



18 August 2009

## NEW ZEALAND PATHOLOGY AND SONIC EARNINGS UPDATE

Sonic Healthcare Limited ("Sonic") (SHL.AX) advises that in accordance with Australian accounting standards, the Board has resolved to write off the total book value of intangible assets associated with all its New Zealand pathology operations and establish appropriate provisions relating to the Diagnostic Medlab business in Auckland. These decisions are a consequence of the conclusion of the Auckland laboratory contract and the adverse funding system now operating in New Zealand which is not considered conducive to further investment given the risk of non-renewal of contracts. Sonic confirms that the current New Zealand system of tendered, fixed-term contracts for community laboratory services is unique and does not exist in any other market in which Sonic operates.

The Auckland contract represents less than 2% of Sonic's total revenue and earnings and will therefore not have a material impact on Sonic's future performance.

Sonic's Auckland-based subsidiary, Diagnostic Medlab, has been advised that its contract for the provision of community laboratory services in the Auckland region will conclude on 6 September 2009. Diagnostic Medlab has operated in Auckland for over 50 years, joining the Sonic Healthcare group in 1999 as part of a larger acquisition involving eight pathology businesses in Australia and New Zealand. Under Sonic's ownership and investment, Diagnostic Medlab has provided one of the finest and most efficient laboratory services in the world.

The after tax amounts of the write downs and provisions are set out below:

	<b>A\$M</b>
Intangibles	120.1
Redundancies, staff and contract terminations	10.5
Other	<u>5.4</u>
<b>Total</b>	<b><u>136.0</u></b>

A\$12.2 million of the above will require future cash outlays, with the balance being non-cash book entries only. There will be no effect on Sonic's dividend payments, nor will Sonic's debt covenants be significantly impacted by these one-off adjustments.

Sonic emphasises that it is not exiting the New Zealand market. However, New Zealand pathology is expected to represent less than 1% of Sonic's future global earnings.

### EARNINGS UPDATE

Excluding these one-off write downs and provisions, Sonic is pleased to confirm that its earnings per share for the full year 2008/9 is expected to be in line with or exceed market expectation. The audited results will be released on 28 August 2009.

For further information regarding this announcement, please contact:

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