Sonic Healthcare Limited
ABN 24 004 196 909

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2011
Lodged with the ASX under Listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the year ended 30 June 2011

Financial Results
$'000

	2011 Constant Currency*	2011 Statutory	2010 Statutory	% Change 2011 Constant Currency v 2010 Statutory	% Change 2011 Statutory v 2010 Statutory
Revenue from ordinary activities	**3,287,323**	**3,096,379**	2,994,633	**9.8%**	**3.4%**
Earnings before interest, tax, depreciation and intangibles amortisation (**EBITDA**)	**605,219**	**570,095**	543,857	11.3%	
Depreciation and lease amortisation	**(101,569)**	**(97,227)**	(93,089)	9.1%	
Earnings before interest, tax and intangibles amortisation (**EBITA**)	**503,650**	**472,868**	450,768	11.7%	
Amortisation of intangibles	**(18,713)**	**(17,691)**	(15,357)	21.9%	
Net interest expense	**(73,704)**	**(64,774)**	(48,805)	51.0%	
Income tax attributable to Operating Profit	**(100,217)**	**(95,914)**	(92,822)	8.0%	
Net loss/(profit) attributable to Minority Interests	**49**	**46**	(559)		
Net Profit attributable to shareholders of Sonic Healthcare Limited	**311,065**	**294,535**	293,225	**6.1%**	**0.4%**
Cash generated from operations		**409,019**	429,497		

Dividends

Cents per share	2011	2010
Final dividend	**35¢**	35¢
Final dividend franked amount per security	**9.8¢**	12.25¢
Interim dividend	**24¢**	24¢
Interim dividend franked amount per security	**6.72¢**	8.4¢

The record date for determining entitlements to the final dividend will be 7 September 2011. The final dividend will be paid on 21 September 2011. The Company's Dividend Reinvestment Plan (DRP) remains suspended for this dividend and until further notice. The 2011 final dividend includes no conduit foreign income.

Earnings per share
Cents per share

	2011 Constant Currency*	2011 Statutory	2010 Statutory	% Change 2011 Constant Currency v 2010 Statutory	% Change 2011 Statutory v 2010 Statutory
Basic earnings per share	**80.1¢**	**75.8¢**	75.5¢	6.1%	0.4%
Diluted earnings per share	**79.7¢**	**75.5¢**	75.0¢	6.3%	0.7%

***** 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 2011

1. Highlights

- Net profit growth in line with guidance given in February 2011.
- Strong second half performance in Australian pathology with the return of volume growth, market share gains and margin improvement.
- Revenue growth, synergies and operational improvements driving margin expansion in all major markets.
- Five synergistic pathology acquisitions completed; and funding available for future acquisitions.
- Positive outlook with EBITDA expected to grow by 10-15% in 2012, excluding additional acquisitions (assuming 2011 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 2011 for the Australian dollar ("A$", "AUD" or "$") versus the currencies of Sonic's offshore earnings (USD, Euro, GBP, CHF and NZD) were significantly higher than in the comparative period, reducing Sonic's AUD reported earnings ("Statutory" earnings).

The underlying earnings in foreign currency are not affected, and as Sonic does not physically convert these earnings to AUD, there is no real economic effect of the currency rate volatility.

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) to give a true reflection of the Group's performance.

To manage currency translation risk Sonic uses "natural" hedging, under which foreign currency assets (businesses) are matched 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 become less effective, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

(b) Revenue

Total revenue growth for the year was 9.8% at constant currency exchange rates (i.e. applying the average rates for the 2010 year to the current year results).

