	Sonic Healthcare Limited ASX Appendix 4D 31 December 2007
Sonic Healthcare Limited ABN 24 004 196 909	
ASX HALF YEAR INFORMATION – 31 December 2007 Lodged with the ASX under Listing Rule 4.2A	
This information should be read in conjunction with the 2007 Annual Report.	

RESULTS FOR ANNOUNCEMENT TO THE MARKET For the six months ended 31 December 2007

Financial Results

Revenue from ordinary activities	Up 27.9% to \$1,127,115,000
Earnings before interest, tax and intangibles amortisation (EBITA)	Up 16.0% to \$185,776,000
Profit from ordinary activities after tax attributable to members	Up 21.1% to \$113,299,000
Net profit for the period attributable to members	Up 21.1% to \$113,299,000

Dividends

	Amount per security	Franked amount per security
Interim dividend	20¢	20¢
Previous corresponding period interim dividend	17¢	17¢

The record date for determining entitlements to the interim dividend will be 11 March 2008. The interim dividend will be paid on 26 March 2008. The company's Dividend Reinvestment Plan remains suspended for this dividend and until further notice.

Earnings	per Share
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• .	Six months ended 31.12.07	Six months ended 31.12.06	
Basic earnings per share	35.4¢	31.7¢	
Diluted earnings per share	34.7¢	31.2¢	

An explanation of the figures reported above is provided in the following pages of this report.

HALF YEAR REPORT

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report and annual financial statements for the year ended 30 June 2007 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors present their report on the Group consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

1. Names of Directors

The directors of the company in office during the half year and up to the date of this report are:

Mr B.S. Patterson – Chairman

Dr C.S. Goldschmidt – Managing Director

Mr C.D. Wilks - Finance Director

Mr R.P. Campbell

Dr P.J. Dubois

Mr C.J. Jackson

Mr L.J. Panaccio

Dr H.F. Scotton

2. Review of Operations / Results

		Six months ended	Six months ended	
	Reference	31.12.07 \$'000	31.12.06 \$'000	Movement %
Total Revenue	(a)	1,127,115	881,297	27.9%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	(b)	221,088	190,280	16.2%
Depreciation and Lease Amortisation	(c)	(35,312)	(30,089)	17.4%
Earnings before Interest, Tax and Intangibles Amortisation (EBITA)	(b)	185,776	160,191	16.0%
Amortisation of Intangibles	(d)	(2,574)	(1,217)	111.5%
Net Interest Expense	(e)	(31,583)	(21,998)	43.6%
Income Tax attributable to Operating Profit	(f)	(34,780)	(35,927)	(3.2)%
Net Profit attributable to Outside Equity Interests	(g)	(3,540)	(7,521)	(52.9)%
Net Profit attributable to shareholders of Sonic Healthcare Limited				
Sonic Healthcare Limited		113,299	93,528	21.1%
Cash generated from operations	(h)	174,048	138,118	26.0%
EPS (diluted earnings per share) (cents)	(i)	34.7	31.2	11.2%

Directors' Report (continued)

(a) Revenue growth

Organic (non acquisitional) revenue growth for the period for Sonic's pathology operations was very strong at over 11% (excluding forex impacts). Sonic's Australian pathology revenue grew 8.7%, with Queensland growth exceptionally strong. Revenue growth in the UK was augmented by the NHS Ealing Hospital contract which began on 1 July 2007. Organic growth in the US exceeded 10% for the period, excluding the faster growing Sunrise Medical Laboratories business which was acquired during the period.

Pathology revenue growth was augmented by the following major acquisitions and other small acquisitions during the current period and prior year:

- American Esoteric Laboratories, USA (8 January 2007)
- Medica Laboratory Group, Switzerland (30 May 2007)
- Sunrise Medical Laboratories, USA (31 July 2007)
- Bioscientia Healthcare Group, Germany (14 September 2007)

Radiology revenue growth was negatively impacted by the disposal of Sonic's Hong Kong radiology business during the comparative period. Excluding this impact, growth was 3.9%.

Revenue growth was also negatively impacted by foreign exchange rate movements, which reduced reported revenue by ~ \$38M compared to the comparative period.

		Six months ended 31.12.07	Six months ended 31.12.06	Movement	
(b) Margin a	nalysis				
EBITDA as a % of	Revenue	19.6%	21.6%	(200) bps*	
EBITA as a % of R	levenue	16.5%	18.2%	(170) bps*	

^{*}bps = basis points of margin

Reported operating margins have been significantly diluted by the acquisitions of businesses during the current and prior year (including all those listed in (a) above) which have lower margins than the average of Sonic's other businesses. Sonic's Australian pathology operations experienced margin expansion of 40 basis points for the period. The radiology division continued to be impacted by market cost pressures.

