

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

ASX HALF YEAR INFORMATION – 31 December 2006  
Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 2006 Annual Report.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**For the six months ended 31 December 2006**

**Financial Results**

Revenue from ordinary activities	Up 11.7% to \$881,297,000
Earnings before interest, tax and amortisation (EBITA)	Up 8.9% to \$160,191,000
Profit from ordinary activities after tax attributable to members	Up 12.4% to \$93,528,000
Net Profit for the period attributable to members	Up 12.4% to \$93,528,000

**Dividends**

	<u>Amount per security</u>	<u>Franked amount per security</u>
Interim dividend	17¢	17¢
Previous corresponding period	15¢	15¢

The record date for determining entitlements to the interim dividend will be 14 March 2007. The interim dividend will be paid on 28 March 2007. The company's Dividend Reinvestment Plan remains suspended for this dividend and until further notice.

**Earnings per Share**

	<u>Six months ended 31.12.06</u>	<u>Six months ended 31.12.05</u>
Basic earnings per share	31.7¢	29.6¢
Diluted earnings per share	31.2¢	29.0¢

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

## HALF YEAR REPORT

<b>CONTENTS</b>	<b>PAGE</b>
<b>Directors' report</b>	<b>2</b>
<b>Auditor's independence declaration</b>	<b>6</b>
<b>Consolidated income statement</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Consolidated cash flow statement</b>	<b>9</b>
<b>Consolidated statement of changes in equity</b>	<b>10</b>
<b>Notes to the consolidated financial statements</b>	<b>11</b>
<b>Directors' declaration</b>	<b>15</b>
<b>Independent auditor's review report to the members</b>	<b>16</b>

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 2006 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 consolidated entity consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2006.

### 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

	Reference	Six months ended 31.12.06 \$'000	Six months ended 31.12.05 \$'000	Movement %
<b>Total Revenue</b>	(a)	<b>881,297</b>	788,715	11.7%
Earnings before Interest, Tax, Depreciation and Amortisation ( <b>EBITDA</b> )	(b)	<b>190,280</b>	172,131	10.5%
Depreciation and Lease Amortisation	(c)	<b>(30,089)</b>	(25,007)	20.3%
Earnings before Interest, Tax and Intangibles Amortisation ( <b>EBITA</b> )	(b)	<b>160,191</b>	147,124	8.9%
Amortisation of Intangibles	(d)	<b>(1,217)</b>	(1,302)	(6.5)%
Net Interest Expense	(e)	<b>(21,998)</b>	(19,950)	10.3%
Income Tax attributable to Operating Profit	(f)	<b>(35,927)</b>	(36,695)	(2.1)%
Net Profit attributable to Outside Equity Interests	(g)	<b>(7,521)</b>	(5,982)	25.7%
<b>Net Profit attributable to shareholders of Sonic Healthcare Limited</b>		<b>93,528</b>	83,195	12.4%
Cash generated from operations	(h)	<b>138,118</b>	120,086	15.0%
EPS (diluted earnings per share) (cents)	(i)	<b>31.2</b>	29.0	7.6%

## Directors' Report (cont)

### (a) Revenue growth

Revenue growth for the period for Sonic's Australian pathology operations was strong at 7.4%. Revenue growth was augmented by a full 6 months contribution from the acquisition of Clinical Pathology Laboratories, Inc. ("CPL", acquired on 1 October 2005) and other small acquisitions. Partially offsetting this was a reduction of revenue in New Zealand associated with the formation of a joint venture (Aotea Pathology) to service the Wellington region. Sonic's Valley Diagnostic practice ("VDL") was contributed into the JV, which Sonic does not consolidate. Sonic's revenue from the JV is therefore equal to its share of the JV's net profit. Radiology revenue growth has been impacted by the disposal of Sonic's Hong Kong radiology business during the period. Revenue growth has also been affected by one less working day in the current period versus the comparative period.

	Six months ended 31.12.06	Six months ended 31.12.05	Movement
<b>(b) Margin analysis</b>			
EBITDA as a % of Revenue	<b>21.6%</b>	21.8%	(20) bps*
EBITA as a % of Revenue	<b>18.2%</b>	18.7%	(50) bps*

\*bps = basis points of margin

Operating margins have been diluted by a full six months of CPL (which has lower margins than the average of Sonic's other businesses) and by cost pressures within Sonic's radiology businesses. Pathology margins excluding the CPL effect have improved by more than 50 bps on the comparative period.

