Sonic Healthcare Limited
ABN 24 004 196 909

ASX HALF YEAR INFORMATION – 31 December 2003
Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 2003 Annual Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the six months ended 31 December 2003

Financial Results

Revenue from ordinary activities	Up 5.0% to $509,859,000
Earnings before interest, tax and amortisation (EBITA)	Up 13.6% to $93,545,000
Core (pre intangibles amortisation) profit from ordinary activities after tax attributable to members	Up 14.1% to $55,345,000
Profit from ordinary activities after tax attributable to members	Up 34.7% to $25,720,000
Net Profit for the period attributable to members	Up 34.7% to $25,720,000

Dividends

	Amount per security	**Franked amount per security**
Interim dividend	10¢	10¢
Previous corresponding period	8¢	8¢

The record date for determining entitlements to the interim dividend will be 3 March 2004. The interim dividend will be paid on 17 March 2004. The Company's Dividend Reinvestment Plan has been suspended for this dividend and until further notice.

Earnings per Share

	Six months ended 31.12.03	**Six months ended 31.12.02**
Basic earnings per share	9.8¢	7.4¢
Diluted earnings per share	9.7¢	7.3¢
Core (pre intangibles amortisation) diluted earnings per share	20.8¢	18.5¢

Core diluted earnings per share adjusts the figures used in the determination of diluted earnings per share by adding back to net profit the amount of intangibles amortisation expense for the period of $29,625,000 (2002: $29,405,000).

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

SUMMARY AND EXPLANATION OF RESULTS
For the half year ended 31 December 2003

1 Summary financial results

	Reference	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000	Movement %
Total Revenue	(4)	**509,859**	485,531	5.0%
Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**)		**113,719**	102,893	10.5%
Depreciation and Lease Amortisation	(6.1)	**(20,174)**	(20,537)	(1.8)%
Earnings before Interest, Tax and Intangibles Amortisation (**EBITA**)	(3)	**93,545**	82,356	13.6%
Net Interest Expense	(6.2)	**(17,093)**	(18,196)	(6.1)%
Income Tax attributable to Operating Profit	(6.3)	**(20,955)**	(16,671)	25.7%
Net (Profit)/Loss attributable to Outside Equity Interests	(6.4)	**(152)**	1,017	
Core Net Profit attributable to shareholders of Sonic Healthcare Limited		**55,345**	48,506	14.1%
Amortisation of Intangibles	(6.5)	**(29,625)**	(29,405)	0.7%
Net Profit attributable to shareholders of Sonic Healthcare Limited		**25,720**	19,101	34.7%

2 Other relevant information

	Reference	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000	Movement %
Cash generated from operations	(6.6)	**81,508**	66,167	23.2%
Core EPS (pre intangibles amortisation) diluted earnings per share (cents)	(6.7)	**20.8**	18.5	12.4%

SUMMARY AND EXPLANATION OF RESULTS
For the half year ended 31 December 2003

	Six months ended 31.12.03	Six months ended 31.12.02	Movement
3 Margin analysis			
EBITDA as a % of Revenue	**22.3%**	21.2%	110 bps*
EBITA as a % of Revenue	**18.3%**	17.0%	130 bps*

*bps = basis points of margin

Margins have improved substantially against the prior year comparative reflecting:

- Revenue growth, extraction of synergies and efficiency improvements
- Demerger of SciGen in November 2002 (EBITA loss in respect of SciGen included in the comparative period was $1,936,000).

These improvements more than offset the short term effect of the acquisition of the loss making Omnilabs pathology group in July 2003. Omnilabs was fully merged into TDL in late December 2003 and is now contributing significant marginal profit.

4 Revenue growth

Organic (excluding acquisitions) revenue growth for the year was strong at around 4.8%. Sonic believes this is higher than industry growth rates. Revenue growth was negatively impacted by $4.7M relating to unfavourable exchange rate movements and the demerger of SciGen ($1.2M).

