have given rise to changes in the Group's accounting policies are as follows and the impact of these is discussed further below:
- AASB16 Leases and
- AASB Interpretation 23 Uncertainty over Income Tax Treatments.

AASB16: Leases

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

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

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

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

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

AASB16: Leases (continued)

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

The right of use assets were measured as follows:

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

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

	$000
Minimum operating lease commitment at 30 June 2019	4,809,119
Less: effect of discounting these leases using the incremental borrowing rate as at the date of initial application	(1,643,439)
Less: short term and low value leases not recognised under AASB16	(34,590)
Add: effect of extension options reasonably certain to be exercised	1,798,535
Discounted lease payments	4,929,625
Finance leases	351,209
Lease liabilities recognised at 1 July 2019	5,280,834

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

	AASB117 Leases $000	Impact of Adoption of AASB16 $000	AASB16 Leases $000
Prepayments – current	177,028	(25,090)	151,938
Investment in joint venture	270,299	(213)	270,086
Property, plant and equipment	4,642,841	(330,944)	4,311,897
Right of use assets	-	4,504,110	4,504,110
Deferred tax assets	390,450	59,591	450,041
Total Assets	5,480,618	4,207,454	9,688,072
Trade and other payables – current	2,374,739	(1,676)	2,373,063
Lease liabilities	351,209	4,929,625	5,280,834
Provisions	959,159	(501,619)	457,540
Total Liabilities	3,685,107	4,426,330	8,111,437
Net Assets	1,795,511	(218,876)	1,576,635
Retained earnings	1,693,219	(218,876)	1,474,343
Total Equity	1,693,219	(218,876)	1,474,343

As at 1 July 2019,

- Right of use assets of $4,504,110,000 were recognised and presented separately in the Statement of Financial Position. Lease assets of $330,944,000 previously recognised under property, plant and equipment as leased assets under a finance lease, were reclassified and included as right of use assets;

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

AASB16: Leases (continued)

- Additional lease liabilities of $4,929,625,000 were recognised and presented separately in the Statement of Financial Position. Lease liabilities under AASB117 were previously recognised under loans and borrowings. These lease liabilities have been reclassified from loans and borrowings in both periods;
- Prepayments of $25,090,000 and accruals of $1,676,000 related to previous operating leases were recognised against the lease liability;
- Provisions, consisting of the deferred lease provision and the onerous contract provisions, of $501,619,000 related to the previous operating leases were derecognised/recognised against the right of use asset respectively;
- Deferred tax assets increased by $59,591,000 because of the deferred tax impact of the changes in assets and liabilities; and
- The net effect of these adjustments is a debit adjustment to retained earnings of $218,876,000.
- The adoption of this standard has resulted in a current ratio of less than one, primarily as a result of the current lease liabilities recognised.

The impact to the Statement of Financial Performance for the six months ended 31 December 2019 is as follows:

	AASB 117 Leases $000	Impact of Adoption of AASB 16 $000	AASB16 Leases $000
Six months ended 31 December 2019			
Revenue from contracts with customers	6,332,524	-	6,332,524
Interest income	5,295	-	5,295
Other income - income from the sale of development assets	2,066	-	2,066
Other income - net profit on disposal of non-current assets	7,434	-	7,434
Total revenue and other income	**6,347,319**	**-**	**6,347,319**
Employee benefit and contractor costs	(3,444,289)	-	(3,444,289)
Occupancy costs	(507,603)	239,055	(268,548)
Service costs	(171,286)	-	(171,286)
Medical consumables and supplies	(1,415,673)	-	(1,415,673)
Depreciation, amortisation and impairment	(273,157)	(165,527)	(438,684)
Cost of development assets sold	(6,673)	-	(6,673)
Total expenses, excluding finance costs	**(5,818,681)**	**73,528**	**(5,745,153)**
Share of profit of joint venture	12,730	-	12,730
Profit before tax and finance costs	**541,368**	**73,528**	**614,896**
Finance costs	(89,842)	(112,708)	(202,550)
Profit before income tax	**451,526**	**(39,180)**	**412,346**
Income tax	(156,699)	7,748	(148,951)
Net profit for the period	**294,827**	**(31,432)**	**263,395**
Attributable to non-controlling interests	13,726	(8,716)	5,010
Attributable to owners of the parent	**281,101**	**(22,716)**	**258,385**
	294,827	**(31,432)**	**263,395**

The impact to the Statement of Cash Flows increase/(decrease) for the six months ended 31 December 2019 is as follows:

	$000
Net cash flows from operating activities	166,642
Net cash flows from financing activities	(166,642)

Statutory Basic Earnings per Share decreased by 11.2 cents for the six months to 31 December 2019 as a result of adoption of AASB16.

