

**Sonic Healthcare Limited**  
**ABN 24 004 196 909**

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2012**  
Lodged with the ASX under Listing Rule 4.3A

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
For the year ended 30 June 2012

**Financial Results**

\$'000

	2012 Constant Currency*	2012 Statutory	2011 Statutory	% Change 2012	
				Constant Currency v 2011 Statutory	2012 Statutory v 2011 Statutory
Revenue from ordinary activities	3,422,592	3,345,616	3,096,379	10.5%	8.0%
Earnings before interest, tax, depreciation and intangibles amortisation ( <b>EBITDA</b> ) pre acquisition costs	642,494	627,656	573,069		
Acquisition related costs	3,582	3,527	2,974		
EBITDA after acquisition costs	638,912	624,129	570,095	12.1%	9.5%
Depreciation and lease amortisation	(112,414)	(110,497)	(97,227)	15.6%	13.6%
Earnings before interest, tax and intangibles amortisation ( <b>EBITA</b> )	526,498	513,632	472,868	11.3%	8.6%
Amortisation of intangibles	(22,005)	(21,557)	(17,691)	24.4%	21.9%
Net interest expense	(77,541)	(74,147)	(64,774)	19.7%	14.5%
Income tax attributable to Operating Profit	(101,979)	(100,243)	(95,914)	6.3%	4.5%
Net (profit)/loss attributable to Minority Interests	(1,743)	(1,689)	46		
<b>Net Profit attributable to shareholders of Sonic Healthcare Limited</b>	<b>323,230</b>	<b>315,996</b>	294,535	<b>9.7%</b>	<b>7.3%</b>
<b>Cash generated from operations</b>		<b>486,758</b>	409,019		19.0%

**Dividends**

Cents per share	2012	2011
Final dividend	35¢	35¢
Final dividend franked amount per security	15.75¢	9.80¢
Interim dividend	24¢	24¢
Interim dividend franked amount per security	8.40¢	6.72¢

The record date for determining entitlements to the final dividend will be 7 September 2012. The final dividend will be paid on 9 October 2012. The 2012 final dividend includes no conduit foreign income.

**Dividend Reinvestment Plan**

The Company's Dividend Reinvestment Plan (DRP) will operate for the 2012 final dividend.

Shares under the DRP will have a subscription price 2.5% below the average of the daily volume weighted average price of Sonic shares sold (excluding certain types of trades) on each of the 10 consecutive trading days from and including the second trading day after the record date. DRP elections must be received by the record date. Shares will be allocated under the DRP on 9 October 2012, and will rank equally with Sonic's existing fully paid ordinary shares.

The Board has used its discretion under Rule 15: Variation of Plan to make a number of minor amendments to the Plan to reflect current market "best practice" and to enable shareholders in certain jurisdictions outside Australia to participate - refer to the Sonic Healthcare Limited Dividend Reinvestment Plan booklet for full details.

**Earnings per share**

Cents per share	2012 Constant Currency*	2012 Statutory	2011 Statutory	% Change 2012	
				Constant Currency v 2011 Statutory	2012 Statutory v 2011 Statutory
Basic earnings per share	82.9¢	81.1¢	75.8¢	9.4%	7.0%
Diluted earnings per share	82.5¢	80.7¢	75.5¢	9.3%	6.9%

\* For an explanation of "Constant Currency" refer to 2(a) in the Commentary on Results.

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

## COMMENTARY ON RESULTS For the year ended 30 June 2012

### 1. Highlights

- Business performing strongly with EBITDA growth in line with guidance given in August 2011, and interest and tax expenses lower than expected.
- Strong organic revenue growth, synergies and operational improvements driving margin expansion and improvement in return on invested capital ("ROIC").
- Positive outlook with EBITDA expected to grow by 5-10% in 2013, excluding additional acquisitions (assuming 2012 currency exchange rates).

### 2. Explanation of results

#### (a) Constant currency

As a result of Sonic's expanding operations outside of Australia, Sonic is increasingly exposed to currency exchange rate translation risk i.e. the risk that Sonic's offshore earnings and assets fluctuate when reported in AUD.

The average currency exchange rates for the year to 30 June 2012 for the Australian dollar ("A\$", "AUD" or "\$") versus the currencies of Sonic's major offshore earnings (USD and Euro) were higher than in the comparative period, reducing Sonic's AUD reported earnings ("Statutory" earnings). The underlying earnings in foreign currency are not affected.

Sonic's results for the year have therefore also been presented on a "Constant Currency" basis (i.e. using the same exchange rates to convert the current period foreign earnings as applied in the comparative period, being the average rates for that period) to facilitate comparability of the Group's performance, by providing a view on the underlying business performance without distortion caused by exchange rate volatility, so that an assessment can be made of the growth in earnings in local currencies. Constant Currency reporting also allows comparison to the guidance Sonic provides to the market about its prospective earnings. Given the volatility of the AUD in the last few years, Sonic is not comfortable to provide earnings guidance which requires forecasting of exchange rates. Sonic therefore provides earnings guidance on a Constant Currency basis, and then reports against that measure.

