PRIMARY HEALTH CARE LIMITED
30 –38 SHORT ST
LEICHHARDT NSW 2040

A.C.N. 064 530 516

PHONE: **02 9561 3300**
FAX: **02 9561 3301**

To: **ASX – Company Announcements Office**

From: Primary Health Care Limited

Fax: **1900 999 279**

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PRIMARY HEALTH CARE LIMITED – "PRY"

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Primary Health Care Ltd
ACN 064 530 516
Market Announcement
Results for the Half Year Ended 31 December 2002

The directors' of Primary Health Care Limited are pleased to announce the results for the half year ended 31 December 2002. The highlights are:

	Half Year ended 31 December 2002 $m	Half Year ended 31 December 2001 $m
1. Summary Financial Results		
Operating revenue	59.9	48.7
Property Sales	36.6	10.6
Total Revenue	96.5	59.3
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**21.4**	**14.1**
Split of EBITDA		
8 Medical centres opened prior 30 June 2000	10.0	9.3
8 Medical centres opened two years to 30 June 2002	5.8	2.9
3 Medical centres opened current six months	1.1	-
Pathology	4.3	3.8
Head office expenses	-2.4	-1.9
Property	2.6	-
Total	**21.4**	**14.1**
Depreciation	4.2	2.9
Earnings before interest, tax and amortisation (EBITA)	**17.2**	**11.2**
Net interest expense	2.4	2.4
Amortisation of intangibles	4.4	3.3
Share of loss of associate	0.1	0.1
Net profit before tax	**10.3**	**5.4**
Income tax attributable to operating profit	4.3	2.6
Operating profit after income tax	**6.0**	**2.8**
Normalised profit after tax (pre amortisation)	**10.4**	**6.1**
2. Other relevant information		
Cash generated from operations	17.6	15.3
Basic EPS Normalised (pre amortisation)	10.3 cents	7.2 cents
EBITDA as a % of revenue (excluding property)	31.4	28.9
EBITA as a % of revenue (excluding property)	24.3	23.0

3. Additional Analysis

Improvement in profit contribution (EBITDA) has come from across the Group.

Operating revenue (excluding property transactions) is up 23% .

EBITDA (excluding property transactions) has increased by 34%.

EBITDA as a percentage of revenue (excluding property) improved from 28.9% to 31.4%.

Pathology EBITDA increased 13% due to revenue and margin improvements.

Profit after tax is up 117%.

Three new medical centres were opened at Wentworthville (July), Dapto (September) and Wyoming (December) and combined made a positive contribution to EBITDA of $1.1m.

During the period, the sale and lease-back of Medical Centres at Leichhardt, Bondi, Mt Druitt, Caringbah and Wentworthville was completed. Total proceeds were $36.6m and the sales resulted in a profit before tax of $2.6m in respect of these five properties.

Experience, during the half year, was of a continuing improvement in all parts of the business.

4. GP Patient Attendances

There was a 35% increase in the half year for GP patient attendances. As at 31 December 2002, Primary Health Care had 19 large multidisciplined medical centres across New South Wales.

('000)	2002	Growth	2001	Growth	2000
GP Patient Attendances	1,003	35%	745	28%	583

5. Depreciation

Depreciation has increased 45% as a result of the continued investment by the company in new centres, equipment and information technology systems.

6. Interest Expense

The strong cash flows now being generated and disposal of properties as outlined reflects the company's capacity to maintain roll-out without recourse to further shareholder funds.

7. Share of Associate Loss

This relates to a 20% holding in Digital Diagnostic Imaging Ltd. The product is now in use at Primary Health Care Centres and is being marketed externally.

8. Amortisation

The company continues to amortise goodwill over 20 years in line with the requirements of accounting standards. It is the company's view that the carrying value of goodwill significantly exceeds the written down value as at 31 December 2002.

9. Cash generated from operations

Cash flow generated in the half year highlights the high quality of the earnings.

10. Final Dividend

The directors propose an interim dividend of 5.0 cents (2001 3.5 cents) per share payable on 1 May 2003. The record date will be 17 April 2003.