(c) Depreciation and lease amortisation

Depreciation and leased asset amortisation has increased 17.4% on the comparative period as a result of the acquisitions noted in (a) above. As a percentage of revenue, depreciation and amortisation has fallen to 3.1% from 3.4% in the comparative period as the majority of revenue growth is in pathology, which requires less expenditure on equipment than radiology.

(d) Intangibles amortisation

Intangibles amortisation mainly relates to internally developed software.

(e) Interest expense and debt facilities

Net interest expense has increased 43.6% on the comparative period due to increased debt as a result of the acquisitions noted in (a) above. Almost all of Sonic's bank debt is drawn in foreign currencies as "natural" balance sheet hedging of Sonic's offshore operations, and so Sonic is currently not exposed to the recent increases in Australian base interest rates.

Appropriate interest rate hedging arrangements are in place, in accordance with Sonic's policy.

Directors' Report (continued)

(e) Interest expense and debt facilities (continued)

Sonic's net interest bearing debt at 31 December 2007 comprised:

	AUD \$M Limit	AUD \$M Drawn	AUD \$M Available
Multicurrency syndicated senior bank facility Multicurrency bank bridge facility	1,750 400	1,000 400	750 -
Minor debt / leasing facilities	n/a	60	n/a
Cash	n/a	(186)	186
Net interest bearing debt	2,150	1,274	936

The \$400M bridge facility expires 31 March 2008, and is expected to be repaid from the syndicated senior facility, which has expiry dates as follows:

	AUD \$M
15 March 2009	500
15 March 2011	500
29 October 2012	750
	•
	1,750

Net interest bearing debt at 31 December 2007 comprised the following currencies:

	AUD \$M
USD	679
Euro	592
GBP	60
NZD	14
AUD	(61)
CHF	(10)
	1,274

(f) Tax expense

The effective tax rate of 22.9% is lower than the comparative period (26.2%) as a result of Sonic's offshore expansion and the finalisation of research and development tax incentive claims for the 2007 financial year. Ignoring the impact of future acquisitions, and any short term fluctuations, the expected effective tax rate for future periods is ~26%.

(g) Outside equity interests

The outside equity interest figure includes minority interests in IPN and the Schottdorf Group, in addition to minority interests in other (small) entities in the Group. The comparative period figure includes minority interests in Clinical Pathology Laboratories ("CPL") which were acquired by Sonic in January 2007. Sonic also acquired the minority interests in the Schottdorf Group in late December 2007.

(h) Cashflow from operations

Cash generated from operations increased 26% compared to the comparative period, and exceeded cash profit (net profit plus depreciation, intangibles amortisation, equity instrument expense and outside equity interests) by 9%, representing a reduction (excluding acquisitions) in working capital. Particularly pleasing was a reduction in trade debtors and accrued revenue of \$9.6M (excluding acquisitions), evidencing management's focus on debtors collection.

Directors' Report (continued)

(i) Earnings per share

Diluted earnings per share ("EPS") increased 11.2% due to earnings growth and the positive effect of the acquisitions noted in (a) above. EPS growth was effected by the equity raisings conducted in August and November 2007 which financed acquisitions and set the Group's balance sheet for further acquisitional growth.

(j) Auckland pathology contract

As previously advised, Sonic was successful in its legal challenge against a decision to award a new community laboratory services contract for the Auckland region of New Zealand to a competitor. The competitor has filed an appeal, which is due to be heard in May 2008. Sonic was awarded a new contract for a minimum of 18 months from 1 July 2007. Sonic is working with the Auckland regional District Health Boards to deliver excellent service to the people of Auckland, and remains confident of having the contract renewed or extended.

3. Subsequent Events

Since the end of the financial period, the directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than as follows:

On 25 February 2008 Sonic's directors declared a dividend of 20 cents per ordinary share fully franked (at 30%) payable on 26 March 2008 with a record date of 11 March 2008. The interim dividend represents an 18% increase on the comparative period. The company's Dividend Reinvestment Plan ("DRP") remains suspended for this dividend and until further notice.

4. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this half year report.

5. Rounding of Amounts to Nearest Thousand Dollars

The company is a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors.