In preparing the Constant Currency reporting, the foreign currency elements of each line item in the profit and loss statement (including net interest expense and tax expense) are restated using the relevant prior period average exchange rate. There is only this one adjustment to each line item so no reconciliation is required.

The average exchange rates used were as follows:

	<b>2012 Statutory</b>	<b>2011 and Constant Currency</b>
AUD/USD	1.0320	0.9904
AUD/EUR	0.7719	0.7250
AUD/GBP	0.6516	0.6218
AUD/CHF	0.9269	0.9412
AUD/NZD	1.2830	1.3049

To manage currency translation risk Sonic uses "natural" hedging, under which foreign currency assets (businesses) are matched to the extent possible with same currency debt. Therefore:

- as the AUD value of offshore assets changes with currency movements, so does the AUD value of the debt; and
- as the AUD value of foreign currency EBIT changes with currency movements, so does the AUD value of the foreign currency interest expense.

As Sonic's foreign currency earnings grow and debt is repaid, the natural hedges have only a partial effect, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

**COMMENTARY ON RESULTS**  
**For the year ended 30 June 2012**

**2. Explanation of results (continued)**

**(b) Revenue**

Total revenue growth for the year was 10.5% at Constant Currency exchange rates (i.e. applying the average rates for the 2011 year to the current year results).

**Revenue breakdown**

AUD M

	<b>2012 Statutory Revenue</b>	<b>% of 2012 Statutory Revenue</b>	<b>2012 Constant Currency Revenue</b>	<b>2011 Revenue</b>	<b>Growth 2012 Constant Currency v 2011</b>
Pathology – Australia	1,004	30%	1,004	923	8.8%
Pathology – USA	765	23%	797	721	10.5%
Pathology – Europe	829	25%	875	798	9.6%
Pathology – NZ	62	2%	61	65	(6.2)%
Radiology	384	11%	384	362	6.1%
Medical centres	299	9%	299	221	35.3%
Revenue excluding interest income	3,343	100%	3,420	3,090	10.7%
Interest income	3		3	6	
<b>Total revenue</b>	<b>3,346</b>		<b>3,423</b>	<b>3,096</b>	<b>10.5%</b>

Australian pathology revenue grew by 8.8%, versus market growth (per Medicare data) of 6.7%, evidencing market share gains.

Sonic's USA and European revenue growth was augmented by synergistic business acquisitions during the current and prior financial year including:

- CBLPath, New York, USA (1 December 2010)
- Physicians' Automated Laboratory, California, USA (31 December 2010)
- KBL-BML-Unilabo Laboratory, Belgium (6 January 2011)
- Woestyn Laboratory, Belgium (13 January 2011)
- Central Coast Pathology, California, USA (4 February 2011)
- Labor Dr. Steinberg, Germany (21 December 2011)

Sonic's operations in Germany achieved strong organic revenue growth of 6%, which was above expectation. As previously advised, certain regional funding bodies ("KVs") in Germany have been short paying quarterly billing. As at 30 June 2012 Sonic is carrying €10-12M in debtors in relation to these short payments (including estimates of short payments for the March and June quarters). Sonic is pursuing recovery of these debtors and legal advice supports full recoverability as the short payments are considered illegal, and this view is supported by a number of the other regional KVs. The regional short payments will cease with the September 2012 quarter, after which the statutory insurance payment system moves to a national funding structure.

Organic revenue growth of 2% in the USA was lower than expected due to the weak macro growth environment, but still exceeded the organic growth of Sonic's major competitors in the USA market.

Radiology revenue grew organically by 6%, a pleasing result after lower growth in recent years.

Sonic's medical centre business, Independent Practitioner Network ("IPN"), achieved revenue growth of 35% through a combination of centre acquisitions, and organic growth in existing medical centres and greenfield sites (backed by successful doctor recruitment strategies). Kinetic Health, IPN's occupational health business, performed very strongly during the year.

Revenue was impacted by currency exchange rate movements, which decreased reported (Statutory) revenue by A\$77M compared to the comparative period.

**COMMENTARY ON RESULTS**  
**For the year ended 30 June 2012**

**2. Explanation of results (continued)**

**(c) EBITDA**

EBITDA grew 12% at Constant Currency exchange rates versus the comparative period. The equivalent margin expanded by 30 basis points ("bps") over the comparative period. EBITDA was impacted by the expensing of acquisition related costs, totalling A\$4M in the year (2011: A\$3M).