11. Second Half of Financial Year 2003 Outlook

- Two new centres are scheduled to open in Adelaide
- Sale and lease-back of Dapto and Wyoming Centres scheduled to complete by 30 June 2003
- Second half operating revenue (excluding property transactions) and EBITDA (excluding property transactions) are expected to exceed comparable first half results.

A copy of a full slide presentation to be given to analysts on 5 March 2003 is attached.

Edmund Bateman
Managing Director
Primary Health Care Limited
Tel: (02) 9561 3300

Rules 4.1, 4.3

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

PRIMARY HEALTH CARE LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year/financial year ended ('current period')
24 064 530 516	X		31 December 2002

For announcement to the market

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

				$A'000
Revenues from ordinary activities *(item 1.1)*	up	63%	to	96,541
Profit (loss) from ordinary activities after tax attributable to members (*item 1.22*)	up	117%	to	6,004
Profit (loss) from extraordinary items after tax attributable to members (*item 2.5(d)*)	gain (loss) of			
Net profit (loss) for the period attributable to members *(item 1.11)*	up	117%	to	6,004

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only - item 15.4)* Interim dividend *(Half yearly report only - item 15.6)*	5.0 ¢	5.0 ¢
Previous corresponding period *(Preliminary final report - item 15.5; half yearly report - item 15.7)*	3.5 ¢	3.5 ¢

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) *(see item 15.2)*	17 April 2003

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

For the half year ended 31 December 2002, a dividend of 5c per share was declared on 28 February 2003. As the declaration date is after 31 December 2002, the dividend has not been provided for in these financial statements, in accordance with AASB1044 Provisions, Contingent Liabilities and Contingent Assets.

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

		Current period - $A'000	Previous corresponding period - $A'000
1.1	Revenues from ordinary activities *(see items 1.23 –1.25)*	96,541	59,301
1.2	Expenses from ordinary activities (*see items 1.26 & 1.27)*	83,726	51,468
1.3	Borrowing costs	2,425	2,400
1.4	Share of net profits (losses) of associates and joint venture entities (*see item 16.7*)	(80)	(52)
1.5	**Profit (loss) from ordinary activities before tax**	**10,310**	**5,381**
1.6	Income tax on ordinary activities *(see note 4)*	4,306	2,619
1.7	**Profit (loss) from ordinary activities after tax**	**6,004**	**2,762**
1.8	Profit (loss) from extraordinary items after tax (*see item 2.5*)	-	-
1.9	**Net profit (loss)**	**6,004**	**2,762**
1.10	Net profit (loss) attributable to outside +equity interests	-	-
1.11	**Net profit (loss) for the period attributable to members**	**6,004**	**2,762**
	Non-owner transaction changes in equity		
1.12	Increase (decrease) in revaluation reserves		
1.13	Net exchange differences recognised in equity		
1.14	Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
1.15	Initial adjustments from UIG transitional provisions		
1.16	Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)		
1.17	**Total changes in equity not resulting from transactions with owners as owners**	-	-

	Earnings per security (EPS)	Current period	Previous corresponding Period
1.18	Basic EPS	6.01 c	3.27 c
1.19	Diluted EPS	6.01 c	3.25 c

Profit (loss) from ordinary activities attributable to members

		Current period - $A'000	Previous corresponding period - $A'000
1.20	Profit (loss) from ordinary activities after tax (*item 1.7*)	6,004	2,762
1.21	Less (plus) outside +equity interests	-	-
1.22	**Profit (loss) from ordinary activities after tax, attributable to members**	**6,004**	**2,762**

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Revenue and expenses from ordinary activities

(see note 15)

		Current period - $A'000	Previous corresponding period - $A'000
1.23	Revenue from sales or services	59,908	48,537
1.24	Interest revenue	28	93
1.25	Other relevant revenue		
	Proceeds from sale of development properties	36,605	10,651
1.26	Details of relevant expenses		
	Cost of sale of development properties	34,008	10,658
	Employee benefits expense	19,756	16,884
	Operating lease expense	5,038	4,564
	Medical supplies	6,216	5,435
	Property costs	1,208	830
	Communication costs	1,065	904
	Marketing and business development	870	660
	Other	6,986	5,293
1.27	Depreciation and amortisation excluding amortisation of intangibles *(see item 2.3)*	4,230	2,890
	Capitalised outlays		
1.28	Interest costs capitalised in asset values	521	807
1.29	Outlays capitalised in intangibles (unless arising from an +acquisition of a business)	-	-