Dr C.S. Goldschmidt Director

Director Sydney

25 February 2008



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Auditor's Independence Declaration

As lead auditor for the review of Sonic Healthcare Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sonic Healthcare Limited and the entities it controlled during the period.

B K Hunter Partner

PricewaterhouseCoopers

Sydney 25 February 2008

Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED INCOME STATEMENT For the half year ended 31 December 2007

	Notes	Six months ended 31.12.07 \$'000	Six months ended 31.12.06 \$'000
Revenue from operations		1,120,007	877,108
Other income		7,108	4,189
Total		1,127,115	881,297
Labour and related costs (including \$4,927,000 (prior period			
\$3,685,000) of equity remuneration expense)		(503,805)	(401,200)
Consumables used		(183,201)	(132,595)
Operating lease rental expense		(58,324)	(45,438)
Borrowing costs expense		(37,117)	(23,544)
Depreciation and amortisation of physical assets		(35,312)	(30,089)
Transportation		(33,443)	(24,434)
Utilities		(26,489)	(19,974)
Repairs and maintenance		(24,436)	(19,992)
Amortisation of intangibles		(2,574)	(1,217)
Other expenses from ordinary activities		(70,795)	(45,838)
Profit before income tax expense		151,619	136,976
Income tax expense	3	(34,780)	(35,927)
Profit after income tax expense		116,839	101,049
Net profit attributable to outside equity interests		(3,540)	(7,521)
Profit attributable to members of Sonic Healthcare Limited		113,299	93,528
Basic earnings per share (cents per share)	5	35.4	31.7
Diluted earnings per share (cents per share)	5	34.7	31.2

CONSOLIDATED BALANCE SHEET As at 31 December 2007

	Notes	31.12.07 \$'000	30.6.07 \$'000
Current assets			
Cash and cash equivalents		185,933	35,960
Other financial assets		637	4,759
Receivables		292,668	247,601
Inventories		39,993	32,429
Other	_	22,265	20,650
Total current assets	-	541,496	341,399
Non-current assets			
Receivables		4,360	4,245
Other financial assets		9,539	6,931
Property, plant and equipment		424,363	371,226
Intangible assets		2,719,505	2,149,437
Deferred tax assets		28,276	24,932
Other	_	1,926	2,292
Total non-current assets	=	3,187,969	2,559,063
Total assets	-	3,729,465	2,900,462
Current liabilities			
Payables		177,374	158,356
Interest bearing liabilities		416,305	455,689
Current tax liabilities		18,693	4,888
Provisions		91,498	78,639
Other financial liabilities		8,382	542
Other	_	9,753	7,468
Total current liabilities	-	722,005	705,582
Non-current liabilities			
Interest bearing liabilities		1,044,053	719,567
Deferred tax liabilities		4,783	11,076
Provisions		42,914	19,413
Other	_	3,961	6,379
Total non-current liabilities	_	1,095,711	756,435
Total liabilities	-	1,817,716	1,462,017
Net assets	=	1,911,749	1,438,445
Equity			
Parent entity interest			
Contributed equity	7	1,707,783	1,242,859
Reserves	9	10,971	12,397
Accumulated profits		182,272	164,220
Total parent entity interest	_	1,901,026	1,419,476
Outside equity interests in controlled entities	-	10,723	18,969
Total equity	=	1,911,749	1,438,445

CONSOLIDATED CASH FLOW STATEMENT For the half year ended 31 December 2007

	nonths ended 1.12.07 \$'000	Six months ended 31.12.06 \$'000
Cash flows from operating activities		
·	50,014	916,545
	20,405)	(722,319)
${2}$	29,609	194,226
Interest received	5,534	1,546
Borrowing costs	36,974)	(23,923)
	24,121)	(33,731)
Net cash inflow from operating activities 1	74,048	138,118
Cash flows from investing activities		
-	01,655)	(24,600)
	30,837)	(57,822)
Proceeds from sale of non current assets	1,753	5,676
	(1,368)	(3,993)
	(1,088)	-
Repayment of loans by other entities	6,079	1,782
	(4,510)	(1,242)
Net cash (outflow) from investing activities	31,626)	(80,199)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities 4	60,914	803
Proceeds from borrowings 1,2	60,149	65,813
	64,173)	(41,401)
	95,248)	(76,784)
Dividends paid to minority interests in controlled entities	(253)	(1,713)
Net cash inflow / (outflow) from financing activities6	61,389	(53,282)
	53,811	4,637
Cash and cash equivalents at the beginning of the financial period	35,960	68,156
Effects of exchange rate changes on cash and cash equivalents	(3,838)	(1,076)
Cash and cash equivalents at the end of the financial period 1	85,933	71,717

