

RAMSAY HEALTH CARE LIMITED
ABN 57 001 288 768

APPENDIX 4D

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

RAMSAY HEALTH CARE LIMITED

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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 31/12/2014 \$000	6 months ended 31/12/2013 \$000	% increase/ (decrease)
Revenue and other income (Core) from continuing operations	(3)	3,343,329	2,361,612	41.6%
Revenue from services		3,341,214	2,360,139	41.6%
Profit from continuing operations before profit on disposal of assets, finance costs, tax, depreciation, amortisation and non-core items (Core EBITDA)		511,229	364,626	40.2%
Profit from continuing operations before finance costs, tax and non-core items (Core EBIT)		377,797	285,859	32.2%
Core net profit after tax from continuing operations attributable to owners of the parent	(1),(3)	204,409	171,585	19.1%
Non-core items after tax, attributable to owners of the parent	(3)	(13,051)	(13,832)	(5.6%)
Net profit after tax for the period attributable to owners of the parent *		191,358	157,753	21.3%

Earnings per share (cents per share)

Core EPS - Continuing operations	(1),(2),(3)	97.6c	81.2c	20.2%
Diluted Statutory EPS - Continuing operations		91.1c	74.4c	22.4%

* Inclusive of the dividends payable to holders of Convertible Adjustable Rate Equity Securities (CARES)

1. 'Core net profit after tax from continuing operations' and 'core earnings per share - continuing operations' are before non-core items and from continuing operations.
2. Core earnings per share (Core EPS) calculation is based upon Core net profit after tax from continuing operations adjusted for Preference Dividends, using the weighted average number of ordinary shares adjusted for the effect of dilution.
3. Refer to note 2(a) of the Consolidated Half Year Financial Statements for further information.

1.2 EARNINGS PER SHARE

	6 months ended 31/12/2014 \$000	6 months ended 31/12/2013 \$000
Net profit after tax for the period attributable to the owners of the parent	191,358	157,753
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(6,846)	(7,088)
Profit used in calculating basic and diluted earnings per share from continuing operations (after CARES dividend)	184,512	150,665
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	201,225,462	201,341,510
Weighted average number of ordinary shares used in calculating diluted earnings per share	202,520,114	202,623,921
Earnings per share	Cents per share	
- basic (after CARES dividend)	91.7	74.8
- diluted (after CARES dividend)	91.1	74.4
- basic (after CARES dividend) from continuing operations	91.7	74.8
- diluted (after CARES dividend) from continuing operations	91.1	74.4

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	40.5¢	40.5¢
Previous corresponding period - Interim dividend	34.0¢	34.0¢
Record date for determining entitlements to the interim dividend	10 March 2015	
Date the interim current year dividend is payable	26 March 2015	
Convertible Adjustable Rate Equity Securities ('CARES') Dividends		
Record date for determining entitlements to the CARES interim dividend	2 April 2015	
Date the interim CARES dividend is payable	20 April 2015	

The proposed interim ordinary and CARES dividends will be franked at the rate of 30% (2013: 30%).

1.4 DETAILS OF JOINT VENTURE ENTITY

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

Name of entity	Contribution to net profit		Percentage of ownership interest	
	6 months ended 31/12/2014 \$000	6 months ended 31/12/2013 \$000	As at 31/12/2014	As at 31/12/2013
Equity accounted joint venture entity				
Ramsay Sime Darby Health Care Sdn Bhd	6,298	1,052	50%	50%
Total share of after tax profits of equity accounted investments	6,298	1,052		

1.5 DETAILS OF ENTITY OVER WHICH CONTROL HAS BEEN GAINED

Control over French private hospital operator Générale de Santé SA (GdS) was gained on 1 October 2014 when Ramsay Health Care Limited (Ramsay), together with partner Crédit Agricole Assurances (CAA) acquired 83.43% of the share capital of GdS from Santé SA and Santé Développement Europe SAS, the controlling shareholders of GdS. GdS's contribution to the Group's Profit before income tax from continuing operations for the period is \$22.9 million.

1.6 NET TANGIBLE ASSETS

Net tangible assets (NTA) per share at 31 December 2014 is negative \$1.69 (June 2014: positive \$2.50). The movement in NTA per share is a result of the Générale de Santé acquisition and the substantial value of goodwill acquired.

1.7 COMMENTARY ON RESULTS

Commentary on results follows

ASX ANNOUNCEMENT

26 February 2015

RAMSAY HEALTH CARE REPORTS 20.2% RISE IN FIRST HALF YEAR CORE EPS AND A 19.1% RISE IN CORE NET PROFIT

Financial Highlights

- Core net profit¹ after tax (Core NPAT) up 19.1% to \$204.4 million
- Core earnings per share² (Core EPS) up 20.2% to 97.6 cents
- Group:
 - Revenue up 41.6% to \$3.3 billion
 - EBIT up 32.2% to \$377.8 million
- Australia/Asia:
 - Revenue up 8.8% to \$2.0 billion
 - EBIT up 12.6% to \$282.8 million
- United Kingdom:
 - Revenue up 9% to £198.1 million
 - EBIT up 9.1% to £15.5 million
- France:
 - Revenue up 437.1% to €646.1 million
 - EBIT up 542.4% to €46.0 million
- Interim dividend 40.5 cents fully franked, up 19.1% on the previous corresponding period

Overview

Australia's largest private hospital operator, Ramsay Health Care, today announced a Group Core Net Profit After Tax (Core NPAT) of \$204.4 million for the six months to 31 December 2014, a 19.1% increase on the previous corresponding period.

Group core NPAT delivered core EPS of 97.6 cents for the half year, an increase of 20.2% on the 81.2 cents recorded in the previous corresponding period.

The Company's reported net profit after tax (after deducting non-core items) of \$191.4 million was up 21.3% on the prior half.

Directors are pleased to announce a fully-franked interim dividend of 40.5 cents, up 19.1% on the previous corresponding period. The dividend Record Date is 10 March 2015 with payment on 26 March 2015.

¹ Before non-core items

² Core net profit after CARES dividends

Strategy

Ramsay Health Care Managing Director Christopher Rex said the Company had delivered another outstanding result driven by a solid operating performance in all its geographic segments as well as positive contributions from its most recent acquisitions.

“Our operations around the world are all performing solidly with volume growth at our existing facilities and growth through acquisition having a positive impact,” Mr Rex said.