Consolidated retained profits

		Current period - $A'000	Previous corresponding period - $A'000
1.30	Retained profits (accumulated losses) at the beginning of the financial period	1,009	1,249
1.31	Net profit (loss) attributable to members (*item 1.11*)	6,004	2,762
1.32	Net transfers from (to) reserves *(details if material)*	-	-
1.33	Net effect of changes in accounting policies - reversal of provision for dividend (on adoption of AASB1044 "Provisions, Contingent Liabilities and Contingent Assets")	5,027	-
1.34	Dividends and other equity distributions paid or payable	4,111	3,355
1.35	**Retained profits (accumulated losses) at end of financial period**	**7,929**	**656**

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		Consolidated - current period			
		Before tax $A'000 (a)	Related tax $A'000 (b)	Related outside +equity interests $A'000 (c)	Amount (after tax) attributable to members $A'000 (d)
2.1	Amortisation of goodwill	4,349	-	-	4,349
2.2	Amortisation of other intangibles				
2.3	**Total amortisation of intangibles**	4,349	-	-	4,349
2.4	Extraordinary items (details)				
2.5	**Total extraordinary items**				

Comparison of half year profits

(Preliminary final report only)

		Current year - $A'000	Previous year - $A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the *1st* half year (item 1.22 in the half yearly report)	NA	NA
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the *2nd* half year	NA	NA

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period $A'000	As shown in last annual report $A'000	As in last half yearly report $A'000
	Current assets			
4.1	Cash	268	45	11,070
4.2	Receivables	17,238	16,027	17,956
4.3	Investments			
4.4	Inventories	1,746	1,585	665
4.5	Tax assets			
4.6	Development properties	18,931	48,744	35,508
4.7	**Total current assets**	**38,183**	**66,401**	**65,199**
	Non-current assets			
4.8	Receivables	-	-	-
4.9	Investments (equity accounted)	333	414	530
4.10	Other investments	4	4	-
4.11	Inventories			
4.12	Exploration and evaluation expenditure capitalised *(see para .71 of AASB 1022)*			
4.13	Development properties (+mining entities)			
4.14	Other property, plant and equipment (net)	82,896	68,487	54,570
4.15	Intangibles (net)	162,742	148,048	133,746
4.16	Tax assets			
4.17	Other (provide details if material)			
4.18	**Total non-current assets**	**245,975**	**216,953**	**188,846**
4.19	**Total assets**	**284,158**	**283,354**	**254,045**
	Current liabilities			
4.20	Payables	4,615	4,248	6,416
4.21	Interest bearing liabilities	930	3,783	3,022
4.22	Tax liabilities	2,777	2,509	1,698
4.23	Provisions exc. tax liabilities	1,699	5,484	4,436
4.24	Lease liabilities	3,361	2,134	1,500
4.25	**Total current liabilities**	**13,382**	**18,158**	**17,072**
	Non-current liabilities			
4.26	Payables	500	650	722
4.27	Interest bearing liabilities	67,000	78,500	55,500
4.28	Tax liabilities	182	553	835
4.29	Provisions exc. tax liabilities	705	653	527
4.30	Lease liabilities	20,067	12,301	11,522
4.31	**Total non-current liabilities**	**88,454**	**92,657**	**69,106**
4.32	**Total liabilities**	**101,836**	**110,815**	**86,178**
4.33	**Net assets**	**182,322**	**172,539**	**167,867**

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

	Equity			
4.34	Capital/contributed equity	174,393	171,530	167,211
4.35	Reserves			
4.36	Retained profits (accumulated losses)	7,929	1,009	656
4.37	**Equity attributable to members of the parent entity**	**182,322**	**172,539**	**167,867**
4.38	Outside +equity interests in controlled entities			
4.39	**Total equity**	**182,322**	**172,539**	**167,867**
4.40	Preference capital included as part of 4.37			

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

		Current period $A'000	Previous corresponding period - $A'000
5.1	Opening balance		
5.2	Expenditure incurred during current period		
5.3	Expenditure written off during current period		
5.4	Acquisitions, disposals, revaluation increments, etc.		
5.5	Expenditure transferred to Development Properties		
5.6	**Closing balance as shown in the consolidated balance sheet** *(item 4.12)*		