EBITDA margin expansion in the period for the Pathology division of 30 bps was pleasing given that margins in the USA were hampered by low organic revenue growth and a A\$2.4M bad debt relating to a hospital bankruptcy.

Sonic's Radiology division margin grew by 90 bps, delivered by organic revenue growth and tight cost control.

**(d) Depreciation and lease amortisation**

Depreciation and leased asset amortisation has increased 16% on the comparative period (at Constant Currency rates) as a result of business acquisitions and growth of the business in the current and prior year.

**(e) Intangibles amortisation**

Intangibles amortisation mainly relates to internally developed software.

**(f) Interest expense and debt facilities**

Net interest expense has increased 20% (A\$13M) on the prior year (at Constant Currency rates) due to increased net debt relating to acquisitions completed since July 2010, and higher margin costs as debt facilities were refinanced at current market rates.

The majority of Sonic's debt is drawn in foreign currencies as "natural" balance sheet hedging of Sonic's offshore operations (see (a) *Constant currency* above).

Interest rate hedging arrangements are in place in accordance with Sonic's Treasury Policy.

**COMMENTARY ON RESULTS**  
**For the year ended 30 June 2012**

**2. Explanation of results (continued)**

**(f) Interest expense and debt facilities (continued)**

Sonic's net interest bearing debt at 30 June 2012 comprised:

	<b>Facility Limit M</b>	<b>Drawn M</b>	<b>AUD \$M Available</b>
Notes held by USA investors – USD	US\$500	US\$500	-
Bank debt facilities			
- USD limits	US\$692	US\$442	245
- Euro limits	€679	€594	105
- AUD (Multicurrency) limits	A\$359	A\$74 <sup>+</sup>	285
Minor debt/leasing facilities	n/a	A\$9 <sup>*</sup>	-
Cash	n/a	A\$(169) <sup>*</sup>	169
Available funds at 30 June 2012			<u>804</u>

<sup>+</sup> Drawn as £16M and A\$49M

<sup>\*</sup> Various currencies

In June 2012, Sonic refinanced a bilateral bank debt facility which was due to expire in September 2012. As part of the refinancing the facility was upsized from US\$75M to US\$150M. Since year end a €26M tranche of debt has been permanently repaid. After allowing for this debt payment, cash generation, equity from options exercised and acquisitions completed since 30 June 2012, available funding/headroom prior to payment of Sonic's 2012 final dividend is expected to be ~A\$780M. This excludes the potential outlay of A\$100M for the acquisition of Healthscope's pathology assets in NSW/ACT, Queensland and Western Australia (which is currently subject to anti-trust approval).

Sonic's Dividend Reinvestment Plan will operate in relation to the 2012 final dividend, raising equity to fine-tune Sonic's capital structure and part fund the potential Healthscope acquisition.

Sonic's credit metrics at 30 June 2012 were as follows:

	<b>30.6.12</b>	<b>31.12.11</b>	<b>30.6.11</b>
Gearing ratio	37.6%	39.7%	37.9%
Interest cover (times)	7.0	6.7	7.4
Debt cover (times)	2.5	2.8	2.8

Definitions:

- Gearing ratio = Net debt/[Net debt + equity] (bank covenant limit <55%)
- Interest cover = EBITA/Net interest expense (bank covenant limit >3.25)
- Debt cover = Net debt/EBITDA (bank covenant limit <3.5)
- Calculations as per Sonic's syndicated bank debt facility definitions

Sonic's senior debt facility limits expire as follows:

	<b>AUD M</b>	<b>USD M</b>	<b>Euro M</b>
2012 (October)	15	235	215
2014	165	308	62
2015	179	-	186
2016	-	75	190
2017	-	170	-
2020	-	155	-
2021	-	250	-
	<u>359</u>	<u>1,193</u>	<u>653</u>

Sonic's excellent relationships with its banks, its investment grade credit metrics, and its strong and reliable cash flows significantly reduce refinancing risk. Sonic is well progressed in discussions with its banks to refinance the debt facility tranche which expires in late October 2012, and expects no difficulties in achieving this. In addition Sonic currently has headroom in cash and undrawn facilities exceeding the maturing limits.

**COMMENTARY ON RESULTS**  
**For the year ended 30 June 2012**

**2. Explanation of results (continued)**

**(g) Tax expense**

The effective tax rate of 24% is lower than previous guidance (~26%) and in the comparative period (25%), partly due to overprovisions in prior years and to the performance of Sonic's businesses in higher tax rate jurisdictions relative to the performance of its operations in lower tax rate countries.

**(h) Cashflow from operations**

Cash generated from operations was extremely strong at \$487M (up 19% on the comparative period), exceeding cash profit (net profit plus depreciation, intangibles amortisation, equity instrument expense and outside equity interests) by 7%, mainly as a result of timing of tax payments and tax deductions for goodwill amortisation in offshore jurisdictions.