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the half year ended 31 December 2007

	Six months ended 31.12.07 \$'000	Six months ended 31.12.06 \$'000
Total equity at the beginning of the half year	1,438,445	1,302,345
Exchange differences on translation of foreign operations Cash flow hedges (net of tax) Net income recognised directly in equity Profit for the half year Total recognised income and expense for the half year	(3,241) (5,231) (8,472) 116,839 108,367	2,571 (135) 2,436 101,049 103,485
Transactions with equity holders in their capacity as equity holders: Contributions of equity, net of transaction costs Dividends paid Share options Movements in minority interests on change in ownership of subsidiaries Equity issued in subsidiaries to minorities Distribution to minority interests in subsidiaries Equity instrument expense Value of shares issued as part consideration for the acquisition of Bioscientia	462,467 (95,248) 3,311 (12,130) 58 (253) 4,927 1,805	664 (76,784) 4,856 - 4,724 (1,765) 3,685
Total equity at the end of half year	1,911,749	1,341,210
Total recognised income and expense for the half year is attributable to: Members of Sonic Healthcare Limited Minority interest	104,287 4,080 108,367	96,658 6,827 103,485

Note 1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Working capital deficiency

Sonic is required to show the full amount drawn (\$400M) as at 31 December 2007 of its \$400M acquisition bridge debt facility as a current liability, as it expires in March 2008. As a result the Consolidated Balance Sheet shows a deficiency of working capital of \$181M. Sonic intends to repay the bridge facility using its syndicated senior debt facility which has ~\$750M of undrawn commitments, and foresees no difficulties in doing so. The financial report has therefore been prepared on a "going concern" basis.

Note 2 Segment information

Primary Reporting – Business Segments

Half Year ended 31 December 2007	Pathology \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Total segment revenue Interest income Total revenue	900,347	165,955	57,552	(2,273)	1,121,581 5,534 1,127,115
Segment result Unallocated net interest	170,358	20,500	(7,656)	-	183,202
expense					(31,583)
Profit before tax					151,619
Income tax expense					(34,780)
Profit after income tax expense				_	116,839

Primary Reporting – Business Segments

Half Year ended 31 December 2006	Pathology \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Total segment revenue Interest income Total revenue	675,031	160,202	46,382	(1,864)	879,751 1,546 881,297
Segment result Unallocated net interest	141,336	21,715	(4,077)	-	158,974
expense					(21,998)
Profit before tax					136,976
Income tax expense					(35,927)
Profit after income tax expense					101,049

	Six months ended 31.12.07 \$'000	Six months ended 31.12.06 \$'000
Note 3 Income Tax		
Reconciliation of income tax expense on pre tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit before income tax expense	151,619	136,976
Tax at the Australian tax rate of 30% (2006: 30%) Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:	45,486	41,093
Research and development incentives Sundry items	(3,403) (7,303)	(5,166)
Income tax expense	34,780	35,927
Note 4 Dividends Dividends paid during the half year	95,248	76,784
Dividends not recognised at the end of the half year		
Since the end of the half year the directors have declared a fully franked interim dividend of 20 cents (2006: 17 cents).		
The dividend was declared on 25 February 2008 and is payable on 26 March 2008 with a record date of 11 March 2008.		
The aggregate amount of the proposed interim dividend to be paid out of retained profits at the end of the half year, but not recognised as a liability is:	66,711	50,305
Australian franking credits available for subsequent financial periods based on a tax rate of 30%	45,276	77,252

The above balance of the franking account as at 31 December 2007 would enable Sonic to pay fully franked dividends of \$105,644,000 in future periods (including the interim dividend noted above).

Dividend Reinvestment Plan

The company's Dividend Reinvestment Plan remains suspended for this dividend and until further notice.

	Six months ended 31.12.07 Cents	Six months ended 31.12.06 Cents
Note 5 Earnings per share		
Basic earnings per share	35.4	31.7
Diluted earnings per share	34.7	31.2
	Six months ended 31.12.07 Shares	Six months ended 31.12.06 Shares
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	320,302,103	295,290,973
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	326,714,447	299,619,221

Note 6 Business combinations

(a) Acquisition of subsidiaries / business assets

On 31 July 2007, Sonic acquired 100% of Sunrise Medical Laboratories, an entity incorporated in the USA. At the date of acquisition Sunrise's forecast annual revenue was approximately US\$75M and forecast annual EBITDA was approximately US\$12M. The Sunrise acquisition has contributed approximately \$0.6M to the net profit of the Group for the period.