### (c) Depreciation

Depreciation and leased asset amortisation has increased 20.3% against the comparative period due to a full six months impact from the acquisition of CPL, and the timing of capital expenditure. As a percentage of total revenue, depreciation and leased asset amortisation has increased only marginally from 3.2% in the comparative period and 3.3% for the year to June 2006, to 3.4% in the current period.

### (d) Intangibles amortisation

Intangibles amortisation mainly relates to internally developed software.

### (e) Interest expense

Net interest expense has increased 10.3% on the comparative period due to a full six months impact from the debt associated with the CPL acquisition. Appropriate interest rate hedging arrangements are in place.

### (f) Tax rate

The effective tax rate of 26.2% is lower than the comparative period (29.2%) as a result of certain one off tax deductions, including a "catch up" deduction for a transaction relating to the prior year.

### (g) Outside equity interests

The outside equity interest figure includes minority interests in CPL, the Schottdorf Group and IPN, in addition to minority interests in other (small) entities in the group. The comparative period figure includes only three months of CPL.

## Directors' Report (cont)

### (h) Cashflow from operations

Cash generated from operations increased 15% compared to the comparative period, slightly higher than cash profit (net profit plus depreciation, intangibles amortisation, equity instrument expense and outside equity interests), but in line with growth in cash profit.

### (i) Earnings per share

Diluted earnings per share ("EPS") increased 7.6% due to earnings growth and the positive effect of CPL and other synergistic acquisitions. EPS growth for the period was effected by the equity raisings conducted in late October 2005 which set the company's balance sheet for further acquisitional growth, such as the American Esoteric Laboratories, Inc ("AEL") acquisition in January 2007.

### (j) Auckland pathology contract

As advised in Sonic's announcement dated 14 July 2006, and discussed in later announcements/presentations, Sonic lost its bid to continue as the provider of community pathology services in the Auckland region of New Zealand. Sonic's current contract for these services expires on 30 June 2007. A judicial review instigated by Sonic into the probity and appropriateness of this decision process is currently under way in Auckland, with a decision expected in coming weeks. Should Sonic be unsuccessful in its strategies to overturn the decision, the financial impacts of the contract loss will depend on the outcome of the subsequent restructuring of Sonic's New Zealand operations. Sonic does not believe a writedown of goodwill would be required, however there is a possibility that at least a partial writedown of the carrying value of certain intangible assets may be required. The current carrying value of these assets is ~\$20M. Such a writedown would of course be a non cash item, and would not affect Sonic's future dividend payments. Sonic's Diagnostic Medlab ("DML") operation, whose major source of revenue is this contract, represents less than 4% of Sonic's total revenue and EBITA.

## 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than as follows:

On 8 January 2007 Sonic completed the acquisition of 100% of American Esoteric Laboratories, Inc. ("AEL") for a purchase price of ~US\$180M (refer to Sonic's announcements to the market dated 15 December 2006 and 9 January 2007).

On 22 January 2007 Sonic acquired all (~18%) the shares not already held by it in its US subsidiary, CPL (refer to Sonic's announcements to the market dated 23 January 2007 and 30 January 2007). The purchase price of ~US\$82.7M comprised ~US\$41.6M in cash, plus 4,171,732 Sonic ordinary shares. All shares issued as consideration are subject to a 12 month escrow and are not entitled to participate in Sonic's 2007 interim dividend.

On 26 February 2007 Sonic's directors declared a dividend of 17 cents per ordinary share fully franked (at 30%) payable on 28 March 2007 with a record date of 14 March 2007. The interim dividend represents a 13% 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

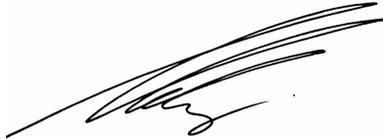
The company is a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand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

**Directors' Report (cont)**

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

A handwritten signature in black ink, appearing to be 'C.S. Goldschmidt', written in a cursive style.

Dr C.S. Goldschmidt  
Director

A handwritten signature in black ink, appearing to be 'C.D. Wilks', written in a cursive style.