**3. Guidance for 2013**

Sonic expects to grow EBITDA by 5-10% over the 2012 level of A\$624M, on a Constant Currency basis (applying 2012 average currency exchange rates to 2013).

Net interest expense is expected to decrease by approximately 5-10% from the 2012 level of A\$74M on a Constant Currency basis. Underlying floating interest rates are assumed to remain constant at current levels.

The effective tax rate is expected to be ~26%.

This guidance excludes the impact of the Healthscope and any future business acquisitions.

**FULL YEAR REPORT**  
**For the year ended 30 June 2012**

<b>CONTENTS</b>	<b>PAGE</b>
<b>Consolidated Income Statement</b>	<b>9</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>10</b>
<b>Consolidated Balance Sheet</b>	<b>11</b>
<b>Consolidated Cash Flow Statement</b>	<b>12</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>13</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>14</b>
<b>Compliance Statement</b>	<b>22</b>

This 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 accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
Revenue from operations		3,322,532	3,082,883
Other income		<u>23,084</u>	<u>13,496</u>
<b>Total Revenue</b>		<b>3,345,616</b>	<b>3,096,379</b>
Labour and related costs (including \$3,699,000 (2011: \$3,927,000) of equity remuneration expense)		<b>(1,522,717)</b>	(1,389,869)
Consumables used		<b>(524,710)</b>	(512,518)
Operating lease rental expense		<b>(175,341)</b>	(155,716)
Depreciation and amortisation of physical assets		<b>(110,497)</b>	(97,227)
Transportation		<b>(89,900)</b>	(87,560)
Utilities		<b>(79,707)</b>	(73,990)
Borrowing costs expense		<b>(76,964)</b>	(71,074)
Repairs and maintenance		<b>(74,010)</b>	(68,365)
Amortisation of intangibles		<b>(21,557)</b>	(17,691)
Other expenses from ordinary activities (including \$3,527,000 (2011: \$2,974,000) of acquisition related costs)		<b>(252,285)</b>	(231,966)
<b>Profit from ordinary activities before income tax expense</b>		<b>417,928</b>	390,403
Income tax expense		<b>(100,243)</b>	(95,914)
<b>Profit from ordinary activities after income tax expense</b>		<b>317,685</b>	294,489
Net loss/(profit) attributable to minority interests		<b>(1,689)</b>	46
<b>Profit attributable to members of Sonic Healthcare Limited</b>		<b>315,996</b>	<b>294,535</b>
<b>Basic earnings per share (cents per share)</b>	5	<b>81.1</b>	75.8
<b>Diluted earnings per share (cents per share)</b>	5	<b>80.7</b>	75.5

*The above Consolidated Income Statement should be read in conjunction with the accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2012**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit from ordinary activities after income tax expense</b>	<b>317,685</b>	294,489
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	<b>(18,342)</b>	(121,688)
Cash flow hedges	<b>2,172</b>	10,924
Actuarial (losses)/gains on retirement benefit obligations	<b>(2,620)</b>	1,319
<b>Other comprehensive income for the period, net of tax</b>	<b>(18,790)</b>	(109,445)
<b>Total comprehensive income for the period</b>	<b>298,895</b>	185,044
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	<b>297,227</b>	185,216
Minority interests	<b>1,668</b>	(172)
	<b>298,895</b>	185,044

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

**CONSOLIDATED BALANCE SHEET**  
As at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
<b>Current assets</b>			
Cash assets and cash equivalents		168,594	174,687
Receivables		447,775	402,876
Inventories		55,701	53,357
Assets classified as held for sale		9,336	9,189
Other		33,350	27,806
Total current assets		714,756	667,915
<b>Non-current assets</b>			
Receivables		2,712	2,734
Other financial assets		50,028	46,396
Property, plant and equipment		561,371	531,529
Investment properties		20,847	20,517
Intangible assets		3,549,247	3,408,001
Deferred tax assets		29,787	35,357
Other		57	448
Total non-current assets		4,214,049	4,044,982
<b>Total assets</b>		<b>4,928,805</b>	<b>4,712,897</b>
<b>Current liabilities</b>			
Payables		277,268	233,675
Interest bearing liabilities		516,388	3,864
Current tax liabilities		44,877	27,941
Provisions		131,478	117,742
Other financial liabilities (interest rate hedging)		8,737	14,359
Other		2,687	3,637
Total current liabilities		981,435	401,218
<b>Non-current liabilities</b>			
Interest bearing liabilities		1,223,287	1,706,449
Deferred tax liabilities		56,445	45,230
Provisions		37,526	37,664
Other		19,913	5,901
Total non-current liabilities		1,337,171	1,795,244
<b>Total liabilities</b>		<b>2,318,606</b>	<b>2,196,462</b>
<b>Net assets</b>		<b>2,610,199</b>	<b>2,516,435</b>
<b>Equity</b>			
Parent entity interest			
Contributed equity	6	2,379,525	2,345,584
Reserves	8	(229,478)	(187,356)
Retained earnings	9	439,454	356,160
Total parent entity interest		2,589,501	2,514,388
Minority interests		20,698	2,047
<b>Total equity</b>		<b>2,610,199</b>	<b>2,516,435</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 30 June 2012**