(b) Significant Accounting Policies subsequent to Transition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets, being those with a cost of $50,000 or less; and
- Leases with a term of 12 months or less.

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

AASB16: Leases (continued)

(b) Significant Accounting Policies subsequent to Transition (continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

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

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

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

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

AASB Interpretation 23 Uncertainty over Income Tax Treatment

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

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, each tax jurisdiction assessed whether the Interpretation had an impact on their own reported financial results.

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

AASB Interpretation 23 Uncertainty over Income Tax Treatment (continued)

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

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

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

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

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

	2019 $000 AASB16**	**2019 $000* AASB117**	**2018 $000* AASB117**
Net profit after tax attributable to owners of the parent	**258,385**	**281,101**	**270,092**
Add/(less) non-core items:			
- Non-cash portion of rent expense relating to leased UK hospitals*	-	5,139	6,198
- Amortisation - service concession assets	792	792	753
- Net (profit) on disposal of non-current assets	(7,434)	(7,434)	(2,558)
- Income from the sale of development assets	(2,066)	(2,066)	(26,230)
- Book value of development assets sold	6,673	6,673	17,297
- Impairment of non-current asset	4,788	4,788	1,020
- Acquisition, disposal, and development costs	5,817	5,817	32,396
- Restructuring – provision for personnel costs	5,937	5,937	9,330
- Restructuring – provision for service costs	9,078	9,078	5,896
Income tax on non-core items	(5,771)	(6,663)	(14,190)
Non-controlling interests in non-core items net of tax	(2,584)	(2,584)	(9,230)
	15,230	19,477	20,682
Core profit (segment result) after tax attributable to owners of the parent*	**273,615**	**300,578**	**290,774**
Core earnings per share			
Core profit (segment result) after tax (above)	273,615	300,578	290,774
Less: CARES dividend	(5,962)	(5,962)	(6,466)
Core profit after tax used to calculate core earnings per share	267,653	294,616	284,308
- Diluted core earnings per share (after CARES dividend)	132.5c	145.8c	140.6c
- Basic core earnings per share (after CARES dividend)	133.1c	146.6c	141.3c
Weighted average number of ordinary shares adjusted for effect of dilution	202,009,722	202,009,722	202,282,927
Weighted average number of ordinary shares	201,033,145	201,033,145	201,161,331

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

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

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

	Statutory consolidated Income Statement AASB16	Non-core items as listed at (a)(iii) AASB16	Core (segment) consolidated Income Statement AASB16	Core (segment) consolidated Income Statement AASB117 Adjustments	Core (segment) consolidated Income Statement AASB117
	$000	$000	$000	$000	$000
Six months ended 31 December 2019					
Revenue from contracts with customers	6,332,524	-	6,332,524	-	6,332,524
Interest income	5,295	-	5,295	-	5,295
Other income - income from the sale of development assets	2,066	(2,066)	-	-	-
Other income - net profit on disposal of non-current assets	7,434	(7,434)	-	-	-
Total revenue and other income	**6,347,319**	**(9,500)**	**6,337,819**	**-**	**6,337,819**
Employee benefit and contractor costs	(3,444,289)	5,937	(3,438,352)	-	(3,438,352)
Occupancy costs	(268,548)	-	(268,548)	(233,917)	(502,465)
Service costs	(171,286)	14,895	(156,391)	-	(156,391)
Medical consumables and supplies	(1,415,673)	-	(1,415,673)	-	(1,415,673)
Depreciation, amortisation and impairment	(438,684)	5,580	(433,104)	165,527	(267,577)
Cost of development assets sold	(6,673)	6,673	-	-	-
Total expenses, excluding finance costs	**(5,745,153)**	**33,085**	**(5,712,068)**	**(68,390)**	**(5,780,458)**
Share of profit of joint venture	12,730	-	12,730	-	12,730
Profit before tax and finance costs	**614,896**	**23,585**	**638,481**	**(68,390)**	**570,091**
Finance costs	(202,550)	-	(202,550)	112,708	(89,842)
Profit before income tax	**412,346**	**23,585**	**435,931**	**44,318**	**480,249**
Income tax	(148,951)	(5,771)	(154,722)	(8,639)	(163,361)
Net profit for the period	**263,395**	**17,814**	**281,209**	**35,679**	**316,888**
Attributable to non-controlling interests	5,010	2,584	7,594	8,716	16,310
Attributable to owners of the parent	**258,385**	**15,230**	**273,615**	**26,963**	**300,578**
	263,395	**17,814**	**281,209**	**35,679**	**316,888**