C.D. Wilks  
Director

Sydney  
26 February 2007

## Auditor's Independence Declaration

As lead auditor for the review of Sonic Healthcare Limited for the half year ended 31 December 2006, 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.



Brian Hunter  
Partner  
PricewaterhouseCoopers

Sydney  
26 February 2007

**CONSOLIDATED INCOME STATEMENT**  
For the half year ended 31 December 2006

	Notes	Six months ended 31.12.06 \$'000	Six months ended 31.12.05 \$'000
Revenue from operations		877,108	782,782
Other income		4,189	5,933
<b>Total</b>		<b>881,297</b>	<b>788,715</b>
Labour and related costs		(401,200)	(355,772)
Consumables used		(132,595)	(117,568)
Operating lease rental expense		(45,438)	(37,571)
Depreciation and amortisation of physical assets		(30,089)	(25,007)
Transportation		(24,434)	(21,194)
Borrowing costs expense		(23,544)	(21,105)
Repairs and maintenance		(19,992)	(19,064)
Utilities		(19,974)	(18,834)
Amortisation of intangibles		(1,217)	(1,302)
Other expenses from ordinary activities		(45,838)	(45,426)
<b>Profit before income tax expense</b>		<b>136,976</b>	<b>125,872</b>
Income tax expense		(35,927)	(36,695)
<b>Profit after income tax expense</b>		<b>101,049</b>	<b>89,177</b>
Net profit attributable to outside equity interests		(7,521)	(5,982)
<b>Profit attributable to members of Sonic Healthcare Limited</b>		<b>93,528</b>	<b>83,195</b>
<b>Basic earnings per share (cents per share)</b>	4	<b>31.7</b>	29.6
<b>Diluted earnings per share (cents per share)</b>	4	<b>31.2</b>	29.0

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2006**

	Notes	31.12.06 \$'000	30.6.06 \$'000
<b>Current assets</b>			
Cash and cash equivalents		71,717	68,156
Other financial assets		2,467	3,357
Receivables		189,525	188,386
Inventories		29,771	26,926
Other		14,812	16,174
Total current assets		<u>308,292</u>	<u>302,999</u>
<b>Non-current assets</b>			
Receivables		5,048	4,452
Other financial assets		8,568	8,068
Property, plant and equipment		326,020	306,800
Intangible assets		1,719,368	1,690,239
Deferred tax assets		27,499	31,611
Other		1,604	1,051
Total non-current assets		<u>2,088,107</u>	<u>2,042,221</u>
<b>Total assets</b>		<u>2,396,399</u>	<u>2,345,220</u>
<b>Current liabilities</b>			
Payables		129,732	122,319
Interest bearing liabilities		25,869	28,403
Other financial liabilities		244	-
Current tax liabilities		4,140	3,338
Provisions		73,016	70,545
Other		9,421	6,873
Total current liabilities		<u>242,422</u>	<u>231,478</u>
<b>Non-current liabilities</b>			
Interest bearing liabilities		786,392	782,253
Deferred tax liabilities		6,248	7,052
Provisions		16,699	18,592
Other		3,428	3,500
Total non-current liabilities		<u>812,767</u>	<u>811,397</u>
<b>Total liabilities</b>		<u>1,055,189</u>	<u>1,042,875</u>
<b>Net assets</b>		<u>1,341,210</u>	<u>1,302,345</u>
<b>Equity</b>			
Parent entity interest			
Contributed equity	6	1,183,036	1,181,978
Reserves	8	20,717	9,542
Accumulated profits		109,946	93,202
Total parent entity interest		<u>1,313,699</u>	<u>1,284,722</u>
Outside equity interests in controlled entities		27,511	17,623
<b>Total equity</b>		<u>1,341,210</u>	<u>1,302,345</u>

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the half year ended 31 December 2006**

