

Media statement  
15 May 2006

## WAKEFIELD HEALTH LIMITED ANNOUNCES IMPROVED RESULT

Wakefield Health Limited today reported an audited net profit after tax of \$3.54 million for the year ended 31 March 2006 (FY06), up 23% on the previous year. It included a two-month contribution arising from the amalgamation of Royston Hospital Limited with Wakefield Health Limited on 31 January 2006. Adjusted for the Royston contribution net earnings were up 17% on FY05.

Wakefield's Chairman, John Calder, said "The improvement in earnings of existing businesses was due mainly to higher volumes at Bowen Hospital and P3 Research, underpinned by continuing strong (though slightly lower) levels of utilisation at Wakefield Hospital which had experienced annual growth of over 15% pa in the previous two years". Mr Calder said the contribution by Royston was also significant given it represented just two months trading, and had been halved by the costs of amortisation.

"Revenues at the Wellington hospitals increased by 10% to \$46.0 million " Mr Calder said "and a full year (vs 7 months in FY05) of higher revenues at P3 Research resulted in an increase in FY06 revenues of \$2.0 million. Royston Hospital contributed revenue of \$2.1 million in the two months for which it was part of our Group."

Mr Calder said the increase in profit was pleasing particularly as it had been affected by the lack of capacity at Wakefield Hospital to meet the demand for services and facilities there. "This has been addressed in FY06, and I am pleased to confirm that the \$8.5 million expansion of Wakefield Hospital's theatre suite will be completed on time and within budget. We started using one of the new theatres this week. Royston Hospital has just completed a similar exercise with the same success – its third theatre opened in January 2006 and is already well utilised."

"Our nett earnings were affected by a \$431,000 increase in interest costs reflecting 12 months funding of the acquisition of P3 and the costs of the theatre expansion at Wakefield. Depreciation expense was up \$789,000 due mainly to bearing a full year charge on assets bought in FY05 (\$400,000), the inclusion of Royston's depreciation (\$200,000) and an additional depreciation charge on some software assets (\$100,000). Amortisation of goodwill, which is a charge against tax-paid profits, amounted to \$531,000 in FY06 – up \$316,000 on FY05. Wakefield Health has resolved to adopt International Financial Reporting Standards (IFRS) for the financial year ending 31 March 2007. Under IFRS amortisation of goodwill will be discontinued."

"The amalgamation with Royston Hospital Limited was completed on 31 January 2006" Mr Calder said. "Royston is a top-class facility with state-of-the-art operating and imaging facilities, high quality accommodation for patients and excellent consulting facilities for specialists. It is a very busy, well-managed unit and we welcome its contribution at all levels to our Group. We are already benefiting from the expected synergies, not all of them financial."

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**Wakefield Health Group Financial Performance**


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	Year ended 31 March 2006 audited \$m	Year ended 31 March 2005 audited \$m	% change
Revenue	51.3	43.5	18%
EBITDA	10.8	8.3	30%
Net Profit Before Tax	6.1	4.8	28%
Net Profit After Tax	3.5	2.9	23%
Earnings Per Share	35.5 cps <sup>(1)</sup>	31.5 cps	13%
Dividend (final)	8.0 cps	8.0 cps	-
Dividend (full year)	14.0 cps	13.0 cps	8%

<sup>(1)</sup> calculated on the weighted average number of shares on issue during the year

Shareholders equity increased by \$37 million to \$68 million, \$30 million resulting from the merger with Royston. The 5.56 million shares issued to Royston shareholders to effect the amalgamation brought the total on issue, net of cancellations, to 14.163 million. The balance of the increase in equity came from operating profits (\$3.5 million) and revaluations (\$4.4 million) net of dividend distributions of \$1.3 million to Wakefield's shareholders and \$348 000 to the minority interest in P3 Research.

Earnings per share, after the issue of shares to Royston Hospital shareholders in the amalgamation, increased from 31.5 cents in FY05 to 35.5 cents (weighted average) in FY06.

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**Wakefield Health Group Financial Position**


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	Year ended 31 March 2006 audited \$m	Year ended 31 March 2005 audited \$m	% change
Assets	98.9	47.7	107%
Liabilities	31.0	16.7	86%
Shareholders' Equity	67.9	31.0	119%

**Dividend:**

The company will pay a final and fully imputed dividend of 8 cents per share, making a total of 14 cents per share (fully imputed) for FY06 vs 13 cents per share in FY05. The dividend will be paid on 26 June 2006 to all shareholders on the register as at 19 June 2006.

Mr Calder said "The payment of the 8 cents per share final dividend, with over 14 million shares now on issue, will bring the total cost of dividends paid from FY06 profits to approximately \$1.7 million. This represents 48% of net profit which is in excess of our guideline of 40% but we think justified and prudent in these special circumstances. It represents an 8% increase on the dividend paid last year."

**Outlook:**

There is a growing awareness of the problems facing the public health sector. Wakefield Health, as a private provider, is well positioned to play a larger role in meeting the increasing gap between the demand for treatment and the availability of publicly funded services.

Ends

Issued by Wakefield Health Limited