Development properties

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

		Current period $A'000	Previous corresponding period - $A'000
6.1	Opening balance		
6.2	Expenditure incurred during current period		
6.3	Expenditure transferred from exploration and evaluation		
6.4	Expenditure written off during current period		
6.5	Acquisitions, disposals, revaluation increments, etc.		
6.6	Expenditure transferred to mine properties		
6.7	**Closing balance as shown in the consolidated balance sheet** *(item 4.13)*		

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

		Current period $A'000	Previous corresponding period - $A'000
	Cash flows related to operating activities		
7.1	Receipts from customers	62,586	55,632
7.2	Payments to suppliers and employees	(44,984)	(40,337)
7.3	Dividends received from associates		
7.4	Other dividends received		
7.5	Interest and other items of similar nature received	28	93
7.6	Interest and other costs of finance paid	(2,425)	(3,205)
7.7	Income taxes paid	(4,409)	(2,913)
7.8	Other (provide details if material)		
7.9	**Net operating cash flows**	**10,796**	**9,270**
	Cash flows related to investing activities		
7.10	Payment for purchases of plant and equipment	(8,395)	(14,852)
7.11	Proceeds from sale of plant and equipment		20
7.12	Payment for purchases of development properties	(13,641)	(9,005)
7.13	Proceeds from sale of development properties	36,032	10,651
7.14	Loans to other entities		
7.15	Loans repaid by other entities		
7.16	Payments for purchases of businesses	(18,043)	(13,601)
7.17	**Net investing cash flows**	**(4,047)**	**(26,787)**
	Cash flows related to financing activities		
7.18	Proceeds from issues of +securities (shares, options, etc.)	(5)	56,851
7.19	Proceeds from borrowings		
7.20	Repayment of borrowings	(13,125)	(21,247)
7.21	Dividends paid	(2,184)	(3,115)
7.22	Proceeds from finance leases	10,618	
7.23	**Net financing cash flows**	**(4,696)**	**32,489**
7.24	**Net increase (decrease) in cash held**	**2,053**	**14,972**
7.25	Cash at beginning of period *(see Reconciliation of cash)*	(2,715)	(3,902)
7.26	Exchange rate adjustments to item 7.25.		
7.27	**Cash at end of period** *(see Reconciliation of cash)*	**(662)**	**11,070**

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

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

During the half year 273,805 and 310,014 shares were issued pursuant to the Dividend Reinvestment Plan and Bonus Share Plan respectively at an average price of $3.091 per share

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period $A'000	Previous corresponding period - $A'000
8.1	Cash on hand and at bank	268	11,070
8.2	Deposits at call		
8.3	Bank overdraft	(930)	
8.4	Other (provide details)		
8.5	**Total cash at end of period** *(item 7.27)*	**(662)**	**11,070**

Other notes to the condensed financial statements

Ratios		Current period	Previous corresponding Period
9.1	**Profit before tax / revenue** Consolidated profit (loss) from ordinary activities before tax (*item 1.5*) as a percentage of revenue (*item 1.1*)	10.7%	9.1%
9.2	**Profit after tax / +equity interests** Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.11*) as a percentage of equity (similarly attributable) at the end of the period (*item 4.37*)	3.4%	1.6%

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share 99,841,374 (prior year 84,525,618)

NTA backing *(see note 7)*		Current period	Previous corresponding period
11.1	Net tangible asset backing per +ordinary security	19.5 c	36 c

+ See chapter 19 for defined terms.