“In completing our purchase of a controlling stake in Générale de Santé in October 2014, we are now a market leader in France as well as Australia and are thus very well-positioned to cater for the increasing demand for health care in these regions.

“At the same time, we continue to explore opportunities in existing and new markets and given the experience we have gained in hospital operations across the world over many years, we are confident that our management model can continue to be applied in more settings.”

Operations

During the half year, Ramsay’s Australian and Asian business achieved revenue growth of 8.8% and EBIT growth of 12.6% on the back of strong admissions growth.

Ramsay’s UK business continues to grow well. NHS admissions increased by 12% and EBIT increased 9.1% to £15.5 million. Strong operating margins (EBITDAR) continue to be achieved in the UK.

Ramsay’s French business (Ramsay Santé and GdS combined) grew as a result of organic growth and positive contributions from Medipsy and Générale de Santé. Overall, EBITDAR increased by 596% and EBITDAR margins increased from 15.5% to 20.0%.

Ramsay Santé had an excellent half year with EBITDA increasing by 128.1% to €27.6 million due to the continued improvement of the existing operations coupled with the positive contribution from the Medipsy psychiatric facilities (acquired mid December 2013).

Admissions at Ramsay Santé’s medical/surgical hospitals were up 4% while psychiatric bed days were up 5% (on a like-for-like basis) showing demand in the French market is growing.

In its first three months Générale de Santé performed as anticipated, confirming due diligence expectations. We look forward to the value that this business will add to our French operations.

Brownfields Capacity Expansion

Ramsay continued to focus on its capacity expansion programme, completing \$175M worth of brownfield expansions in Australia in the first half including the \$58.2 million expansion of Warringal Private in Heidelberg, Melbourne and the \$53.3 million expansion of Pindara Private on the Gold Coast, both of which were commissioned late in the reporting period.

A further \$190M brownfield developments were approved during the half with an ongoing pipeline of developments due to come on stream over the next few years.

“We anticipate ongoing growth in demand will continue to drive substantial capital investment in these facilities well into the future,” Mr Rex said.

Acquisitions

During the half year Ramsay Health Care completed the acquisition of a controlling stake in Générale de Santé (GdS) and its 75 facilities (61 hospitals), bringing Ramsay's total portfolio in France to 115 facilities (101 hospitals), and making it the market leader in that country.

"The completion of the GdS acquisition makes Ramsay the leading private hospital operator in a country that has a well-respected health care system, an ageing demographic and a growing demand for health care services," Mr Rex said.

The Company, through its joint venture partnership with Sime Darby, has also recently announced it has signed a non-binding term sheet, with Chinese healthcare company Jinxin, to jointly operate five hospitals in the city of Chengdu, China.

The proposed joint venture involves four hospitals that Jinxin currently operates in Chengdu and a further 500 bed women's health hospital due to open in March 2015. With 2,300 beds these are premier hospitals in the region with a focus on women's health, mental health, general medical and traditional Chinese medicine.

Balance Sheet and Cash Flow

Continuing strong and consistent operating cash flow and effective working capital management delivered a high cash conversion rate for the Group of 100% of operating profit (EBITDA) to gross operating cash flow. Ramsay's robust balance sheet and strong cash flow generation continues to provides us with the flexibility to fund the increasing demand for brownfield capacity expansion, future acquisitions and ongoing working capital needs.

Outlook

"Our operations around the world are all performing solidly and the global demand for healthcare remains high due to population growth; increasing consumer wealth; government programs to expand access to healthcare and an ageing population (the global population over 60 is forecast to triple by 2050) ," Mr Rex said.

"Ramsay is focused on ensuring that we are capable of meeting this demand through our capacity expansion program in our existing hospitals, and by acquiring strategically located hospitals in new and existing markets.

"The integration of Générale de Santé, growing this business, and achieving synergies and efficiencies, will be a major focus.

"I would like to thank all our staff and doctors for their ongoing contribution to our success and the excellent service they provide to our patients."

Based on the strength of the first half results and the continuation of robust growth across all our operations, and barring unforeseen circumstances, Ramsay is targeting Core NPAT and Core EPS growth of 18% to 20% for FY2015 (previously 14% to 16%) including nine months of Générale de Santé.

Contacts:

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Carmel Monaghan
Marketing & Public Affairs Manager
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Attachment: Summary of Financial Performance.

Attachment:

Summary of Financial Performance

**Half Year Ended 31 December
\$ 000's**

	1st Half FY2015	1st Half FY2014	
	Group	Group	% Increase
<u>Net Profit After Tax (NPAT)</u>			
Operating revenue	3,341,214	2,360,139	41.6%
EBITDA	511,229	364,626	40.2%
EBIT	377,797	285,859	32.2%
Core NPAT attributable to members of the parent (1)	204,409	171,585	19.1%
Non-core items, net of tax (3)	<u>(13,051)</u>	<u>(13,832)</u>	
Reported NPAT	191,358	157,753	21.3%

<u>Earnings Per Share, (EPS) cents</u>			
Core EPS (2)	97.6	81.2	20.2%
Reported EPS	91.1	74.4	22.4%

<u>Dividends Per Share, cents</u>			
Interim dividend, fully franked	40.5	34.0	19.1%

Notes

- (1) 'Core NPAT attributable to members of the parent is before non-core items and from continuing operations. In accordance with the accounting standards Générale de Santé has been consolidated from 1 October 2014. The non-controlling interest's share of Générale de Santé NPAT (51.2%) has been removed in arriving at the Core NPAT attributable to members of the parent.
- (2) 'Core EPS' is derived from core net profit after CARES Dividends.
- (3) 'Non-core items, net of tax', include the non-cash portion of rent expense of \$8.2 million, net of tax, relating to the UK hospitals.

SECTION 2

FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED

31 DECEMBER 2014

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

RAMSAY HEALTH CARE LIMITED
AND CONTROLLED ENTITIES
A.B.N. 57 001 288 768
FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2014.

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.

Names

M.S. Siddle - Non-Executive Chairman
P.J. Evans - Non-Executive Deputy Chairman
C.P. Rex - Managing Director
B.R. Soden - Group Finance Director
A.J. Clark AM - Non-Executive Director
I.P.S. Grier AM - Non-Executive Director
R.H. McGeoch AO - Non-Executive Director
K.C.D. Roxburgh - Non-Executive Director

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.