Revenue breakdown
AUD M

	2011 Statutory Revenue	% of 2011 Statutory Revenue	2011 Constant Currency Revenue	2010 Revenue	Growth 2011 Constant Currency v 2010
Pathology – Australia	923	30%	923	901	2.4%
Pathology – USA	721	23%	809	692	16.9%
Pathology – Europe	798	26%	896	776	15.5%
Pathology – NZ	65	2%	68	73	(6.8)%
Radiology	362	12%	363	357	1.7%
Medical centres	221	7%	221	182	21.4%
Revenue excluding interest income	3,090	100%	3,280	2,981	10.0%
Interest income	6		7	14	
Total revenue	3,096		3,287	2,995	9.8%

COMMENTARY ON RESULTS
For the year ended 30 June 2011

2. Explanation of results (continued)

(b) Revenue (continued)

Australian pathology revenue grew by 2.4%, impacted by Government cuts to Medicare fees and unusually low industry volume growth in the September 2010 quarter. Revenue grew by 6.2% in the second half (versus second half of 2010). Sonic's organic volume growth was 5.4% for the year, versus market growth (per Medicare data) of 4.8%, evidencing market share gains.

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

- Piedmont Medical Laboratory, Virginia, USA (31 July 2009)
- East Side Clinical Laboratory, Rhode Island, USA (30 November 2009)
- Labor Lademannbogen, Hamburg, Germany (4 January 2010)
- Medhold Group, Belgium (12 February 2010)
- 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)

New Zealand pathology revenue declined as a result of Sonic's Auckland community laboratory contract finishing on 6 September 2009. The new Auckland contract awarded to Sonic in October 2009 is for ~10% of the previous volume.

Radiology revenue growth was 1.7%. Sonic remains the second largest participant in the Australian radiology market.

Sonic's medical centre business, Independent Practitioner Network ("IPN"), achieved revenue growth of 21.4% through a combination of strong organic growth in existing medical centres and greenfield sites (backed by successful doctor recruitment strategies), and acquisitions of additional centres. IPN's occupational health business performed very strongly during the year as it services the resources sector.

Revenue was impacted by currency exchange rate movements, which decreased reported (Statutory) revenue by A$191M compared to the comparative period.

(c) EBITDA

EBITDA grew 11.3% at constant currency exchange rates versus the comparative period.

EBITDA from Australian pathology declined versus the prior year as a result of the impact of Government fee cuts (effective 1 November 2009) and new collection centre regulations. The new collection centre regulations have led to a blowout in the number of collection centres in the market of over 50%. Sonic has managed to continue to grow market share while opening relatively fewer new centres than its main competitors. Sonic's patient volume growth for the year (at 5.4%) was above market growth but lower than Sonic's long term trend due to the weak September 2010 quarter. Sonic's Australian pathology operations performed strongly in the second half of the year, with EBITDA margin increasing by 190 basis points ("bps") versus the second half of 2010.

EBITDA margin expansion of 60 bps was achieved in the USA, and 120 bps in Germany, where synergy capture from acquisitions in the last few years continues. This excludes margin dilution from the acquisitions of businesses during the current and prior year which have lower margins than the average of Sonic's existing operations in those markets.

Sonic's Radiology division's EBITDA margin grew by 100 bps as the result of ongoing focus on cost control, efficiency gains and Sonic group synergies.

IPN's margins grew by 190 bps as a result of strong revenue growth.

EBITDA was impacted by the expensing of acquisition related costs, totalling A$3M in the year (2010: A$3M). There was also a one off cost in the year of A$1.6M relating to a claim associated with an acquisition made by IPN prior to Sonic taking control.

COMMENTARY ON RESULTS
For the year ended 30 June 2011

2. Explanation of results (continued)

(d) Depreciation and lease amortisation

Depreciation and leased asset amortisation has increased 9.1% on the comparative period (at constant currency rates) as a result of business acquisitions and growth. As a percentage of revenue, depreciation and amortisation at 3.1% is consistent with the comparative period.

(e) Intangibles amortisation

Intangibles amortisation mainly relates to internally developed software.