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

NIL

Control gained over entities having material effect

13.1	Name of entity (or group of entities)	NA
13.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was +acquired	$
13.3	Date from which such profit has been calculated	
13.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	$

Loss of control of entities having material effect

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

+ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	1 May 2003
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	17 April 2003
15.3	If it is a final dividend, has it been declared? *(Preliminary final report only)*	NA

Amount per security

		Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
15.4	*(Preliminary final report only)* **Final dividend:** Current year	¢	¢	¢
15.5	Previous year	¢	¢	¢
15.6	*(Half yearly and preliminary final reports)* **Interim dividend:** Current year	5.0 ¢	5.0 ¢	¢
15.7	Previous year	3.5 ¢	3.5 ¢	¢

Total dividend (distribution) per security (interim *plus* final)
(Preliminary final report only)

		Current year	Previous year
15.8	+Ordinary securities	¢	¢
15.9	Preference +securities	¢	¢

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

		Current period $A'000	Previous corresponding Period - $A'000
15.10	+Ordinary securities *(each class separately)*	(916)	3,355
15.11	Preference +securities *(each class separately)*		
15.12	Other equity instruments *(each class separately)*		
15.13	**Total**	(916)	3,355

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

Dividend Reinvestment Plan
Bonus Share Plan

+ See chapter 19 for defined terms.

The last date(s) for receipt of election notices for the +dividend or distribution plans	17 April 2003

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

NIL

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
16.1 Profit (loss) from ordinary activities before tax	(80)	(52)
16.2 Income tax on ordinary activities		
16.3 Profit (loss) from ordinary activities after tax	(80)	(52)
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)	(80)	(52)
16.6 Adjustments		
16.7 Share of net profit (loss) of associates and joint venture entities	(80)	(52)

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
17.1 Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
Digital Diagnostic Imaging Pty Ltd	20%	20%	(80)	(52)
17.2 Total			(80)	(52)
17.3 Other material interests				
17.4 Total			(80)	(52)

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

	Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1	**Preference +securities** *(description)*				
18.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3	**+Ordinary securities**	100,541,240	100,541,240		
18.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	1,887,945	1,887,945	Nil to $4	20 cents
18.5	**+Convertible debt securities** *(description and conversion factor)*				
18.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	1,054,126			
18.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date (if any)*
	Options to buy ordinary 20c shares as detailed in forms issued to ASX	1,480,000		$4.50 to $8.35	various
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	**Debentures** *(description)*				
18.12	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.13	**Unsecured notes** *(description)*				
18.14	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's +accounts should be reported separately and attached to this report.)

Comments by directors

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

Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting.* ***It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period.*** *The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.* [Delete if preliminary final report.]

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

The profit on sale of development properties represents the sale of five medical centres in the period

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

NIL

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

It is anticipated that foreseeable future dividends will be fully franked. The franking account balance is $15.99m

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

NIL

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

NIL

+ See chapter 19 for defined terms.

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

NIL

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.	NA
20.2 A statement of the fees and commissions payable to the management company or responsible entity. Identify: • initial service charges • management fees • other fees	NA

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	NA
Date	NA
Time	NA
Approximate date the +annual report will be available	NA

+ See chapter 19 for defined terms.

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used	NIL

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does/~~does not~~* *(delete one)* give a true and fair view of the matters disclosed (see note 2).

4 This report is based on +accounts to which one of the following applies.
(Tick one)

☐	The +accounts have been audited.	✓	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* *(delete one). (Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

6 The entity has/~~does not have~~* *(delete one)* a formally constituted audit committee.

Sign here: .... Date: 4 MARCH 2003
(~~Director~~/Company Secretary)

Print name: ....ANDREW DUFF..

+ See chapter 19 for defined terms.

Notes:

1 **Income tax**

The amount provided for income tax in this report differs by more than 15% from the amount of income tax prima facie payable on the profit before tax as a result of the amortisation of goodwill expense of $4,349k for the period being non-allowable.

2 **Segment note ($000)**

	2002 $000	2001 $000
(a) Segment revenues		
Service company inc. head office	35,025	23,821
Pathology operations	27,371	25,765
Development property	36,605	10,651
Total of all segments	**99,001**	**60,237**
Unallocated – interest income	28	93
Intersegment eliminations	(2,488)	(1,029)
Total revenue	**96,541**	**59,301**
(b) Segment results		
Service company inc. head office	7,870	5,818
Pathology operations	2,320	1,929
Development property	2,597	(7)
Total of all segments	**12,787**	**7,740**
Unallocated – associate	(80)	(52)
Unallocated – interest income	28	93
Unallocated – interest expense	(2,425)	(2,400)
Profit from ordinary activities before income tax expense	10,310	5,381
Income tax expense relating to ordinary activities	4,306	2,619
Net profit	**6,004**	**2,762**

+ See chapter 19 for defined terms.