REVIEW AND RESULTS OF OPERATIONS

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

<i>Summary of statutory earnings</i>	2014	2013	
	\$000	\$000	% Change
Revenue from services	3,341,214	2,360,139	41.6%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	494,961	340,759	45.3%
Earnings before interest and tax (EBIT)	360,119	257,163	40.0%
Net profit attributable to owners of the parent	191,358	157,753	21.3%
	2014	2013	% Change
Basic earnings per share (after CARES dividend)	91.7c	74.8c	22.6%
Diluted earnings per share (after CARES dividend)	91.1c	74.4c	22.4%

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Financial highlights

Ramsay's statutory net profit attributable to the owners of the parent for the half year ended 31 December 2014 was \$191.4 million, a 21.3% increase on the previous corresponding period. Basic statutory earnings per share was 91.7 cents for the half year, a 22.6% increase.

The result was driven by solid operating performance in all geographic segments as well as positive contributions from the most recent acquisitions.

During the half year, Ramsay's Australian and Asian business achieved revenue growth of 8.8% and EBIT growth of 12.6% on the back of strong admissions growth.

Ramsay's UK business continues to grow well. NHS admissions increased by 12% and EBIT increased 9.1% to £15.5 million. Strong operating margins (EBITDAR) continue to be achieved in the UK.

Ramsay's French business (Ramsay Santé and Générale de Santé (GdS) combined) grew as a result of organic growth and positive contributions from Medipsy and GdS. Overall, EBITDAR increased by 596% and EBITDAR margins increased from 15.5% to 20.0%.

Ramsay Santé had an excellent half year with EBITDA increasing by 128.1% to €27.6 million due to the continued improvement of the existing operations coupled with the positive contribution from the Medipsy psychiatric facilities (acquired mid December 2013). Admissions at Ramsay Santé's medical/surgical hospitals were up 4% while psychiatric bed days were up 5% (on a like-for-like basis) showing demand in the French market is growing.

In its first three months Générale de Santé performed as anticipated and in accordance with due diligence expectations.

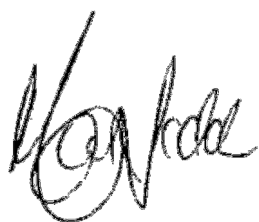
AUDITOR'S INDEPENDENCE DECLARATION

The written Auditor's Independence Declaration in relation to the review of the half year financial report has been included at page 14, and forms part of this report.

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 Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors.



M.S. Siddle
Chairman

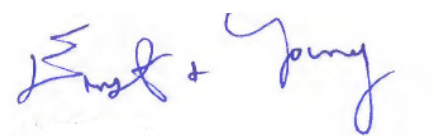


C.P. Rex
Managing Director


Sydney, 26 February 2015

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

In relation to our review of the financial report of Ramsay Health Care Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



David Simmonds
Partner
Sydney
26 February 2015

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 \$000	2013 \$000
Revenue and other income			
Revenue from services		3,341,214	2,360,139
Interest income		2,115	1,120
Revenue – income from the sale of development assets		1,129	2,051
Other Income – net profit on disposal of non-current assets	4	-	15,513
Total revenue and other income		3,344,458	2,378,823
Employee benefits costs		(1,708,727)	(1,195,786)
Occupancy costs		(238,325)	(149,181)
Service costs		(130,820)	(105,786)
Medical consumables and supplies		(775,229)	(586,528)
Depreciation, amortisation and impairment		(134,842)	(83,596)
Cost of goods sold – book value of development assets sold		(579)	(715)
Total expenses, excluding finance costs		(2,988,522)	(2,121,592)
Share of profit of joint venture	9	6,298	1,052
Profit from continuing operations before tax and finance costs		362,234	258,283
Finance costs		(57,756)	(36,620)
Profit before income tax from continuing operations		304,478	221,663
Income tax		(104,443)	(64,498)
Net profit for the period	2(a)(ii)	200,035	157,165
Attributable to non-controlling interests		8,677	(588)
Attributable to owners of the parent		191,358	157,753
		200,035	157,165
Earnings per share (cents per share)			
Basic earnings per share			
Profit (after CARES dividend)	8	91.7	74.8
Profit (after CARES dividend) from continuing operations	8	91.7	74.8
Diluted earnings per share			
Profit (after CARES dividend)	8	91.1	74.4
Profit (after CARES dividend) from continuing operations	8	91.1	74.4