	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	3,371,854	3,156,904
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(2,750,813)</b>	<b>(2,606,117)</b>
	<b>621,041</b>	550,787
Interest received	2,817	6,300
Borrowing costs	<b>(72,512)</b>	<b>(72,130)</b>
Income taxes paid	<b>(64,588)</b>	<b>(75,938)</b>
<b>Net cash inflow from operating activities</b>	<b>486,758</b>	409,019
<b>Cash flows from investing activities</b>		
Payment for purchase of controlled entities, net of cash acquired	<b>(152,450)</b>	<b>(279,979)</b>
Payments for property, plant and equipment	<b>(137,154)</b>	<b>(135,767)</b>
Proceeds from sale of non current assets	7,950	2,810
Payments for investments	<b>(15,714)</b>	<b>(22,847)</b>
Payments for intangibles	<b>(40,863)</b>	<b>(34,981)</b>
Repayment of loans by other entities	3,947	4,769
Loans to other entities	<b>(1,452)</b>	<b>(2,908)</b>
<b>Net cash (outflow) from investing activities</b>	<b>(335,736)</b>	<b>(468,903)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	21,720	1,649
Payments for shares acquired by the Sonic Healthcare Employee Share Trust	-	<b>(3,498)</b>
Proceeds from borrowings	393,369	568,401
Repayment of borrowings	<b>(338,193)</b>	<b>(401,779)</b>
Dividends paid to company's shareholders	<b>(230,082)</b>	<b>(229,174)</b>
Dividends paid to minority interests in controlled entities	<b>(926)</b>	<b>(249)</b>
<b>Net cash (outflow) from financing activities</b>	<b>(154,112)</b>	<b>(64,650)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(3,090)</b>	<b>(124,534)</b>
Cash and cash equivalents at the beginning of the financial year	174,687	300,354
Effects of exchange rate changes on cash and cash equivalents	<b>(3,003)</b>	<b>(1,133)</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>168,594</b>	174,687

*The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2012**

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total \$'000
<b>Balance at 1 July 2011</b>	2,345,584	(187,356)	356,160	2,514,388	2,047	2,516,435
Profit for period	-	-	315,996	315,996	1,689	317,685
Other comprehensive income for the period	-	(16,149)	(2,620)	(18,769)	(21)	(18,790)
Total comprehensive income for the period	-	(16,149)	313,376	297,227	1,668	298,895
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	-	-	(230,082)	(230,082)	-	(230,082)
Shares issued	27,942	(6,222)	-	21,720	-	21,720
Transfers to share capital	5,999	(5,999)	-	-	-	-
Share based payments	-	3,699	-	3,699	-	3,699
Minority interests on acquisition of subsidiary	-	(17,451)	-	(17,451)	17,912	461
Dividends paid to minority interests in controlled entities	-	-	-	-	(929)	(929)
<b>Balance at 30 June 2012</b>	<b>2,379,525</b>	<b>(229,478)</b>	<b>439,454</b>	<b>2,589,501</b>	<b>20,698</b>	<b>2,610,199</b>
<b>Balance at 1 July 2010</b>	<b>2,345,145</b>	<b>(78,357)</b>	<b>289,480</b>	<b>2,556,268</b>	<b>2,473</b>	<b>2,558,741</b>
Profit for period	-	-	294,535	294,535	(46)	294,489
Other comprehensive income for the period	-	(110,638)	1,319	(109,319)	(126)	(109,445)
Total comprehensive income for the period	-	(110,638)	295,854	185,216	(172)	185,044
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	-	-	(229,174)	(229,174)	-	(229,174)
Shares issued	-	(948)	-	(948)	-	(948)
Adjustment to tax benefits associated with past share issues	(901)	-	-	(901)	-	(901)
Transfers to share capital	1,340	(1,340)	-	-	-	-
Share based payments	-	3,927	-	3,927	-	3,927
Dividends paid to minority interests in controlled entities	-	-	-	-	(254)	(254)
<b>Balance at 30 June 2011</b>	<b>2,345,584</b>	<b>(187,356)</b>	<b>356,160</b>	<b>2,514,388</b>	<b>2,047</b>	<b>2,516,435</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, the 2011 Annual Report, the 2011 Annual Financial Statements, and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 1            Summary of significant accounting policies**

This financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

This 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 2011, the 2011 Annual Financial Statements and any public announcements made by Sonic Healthcare Limited during the 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 disclose \$511M of debt drawn under bank debt facilities which expire in late October 2012 as a current liability as at 30 June 2012. As a result the Consolidated Balance Sheet shows a deficiency of working capital of \$267M. Sonic intends to refinance or extend most or all of this debt, and foresees no difficulties in doing so given the strong relationships Sonic has with its existing syndicate of banks, its investment grade metrics and its strong and reliable operating cashflows. In addition, Sonic currently has headroom in cash and undrawn facilities exceeding the maturing limits. The financial report has therefore been presented on a "going concern" basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 2 Segment information**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (the chief operating decision makers) in assessing performance and determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer and the Board of Directors on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return. The Group has the following reportable segments.

- (i) **Pathology**  
Pathology/clinical laboratory services provided in Australia, New Zealand, the United Kingdom, the United States of America, Germany, Switzerland, Belgium and Ireland.
- (ii) **Radiology**  
Radiology and diagnostic imaging services provided in Australia and New Zealand.
- (iii) **Other**  
Includes the corporate office function, medical centre operations (IPN), and other minor operations.

<b>Year ended 30 June 2012</b>	<b>Pathology \$'000</b>	<b>Radiology \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
<b>Total segment revenue</b>	2,659,981	384,358	305,890	(7,430)	3,342,799
Interest income					2,817
<b>Total revenue</b>					<b>3,345,616</b>
<b>Segment result EBITA</b>	466,495	44,710	2,427	-	513,632
Amortisation expense					(21,557)
Unallocated net interest expense					(74,147)
<b>Profit before tax</b>					<b>417,928</b>
Income tax expense					(100,243)
<b>Profit after income tax expense</b>					<b>317,685</b>
Depreciation expense	64,651	31,962	13,884	-	<b>110,497</b>

<b>Year ended 30 June 2011</b>	<b>Pathology \$'000</b>	<b>Radiology \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
<b>Total segment revenue</b>	2,506,814	362,434	227,191	(6,360)	3,090,079
Interest income					6,300
<b>Total revenue</b>					<b>3,096,379</b>
<b>Segment result EBITA</b>	436,386	39,406	(2,924)	-	472,868
Amortisation expense					(17,691)
Unallocated net interest expense					(64,774)
<b>Profit before tax</b>					<b>390,403</b>
Income tax expense					(95,914)
<b>Profit after income tax expense</b>					<b>294,489</b>
Depreciation expense	56,145	29,759	11,323	-	<b>97,227</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 3 Business combinations**

Acquisitions of subsidiaries/business assets in the period included:

- A number of medical centre and skin clinic businesses acquired by IPN.
- A small synergistic laboratory acquisition in Germany.

The contribution these acquisitions made to the Group's profit during the period was immaterial individually and in total. It is impracticable to determine the contribution these immaterial 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 accounting for these business combinations has been finalised at the date of this report.

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

	<b>Total \$'000</b>
Consideration - cash paid	142,471
Less: Cash of entities acquired	<u>(240)</u>
	142,231
Deferred consideration	1,899
Total consideration	<u>144,130</u>
Fair value of identifiable net assets of subsidiaries/businesses acquired:	
Debtors & other receivables	901
Prepayments	92
Inventory	297
Deferred tax assets	556
Property, plant & equipment	10,644
Identifiable intangibles	880
Trade payables	(2,714)
Sundry creditors and accruals	(1,979)
Current tax liabilities	(253)
Provisions	<u>(2,103)</u>
	6,321
Minority interests	<u>18,739</u>
Goodwill	<u>156,548</u>

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 able to be individually identified or recognised separately from goodwill. \$2,870,000 of the purchased goodwill recognised is expected to be deductible for income tax purposes, over a fifteen year period.

Acquisition related costs of \$3,527,000 are included in other expenses in the Income Statement. The fair value of acquired debtors and other receivables is \$901,000. The gross contractual amount due is \$901,000, of which \$nil is expected to be uncollectable.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 4 Dividends**

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total dividends paid on ordinary shares during the year</b>		
Final dividend for the year ended 30 June 2011 of 35 cents (2010: 35 cents) per share paid on 21 September 2011 (2010: 28 September 2010), franked to 28% (2010: 35%)	<b>136,486</b>	135,950
Interim dividend for the year ended 30 June 2012 of 24 cents (2011: 24 cents) per share paid on 22 March 2012 (2011: 24 March 2011), franked to 35% (2011: 28%)	<b>93,596</b>	93,224
	<b>230,082</b>	229,174

**Dividends not recognised at the end of the year**

On 20 August 2012 the directors declared a final dividend of 35 cents per share (2011: 35 cents) franked to 45% (2011: 28%), payable on 9 October 2012 with a record date of 7 September 2012. Based on the number of shares expected to be on issue at the record date, the aggregate amount of the proposed final dividend to be paid out of retained profits at the end of the year, but not recognised as a liability is:

<b>137,378</b>	136,489
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Australian franking credits available at the year end for subsequent financial years based on a tax rate of 30%

<b>20,607</b>	12,245
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The impact on the franking account of the dividend declared by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$26,494,000 (2011: \$16,379,000), based on the number of shares expected to be on issue at the record date. Franking credits arising from Australian tax paid after year end will maintain the franking account in surplus after payment of the 2012 final dividend.