(f) Interest expense and debt facilities

Net interest expense has increased 51% (A$25M) on the comparative period (at constant currency rates) due to increased net debt relating to acquisitions completed since July 2009 (~A$12M of additional interest), and higher rates as debt facilities are refinanced at current market margins (~A$13M effect in the period), including the issue of additional notes to investors in the United States private placement ("USPP") market in January 2011, raising US$250M of 10 year debt at a fixed coupon of 5.1%.

All of Sonic's bank and USPP 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.

Sonic's net interest bearing debt at 30 June 2011 comprised:

	Facility Limit M	Drawn M	AUD $M Available
Notes held by USA investors – USD	US$500	US$500	-
Bank debt facilities			
- USD limits	US$518	US$443	70
- Euro limits	€679	€584	129
- AUD (Multicurrency) limits	A$209	A$27+	182
Minor debt/leasing facilities	n/a	A$14*	-
Cash	n/a	A$(175)*	175
Available funds at 30 June 2011			556

+ Drawn as GBP15M and NZD7M
* Various currencies, majority of cash is AUD

After allowing for cash generation, equity from options exercised, acquisitions completed since 30 June 2011, and payment of Sonic's 2011 final dividend, available funding/headroom is expected to be ~A$370M. In addition, Sonic is currently well advanced in establishing an additional A$250M bank debt facility with a syndicate of its existing lenders to further increase headroom.

Sonic's credit metrics at 30 June 2011 were as follows:

	30.6.11	31.12.10	30.6.10
Gearing ratio	37.9%	37.1%	37.0%
Interest cover (times)	7.4	8.0	9.4
Debt cover (times)	2.8	2.6	2.6

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

COMMENTARY ON RESULTS
For the year ended 30 June 2011

2. Explanation of results (continued)

(f) Interest expense and debt facilities (continued)

Sonic's senior debt facility limits expire as follows:

	AUD M	USD M	Euro M
2012 (September and October)	15	310	215
2014	15	208	88
2015	179	-	186
2016	-	-	190
2017	-	95	-
2020	-	155	-
2021	-	250	-
	209	1,018	679

Sonic's excellent relationships with its banks, its investment grade credit metrics, and its strong and reliable cash flows significantly reduce refinancing risk.

(g) Tax expense

The effective tax rate of 25% is in line with previous guidance, and is higher than in the comparative period (24%), reflecting Sonic's growth in higher tax rate jurisdictions (USA and Belgium).

(h) Cashflow from operations

Cash generated from operations was in line with cash profit (net profit plus depreciation, intangibles amortisation, equity instrument expense and outside equity interests), but lower than in the comparative period due to a short term increase in trade debtors at year end. The temporary increase in debtors was due to:

- systems issues encountered during the internal restructure of IPN's occupational health business
- billing registration issues following the change of ownership of Sonic's newly acquired Californian business
- delayed receipt of payments from German state funding bodies.

3. Guidance for 2012

Sonic expects to grow EBITDA by 10-15% over the 2011 level of A$570M, on a constant currency basis (applying 2011 average currency exchange rates to 2012).

Net interest expense is expected to increase by approximately 30% over the 2011 level of A$65M on a constant currency basis. About half of this increase relates to funding for acquisitions completed from July 2010 to date and the balance to higher margins following refinancing of debt facilities in 2011. Underlying floating interest rates are assumed to remain constant.

The effective tax rate is expected to rise to approximately 26% reflecting Sonic's expansion in countries with higher tax rates.

This guidance excludes the impact of future business acquisitions.

FULL YEAR REPORT
For the year ended 30 June 2011

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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 2010 Annual Report, the 2010 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 2011