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	2014 \$000	2013 \$000
Net profit for the period	200,035	157,165
Items that will not be reclassified to net profit		
Actuarial (loss) / gain on defined benefits plan	(3,602)	307
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Loss taken to equity	(9,756)	(1,524)
Transferred to Income Statement	2,119	4,883
Net loss on bank loan designated as a hedge of a net investment	(23,443)	(22,554)
Foreign currency translation	31,107	38,147
Income tax relating to components of other comprehensive income	2,236	(1,021)
Other comprehensive (expense) / income for the period, net of tax	(1,339)	18,238
Total comprehensive income for the period	198,696	175,403
Attributable to non-controlling interests	3,440	1,015
Attributable to the owners of the parent	195,256	174,388
	<u>198,696</u>	<u>175,403</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Notes	As at 31/12/2014 \$000	As at 30/06/2014 \$000
ASSETS			
Current assets			
Cash and cash equivalents	5	319,188	167,885
Trade receivables		830,927	545,072
Inventories		189,960	124,005
Income tax receivable		18,092	9,183
Prepayments		99,766	51,237
Derivative financial instruments	11	87	-
Other current assets		12,341	4,947
		<u>1,470,361</u>	<u>902,329</u>
Assets classified as held for sale		10,147	-
Total current assets		<u>1,480,508</u>	<u>902,329</u>
Non-current assets			
Other financial assets		40,759	2,319
Investment in joint venture	9	211,130	192,815
Property, plant and equipment		3,245,090	2,145,219
Goodwill and intangible assets		1,944,193	1,171,901
Deferred tax asset		191,597	99,218
Non-current prepayments		12,697	12,876
Derivative financial instruments	11	-	536
Non-current receivables		26,317	29,754
Total non-current assets		<u>5,671,783</u>	<u>3,654,638</u>
TOTAL ASSETS		<u>7,152,291</u>	<u>4,556,967</u>
LIABILITIES			
Current liabilities			
Trade and other payables		1,369,159	828,619
Interest-bearing loans and borrowings	10	342,731	34,207
Derivative financial instruments	11	9,432	10,237
Provisions		195,318	145,791
Income tax payable		36,101	15,638
Total current liabilities		<u>1,952,741</u>	<u>1,034,492</u>
Non-current liabilities			
Interest-bearing loans and borrowings	10	2,872,829	1,335,320
Provisions		431,829	378,066
Defined employee benefit obligation		72,205	21,269
Derivative financial instruments	11	14,195	6,202
Other creditors		14,185	5,805
Deferred tax liability		181,472	32,169
Total non-current liabilities		<u>3,586,715</u>	<u>1,778,831</u>
TOTAL LIABILITIES		<u>5,539,456</u>	<u>2,813,323</u>
NET ASSETS		<u>1,612,835</u>	<u>1,743,644</u>
EQUITY			
Issued capital		713,523	713,523
Treasury shares		(52,194)	(50,330)
Convertible Adjustable Rate Equity Securities (CARES)		252,165	252,165
Cash flow hedges		(16,316)	(10,914)
Share based payment reserve		44,070	48,276
Vested employee equity		(22,426)	(16,469)
Other reserves		(11,329)	(348)
Retained earnings		847,839	766,656
Parent interests		<u>1,755,332</u>	<u>1,702,559</u>
Non-controlling interests		<u>(142,497)</u>	<u>41,085</u>
TOTAL EQUITY		<u>1,612,835</u>	<u>1,743,644</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Changes in Equity for the Half Year to 31 December 2014								
	Balance at 1 July 2014	Dividends paid to ordinary shareholders of the parent entity	Shares purchased for executive performance share plan	Treasury shares vesting to employees in the period	Share based payment reserve	Acquisition of subsidiary / non- controlling interest	Dividends paid to outside equity interest	Total comprehensive income for the half year, net of tax	Balance at 31 December 2014
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Issued capital	713,523	-	-	-	-	-	-	-	713,523
Treasury shares	(50,330)	-	(25,342)	23,478	-	-	-	-	(52,194)
Convertible preference shares - CARES	252,165	-	-	-	-	-	-	-	252,165
Share based payment	48,276	-	-	(17,521)	13,315	-	-	-	44,070
Cash flow hedges	(10,914)	-	-	-	-	-	-	(5,402)	(16,316)
Bank loan designated as a hedge of a net investment in a subsidiary	61,302	-	-	-	-	-	-	(23,443)	37,859
Foreign currency translation	(61,650)	-	-	-	-	-	-	33,408	(28,242)
Acquisition of non-controlling interests	-	-	-	-	-	(20,946)	-	-	(20,946)
Retained earnings	766,656	(109,510)	-	-	-	-	-	190,693	847,839
Vested employee equity	(16,469)	-	-	(5,957)	-	-	-	-	(22,426)
Owners of the parent	1,702,559	(109,510)	(25,342)	-	13,315	(20,946)	-	195,256	1,755,332
Non-controlling interests	41,085	-	-	-	-	(84,033)	(102,989)	3,440	(142,497)
Total equity	1,743,644	(109,510)	(25,342)	-	13,315	(104,979)	(102,989)	198,696	1,612,835

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Changes in Equity for the Half Year to 31 December 2013

	Balance at 1 July 2013	Dividends	Shares purchased for executive performance share plan	Treasury shares vesting to employees in the period	Share based payment reserve	Acquisition / Disposal of subsidiary / non- controlling interest	Share capital issue – Ramsay Santé	Total comprehensive income for the half year, net of tax	Balance at 31 December 2013
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Issued capital	713,523	-	-	-	-	-	-	-	713,523
Treasury shares	(49,684)	-	(11,068)	29,950	-	-	-	-	(30,802)
Convertible preference shares - CARES	252,165	-	-	-	-	-	-	-	252,165
Share based payment reserve	33,026	-	-	(25,719)	24,844	-	-	-	32,151
Cash flow hedges	(12,499)	-	-	-	-	-	-	2,338	(10,161)
Bank loan designated as a hedge of a net investment in a subsidiary	73,533	-	-	-	-	-	-	(22,554)	50,979
Foreign currency translation	(83,384)	-	-	-	-	8,215	-	36,544	(38,625)
Retained earnings	629,438	(90,655)	-	-	-	-	-	158,060	696,843
Vested employee equity	(12,238)	-	-	(4,231)	-	-	-	-	(16,469)
Owners of the parent	1,543,880	(90,655)	(11,068)	-	24,844	8,215	-	174,388	1,649,604
Non-controlling interests	(2,065)	-	-	-	-	1,451	39,027	1,015	39,428
Total equity	1,541,815	(90,655)	(11,068)	-	24,844	9,666	39,027	175,403	1,689,032

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,419,991	2,353,231
Payments to suppliers and employees		(2,908,503)	(1,977,702)
Income tax paid		(96,622)	(69,160)
Finance costs		(76,117)	(43,507)
Net cash flows from operating activities		338,749	262,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(194,970)	(86,275)
Interest received		2,115	1,120
Acquisition of investment in joint venture	5	-	(72,425)
Acquisition of business, net of cash received	6	(620,250)	(226,601)
Acquisition of non-controlling interests	5	(19,199)	-
Deferred payment on investment in joint venture	5	(14,876)	-
Net cash flows used in investing activities		(847,180)	(384,181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to ordinary shareholders of the parent entity		(109,510)	(90,655)
Dividends paid to outside equity interest		(102,989)	-
Repayment of principal to bondholders		(1,817)	(1,677)
Repayment of finance lease - principal		(1,411)	(2,023)
Proceeds of borrowings		1,843,528	182,017
Repayment of borrowings		(945,146)	(199,213)
Purchase of ordinary shares		(25,342)	(11,068)
Proceeds from outside equity loan		-	52,895
Proceeds from issue of shares to outside equity interest		-	39,027
Net cash flows from / (used in) financing activities		657,313	(30,697)
Net increase / (decrease) in cash and cash equivalents		148,882	(152,016)
Net foreign exchange differences on cash held		2,421	7,514
Cash and cash equivalents at beginning of period		167,885	272,251
Cash and cash equivalents at end of period	5	319,188	127,749

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1. CORPORATE INFORMATION

The financial report of Ramsay Health Care Limited and controlled entities (the 'Group') for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on the 26 February 2015.

Ramsay Health Care Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of operations of the Group is described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134 "*Interim Financial Reporting*" and other authoritative pronouncements of the Australian Accounting Standards Board. 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.

The half year financial report should be read in conjunction with the annual financial report of Ramsay Health Care Limited as at 30 June 2014.