OVERVIEW (CONTINUED)

(a) Basis of preparation (continued)

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

	Statutory consolidated Income Statement $000	Non-core items as listed at (a)(iii) $000	Core (segment) consolidated Income Statement $000
Six months ended 31 December 2018			
Revenue from contracts with customers	5,168,763	-	5,168,763
Interest income	3,910	-	3,910
Other income - income from the sale of development assets	26,230	(26,230)	-
Other income - net profit on disposal of non-current assets	2,558	(2,558)	-
Total revenue and other income	**5,201,461**	**(28,788)**	**5,172,673**
Employee benefit and contractor costs	(2,757,024)	9,330	(2,747,694)
Occupancy costs	(417,546)	6,198	(411,348)
Service costs	(156,813)	38,292	(118,521)
Medical consumables and supplies	(1,173,746)	-	(1,173,746)
Depreciation, amortisation and impairment	(220,494)	1,773	(218,721)
Cost of development assets sold	(17,297)	17,297	-
Total expenses, excluding finance costs	**(4,742,920)**	**72,890**	**(4,670,030)**
Share of profit of joint venture	11,183	-	11,183
Profit before tax and finance costs	**469,724**	**44,102**	**513,826**
Finance costs	(78,035)	-	(78,035)
Profit before income tax	**391,689**	**44,102**	**435,791**
Income tax	(117,315)	(14,190)	(131,505)
Net profit for the period	**274,374**	**29,912**	**304,286**
Attributable to non-controlling interests	4,282	9,230	13,512
Attributable to owners of the parent	**270,092**	**20,682**	**290,774**
	274,374	**29,912**	**304,286**

1. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based 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.

Discrete financial information about each of these operating businesses is reported to the Managing Director and his management team on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained throughout the accounts and in prior periods.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1. SEGMENT INFORMATION (CONTINUED)

	Asia Pacific $000	UK $000	France $000	Nordics $000	Total $000
Six months ended 31 December 2019					
Revenue					
Revenue from contracts with customers	2,704,781	492,543	2,260,988	874,212	6,332,524
Total revenue before intersegment revenue	2,704,781	492,543	2,260,988	874,212	6,332,524
Intersegment revenue	2,200	-	-	-	2,200
Total segment revenue	2,706,981	492,543	2,260,988	874,212	6,334,724
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**541,948**	**87,921**	**427,714**	**89,063**	**1,146,646**
Rent [2]	(8,799)	(387)	(60,220)	(10,950)	(80,356)
Earnings before interest, tax, depreciation and amortisation (EBITDA) [3]	**533,149**	**87,534**	**367,494**	**78,113**	**1,066,290**
Depreciation and amortisation	(101,659)	(43,542)	(222,001)	(65,902)	(433,104)
Earnings before interest and tax (EBIT) [4]	**431,490**	**43,992**	**145,493**	**12,211**	**633,186**
Interest					(197,255)
Income tax expense					(154,722)
Segment (core) net profit after tax [5]					**281,209**
Attributable to non-controlling interest					(7,594)
Segment (core) net profit after tax, attributable to owners of the parent [6]					**273,615**
Non-core items net of tax					(15,230)
Net profit attributable to owners of the parent					**258,385**

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

2 Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.

3 "EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and non-core items.

4 "EBIT" is a non-statutory profit measure and represents profit before interest, tax and non-core items.

5 "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit before non-core items.

6 "Segment (core) net profit after tax attributable to owners of the parent" is a non-statutory profit measure and represents profit before non-core items that are attributable to the owners of the parent.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

1. SEGMENT INFORMATION (CONTINUED)

	Asia Pacific $000	UK $000	France $000	Nordics $000	Total $000
Six months ended 31 December 2018					
Revenue					
Revenue from contracts with customers	2,602,970	436,017	1,872,159	257,617	5,168,763
Total revenue before intersegment revenue	2,602,970	436,017	1,872,159	257,617	5,168,763
Intersegment revenue	1,536	-	-	-	1,536
Total segment revenue	2,604,506	436,017	1,872,159	257,617	5,170,299
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) [1]	**528,537**	**80,437**	**342,645**	**25,475**	**977,094**
Rent	(32,925)	(45,432)	(153,640)	(16,460)	(248,457)
Earnings before interest, tax, depreciation and amortisation (EBITDA) [2]	**495,612**	**35,005**	**189,005**	**9,015**	**728,637**
Depreciation and amortisation	(83,833)	(20,494)	(106,402)	(7,992)	(218,721)
Earnings before interest and tax (EBIT) [3]	**411,779**	**14,511**	**82,603**	**1,023**	**509,916**
Interest					(74,125)
Income tax expense					(131,505)
Segment (core) net profit after tax [4]					**304,286**
Attributable to non-controlling interest					(13,512)
Segment (core) net profit after tax, attributable to owners of the parent [5]					**290,774**
Non-core items net of tax					(20,682)
Net profit attributable to owners of the parent					**270,092**