**Dividend Reinvestment Plan (DRP)**

The Board has determined that the Company's Dividend Reinvestment Plan (DRP) will operate for the 2012 final dividend. The Board has also used its discretion under Rule 15: Variation of Plan to make a number of minor amendments to the Plan to reflect current market "best practice" and to enable shareholders in certain jurisdictions outside Australia to participate.

Full details of the DRP are set out in the Sonic Healthcare Limited Dividend Reinvestment Plan booklet. To view a copy of the booklet, change current elections or register to participate in the DRP for the upcoming dividend prior to the record date of 7 September 2012, shareholders can visit [www.computershare.com](http://www.computershare.com), click on Investor Centre/Reinvestment Plans and follow the prompts. Shareholders can also request a copy of the Dividend Reinvestment Plan booklet or DRP election form by contacting Computershare Investor Services on 1300 556 161.

Shares issued under the DRP for the 2012 final dividend will have a subscription price 2.5% below the average of the daily volume weighted average price of Sonic shares sold (excluding certain types of trades) on each of the 10 consecutive trading days from and including 11 September 2012. Shares will be allocated under the DRP on 9 October 2012, and will rank equally with Sonic's existing fully paid ordinary shares.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

<b>Note 5</b>	<b>Earnings per share</b>	<b>2012</b> <b>Cents</b>	<b>2011</b> <b>Cents</b>
	Basic earnings per share	81.1	75.8
	Diluted earnings per share	80.7	75.5

	<b>2012</b> <b>Shares</b>	<b>2011</b> <b>Shares</b>
<b>Weighted average number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>389,835,777</u>	388,429,875
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>391,769,391</u>	<u>390,196,374</u>

<b>Note 6</b>	<b>Contributed equity</b>	<b>2012</b> <b>Shares</b>	<b>2011</b> <b>Shares</b>	<b>2012</b> <b>\$'000</b>	<b>2011</b> <b>\$'000</b>
<b>Share capital</b>					
	Fully paid ordinary shares	<u>390,969,875</u>	388,429,875	<u>2,379,525</u>	2,345,584

**Movements in ordinary share capital:**

<b>Date</b>	<b>Details</b>	<b>Number of</b> <b>shares</b>	<b>Issue</b> <b>price</b>	<b>\$'000</b>
1/7/11	Opening balance	388,429,875		2,345,584
Various	Shares issued following exercise of employee options	2,540,000	Various	27,942
Various	Transfers from equity remuneration reserve	<u>-</u>		<u>5,999</u>
30/6/12	Closing balance	<u>390,969,875</u>		<u>2,379,525</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 7 Unlisted share options / performance rights**

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance at 1.7.11</b>	<b>Exercised</b>	<b>Granted</b>	<b>Forfeited</b>	<b>Expired</b>	<b>Balance at 30.6.12</b>
\$7.50	22/08/2011	1,540,000	(1,540,000)	-	-	-	-
\$13.10	15/09/2011	1,025,000	-	-	-	(1,025,000)	-
\$13.10	30/09/2011	1,400,000	-	-	-	(1,400,000)	-
\$13.00	13/06/2012	200,000	-	-	-	(200,000)	-
\$14.16	03/08/2012	1,000,000	-	-	-	-	<b>1,000,000</b>
\$7.50	24/08/2012	1,540,000	-	-	-	-	<b>1,540,000</b>
\$13.10	30/09/2012	300,000	-	-	-	-	<b>300,000</b>
\$10.17	30/09/2012	1,000,000	(1,000,000)	-	-	-	-
\$13.30	25/05/2013	500,000	-	-	-	-	<b>500,000</b>
\$13.65	31/05/2013	110,000	-	-	(50,000)	-	<b>60,000</b>
\$7.50	22/08/2013	1,540,000	-	-	-	-	<b>1,540,000</b>
\$13.10	30/09/2013	300,000	-	-	-	-	<b>300,000</b>
\$12.98	22/11/2013	2,625,000	-	-	(1,556,625)	-	<b>1,068,375</b>
\$11.10	27/01/2014	1,500,000	-	-	(220,000)	-	<b>1,280,000</b>
\$10.57	10/04/2015	1,000,000	-	-	-	-	<b>1,000,000</b>
\$11.13	03/01/2016	700,000	-	-	(260,000)	-	<b>440,000</b>
\$11.43	18/11/2016	-	-	1,341,058	-	-	<b>1,341,058</b>
\$11.14	20/12/2016	-	-	600,000	-	-	<b>600,000</b>
\$11.14	07/03/2017	-	-	500,000	-	-	<b>500,000</b>
\$11.43	18/11/2017	-	-	1,302,250	-	-	<b>1,302,250</b>
\$11.43	18/11/2018	-	-	1,705,263	-	-	<b>1,705,263</b>
\$11.14	07/03/2019	-	-	1,000,000	-	-	<b>1,000,000</b>
Performance Rights	18/11/2016	-	-	141,732	-	-	<b>141,732</b>
Performance Rights	18/11/2017	-	-	141,732	-	-	<b>141,732</b>
Performance Rights	18/11/2018	-	-	188,976	-	-	<b>188,976</b>
		<b>16,280,000</b>	<b>(2,540,000)</b>	<b>6,921,011</b>	<b>(2,086,625)</b>	<b>(2,625,000)</b>	<b>15,949,386</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 30 June 2012