It is also recommended that the half year financial report be considered together with any public announcements made by Ramsay Health Care Limited and its controlled entities during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the ASX listing rules.

The half year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. This is an entity to which the Class Order applies.

The Directors believe that the core profit (segment result) after tax from continuing operations, and the core earnings per share from continuing operations measures, provide additional useful information which is used for internal segment reporting and therefore would be useful for shareholders.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

	2014 \$000	2013 \$000
(i) Reconciliation of net profit attributable to owners of the parent to core profit (segment result)		
Net profit attributable to owners of the parent	191,358	157,753
Add/(less) non-core items:		
- Non-cash portion of rent expense relating to leased UK hospitals (a)	10,938	11,324
- Amortisation - service concession assets	1,410	1,178
- Net profit on disposal of non-current assets	-	(15,160)
- Income from the sale of development assets	(1,129)	(2,051)
- Book value of development assets sold	579	715
- Acquisition, disposal, and development costs	5,880	14,973
- Impairment of non-current assets	-	3,651
- Introduction of employee share plan costs	-	14,066
Income tax on non-core items	(3,907)	(13,308)
Non-controlling interests in non-core items net of tax	(720)	(1,556)
	<u>13,051</u>	<u>13,832</u>
Core profit (segment result) after tax from continuing operations	204,409	171,585
Core earnings per share from continuing operations		
Core profit after tax from continuing operations (above)	204,409	171,585
Less: CARES dividend	(6,846)	(7,088)
Core profit after tax from continuing operations used to calculate core earnings per share from continuing operations	<u>197,563</u>	<u>164,497</u>
Weighted average number of ordinary shares adjusted for effect of dilution	202,520,114	202,623,921
Core diluted earnings per share from continuing operations	97.6c	81.2c

(a) Accounted for in accordance with AASB 117 Leases and UIG 115 Operating Leases - Incentives

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

The table below reconciles the statutory consolidated Income Statement to the core (segment) consolidated Income Statement. The non-core items listed at 2(a)(i) are excluded from the relevant line items in the consolidated statutory Income Statement to ascertain the core (segment) consolidated Income Statement.

	2014 \$000	2014 \$000	2014 \$000
	Statutory consolidated Income Statement	Non-core items as listed at 2(a)(i)	Core (segment) consolidated Income Statement
Revenue and other income			
Revenue from services	3,341,214	-	3,341,214
Interest income	2,115	-	2,115
Revenue – income from the sale of development assets	1,129	(1,129)	-
Other income – net profit on disposal of non-current assets	-	-	-
Total revenue and other income	3,344,458	(1,129)	3,343,329
Employee benefits costs	(1,708,727)	-	(1,708,727)
Occupancy costs	(238,325)	10,938	(227,387)
Service costs	(130,820)	5,880	(124,940)
Medical consumables and supplies	(775,229)	-	(775,229)
Depreciation, amortisation and impairment	(134,842)	1,410	(133,432)
Cost of goods sold – book value of development assets sold	(579)	579	-
Total expenses, excluding finance costs	(2,988,522)	18,807	(2,969,715)
Share of profit of joint venture	6,298	-	6,298
Profit from continuing operations before tax and finance costs	362,234	17,678	379,912
Finance costs	(57,756)	-	(57,756)
Profit before income tax from continuing operations	304,478	17,678	322,156
Income tax	(104,443)	(3,907)	(108,350)
Net profit for the period	200,035	13,771	213,806
Attributable to non-controlling interests	8,677	720	9,397
Attributable to owners of the parent	191,358	13,051	204,409
	200,035	13,771	213,806

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

	2013 \$000	2013 \$000	2013 \$000
	Statutory consolidated Income Statement	Non-core items as listed at 2(a)(i)	Core (segment) consolidated Income Statement
Revenue and other income			
Revenue from services	2,360,139	-	2,360,139
Interest income	1,120	-	1,120
Revenue – income from the sale of development assets	2,051	(2,051)	-
Other income – net profit on disposal of non-current assets	15,513	(15,160)	353
Total revenue and other income	2,378,823	(17,211)	2,361,612
Employee benefits costs	(1,195,786)	14,066	(1,181,720)
Occupancy costs	(149,181)	11,324	(137,857)
Service costs	(105,786)	14,973	(90,813)
Medical consumables and supplies	(586,528)	-	(586,528)
Depreciation, amortisation and impairment	(83,596)	4,829	(78,767)
Cost of goods sold – book value of development assets sold	(715)	715	-
Total expenses, excluding finance costs	(2,121,592)	45,907	(2,075,685)
Share of profit of joint venture	1,052	-	1,052
Profit from continuing operations before tax and finance costs	258,283	28,696	286,979
Finance costs	(36,620)	-	(36,620)
Profit before income tax from continuing operations	221,663	28,696	250,359
Income tax	(64,498)	(13,308)	(77,806)
Net profit for the period	157,165	15,388	172,553
Attributable to non-controlling interests	(588)	1,556	968
Attributable to owners of the parent	157,753	13,832	171,585
	157,165	15,388	172,553

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as discussed follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretation as of 1 July 2014:

- AASB 2012 - 3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities*
- AASB 2012 - 4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- AASB 2012 - 5 *Amendments to Australian Accounting Standards – Investment Entities* (AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139)
- AASB 1031 *Materiality*
- Interpretation 21 *Levies*
- AASB 2014 - 1 *Amendments to Australian Accounting Standards - Part A - Annual Improvements to IFRSs 2010 - 2012 Cycle*
- AASB 2014 - 1 *Amendments to Australian Accounting Standards - Part A - Annual Improvements to IFRSs 2011 - 2013 Cycle*
- AASB 2014 - 1 *Amendments to Australian Accounting Standards - Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)*

The adoption of these Amendments to Australian Accounting Standards and AASB Interpretations did not have any significant impact on the financial position or performance of the Group.

	As at 31/12/2014 \$000	As at 31/12/2013 \$000
3. DIVIDENDS PAID		
(a) Dividends declared and paid during the period on ordinary shares:		
<i>Previous year final dividend paid</i>		
Franked dividends - ordinary (51.0 cents per share) (2013: 41.5 cents)	<u>103,061</u>	<u>83,864</u>
(b) Dividends proposed and not recognised as a liability on ordinary shares:		
<i>Interim dividend proposed</i>		
Franked dividends - ordinary (40.5 cents per share) (2013: 34.0 cents)	<u>81,842</u>	<u>68,708</u>
(c) Dividends declared and paid during the period on CARES:		
<i>Previous year final dividend paid</i>		
Franked dividends - CARES	<u>6,846</u>	<u>7,088</u>
(d) Dividends proposed and not recognised as a liability on CARES:		
<i>Interim dividend proposed</i>		
Franked dividends – CARES	<u>6,888</u>	<u>6,810</u>

The tax rate at which paid dividends have been franked is 30% (2013: 30%). 100% of the proposed dividends will be franked at the rate of 30% (2013: 30%).

