



**SONIC  
HEALTHCARE  
LIMITED**

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## **AUCKLAND PATHOLOGY CONTRACT**

Sonic Healthcare Limited (SHL.AX) and its Auckland based subsidiary, Diagnostic Medlab, are considering their next steps following the Appeal Court's decision today to overturn the High Court's March 2007 judgment that the three Auckland District Health Boards should not have awarded a contract for the provision of community laboratory services to a new provider, Labtests Auckland.

Labtests Auckland contested that judgment in the Court of Appeal in a hearing in May 2008. The Appeal Court has reversed the High Court decision.

Dr Colin Goldschmidt, Sonic's CEO and Managing Director, said: "The Appeal Court decision is disappointing, not only for Sonic but in particular for our loyal staff, the Auckland region's primary care community, and their patients, who will now face ongoing uncertainty. We have yet to read the judgment in detail and will need to take further legal advice, however we are entitled to apply for leave to appeal to the Supreme Court and we will almost certainly pursue this option."

Diagnostic Medlab's current contract, which represented ~3% of Sonic's revenue and EBITA for the 2008 financial year, expires on 31 December 2008 and negotiations for an extension are in progress. The New Zealand contract funding model is unique and is not replicated in other markets in which Sonic operates.

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