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

Assets & liabilities

	Asia Pacific $000	UK $000	France $000	Nordics $000	Adjustments & Eliminations* $000	Total $000
As at 31 December 2019						
Segment assets	5,855,488	2,767,118	9,073,403	268,237	(1,557,593)	16,406,653
Segment liabilities	(2,872,589)	(2,282,922)	(7,545,072)	(883,723)	-	(13,584,306)
As at 30 June 2019						
Segment assets	5,562,886	2,033,549	5,692,141	903,986	(1,552,783)	12,639,779
Segment liabilities	(2,581,148)	(1,395,683)	(4,673,182)	(966,696)	-	(9,616,709)

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

1. SEGMENT INFORMATION (CONTINUED)

	2019 $000	2018 $000
i) Segment revenue reconciliation to Income Statement		
Total segment revenue	6,334,724	5,170,299
Intersegment sales elimination	(2,200)	(1,536)
Interest income	5,295	3,910
Other income - income from the sale of development assets	2,066	26,230
Other income - net profit on the disposal of non-current assets	7,434	2,558
Total revenue and other income per Income Statement	6,347,319	5,201,461

ii) Segment net profit after tax reconciliation to Income Statement

The executive management committee meets on a monthly basis to assess the performance of each segment by analysing the segment's core net profit after tax. A segment's core net profit after tax excludes income and expenses from non-core items. Refer to the Overview section for the reconciliation of net profit attributable to owners of the parent to core profit (segment result) after tax.

2. DIVIDENDS PAID

	31/12/2019 $000	31/12/2018 $000
(a) Dividends declared and paid during the period on ordinary shares:		
Previous year final dividend paid		
Franked dividends - ordinary		
(91.5 cents per share) (2018: 86.5 cents)	184,904	174,800
(b) Dividends proposed and not recognised as a liability on ordinary shares:		
Interim dividend proposed		
Franked dividends – ordinary		
(62.5 cents per share) (2018: 60.0 cents)	126,301	121,249
(c) Dividends declared and paid during the period on CARES:		
Previous year final dividend paid		
Franked dividends – CARES	5,962	6,466
(d) Dividends proposed and not recognised as a liability on CARES:		
Interim dividend proposed		
Franked dividends – CARES	5,311	6,333

The tax rate at which paid dividends have been franked is 30% (2018: 30%). 100% of the proposed dividends will be franked at the rate of 30% (2018: 30%).

3. EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	31/12/2019 $000	31/12/2018 $000
Net profit for the period attributable to the owners of the parent	258,385	270,092
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(5,962)	(6,466)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	252,423	263,626
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	201,033,145	201,161,331
Effect of dilution – share rights not yet vested *(a)*	976,577	1,121,596
Weighted average number of ordinary shares adjusted for the effect of dilution	202,009,722	202,282,927

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	31/12/2019 Cents per Share	31/12/2018 Cents per Share
Earnings per share		
- basic (after CARES dividend) for the period	125.6	131.1
- diluted (after CARES dividend) for the period	125.0	130.3

4. CASH AND CASH EQUIVALENTS

	31/12/2019 $000	31/12/2018 $000
For the purpose of the half year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank	433,104	616,137

5. LEASE LIABILITIES

	31/12/2019 $000	30/06/2019 $000
Current lease liabilities	327,097	73,102
Non-current lease liabilities	4,869,066	278,107
Total lease liabilities	5,196,163	351,209

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

6. BUSINESS COMBINATIONS

Business Combinations – 2019

Ramsay has recognised amounts for other business combinations in the financial statements for the six months ended 31 December 2019 which have been determined on a provisional basis only. These businesses are within the healthcare sector.