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

4. OTHER INCOME – NET PROFIT ON DISPOSAL OF NON-CURRENT ASSETS

	2014 \$000	2013 \$000
Other income – net profit on disposal of non-current assets	-	15,513
	As at 31/12/2014 \$000	As at 31/12/2013 \$000

5. CASH AND CASH EQUIVALENTS

For the purpose of the half year consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank	319,188	127,749
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Joint Venture

On 1 July 2013, Ramsay acquired a 50% equity ownership in a joint venture with Sime Darby Berhad (a Malaysian listed company), through the contribution of our Indonesian assets and cash payments to Sime Darby Berhad over 3 years. As at 31 December 2013, a total of \$64 million was paid to Sime Darby Berhad and an investment in the joint venture of \$196 million was recorded at acquisition.

A reconciliation between the cash payments to Sime Darby Berhad and the investment in the joint venture recorded at acquisition is as follows:

	\$000
Cash payment to Sime Darby Berhad	64,361
Cash in relation to Indonesian operations contributed to joint venture	8,064
Net cash outflow in the six months ended 31 December 2013	72,425
Deferred payments to Sime Darby payable within 3 years	59,538
Value of Indonesian operations contributed to joint venture	63,757
Total investment in joint venture	195,720

On 1 July 2014 an additional \$15 million was paid to Sime Darby Berhad out of the \$60 million deferred payment payable to Sime Darby Berhad.

Acquisition of Non-Controlling Interest

	Note	\$000
Cash payment in relation to subsequent purchase of non-controlling interest in Générale de Santé SA	6	16,049
Cash payment in relation to purchase of non-controlling interest in other entity		3,150
Total cash payments for acquisitions of non-controlling interests		19,199

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

6. BUSINESS COMBINATIONS

Générale de Santé 2015

On 1st October 2014, Ramsay acquired a controlling interest in Générale de Santé, a leading private hospital operator and healthcare services group in France listed on the Euronext Paris Eurolist, thereby significantly enlarging and enhancing its operations in that geographic segment.

The primary reason for the business combination is the acquisition of a controlling interest in Générale de Santé. Ramsay has entered into a shareholders' agreement with Predica in order to organise their future relationships as shareholders of Générale de Santé of which they together hold 83.43% of the shares and 75.72% of the theoretical voting rights upon completion of the acquisition transaction. The shareholders' agreement provides for the composition of the board of directors and other corporate governance undertakings. Ramsay has obtained control of Générale de Santé by virtue of the provisions of the shareholders' agreement entered into with Predica, together with the acquisition of 47.55% of the share capital and 43.16% of the theoretical voting rights of Générale de Santé.

Assets acquired and liabilities assumed

The Group has provisionally recognised the fair values of the identifiable assets and liabilities of Générale de Santé based upon the best information available as of the reporting date. Due to the timing of the acquisition and the extent of diligence underpinning this accounting, the amounts recognised for the Générale de Santé business combination in the financial statements for the half year ended 31 December 2014 have been determined on a provisional basis only. This applies in particular, but not exclusively, to amounts recognised for property, plant and equipment. Ramsay shall until the end of the measurement period obtain and consider the information necessary about facts and circumstances that existed as of the acquisition date and, if known, would have affected the recognition and measurement of the amounts recognised as of that date for the Générale de Santé business combination, in order to retrospectively adjust the provisional amounts recognised.

The provisional fair values of the identifiable assets and liabilities of Générale de Santé as at the date of acquisition are as follows:

	\$000
Accounts receivable	341,959
Inventory	54,809
Corporate tax receivable	22,717
Property, plant and equipment	976,710
Intangible assets	24,165
Financial assets	30,459
Other assets	74,942
Bank overdraft	(76,815)
Creditors and accruals	(568,710)
Interest-bearing liabilities	(848,669)
Provisions and other liabilities	(130,563)
Deferred income tax liability	(81,455)
Fair value of identifiable net liabilities	(180,451)
Non-controlling interests	85,851
Goodwill arising on acquisition	714,850
	<u>620,250</u>
Acquisition date fair value of consideration transferred	
Cash paid	<u>620,250</u>
	<u>620,250</u>
Direct costs relating to the acquisition - included within service costs	
Expensed in the year ended 30 June 2014	9,775
Expensed in the half year ended 31 December 2014	2,538
	<u>12,313</u>
The cash outflow on acquisition is as follows:	
Cash paid	(620,250)
Net consolidated cash outflow	<u>(620,250)</u>

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

6. BUSINESS COMBINATIONS (continued)

Générale de Santé 2015 (continued)

The goodwill of \$714,850,000 comprises the value of synergies expected to be achieved as a result of combining Générale de Santé with the rest of the Group, as well as intangible assets that do not qualify for separate recognition. This acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy and enables the Group to become the leader in private hospitals in France with significant market share. None of the goodwill recognised is expected to be deductible for income tax purposes. The goodwill balance represents goodwill attributable to the parent only.

The Group has elected to measure the non-controlling interests in the acquiree at their proportionate share in the recognised amounts of the acquiree's identifiable net liabilities. The non-controlling interests in the acquiree at the time of the business combination represent 52.42% of the share capital of Générale de Santé.

The fair value of the acquired receivables amounts to \$341,959,000. The gross contractual amount receivable is \$383,463,000, however only the fair value amount of \$341,959,000 is expected to be collected.

From the date of acquisition, Générale de Santé has contributed \$655,448,000 of revenue and \$22,884,000 to the Group profit before income tax from continuing operations. If Générale de Santé had been acquired at the beginning of the financial year on 1 July 2014, the revenue for the Group would have been \$3,889,492,000 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.

Acquisition of additional interest in Générale de Santé

On 7 and 13 of November 2014, the Group acquired a total additional 1.24% interest in the voting shares of Générale de Santé, increasing its ownership interest to 48.80%. Cash consideration of \$16,049,000 was paid to non-controlling shareholders.