	<b>Six months ended 31.12.06 \$'000</b>	<b>Six months ended 31.12.05 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	916,545	822,582
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(722,319)</b>	(646,000)
	<b>194,226</b>	176,582
Interest received	1,546	1,201
Borrowing costs	<b>(23,923)</b>	(24,300)
Income taxes paid	<b>(33,731)</b>	(33,397)
<b>Net cash inflow from operating activities</b>	<b>138,118</b>	120,086
<b>Cash flows from investing activities</b>		
Payment for purchase of controlled entities, net of cash acquired	<b>(24,600)</b>	(375,863)
Payments for property, plant and equipment and other assets	<b>(57,822)</b>	(43,974)
Proceeds from sale of non current assets	5,676	2,216
Payments for investments	<b>(3,993)</b>	(385)
Repayment of loans by other entities	1,782	945
Loans to other entities	<b>(1,242)</b>	(869)
<b>Net cash (outflow) from investing activities</b>	<b>(80,199)</b>	(417,930)
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	803	258,577
Proceeds from borrowings	65,813	513,009
Repayment of borrowings	<b>(41,401)</b>	(392,169)
Dividends paid to company shareholders	<b>(76,784)</b>	(63,367)
Dividends paid to minority interests in controlled entities	<b>(1,713)</b>	-
<b>Net cash inflow from financing activities</b>	<b>(53,282)</b>	316,050
<b>Net increase in cash and cash equivalents</b>	<b>4,637</b>	18,206
Cash and cash equivalents at the beginning of the financial period	<b>68,156</b>	31,914
Effects of exchange rate changes on cash and cash equivalents	<b>(1,076)</b>	653
<b>Cash and cash equivalents at the end of the financial period</b>	<b>71,717</b>	50,773

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the half year ended 31 December 2006**

	Six months ended 31.12.06 \$'000	Six months ended 31.12.05 \$'000
<b>Total equity at the beginning of the half year</b>	<b>1,302,345</b>	944,847
Adjustment on initial adoption of AASB 132 and AASB 139:		
Retained profits	-	(1,351)
Reserves	-	516
Exchange differences on translation of foreign operations	2,571	2,189
Cash flow hedges (net of tax)	(135)	142
<b>Net income recognised directly in equity</b>	<b>2,436</b>	1,496
<b>Profit for the half year</b>	<b>101,049</b>	89,177
<b>Total recognised income and expense for the half year</b>	<b>103,485</b>	90,673
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	664	259,512
Dividends paid	(76,784)	(63,367)
Share options	4,856	-
Minority interest on acquisition of subsidiary	-	9,729
Equity issued in subsidiaries to minorities	4,724	-
Distribution to minority interests in subsidiaries	(1,765)	(977)
Equity instrument expense	3,685	2,825
<b>Total equity at the end of half year</b>	<b>1,341,210</b>	1,243,242
Total recognised income and expense for the half year is attributable to:		
Members of Sonic Healthcare Limited	96,658	84,691
Minority interest	6,827	5,982
	<b>103,485</b>	90,673

*The above statement should be read in conjunction with the accompanying notes.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2006**

**Note 1 Summary of significant accounting policies**

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 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 2006, the 2006 Annual Financial Statements 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.

**Note 2 Segment information**

**Primary Reporting – Business Segments**

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

**Primary Reporting – Business Segments**

Half Year ended 31 December 2005	Pathology \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
<b>Total segment revenue</b>	579,957	158,194	51,227*	(1,818)	787,560
Interest income					1,155
<b>Total revenue</b>					<b>788,715</b>
<b>Segment result</b>	120,364	28,791	(3,333)	-	145,822
Unallocated net interest expense					(19,950)
<b>Profit before tax</b>					<b>125,872</b>
Income tax expense					(36,695)
<b>Profit after income tax expense</b>					<b>89,177</b>

\* The decline in Other revenue mainly relates to the disposal by IPN of its physiotherapy and Restart Consulting businesses in the 2006 financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2006**

	Six months ended 31.12.06 \$'000	Six months ended 31.12.05 \$'000
<b>Note 3            Dividends</b>		
<b>Dividends paid during the half year</b>	<b>76,784</b>	63,367

**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 17 cents (2005: 15 cents).

The dividend was declared on 26 February 2007 and is payable on 28 March 2007 with a record date of 14 March 2007.

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:

	<b>50,305</b>	44,249
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Australian franking credits available for subsequent financial periods based on a tax rate of 30%

	<b>77,252</b>	76,602
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The above balance of the franking account as at 31 December 2006 would enable Sonic to pay fully franked dividends of \$180,255,000 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 31.12.06 Cents	Six months ended 31.12.05 Cents
<b>Note 4            Earnings per share</b>		

Basic earnings per share	31.7	29.6
Diluted earnings per share	31.2	29.0

	Six months ended 31.12.06 Shares	Six months ended 31.12.05 Shares
<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

	<b>295,290,973</b>	281,400,943
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Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

	<b>299,619,221</b>	287,176,851
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**Note 5            Business combinations**

No material business or entity was acquired during the current period.