Primary Health Care Ltd.

Half Yearly Results 1H03

5th March 2003

Financial Results 1H03

- **Half Yearly Financial Highlights**

$ Million	1H03	Growth	1H02	Growth	1H01
Sales Revenue (excluding property sales)	59.9	23%	48.7	13%	43.1
EBITDA	21.4	52%	14.1	32%	10.7
EBITA	17.2	54%	11.2	27%	8.8
Normalised NPAT	10.4	69%	6.1	22%	5.0
Normalised Basic EPS (annualised)	10.3	43%	7.2	18%	6.1

Normalised = before amortisation of goodwill

- **EBITDA margin (excl. property sales) from 28.9% to 31.4%**

Financial Results 1H03

- **By Segment**

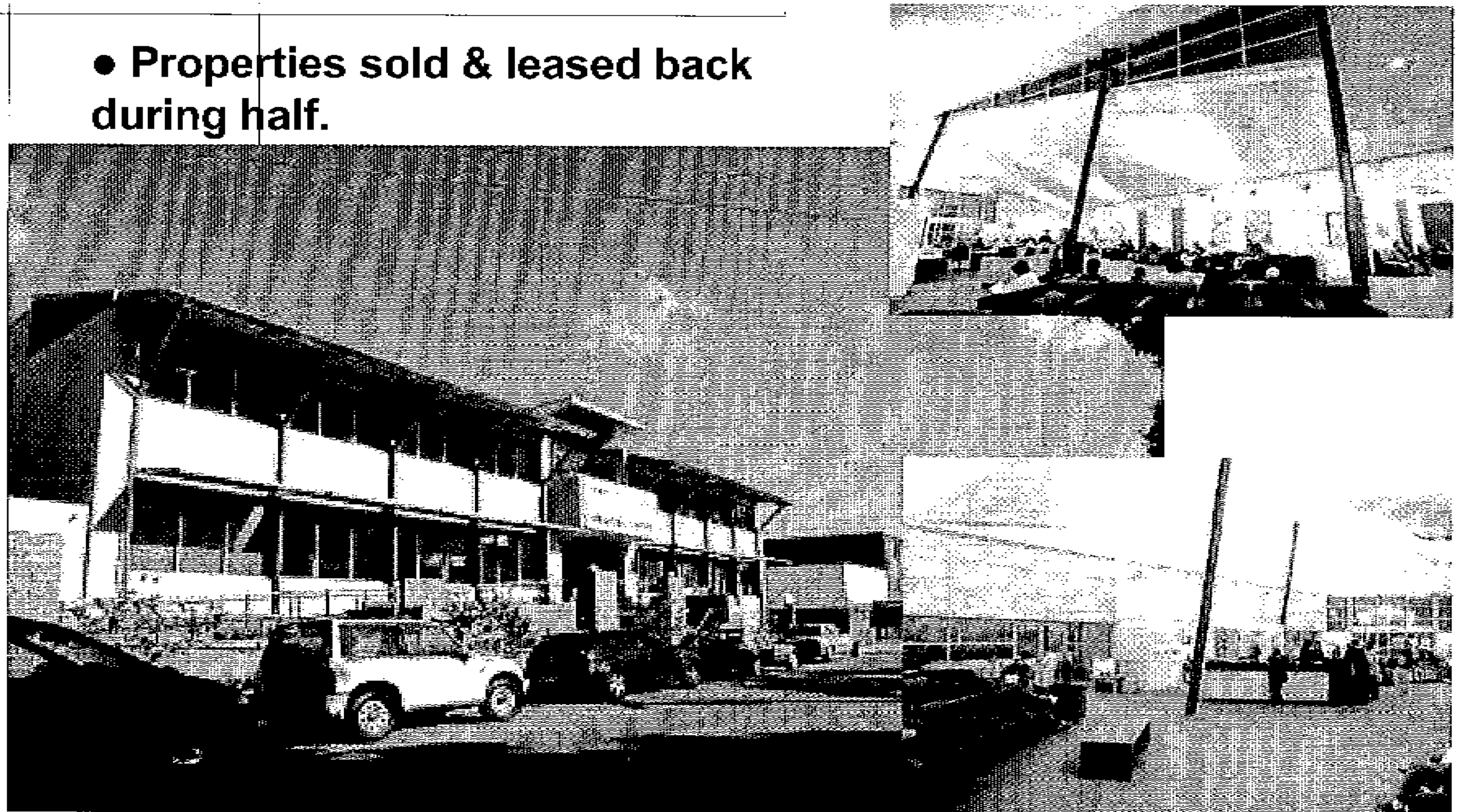
	1H03 $000	1H02 $000	1H01 $000
Medical Centres	16,985	12,126	9,925
Pathology	4,293	3,831	2,205
Head office expenses	(2,468)	(1,884)	(1,476)
Sale of properties	2,597	-	-
EBITDA	21,407	14,073	10,654
Depreciation	4,230	2,890	1,862
EBITA	17,177	11,183	8,792
Goodwill amortised	4,349	3,350	2,300
EBIT	12,828	7,833	6,492
C/Note interest	-	126	145
Interest expense	2,425	2,274	998
Share of DDI loss	80	52	-
Profit before tax	10,323	5,381	5,349
Taxation charge	4,319	2,619	2,601
Profit after taxation	6,004	2,762	2,748