	Notes	2011 $'000	2010 $'000
Revenue from operations		**3,082,883**	2,972,613
Other income		**13,496**	22,020
Total Revenue		**3,096,379**	2,994,633
Labour and related costs (including $3,927,000 (2010: $5,609,000) of non-cash equity remuneration expense)		**(1,389,869)**	(1,337,577)
Consumables used		**(512,518)**	(516,987)
Operating lease rental expense		**(155,716)**	(141,490)
Depreciation and amortisation of physical assets		**(97,227)**	(93,089)
Transportation		**(87,560)**	(86,439)
Utilities		**(73,990)**	(67,708)
Borrowing costs expense		**(71,074)**	(62,787)
Repairs and maintenance		**(68,365)**	(68,252)
Amortisation of intangibles		**(17,691)**	(15,357)
Other expenses from ordinary activities (including $2,974,000 (2010: $3,033,000) of acquisition costs)		**(231,966)**	(218,341)
Profit from ordinary activities before income tax expense		**390,403**	386,606
Income tax expense		**(95,914)**	(92,822)
Profit from ordinary activities after income tax expense		**294,489**	293,784
Net loss/(profit) attributable to minority interests		**46**	(559)
Profit attributable to members of Sonic Healthcare Limited		**294,535**	293,225
Basic earnings per share (cents per share)	5	**75.8**	75.5
Diluted earnings per share (cents per share)	5	**75.5**	75.0

The above consolidated income statement should be read in conjunction with the accompanying notes, the 2010 Annual Report, the 2010 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 2011

	2011 $'000	2010 $'000
Profit from ordinary activities after income tax expense	**294,489**	293,784
Other comprehensive income		
Exchange differences on translation of foreign operations	**(121,688)**	(75,734)
Cash flow hedges	**10,924**	2,181
Actuarial gains/(losses) on retirement benefit obligations	**1,319**	(917)
Revaluation reserve reduction	**-**	(603)
Other comprehensive income for the period, net of tax	**(109,445)**	(75,073)
Total comprehensive income for the period	**185,044**	218,711
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	**185,216**	218,107
Minority interests	**(172)**	604
	185,044	218,711

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes, the 2010 Annual Report, the 2010 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 2011

	Notes	2011 $'000	2010 $'000
Current assets			
Cash assets and cash equivalents		**174,687**	300,354
Receivables		**402,876**	406,988
Inventories		**53,357**	53,993
Assets classified as held for sale		**9,189**	9,688
Other		**27,806**	27,571
Total current assets		**667,915**	798,594
Non-current assets			
Receivables		**2,734**	3,222
Other financial assets (investments)		**46,396**	29,385
Property, plant and equipment		**552,046**	530,106
Intangible assets		**3,408,001**	3,466,457
Deferred tax assets		**35,357**	34,902
Other		**448**	1,059
Total non-current assets		**4,044,982**	4,065,131
Total assets		**4,712,897**	4,863,725
Current liabilities			
Payables		**233,675**	237,619
Interest bearing liabilities		**3,864**	448,827
Current tax liabilities		**27,941**	26,293
Provisions		**117,742**	124,236
Other financial liabilities (interest rate hedging)		**14,359**	34,746
Other		**3,637**	12,051
Total current liabilities		**401,218**	883,772
Non-current liabilities			
Interest bearing liabilities		**1,706,449**	1,352,618
Deferred tax liabilities		**45,230**	23,537
Provisions		**37,664**	40,430
Other		**5,901**	4,627
Total non-current liabilities		**1,795,244**	1,421,212
Total liabilities		**2,196,462**	2,304,984
Net assets		**2,516,435**	2,558,741
Equity			
Parent entity interest			
Contributed equity	6	**2,345,584**	2,345,145
Reserves	8	**(187,356)**	(78,357)
Accumulated profits	9	**356,160**	289,480
Total parent entity interest		**2,514,388**	2,556,268
Minority interests		**2,047**	2,473
Total equity		**2,516,435**	2,558,741