	Note	\$000
Cash consideration paid to non-controlling shareholders	5	16,049
Carrying value of the additional interest acquired in Générale de Santé		2,329
Difference recognised in acquisition of non-controlling interests reserve within equity		18,378

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

6. BUSINESS COMBINATIONS (continued)

Medipsy - 2014

On 16 December 2013, Ramsay Santé acquired 100% of the share capital of Medipsy and 66.67% of the share capital of a related entity. Ramsay Santé has recognised the fair values of the identifiable assets and liabilities of Medipsy as follows:

	<u>\$000</u>
Cash	3,210
Accounts Receivable	21,320
Inventory	586
Other current assets	15,136
Corporate tax receivable	2,749
Property, plant and equipment	91,188
Other non-current assets	8
Intangible assets	1,035
Deferred income tax asset	3,789
Creditors and accruals	(63,230)
Intercompany loan	(123,799)
Interest bearing liabilities	(4,389)
Provisions and other liabilities non-current	(9,069)
Fair value of identifiable net liabilities	(61,466)
Non-controlling interest	(2,424)
Intercompany debt eliminated on consolidation	123,799
Goodwill arising on acquisition	168,396
	<u>228,305</u>
Acquisition date fair value of consideration transferred	
Cash paid	229,811
Indemnification asset receivable	(1,506)
	<u>228,305</u>
Direct costs relating to the acquisition - included within service costs	5,112
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary	3,210
Cash paid	(229,811)
Net consolidated cash outflow	<u>(226,601)</u>

The value of the non-controlling interest was recorded at the fair value as at the acquisition date.

The primary reason for the business combination is the acquisition of an existing business.

Key factors contributing to the \$168,396,000 of goodwill are the synergies existing within the acquired business and the synergies expected to be achieved as a result of combining the Medipsy facilities with the rest of the Group. The goodwill balance represents goodwill attributed to both the parent and the non-controlling interest. This acquisition provides a number of benefits for the Group.

The results of Medipsy from acquisition to 31 December 2013 are not material and therefore have not been disclosed separately.

The revenue and results of the total Ramsay Group, for the half year ended 31 December 2013, as though Medipsy was acquired on 1 July 2013, would not be significantly different to the Group results as reported.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

7. SEGMENT INFORMATION

Identification of reportable segments

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

The operating segments are identified by management based on the region 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 health care systems in the respective countries. The group has three reportable operating segments being Asia Pacific, UK and France.

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

Types of services

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

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis. 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 in Note 2 to the accounts.

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

7. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations			
	Asia Pacific \$000	UK \$000	France \$000	Total \$000
Six months ended 31 December 2014				
Revenue				
Revenue from services	2,037,384	362,204	941,626	3,341,214
Total revenue before intersegment revenue	2,037,384	362,204	941,626	3,341,214
Intersegment revenue	3,669	-	-	3,669
Total segment revenue	2,041,053	362,204	941,626	3,344,883
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	345,577	45,622	120,030	511,229
Depreciation and amortisation	(62,758)	(17,180)	(53,494)	(133,432)
Earnings before interest and tax (EBIT) ²	282,819	28,442	66,536	377,797
Interest				(55,641)
Income tax expense				(108,350)
Segment (core) net profit after tax ³				213,806
Attributable to non-controlling interest				(9,397)
Segment (core) net profit after tax, attributable to owners of the parent ⁴				204,409
Non-core items net of tax, attributable to owners of the parent				(13,051)
Net profit attributable to owners of the parent				191,358

¹ "EBITDA" is a non-statutory profit measure and represents profit from continuing operations before interest, tax, depreciation, amortisation and non-core items.

² "EBIT" is a non-statutory profit measure and represents profit from continuing operations before interest, tax and non-core items.

³ "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit from continuing operations before non-core items.

⁴ "Segment (core) net profit after tax attributable to owners of the parents" is a non-statutory profit measure and represents profit from continuing operations before non-core items that are attributable to the owners of the parent

As at 31 December 2014

	Asia Pacific \$000	UK \$000	France \$000	Adjustments & Eliminations	Total \$000
Assets & liabilities					
Segment assets	3,972,553	1,480,439	3,226,483	(1,527,184)	7,152,291
Segment liabilities	(2,212,862)	(773,189)	(2,626,553)	73,148	(5,539,456)

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

7. SEGMENT INFORMATION (CONTINUED)

	Total and Continuing operations			
	Asia Pacific \$000	UK \$000	France \$000	Total \$000
Six months ended 31 December 2013				
Revenue				
Revenue from services	1,871,957	312,351	175,831	2,360,139
Total revenue before intersegment revenue	1,871,957	312,351	175,831	2,360,139
Intersegment revenue	1,338	-	-	1,338
Total segment revenue	1,873,295	312,351	175,831	2,361,477
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	307,578	39,444	17,604	364,626
Depreciation and amortisation	(56,388)	(15,127)	(7,252)	(78,767)
Earnings before interest and tax (EBIT) ²	251,190	24,317	10,352	285,859
Interest				(35,500)
Income tax expense				(77,806)
Segment (core) net profit after tax ³				172,553
Attributable to non-controlling interest				(968)
Segment (core) net profit after tax, attributable to owners of the parent ⁴				171,585
Non-core items net of tax, attributable to owners of the parent				(13,832)
Net profit attributable to owners of the parent				157,753

¹ "EBITDA" is a non-statutory profit measure and represents profit from continuing operations before interest, tax, depreciation, amortisation and non-core items.

² "EBIT" is a non-statutory profit measure and represents profit from continuing operations before interest, tax and non-core items.

³ "Segment (core) net profit after tax" is a non-statutory profit measure and represents profit from continuing operations before non-core items.

⁴ "Segment (core) net profit after tax attributable to owners of the parents" is a non-statutory profit measure and represents profit from continuing operations before non-core items that are attributable to the owners of the parent

As at 30 June 2014

Assets & liabilities	Asia Pacific \$000	UK \$000	France \$000	Adjustments & Eliminations	Total \$000
Segment assets	3,673,231	809,697	679,194	(605,155)	4,556,967
Segment liabilities	(1,953,500)	(424,377)	(504,421)	68,975	(2,813,323)

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

7. SEGMENT INFORMATION (CONTINUED)

	2014 \$000	2013 \$000
i) Segment revenue reconciliation to Income Statement		
Total segment revenue	3,344,883	2,361,477
Inter - segment sales elimination	(3,669)	(1,338)
Interest income	2,115	1,120
Revenue – Income from the sale of development assets	1,129	2,051
Other income – Profit on the disposal of non-current assets	-	15,513
Total revenue and other income per Income Statement	<u>3,344,458</u>	<u>2,378,823</u>

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 note 2(a) for the reconciliation of net profit attributable to owners of the parent to core profit (segment result) after tax.