On 14 September 2007, Sonic acquired 100% of Bioscientia Healthcare in Germany. At the date of acquisition Bioscientia Healthcare's forecast annual revenue was approximately €125M and forecast annual EBITDA was approximately €20M. The Bioscientia acquisition has contributed approximately \$0.7M to the net profit of the Group for the period.

The initial accounting for these two acquisitions has only been provisionally determined at 31 December 2007, as the Group is still in the process of reviewing acquisition balance sheets and identifying assets and liabilities not previously recorded, so as to determine the fair values of the identifiable assets, liabilities, and contingent liabilities acquired. External advice is also being sought regarding the quantification of certain accounting items. Therefore no comparisons of book and fair values are shown.

Other acquisitions in the period, which are individually immaterial, are as follows:

- On 27 September 2007, Sonic acquired 100% of Orthopaedietechnik Mayer & Behnsen, an entity incorporated in Germany.
- On 1 October 2007, Sonic acquired 100% of Woodbury Clinical Laboratory, an entity incorporated in the USA.
- On 22 October 2007, Sonic acquired the assets of Consolidated Laboratory Services, a business incorporated in the USA.
- IPN, a member of the Group, acquired a number of medical centre businesses during the period.

Note 6 Business combinations (continued)

It is impracticable to determine the contribution these acquisitions made to the net profit of the Group during the period, and what they are likely to contribute on an annualised basis, as the majority of the acquisitions were merged with other entities in the Group. The initial accounting for a number of these business combinations has only been determined provisionally at the date of this report, as the Group is still in the process of reviewing acquisition balance sheets and identifying assets and liabilities not previously recorded, so as to determine the fair values of the identifiable assets, liabilities and contingent liabilities acquired.

The aggregate cost of the combinations, the carrying values and fair values of the identifiable assets and liabilities, and the goodwill arising on acquisition are detailed below:

	Sunrise Medical Laboratories	Bioscientia Healthcare Group	Other	Total
	\$'000	\$'000	\$'000	\$'000
Consideration - cash paid Less: Cash of entity acquired	183,400 (3,227)	304,766 (4,978)	18,049 (606)	506,215 (8,811)
Less. Cash of entity acquired	180,173	299,788	17,443	497,404
Deferred consideration	2,263	-	1,328	3,591
Consideration - shares / options		5,116	<u> </u>	5,116
Total consideration	182,436	304,904	18,771	506,111
Fair value of identifiable net assets of subsidiaries acquired:				
Debtors & other receivables	10,322	31,853	1,335	43,510
Prepayments	307	415	46	768
Inventory	1,087	3,515	496	5,098
Property, plant & equipment	1,520	20,117	1,202	22,839
Other non current receivables	106	4,447	-	4,553
Investments	-	816	6	822
Identifiable intangibles	(0.407)	3,162	(0.07)	3,162
Trade payables	(2,407)	(9,760)	(267)	(12,434)
Sundry creditors and accruals Income tax payable	(1,129)	(2,995) (647)	(595)	(4,719) (650)
Borrowings	-	(15,304)	(3) (110)	(15,414)
Lease liabilities	-	(10,079)	(110)	(10,079)
Provisions	(1,429)	(27,936)	(157)	(29,522)
		, -/	, ,	· / /
	8,377	(2,396)	1,953	7,934
Goodwill	174,059	307,300	16,818	498,177

The goodwill arising from the business combinations is attributable to their reputation in the local market, the benefit of marginal profit and synergies expected to be achieved from integrating the business with existing operations, expected revenue growth, future market development, the assembled workforce and knowledge of local markets. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Note 6 Business combinations (continued)

(b) Acquisition of minority interests

During the period Sonic acquired the outstanding equity held by minority interests in the Schottdorf Group for a total purchase price of~€80M. On 15 August 2007 Sonic moved to 67.9% ownership, and reached 100% ownership at the end of the year once the reorganisation of the legal structure of the Schottdorf Group was completed.

The carrying amount of Schottdorf's net assets in the Group's financial statements on the date of acquiring the minority interests was €21.8M. The Group recognised a decrease in minority interests of €9.3M and additional goodwill of €72.5M, equivalent to A\$120.7M at 31 December 2007.

