SONIC HEALTHCARE LIMITED

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FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2001

HIGHLIGHTS

- **Revenue up 62% to $627.9m**
- **Normalised earnings per share up 27% to 27.5 cents**
- **Normalised EBITA margins up over 6% to 18.3%**
- **Normalised EBITA (pre SciGen) up 62% to $114.9m**
- **Normalised net profit after tax up 72% to $56.4m**

Sonic Healthcare Limited today reported net profit after tax of $56.4 million (normalised for amortisation of intangibles), an increase of 72% on its 2000 result. Normalised earnings per share increased to 27.5 cents, an improvement of 27% over the previous year. The results were achieved on revenues of $627.9 million (up 62% on prior year).

Sonic's Managing Director, Dr Colin Goldschmidt said that the excellent result reflected outstanding performance by the company's management and staff during a period of rapid growth, which augured well for Sonic's future operational and financial performance. "Our strategies of service, growth and synergy have come together to deliver gains to allow stakeholders and we intend to push forward with the capture of further value at all levels of our operations".

The revenue increase of 62% reflected further strong organic growth, a full year of the SGS practices and the more recent radiology acquisitions of Pacific Medical Imaging and Queensland X-Ray. Dr Goldschmidt said that the trend would continue in 2002, with expected further revenue growth of approximately 30% attributable solely to ongoing market share expansion, revenue from completed acquisitions and the anticipated completion of the acquisition of Perth-based SKG Radiology in the next few months.

Earnings per Share (EPS) grew during the year by 26.7% to 27.5 cents. Dr Goldschmidt said: "In many ways, we regard EPS as the key indicator of shareholder value creation and the year's substantial increment is most pleasing. Our EPS growth through the year was driven by margin expansion fueled by organic and leveraged acquisitional growth and was achieved despite the slightly negative impact of the Olympics and the development costs of SciGen."

EBITA margins grew from 17.2% (normalised to reflect a full year impact of the SGS Medical Group ownership for the 2000 year) to 18.3%, exceeding management's expectations. Dr Goldschmidt said that it was encouraging to see the group's efficiency and cost control initiatives beginning to flow to the EBIT line. "In particular, I commend the growth in margins being achieved by the ex-SGS Medical Group and wish to congratulate the management and staff for a fine outcome. I am confident of a continuation of this excellent performance in the 2002 year".

"Normalised EBITA (pre SciGen) grew by 62.2% to $114.9m. This exceptional growth in EBITA is of course a function of both the revenue and margin growth achieved during the year and we expect further solid growth in 2002."

Commenting on the Group's plans for the future Dr Goldschmidt was very positive about the ongoing growth potential, particularly in light of the recent move into radiology. He said: "We have been very selective about the practices with which we merge and are delighted with the quality and cultural fit of PMI, QXR and SKG. With these practices on board, we will still have a relatively small share of the Diagnostic Imaging market and so there is significant opportunity for further prudent expansion. On the pathology side, we have been acquiring small practices where possible but the real focus here is to continue to achieve synergies between the practices that we already own. Our pathology amalgamation plan has a five-year time line and now has the added dynamics of radiology synergies and Sonic's strategic alliance with Foundation Healthcare. Our management team remains focused on ensuring value is extracted from all of our existing business and alliances."

On the subject of non-core business, Dr Goldschmidt said that SciGen was progressing well with its development plans and that a number of its main products were close to registration in key markets. "Although SciGen has enormous upside potential, it no longer conforms with Sonic's strategy to focus on its core business of medical diagnostics. We are therefore contemplating divestment options, including the possibility of an initial public offering in the near future."

On the question of overseas expansion, Dr Goldschmidt said that Sonic was in the early stages of investigating opportunities in a number of overseas markets. "Our focus will initially be on pathology, where we believe that our systems are transportable and can be implemented to add value to other operations, much like we have already demonstrated with prior pathology acquisitions in Australia and New Zealand. We are still in the early phases of investigation and any such initiative will require thorough research on specific opportunities and local regulatory environments before we consider a move."

Dr Goldschmidt said that he wished to thank all of Sonic's 9,000 staff members for their contribution to the year's outstanding result. "In every Sonic practice, in Australia, New Zealand and Hong Kong, our people have worked tirelessly to deliver exceptional diagnostic services to doctors, patients and other customers. I wish to place on record their efforts, which have further strengthened Sonic's pre-eminent position in the medical community."

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Summary and Explanation of the June 2001 Financial Results
Appendix A