On 1 October 2005 in the comparative period Sonic acquired an 82% equity interest in Clinical Pathology Laboratories, Inc. ("CPL"), an entity incorporated in the United States of America.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2006**

**Note 6 Contributed equity**

	31.12.06 Shares	30.6.06 Shares	31.12.06 \$'000	30.6.06 \$'000
<b>Share capital</b>				
Fully paid ordinary shares	<u>295,345,095</u>	295,203,095	<u>1,183,036</u>	1,181,978

**Movements in ordinary share capital:**

Date	Details	Number of shares	Issue price	\$'000
1/7/06	Opening balance	295,203,095		1,181,978
22/8/06	Shares issued to executives under remuneration arrangements	30,750	-	-
Various	Shares issued following exercise of employee options	111,250	Various	664
Various	Transfers from equity remuneration reserve	-		<u>394</u>
31/12/06	Closing Balance	<u>295,345,095</u>		<u>1,183,036</u>

**Note 7 Unlisted share options**

Exercise Price	Expiry Date	Options at 30.6.06	Options Exercised	Options Forfeited	Options Granted	Options at 31.12.06
4.66	16/05/2007	575,625	(53,250)	-	-	522,375
6.01	07/02/2008	60,000	-	-	-	60,000
6.30	15/02/2008	435,000	(18,000)	(2,500)	-	414,500
7.57	19/12/2008	165,000	(40,000)	-	-	125,000
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	370,000	-	-	-	370,000
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
		<u>7,695,625</u>	<u>(111,250)</u>	<u>(2,500)</u>	4,780,000	<u>12,361,875</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2006**

<b>Note 8</b>	<b>Reserves</b>	<b>31.12.06</b>	<b>30.6.06</b>
		<b>\$'000</b>	<b>\$'000</b>
	Foreign currency translation reserve	<b>(3,944)</b>	(7,212)
	Hedge accounting reserve	<b>1,499</b>	1,634
	Equity remuneration reserve	<b>13,897</b>	10,710
	Share option reserve	<b>9,265</b>	4,410
		<b>20,717</b>	<b>9,542</b>

<b>Note 9</b>	<b>Net tangible asset backing</b>	<b>31.12.06</b>	<b>30.6.06</b>
		<b>\$</b>	<b>\$</b>
	Net tangible asset backing per ordinary security	<b>(1.28)</b>	(1.31)

**Note 10**      **Non cash financing and investing activities**

Plant and equipment with an aggregate fair value of \$219,000 (2005: \$1,107,000) was acquired by means of finance leases and is therefore not reflected in the Statement of Cash Flows.

**Note 11**      **Events occurring after the balance sheet date**

On 8 January 2007 Sonic completed the acquisition of 100% of American Esoteric Laboratories, Inc. ("AEL") for a purchase price of ~US\$180M (refer to Sonic's announcements to the market dated 15 December 2006 and 9 January 2007).

On 22 January 2007 Sonic acquired all (~18%) the shares not already held by it in its US subsidiary, CPL (refer to Sonic's announcements to the market dated 23 January 2007 and 30 January 2007). The purchase price of ~US\$82.7M comprised ~US\$41.6M in cash, plus 4,171,732 Sonic ordinary shares. All shares issued are subject to a 12 month escrow and are not entitled to participate in Sonic's 2007 interim dividend.

On 26 February 2007 Sonic's directors declared a dividend of 17 cents per ordinary share fully franked (at 30%) payable on 28 March 2007 with a record date of 14 March 2007. The interim dividend represents a 13% increase on the comparative period. The company's Dividend Reinvestment Plan ("DRP") remains suspended for this dividend and until further notice.

## Directors' declaration

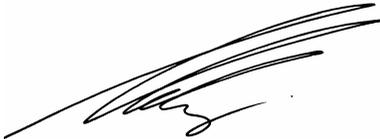
In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 14 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 2006 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  
26 February 2007

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

**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 2006, 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 designing, implementing 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 2006 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.

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*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 2006 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 2006 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



B K Hunter  
Partner

Sydney  
26 February 2007