5 Interim dividend and Dividend Reinvestment Plan (DRP)

The Board has declared an interim dividend of 10 cents per share fully franked (at 30%) to be paid on 17 March 2004. The record date will be 3 March 2004.

The interim dividend represents a 25% increase on the comparative period.

The Board has determined that the Company's DRP be suspended for this dividend and until further notice.

6 Notes to the financial results

6.1 Depreciation

Depreciation and leased asset amortisation is in line with the comparative period reflecting the timing of capital expenditure as well as adjustments to bring depreciation of certain assets into line with Sonic's policies. As a result of the timing of expenditure depreciation in the second half of the financial year is expected to be higher than in the first.

6.2 Interest expense

Net interest expense has reduced 6.1% on the comparative period due to a reduction in debt as a consequence of the strong cashflows of the business and the reactivation of the Company's Dividend Reinvestment Plan for the 2003 final dividend. Appropriate interest rate hedging arrangements are in place.

SUMMARY AND EXPLANATION OF RESULTS
For the half year ended 31 December 2003

6.3 Tax rate

The relatively high effective tax rate of 44.7% (comparative period 48.0%) is essentially a function of non-deductible intangibles amortisation.

6.4 Outside equity interests

The credit figure disclosed in the comparative period relates mainly to the SciGen minorities' interest in the SciGen loss for that period. This line also includes minorities' interest in two minor entities in the Sonic group.

6.5 Intangibles amortisation

In line with an accounting policy adopted in 1999, the company amortises identifiable intangibles over 50 years and goodwill over 20 years. Identifiable intangibles are valued at cost and are supported by third party valuations. The expense for the half year period includes $1,909,000 for identifiable intangibles amortisation and $27,716,000 for goodwill amortisation. The cost values of identifiable intangibles and goodwill at 31 December 2003 are $195,669,000 and $1,100,719,000 respectively. Guidance for 2004 intangibles amortisation expense is $59-60M, assuming no further business acquisitions.

6.6 Cashflow from operations

Cash generated from operations increased 23.2% compared to the comparative period. The comparative period was negatively affected by the timing of tax payments. Current period cash generated exceeded cash profits due mainly to reduced debtors.

6.7 Earnings per share

Core diluted earnings per share (pre intangibles amortisation) increased 12.4% due mainly to the positive effect of earnings growth and synergistic acquisitions.

HALF YEAR REPORT

CONTENTS **PAGE**

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 2003 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 2003.

1. Names of Directors

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

Mr B.S. Patterson – Chairman
Dr C.S. Goldschmidt – Managing Director
Mr R.P. Campbell
Dr M.M. Barratt (retired 27 November 2003)
Mr C.D. Wilks
Dr M.F. Robinson (retired 27 November 2003)
Mr C.J. Jackson
Dr P.J. Dubois
Dr H.F. Scotton

Dr M.M. Barratt and Dr M.F. Robinson were directors from the beginning of the half year until their retirement on 27 November 2003.

2. Review of Operations

Revenue

Revenue for the period increased by 5.0% to $509,859,000 from $485,531,000 reflecting continued organic growth and small, synergistic acquisitions.

Profit

The net profit (after outside equity interests) for the consolidated entity for the period was $25,720,000 (2002: $19,101,000) after deducting income tax expense of $20,955,000 (2002: $16,671,000). Net profit attributable to Sonic shareholders before intangibles amortisation increased by 14.1% to $55,345,000 (2002: $48,506,000).

Core earnings per share (pre intangibles amortisation) increased 12.4% from 18.5 cents to 20.8 cents mainly due to the positive effect of earnings growth and synergistic acquisitions.

Margins have improved substantially against the comparative period reflecting:

- Revenue growth, extraction of synergies and efficiency improvements
- Demerger of SciGen in November 2002

Interest expense has decreased 6.1% due to a reduction in debt as a consequence of the strong cashflows of the business and the reactivation of the company's Dividend Reinvestment Plan for the 2003 final dividend.