Note 7 Contributed equity

	31.12.07 Shares	30.6.07 Shares	31.12.07 \$'000	30.6.07 \$'000
Share capital				
Fully paid ordinary shares	333,272,781	300,150,202	1,707,783	1,242,859

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$'000
1/7/07	Opening balance	300,150,202		1,242,859
24/8/07	Shares issued under share placement	28,169,015		400,000
24/8/07	Shares issued to executives under remuneration			
	arrangements	30,750		-
14/9/07	Shares issued as part consideration for the acquisition of			
	Bioscientia Healthcare	116,674		1,805
23/11/07	Shares issued under Shareholder Purchase Plan	4,530,640		64,335
Various	Shares issued following exercise of employee options	275,500	Various	1,977
Various	Transfers from equity remuneration reserve	-		652
Various	Costs associated with share issues net of future			
	income tax benefits		_	(3,845)
31/12/07	Closing Balance	333,272,781	_	1,707,783

Exercise Price	Expiry Date	Options at 30.6.07	Options Exercised	Options Forfeited	Options Granted	Options at 31.12.07
\$6.01	07/02/2008	50,000	(50,000)	-	-	-
\$6.30	15/02/2008	312,000	(130,000)	-	-	182,000
\$7.57	19/12/2008	115,000	(28,000)	-	-	87,000
\$6.75	31/08/2009	3,000,000	-	-	-	3,000,000
\$7.50	26/11/2009	1,540,000	-	-	-	1,540,000
\$9.51	23/07/2009	10,000	-	-	-	10,000
\$9.56	23/07/2009	345,000	(67,500)	-	-	277,500
\$7.50	22/08/2010	1,540,000	-	-	-	1,540,000
\$12.69	24/05/2011	40,000	-	-	-	40,000
\$7.50	22/08/2011	1,540,000	-	-	-	1,540,000
\$13.10	15/09/2011	1,200,000	-	-	-	1,200,000
\$13.10	30/09/2011	1,400,000	-	-	-	1,400,000
\$13.10	30/09/2012	300,000	-	-	-	300,000
\$13.10	30/09/2013	300,000	-	-	-	300,000
\$13.00*	30/09/2012	-	-	_	1,000,000	1,000,000
\$13.00	13/06/2012	_	-	_	500,000	500,000
\$7.50	24/08/2012	_	-	_	1,540,000	1,540,000
\$14.16	03/08/2012	-	-	-	1,000,000	1,000,000
		11,692,000	(275,500)	_	4,040,000	15,456,500

^{*} or where the closing market share price for Sonic's shares on 30 May 2012 is less than \$15.00, \$2.00 less than the closing price on that day.

Note 9	Reserves		
		31.12.07	30.6.07
		\$'000	\$'000
Foreign currency translation reserve		(23,122)	(19,340)
Hedge accounting reserve		(2,590)	2,641
Equity remuneration reserve		21,398	17,122
Share option reserve		15,285	11,974
		10,971	12,397
Note 10	Net tangible asset backing		
		31.12.07	30.6.07
		\$	\$
Net tangible asset backing per ordinary security		(2.42)	(2.37)

Note 11 Non cash financing and investing activities

Plant and equipment with an aggregate fair value of \$374,000 (2006: \$219,000) was acquired by means of finance leases and is therefore not reflected in the Cash Flow Statement.

Note 12 Events occurring after the balance sheet date

Since the end of the financial period no matter or circumstance not otherwise dealt with in these financial statements has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years other than as follows:

On 25 February 2008 Sonic's directors declared a dividend of 20 cents per ordinary share fully franked (at 30%) payable on 26 March 2008 with a record date of 11 March 2008. The interim dividend represents an 18% increase on the comparative period. The company's Dividend Reinvestment Plan ("DRP") remains suspended for this dividend and until further notice.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act* 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Sonic Healthcare Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dr C.S. Goldschmidt Director

C.D. Wilks Director

Sydney 25 February 2008



INDEPENDENT AUDITOR'S REVIEW REPORT to the members of Sonic Healthcare Limited

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sonic Healthcare Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Sonic Healthcare Limited Group (the consolidated entity). The consolidated entity comprises both Sonic Healthcare Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Sonic Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Liability limited by a scheme approved under Professional Standards Legislation



Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Sonic Healthcare Limited for the half-year ended 31 December 2007 included on Sonic Healthcare Limited's web site. The company's directors are responsible for the integrity of the Sonic Healthcare Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act* 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sonic Healthcare Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PricewaterhouseCoopers

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B K Hunter Partner Sydney 25 February 2008