<b>Note 8</b>	<b>Reserves</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
	Foreign currency translation reserve	(236,831)	(218,510)
	Hedge accounting reserve	(5,018)	(7,190)
	Equity remuneration reserve	10,123	18,645
	Share option reserve	16,427	16,427
	Revaluation reserve	3,272	3,272
	Transactions with minority interests	(17,451)	-
		<b>(229,478)</b>	<b>(187,356)</b>
<b>Movements</b>			
<i>Foreign currency translation reserve</i>			
	Balance 1 July	(218,510)	(96,948)
	Net exchange movement on translation of foreign subsidiaries	(18,321)	(121,562)
	Balance	<b>(236,831)</b>	<b>(218,510)</b>
<i>Hedging reserve</i>			
	Balance 1 July	(7,190)	(18,114)
	Revaluation (net of deferred tax)	(1,075)	899
	Transfer to net profit (net of deferred tax)	3,247	10,025
	Balance	<b>(5,018)</b>	<b>(7,190)</b>
<i>Equity remuneration reserve</i>			
	Balance 1 July	18,645	17,006
	Share based payments	3,699	3,927
	Employee share scheme issue	(6,222)	(948)
	Transfer to share capital (options exercised)	(5,999)	(1,340)
	Balance	<b>10,123</b>	<b>18,645</b>
<i>Share option reserve</i>			
	Balance 1 July	16,427	16,427
	Movement	-	-
	Balance	<b>16,427</b>	<b>16,427</b>
<i>Revaluation reserve</i>			
	Balance 1 July	3,272	3,272
	Movement	-	-
	Balance	<b>3,272</b>	<b>3,272</b>
<i>Transactions with minority interests</i>			
	Balance 1 July	-	-
	Put option relating to minority interests	(17,451)	-
	Balance	<b>(17,451)</b>	<b>-</b>
<b>Note 9</b>	<b>Retained earnings</b>	<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
	Retained earnings at the beginning of the financial year	356,160	289,480
	Net profit attributable to members of Sonic Healthcare Limited	315,996	294,535
	Dividends provided for or paid	(230,082)	(229,174)
	Actuarial (losses)/gains on retirement benefit obligations (net of tax)	(2,620)	1,319
	Retained earnings at the end of the financial year	<b>439,454</b>	<b>356,160</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2012**

**Note 10 Net tangible asset backing**

	<u>2012</u>	<u>2011</u>
Net tangible asset backing per ordinary security	(\$2.40)	(\$2.30)

**Note 11 Non-cash financing and investing activities**

The following non-cash financing and investing activities occurred during the year and are not reflected in the Cash Flow Statement:

- Plant and equipment with an aggregate fair value of \$1,016,000 (2011: \$1,668,000) was acquired by means of finance leases and hire purchase agreements.

**Note 12 Events occurring after reporting date**

Since the end of the financial year, no matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years has arisen.

**Forward-looking statements**

*This Preliminary Final Report (Appendix 4E) may include forward-looking statements about our financial results, guidance and business prospects that may involve risks and uncertainties, many of which are outside the control of Sonic Healthcare. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse decisions by Governments and healthcare regulators, changes in the competitive environment and billing policies, lawsuits, loss of contracts and unexpected growth in costs and expenses. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of Sonic Healthcare. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sonic Healthcare). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward-looking statement will be achieved. Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements.*

**COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2012**

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.

Identify other standards used

NIL

This report, and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.

Signed:



.....  
(Company Secretary)

Date: 20 August 2012

Print name:

PAUL ALEXANDER