	$000
Fair value of identifiable net assets	5,860
Goodwill arising	5,571
Business combination date fair value of consideration transferred	11,431
The cash outflow as a result of the business combination is as follows:	
Cash paid	(11,431)
Net consolidated cash outflow	(11,431)

Capio - November 2018

On 7, 17 November 2018 and 12 June 2019, Ramsay Générale de Santé acquired a total of 100% of the share capital of Capio AB. Ramsay Générale de Santé has recognised the fair values of the identifiable assets and liabilities of Capio as outlined in the table below. The purchase price accounting has now been finalised. In the final purchase price accounting of the Capio acquisition, Ramsay Générale de Santé has reassessed the existence and fair value of unfavourable contracts at the time of acquisition. This has led to the recognition of provisions for a further $100,388,000, together with other immaterial changes to fair values of other assets and liabilities. These adjustments have increased the goodwill arising on acquisition by $87,789,000.

	$000
Cash	10,009
Accounts Receivable	180,503
Inventory	44,751
Corporate tax receivable	14,284
Other assets	217,756
Property, plant and equipment	316,187
Intangible assets	383,910
Deferred income tax asset	57,271
Creditors and accruals	(536,451)
Interest-bearing liabilities	(735,128)
Provisions and other liabilities	(294,289)
Fair value of identifiable net liabilities	**(341,197)**
Non-controlling interest	(3,318)
Goodwill arising on acquisition	1,587,960
	1,243,445
Business combination date fair value of consideration transferred	
Cash paid in the period to 31 December 2018	(1,224,979)
Cash paid in the six months to 30 June 2019	(18,466)
Total cash paid	**(1,243,445)**
Direct costs relating to the business combination – included within service costs	28,515
The cash outflow as a result of the business combination is as follows:	
Net cash acquired	10,009
Cash paid in the period to 31 December 2018	(1,224,979)
Net consolidated cash outflow in the period to 31 December 2018	(1,214,970)
Cash paid in the six months to 30 June 2019	(18,466)
Net consolidated cash outflow	**(1,233,436)**

The goodwill of $1,587,960,000 comprises the value of synergies expected to be achieved as a result of combining Capio with the rest of the Group, as well as intangible assets that do not qualify for separate recognition. The acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy. None of the goodwill recognised is expected to be deductible for income tax purposes. The goodwill balance represents goodwill attributable to Ramsay Générale de Santé.

6. BUSINESS COMBINATIONS (CONTINUED)

Capio - November 2018 (Continued)

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

The fair value of the acquired receivables amounts to $180,503,000. The gross contractual amount receivable is $196,090,000.

The revenue of Capio from acquisition to 31 December 2018 was $389,710,000 and the profit before tax for this period was not significant to the Group.

If Capio had been acquired at the beginning of the financial year, on 1 July 2018, the total revenue and other income for the Group would have been $6,021,736,000 for the six months ended 31 December 2018 and the profit before income tax from continuing operations for the Group would not have been significantly different to the Group profit before tax as reported.

Other Business Combinations – 2018

Ramsay has recognised amounts for business combinations in the financial statements for the six months ended 31 December 2018 which are as follows**:**

	$000
Fair value of identifiable net assets	22,398
Goodwill arising	51,970
Non-controlling interest	(1,900)
Business combination date fair value of consideration transferred	72,468
The cash outflow as a result of the business combination is as follows:	
Net cash acquired	7,339
Cash paid	(72,468)
Net consolidated cash outflow	(65,129)
Direct costs relating to the business combinations – included within service costs	3,309

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

7. FAIR VALUES

Unless disclosed below, the carrying amount of the Group's financial assets and liabilities approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At reporting date, the market interest rates vary from 0.8700% to 0.9224% (June 2019: 1.205% to 1.220%) for Australia, 0.7039% to 0.7916% (June 2019: 0.7218% to 0.7738%) for UK, and -0.438% to -0.383% (June 2019: -0.388% to -0.345%) for France respectively.

	As at 31/12/2019		As at 30/06/2019	
	Carrying Amount $000	Fair Value $000	Carrying Amount $000	Fair Value $000
Bank loans	4,990,816	5,104,753	5,243,442	5,365,352

8. DERIVATIVE FINANCIAL INSTRUMENTS

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.

Fair value

The Group has available to it various methods in estimating the fair value of a derivative financial instrument. The methods comprise:

Level 1	the fair value is calculated using quoted prices in active markets.
Level 2	the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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

	As at 31/12/2019 $000	As at 30/06/2019 $000
Financial liabilities		
Derivative instruments – interest rate swaps and forward exchange contracts	(54,080)	(62,397)

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.

Transfer between categories

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

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) the financial information and notes of the consolidated entity are in accordance with the *Corporations Act 2001* including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and the performance for the half year ended on that date; and
   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.

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

On behalf of the Board

M.S. Siddle
Chairman

C.R. McNally
Managing Director

Sydney, 27 February 2020

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Ramsay Health Care Limited and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Building a better
working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
Sydney
27 February 2020