WAKEFIELD HEALTH

Media statement
17 May 2007

# WAKEFIELD HEALTH LIMITED FULL YEAR RESULT

Wakefield Health today reported an audited net profit after tax of $3.82million for the year ended 31 March 2007 (last year $3.89million). Despite an adverse impact from Wakefield's stake in non-core clinical trials business P3 Research Limited, overall the company achieved a 30% improvement in revenues to $66.59million, and a 29% increase in EBITDA to $14.57million.

Wakefield's Chairman, John Calder, said "The core hospital businesses have performed well ahead of last year and in line with our forecasts. The Wellington hospitals (Wakefield and Bowen) maintained their margins. Combined with a full year contribution from Royston ($4.42million), this resulted in our hospitals producing EBITDA of $15.01million. This is an improvement of over 55% on the previous year. The increase is particularly pleasing given that it included some $800,000 of non-recurring expenses."

Mr Calder, said "It was disappointing that Wakefield's overall result has been impacted by the loss of $247,000 (last year: profit of $512,000) and the subsequent investment impairment adjustment made to the Company's 50% owned subsidiary P3 Research Limited. When we signaled P3 Research performance concerns to the market earlier, we noted that the P3 business was sensitive to the cancellation and postponement of trials. These issues affected P3's performance in the second half of the financial year. We understand that FY08 looks more positive and that based on current indications of planned trials it is reasonable to anticipate an earnings improvement. Despite this however, the Wakefield Board considered it prudent to review the carrying value of the investment in P3 and decided that $1.36million should be written off."

Overall nett earnings included a $690,000 increase in interest costs and a $1,617,000 increase in depreciation. These increases reflect the investments made to increase theatre capacity at Wakefield Hospital and the inclusion of the full year component of these costs for the merged Royston operations.

The Balance Sheet position remains sound with assets in excess of $103million and total liabilities of $34million with Shareholders Equity showing at $69million. Bank borrowings have remained stable at around $21million.

**Dividend**

The directors are pleased to announce an increase in the final dividend to 10 cents per share (last year 8 cents). The dividend will be fully imputed. This takes the full year dividend to 17 cents per share (fully imputed) compared to 14 cents per share last year (fully imputed).

The dividend will be paid on 25 June 2007 to all shareholders on the register as at 18 June 2007.

**Outlook**

The directors highlight the growing strength of the core hospital business. This is an increasingly capital intensive sector underpinned by the ever growing public expectations of timely access to the best of modern healthcare options. From an investor perspective it offers attractive attributes such as high barriers to entry and supportive demographics. New Zealand's ageing population creates a demand that exceeds the capacity of centrally funded health services.

With its increased scale and commitment to maintain the ongoing investment into providing facilities that meet and exceed the expectation of its healthcare professionals, Wakefield is well positioned to lead and benefit from the inevitable consolidation that will occur in the sector.

Ends

Issued by Wakefield Health Limited