In line with an accounting policy adopted in 1999, the consolidated entity amortises identifiable intangibles over 50 years and goodwill over 20 years. Identifiable intangibles are valued at cost and are supported by third party valuations. The amortisation expense for the year includes $1,909,000 for intangibles amortisation and $27,716,000 for goodwill amortisation.

The relatively high effective tax rate of 44.7% (2002: 48.0%) is essentially a function of the non-deductible intangibles amortisation.

Directors' Report

3. Subsequent Event

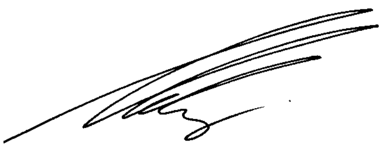
Subsequent to period end, the directors declared a dividend of 10 cents per ordinary share payable on 17 March 2004 with a record date of 3 March 2004. The Company's Dividend Reinvestment Plan has been suspended for this dividend and until further notice.

4. Rounding of Amounts to Nearest Thousand Dollars

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

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

Dr C.S. Goldschmidt
Director



C.D. Wilks
Director

Sydney
18 February 2004

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE
For the half year ended 31 December 2003

	Notes	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000
Revenue from ordinary activities	3	**509,859**	485,531
Labour and related costs		**(250,648)**	(239,869)
Consumables used		**(65,474)**	(63,498)
Amortisation of intangibles	4	**(29,625)**	(29,405)
Depreciation and amortisation of physical assets	4	**(20,174)**	(20,537)
Operating lease rental expense		**(19,828)**	(19,076)
Borrowing costs expense	4	**(17,672)**	(18,924)
Repairs and maintenance		**(13,508)**	(13,234)
Other expenses from ordinary activities		**(46,103)**	(46,233)
Profit from ordinary activities before income tax expense		**46,827**	34,755
Income tax expense	6	**(20,955)**	(16,671)
Profit from ordinary activities after income tax expense		**25,872**	18,084
Net (loss) / profit attributable to outside equity interests		**152**	(1,017)
Net profit attributable to members of Sonic Healthcare Limited		**25,720**	19,101
Net exchange differences on translation of financial reports of foreign controlled entities		**(1,120)**	8,462
Gain on deconsolidation of SciGen Limited		**-**	8,549
Total revenues, expenses and valuation adjustments attributable to members of Sonic Healthcare Limited recognised directly in equity		**(1,120)**	17,011
Total changes in equity other than those resulting from transactions with owners as owners		**24,600**	36,112
Basic earnings per share (cents per share)	8	**9.8**	7.4
Diluted earnings per share (cents per share)	8	**9.7**	7.3
Core (pre intangibles amortisation) diluted earnings per share (cents per share)	8	**20.8**	18.5

The above consolidated statements of financial performance should be read in conjunction with the accompanying notes and the 2003 Annual Report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2003

	Notes	31.12.03 $'000	30.06.03 $'000	31.12.02 $'000
Current assets				
Cash assets		**20,550**	26,489	29,881
Receivables		**106,579**	111,399	100,276
Inventories		**17,241**	17,435	17,195
Total current assets		**144,370**	155,323	147,352
Non-current assets				
Receivables		**6,494**	2,695	3,082
Investments		**41,215**	40,185	34,493
Property, plant and equipment		**225,971**	217,763	215,759
Intangible assets		**1,097,295**	1,111,063	1,170,586
Deferred tax assets		**19,663**	16,360	20,154
Total non-current assets		**1,390,638**	1,388,066	1,444,074
Total assets		**1,535,008**	1,543,389	1,591,426
Current liabilities				
Payables		**66,533**	65,404	65,011
Interest bearing liabilities		**44,817**	67,728	62,314
Current tax liabilities		**10,745**	7,683	2,101
Provisions		**53,060**	53,803	53,337
Other		**7,415**	5,086	5,152
Total current liabilities		**182,570**	199,704	187,915
Non-current liabilities				
Payables		**-**	-	166
Interest bearing liabilities		**493,274**	493,567	546,409
Deferred tax liabilities		**1,291**	2,990	1,824
Provisions		**15,408**	15,836	17,024
Total non-current liabilities		**509,973**	512,393	565,423
Total liabilities		**692,543**	712,097	753,338
Net assets		**842,465**	831,292	838,088
Equity				
Parent entity interest				
Contributed equity	9	**868,195**	837,032	836,526
Reserves	11	**4,951**	6,071	14,175
Accumulated losses	12	**(30,887)**	(11,978)	(12,855)
Total parent entity interest		**842,259**	831,125	837,846
Outside equity interest in controlled entities		**206**	167	242
Total equity		**842,465**	831,292	838,088