The above consolidated balance sheet should be read in conjunction with the accompanying notes, the 2010 Annual Report, the 2010 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 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**3,156,904**	3,045,853
Payments to suppliers and employees (inclusive of goods and services tax)	**(2,606,117)**	(2,523,465)
	550,787	522,388
Interest received	**6,300**	13,982
Borrowing costs	**(72,130)**	(51,435)
Income taxes paid	**(75,938)**	(55,438)
Net cash inflow from operating activities	**409,019**	429,497
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	**(279,979)**	(429,559)
Payments for property, plant and equipment	**(135,767)**	(139,313)
Proceeds from sale of non current assets	**2,810**	5,105
Payments for investments	**(22,847)**	(1,860)
Payments from restructuring and surplus leased space provisions	**-**	(9,835)
Payments for intangibles	**(34,981)**	(36,042)
Repayment of loans by other entities	**4,769**	6,394
Loans to other entities	**(2,908)**	(4,444)
Net cash (outflow) from investing activities	**(468,903)**	(609,554)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	**1,649**	31,557
Payments for shares acquired by the Sonic Healthcare Employee Share Trust	**(3,498)**	-
Proceeds from borrowings	**568,401**	927,738
Repayment of borrowings	**(401,779)**	(799,608)
Dividends paid to company's shareholders	**(229,174)**	(229,174)
Dividends paid to minority interests in controlled entities	**(249)**	(239)
Net cash (outflow) from financing activities	**(64,650)**	(69,726)
Net (decrease) in cash and cash equivalents	**(124,534)**	(249,783)
Cash and cash equivalents at the beginning of the financial year	**300,354**	557,932
Effects of exchange rate changes on cash and cash equivalents	**(1,133)**	(7,795)
Cash and cash equivalents at the end of the financial year	**174,687**	300,354

The above consolidated cash flow statement should be read in conjunction with the accompanying notes, the 2010 Annual Report, the 2010 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 2011

	Share capital $'000	Reserves $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total $'000
Balance at 1 July 2010	2,345,145	(78,357)	289,480	2,556,268	2,473	2,558,741
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
Transactions with owners in their capacity as owners:						
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)
Balance at 30 June 2011	2,345,584	(187,356)	356,160	2,514,388	2,047	2,516,435
Balance at 1 July 2009	2,299,256	4,557	226,346	2,530,159	1,924	2,532,083
Profit for period	-	-	293,225	293,225	559	293,784
Other comprehensive income for the period	-	(74,201)	(917)	(75,118)	45	(75,073)
Total comprehensive income for the period	-	(74,201)	292,308	218,107	604	218,711
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(229,174)	(229,174)	-	(229,174)
Shares issued	40,445	(8,857)	-	31,588	-	31,588
Transaction costs on shares issued, net of tax	(21)	-	-	(21)	-	(21)
Transfers to share capital	5,465	(5,465)	-	-	-	-
Share based payments	-	5,609	-	5,609	-	5,609
Minority interests on acquisition of subsidiary	-	-	-	-	189	189
Dividends paid to minority interests in controlled entities	-	-	-	-	(244)	(244)
Balance at 30 June 2010	2,345,145	(78,357)	289,480	2,556,268	2,473	2,558,741

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes, the 2010 Annual Report, the 2010 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 2011

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 2010, the 2010 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

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.

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

Year ended 30 June 2010	**Pathology $'000**	**Radiology $'000**	**Other $'000**	**Eliminations $'000**	**Consolidated $'000**
Total segment revenue	2,444,868	357,119	184,106	(5,442)	2,980,651
Interest income					13,982
Total revenue					**2,994,633**
Segment result EBITA	428,069	33,770	(11,071)	-	450,768
Amortisation expense					(15,357)
Unallocated net interest expense					(48,805)
Profit before tax					**386,606**
Income tax expense					(92,822)
Profit after income tax expense					**293,784**
Depreciation expense	51,405	30,965	10,719	-	93,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

Note 3 Business combinations

Acquisition of subsidiaries / business assets

Acquisitions in the period include:
- On 1 December 2010, Sonic acquired 100% of CBLPath, based in New York, USA.
- On 31 December 2010, Sonic acquired 100% of the Physicians' Automated Laboratory, based in California, USA.
- On 6 January 2011, Sonic acquired 100% of KBL-BML-Unilabo Laboratory, based in Antwerp, Belgium.
- On 13 January 2011, Sonic acquired 100% of the Woestyn Laboratory, based in Mouscron, Belgium.
- On 4 February 2011, Sonic acquired 100% of Central Coast Pathology Consultants, based in California, USA.
- IPN, a member of the Group, acquired a number of medical centre businesses during the period.