8. 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.

	As at 31/12/2014 \$000	As at 31/12/2013 \$000
Net profit for the period attributable to the owners of the parent	191,358	157,753
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(6,846)	(7,088)
Profit used in calculating basic and diluted for profit (after CARES dividend) earnings per share from continuing operations	<u>184,512</u>	<u>150,665</u>
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	201,225,462	201,341,510
Effect of dilution – share rights not yet vested (a)	1,294,652	1,282,411
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>202,520,114</u>	<u>202,623,921</u>

(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.

	As at 31/12/2014 Cents per Share	As at 31/12/2013 Cents per Share
Earnings per share		
- basic (after CARES dividend) for the period	91.7	74.8
- diluted (after CARES dividend) for the period	91.1	74.4
- basic (after CARES dividend) from continuing operations	91.7	74.8
- diluted (after CARES dividend) from continuing operations	91.1	74.4

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

9. INVESTMENT IN JOINT VENTURE

On 1 July 2013, Ramsay acquired a 50% equity ownership in a joint venture with Sime Darby Berhad (a Malaysian listed company), through the contribution of the Group's Indonesian assets and cash payments to Sime Darby Berhad of approximately \$120 million over 3 years. The new joint venture combined Sime Darby Berhad's portfolio of health care assets in Malaysia (three hospitals and a nursing and health science college) with Ramsay's three Indonesian hospitals under the new jointly-owned company, Ramsay Sime Darby Health Care Sdn Bhd.

The joint venture provides a platform for expansion and further acquisitions in the Asian health care sector.

The investment in the joint venture is accounted for using the equity method and comprises the following:

	\$000
Investment in joint venture at 30 June 2014:	192,815
Share of profit of joint venture	6,298
Foreign currency translation	12,017
Investment in joint venture at 31 December 2014:	<u>211,130</u>

10. 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 2.64% to 2.77% (June 2014: 2.71% to 2.74%) for Australia, 0.55% to 0.61% (June 2014: 0.49% to 0.55%) for UK, and 0.018% to 0.078% (June 2014: 0.21% to 0.29%) for France respectively.

	As at 31/12/2014 \$000		As at 30/06/2014 \$000	
	Carrying Amount \$000	Fair Value \$000	Carrying Amount \$000	Fair Value \$000
Bank loans	2,722,748	2,790,396	1,164,340	1,182,938
Lease liabilities	312,326	358,482	17,786	20,974
Bondholders	15,162	16,543	16,979	18,638
Subordinated bonds	62,001	69,259	58,472	68,010
Deferred consideration	50,813	53,328	61,215	64,035
Outside equity interest loan	52,510	63,556	50,735	59,003
	<u>3,215,560</u>	<u>3,351,564</u>	<u>1,369,527</u>	<u>1,413,598</u>

**NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

11. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31/12/2014 \$000	As at 30/06/2014 \$000
Current assets		
Forward exchange contracts – cash flow hedges	87	-
	<u>87</u>	<u>-</u>
Non - current assets		
Interest rate derivative contracts – cash flow hedges	-	536
	<u>-</u>	<u>536</u>
Current liabilities		
Interest rate derivative contracts – cash flow hedges	(9,432)	(8,997)
Forward exchange contracts – cash flow hedges	-	(1,240)
	<u>(9,432)</u>	<u>(10,237)</u>
Non - current liabilities		
Interest rate derivative contracts – cash flow hedges	(13,617)	(3,999)
Forward exchange contracts – cash flow hedges	(578)	(2,203)
	<u>(14,195)</u>	<u>(6,202)</u>

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 summarised in the table below.

	As at 31/12/2014 \$000	As at 30/06/2014 \$000
Financial assets		
Forward exchange contracts – cash flow hedges	87	-
Derivative instruments – interest rate swaps	-	536
	<u>87</u>	<u>536</u>
Financial liabilities		
Derivative instruments – interest rate swaps	(23,049)	(12,996)
Forward exchange contracts – cash flow hedges	(578)	(3,443)
	<u>(23,627)</u>	<u>(16,439)</u>

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.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

12. BORROWINGS

Details of a new debt facility executed during the 6 months ended 31 December 2014 are detailed below:

Générale de Santé (GdS) and its controlled entities executed a term and revolving facilities agreement on 1 October 2014 to:

- Refinance existing GdS debt and overdraft facilities;
- Provide the Group with additional liquidity to support its capital requirements ;
- Fund the special dividend paid on 4 December 2014;
- Refinance Ramsay Santé's existing indebtedness upon the merger of Ramsay Santé and GdS. The merger is subject to shareholder and regulatory approval;
- Fund future working capital requirements; and
- Fund future capital requirements and acquisitions.

The debt facility was underwritten by three French trading banks and two international investment banks and was subsequently fully syndicated.

The debt facility's limits total €1,075,000,000 comprising:

- (i) term Loan B facilities totalling €900,000,000;
- (ii) a revolving working capital facility of €100,000,000; and
- (iii) a capex / acquisition facility of €75,000,000.

The total amount drawn under the debt facilities as at 31 December 2014 was €660,000,000 (2013: nil).

The debt facilities have a maturity of six years and are repayable as a bullet on maturity. The debt facilities are secured by first ranking pledges over certain GdS controlled entities. Guarantees have also been provided by GdS and certain GdS controlled entities.

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 financial position as at 31 December 2014 and the performance for the half year ended on that date of the consolidated entity; 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.P. Rex
Managing Director

Sydney, 26 February 2015

To the members of Ramsay Health Care Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ramsay Health Care Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 controls as the directors determine are 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its 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 Ramsay Health Care Limited and the entities it controlled during the half-year, 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.

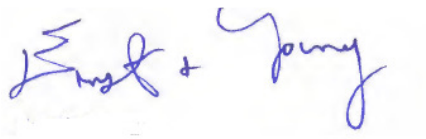
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

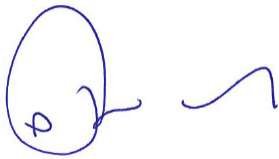
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ramsay Health Care Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its 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*.



Ernst & Young



David Simmonds
Partner
Sydney
26 February 2015