Financial Results 1H03

- **Capital Structure**
  - **Sale of five Medical Centres now completed in the half year with proceeds of $36.6m.**
  - **Sale of Dapto and Wyoming to be completed in current six months.**

Financial Results 1H03

- Properties sold & leased back during half.



Operations - Medical Centres

- **GP Patient attendances in the half, have increased to 1,003,000 from 745,000 for prior corresponding period.**

  During the period, particularly strong attendances at new centres opened in Dapto, Wyoming and Wentworthville.

- **EBITDA margin improved (while at the same time opening an additional 3 centres in the current period)**

Operations - Medical Centres

- **Patient Numbers & EBITDA**

	1H03		1H02		1H01
Medical Centre #	**Pat #s** ('000s)		**Pat #s** ('000s)		**Pat #s** ('000s)
1-8 (2.5<yrs)	549	*2%*	536	*10%*	486
9-16 (1.5<yrs<2.5)	361	*73%*	209	*115%*	97
17-19 (current)	93		-		-
	1003	*35%*	745	*28%*	583
	EBITDA ($'000)		**EBITDA** ($'000)		**EBITDA** ($'000)
1-8 (2.5<yrs)	10,023	*7%*	9,355	*15%*	8,119
9-16 (1.5<yrs<2.5)	5,828	*110%*	2,771	*53%*	1,806
17-19 (current)	1,134		-		-
	16,985	*40%*	12,126	*22%*	9,925

Operations - Pathology

- **Results**
  - Topline growth. Driven by ^ $/patient & ^ referral #s.
  - EBITDA growth at 12% over p.c.p. 1H02
  - EBITA growth at 13% over p.c.p. 1H02

	1 H 2003	FY 2002
Revenue	27,370	52,263
EBITDA	4,293	8,143
EBITDA Margin	16%	16%
EBITA	3,613	6,886
EBITA Margin	13%	13%

SDS Pathology

Operations - Pathology

- **Outlook**
  - **Continued growth in profitability expected**
  - **Eight months to Feb 03 indicative of market share growth. Patient numbers up 6% organically on prior corresponding period.**
  - **Growth fuelled by medical centre operations**
  - **Continued margin improvement expected**

SDS Pathology

Operations - Information Technology

- **Doctors Desktop Solution**
  - IT solution rolled out into 18 of the centres (all to be completed by end of March 03)
  - Good doctor acceptance with minor negative impact
  - Enabling Improved quality of care, improved fee per service income
- **Digital Diagnostic Imaging**
  - Enabling distributed reporting model
  - Enables improved utilization of radiologists
  - Eg. Radiologist in NSW will be able to report on the X-rays from Adelaide and little incremental cost

Future Growth

- **New Medical Centres**
  - 3 centres opened in 1H03 – all profitable
  - 2 centres to open in 2H02
  - Expansion set to continue into southern states
- **Current Medical Centres**
- **Pathology**

Major Opportunity

- Competition
- Momentum
- General Environment
- Management / Capacity
- Capital