The acquisitions outlined above represent valuable synergistic acquisitions for Sonic, adding further momentum to Sonic's growth in these regions. 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 integrated with other entities in the group. The initial accounting for 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. Therefore no comparisons of book and fair values are shown.

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

	Total $'000
Consideration - cash paid	**275,980**
Less: Cash of entities acquired	**(10,672)**
	265,308
Deferred consideration	**6,984**
Total consideration	**272,292**
Carrying/fair value of identifiable net assets acquired:	
Debtors & other receivables	**13,117**
Prepayments	**1,728**
Inventory	**1,955**
Income tax receivable	**3,142**
Deferred tax assets	**1,616**
Property, plant & equipment	**11,760**
Other non-current receivables	**29**
Identifiable intangibles	**1,026**
Trade payables	**(5,527)**
Sundry creditors and accruals	**(4,550)**
Deferred tax liabilities	**(512)**
Borrowings	**(808)**
Lease liabilities	**(1,401)**
Provisions	**(1,961)**
	19,614
Goodwill	**252,678**

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. $50,413,000 of the purchased goodwill recognised is expected to be deductible for income tax purposes, over a fifteen year period.

Acquisition related costs of $2,974,000 are included in other expenses in the Statement of Comprehensive Income. The fair value of acquired debtors and other receivables is $13,117,000. The gross contractual amount due is $17,214,000, of which $4,097,000 is expected to be uncollectable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

Note 4 Dividends

	2011 $'000	2010 $'000
Total dividends paid on ordinary shares during the year		
Final dividend for the year ended 30 June 2010 of 35 cents (2009: 35 cents) per share paid on 28 September 2010 (2009: 28 September 2009), franked to 35% (2009: 35%)	**135,950**	135,950
Interim dividend for the year ended 30 June 2011 of 24 cents (2010: 24 cents) per share paid on 24 March 2011 (2010: 25 March 2010), franked to 28% (2010: 35%)	**93,224**	93,224
	229,174	229,174

Dividends not recognised at the end of the year

On 22 August 2011 the directors declared a final dividend of 35 cents per share (2010: 35 cents) franked to 28% (2010: 35%), payable on 21 September 2011 with a record date of 7 September 2011. Based on the number of shares on issue at 22 August 2011, 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:	**136,489**	135,950
Australian franking credits available at the year end for subsequent financial years based on a tax rate of 30%	**12,245**	10,796

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 $16,379,000 (2010: $20,392,000), based on the number of shares on issue at 22 August 2011. Franking credits arising from Australian tax paid after year end will maintain the franking account in surplus after payment of the 2011 final dividend.

As a result of the Company's international expansion future dividends will not be fully franked. It is expected that the 2012 interim dividend will be franked to at least 28%.

Dividend Reinvestment Plan (DRP)

The company's DRP remains suspended for the 2011 final dividend and until further notice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

	2011 Cents	2010 Cents
Note 5 Earnings per share		
Basic earnings per share	**75.8**	75.5
Diluted earnings per share	**75.5**	75.0

	2011 Shares	2010 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	**388,429,875**	388,140,826
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**390,196,374**	390,882,177

Note 6 Contributed equity

	2011 Shares	2010 Shares	2011 $'000	2010 $'000
Share capital				
Ordinary shares	**388,429,875**	388,429,875	**2,345,584**	2,345,145

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1/7/10	Opening balance	388,429,875		2,345,145
Various	Transfers from equity remuneration reserve	-		1,340
Various	Adjustment to tax benefits associated with costs of past share issues	-		(901)
30/6/11	Closing balance	388,429,875		2,345,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

Note 7 **Unlisted share options**

Exercise Price	Expiry Date	Options at 30.6.10	Options Exercised	Options Granted	Options Expired	Options at 30.6.11
$7.50	22/08/2010	340,000	(340,000)	-	-	**-**
$12.69	24/05/2011	20,000	-	-	(20,000)	**-**
$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**
$13.10	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	200,000	-	-	-	**200,000**
$7.50	24/08/2012	1,540,000	-	-	-	**1,540,000**
$14.16	03/08/2012	1,000,000	-	-	-	**1,000,000**
$13.30	25/05/2013	500,000	-	-	-	**500,000**
$13.65	31/05/2013	110,000	-	-	-	**110,000**
$7.50	22/08/2013	1,540,000	-	-	-	**1,540,000**
$12.98	22/11/2013	2,625,000	-	-	-	**2,625,000**
$11.10	27/01/2014	1,500,000	-	-	-	**1,500,000**
$10.57	10/04/2015	1,000,000	-	-	-	**1,000,000**
$11.13	03/01/2016	-	-	700,000	-	**700,000**
		15,940,000	(340,000)	700,000	(20,000)	**16,280,000**

* 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

On 22 August 2011, 1,540,000 options with an exercise price of $7.50 were exercised, resulting in the issue of 1,540,000 new shares and an increase in cash at bank of $11,550,000. In addition 1,556,625 of the 2,625,000 options with an exercise price of $12.98 were forfeited as the applicable performance conditions for these options to vest were not satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

Note 8 Reserves

	2011 $'000	2010 $'000
Foreign currency translation reserve	**(218,510)**	(96,948)
Hedge accounting reserve	**(7,190)**	(18,114)
Equity remuneration reserve	**18,645**	17,006
Share option reserve	**16,427**	16,427
Revaluation reserve	**3,272**	3,272
	(187,356)	(78,357)

Movements

	2011 $'000	2010 $'000
Foreign currency translation reserve		
Balance 1 July	**(96,948)**	(21,169)
Net exchange movement on translation of foreign subsidiaries	**(121,562)**	(75,779)
Balance	**(218,510)**	(96,948)
Hedging reserve		
Balance 1 July	**(18,114)**	(20,295)
Revaluation (net of deferred tax)	**899**	(13,338)
Transfer to net profit (net of deferred tax)	**10,025**	15,519
Balance	**(7,190)**	(18,114)
Equity remuneration reserve		
Balance 1 July	**17,006**	25,719
Share based payments	**3,927**	5,609
Employee share scheme issue	**(948)**	(8,857)
Transfer to share capital (options exercised)	**(1,340)**	(5,465)
Balance	**18,645**	17,006
Share option reserve		
Balance 1 July	**16,427**	16,427
Movement	**-**	-
Balance	**16,427**	16,427
Revaluation reserve		
Balance 1 July	**3,272**	3,875
Recognition of deferred tax	**-**	(603)
Balance	**3,272**	3,272

Note 9 Retained earnings

	2011 $'000	2010 $'000
Retained earnings at the beginning of the financial year	**289,480**	226,346
Net profit attributable to members of Sonic Healthcare Limited	**294,535**	293,225
Dividends provided for or paid	**(229,174)**	(229,174)
Actuarial gains/(losses) on retirement benefit obligations (net of tax)	**1,319**	(917)
Retained earnings at the end of the financial year	**356,160**	289,480

Note 10 Net tangible asset backing

	2011	2010
Net tangible asset backing per ordinary security	**($2.30)**	($2.34)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2011

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 $1,668,000 (2010: $3,021,000) was acquired by means of finance leases and hire purchase agreements.
- 700,000 (2010: 1,000,000) options over unissued Sonic shares were issued in relation to incentive arrangements.

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 2011

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: ……………………………………………. Date: 22 August 2011
(Company Secretary)

Print name: PAUL ALEXANDER