The above consolidated statements of financial position should be read in conjunction with the accompanying notes and the 2003 Annual Report.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the half year ended 31 December 2003

	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**537,530**	520,990
Payments to suppliers and employees (inclusive of goods and services tax)	**(416,591)**	(407,662)
	120,939	113,328
Interest received	**579**	729
Borrowing costs	**(18,693)**	(18,331)
Income taxes paid	**(21,317)**	(29,559)
Net cash inflow from operating activities	**81,508**	66,167
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	**(25,789)**	(39,776)
Payments for property, plant and equipment	**(18,771)**	(17,226)
Proceeds from sale of property, plant and equipment	**938**	1,254
Payments for investments	**(2,302)**	(2,566)
Repayment of loans by other entities	**3,284**	9,162
Capital injection as part of SciGen demerger	**-**	(30,000)
Loans to other entities	**(6,555)**	(2,482)
Payment for restructuring activities	**(2,189)**	(2,497)
Net cash (outflow) from investing activities	**(51,384)**	(84,131)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**3,196**	910
Proceeds from borrowings	**56,433**	138,449
Repayment of borrowings	**(76,061)**	(73,210)
Dividends paid	**(18,942)**	(41,546)
Net cash (outflow)/inflow from financing activities	**(35,374)**	24,603
Net (decrease)/increase in cash held	**(5,250)**	6,639
Cash at the beginning of the financial year period	**26,489**	22,939
Effects of exchange rate changes on cash	**(689)**	303
Cash at the end of the financial year period	**20,550**	29,881

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes and the 2003 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 1 Basis of preparation of half-year financial report

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB I029 *Interim Financial Reporting,* other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board 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 2003 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 unless otherwise stated.

Change in accounting policy for providing for dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”, released in October 2001. In previous financial periods, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial period but not distributed at balance date, provision was made for dividends to be paid out of profits of the financial period where the dividend was proposed, recommended or declared between the end of the financial period and the completion of the financial report.

An adjustment of $41,987,000 was made against the consolidated retained losses at the beginning of the corresponding financial period to reverse the amount provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the directors between the end of that financial year and the completion of the financial report. This reduced the consolidated current liabilities provisions and total liabilities at the beginning of the comparative financial period by $41,987,000 with corresponding changes in their net assets, retained losses, total equity and the total dividends provided for or paid during that financial period.

The restatements of consolidated retained losses, provisions and total dividends provided for or paid during the current and comparative period set out below show the information that would have been disclosed had the new accounting policy always been applied.

Restatement of retained losses	**31.12.03 $’000**	**31.12.02 $’000 (restated)**
Previously reported retained losses at the end of the previous financial year	**(11,978)**	(40,505)
Change in accounting policy for providing for dividends	**-**	41,987
Restated retained profits at the beginning of the financial period	**(11,978)**	1,482
Net profit attributable to members of Sonic Healthcare Limited	**25,720**	19,101
Gain on deconsolidation of SciGen Limited	**-**	8,549
Total available for appropriation	**13,742**	29,132
Dividends provided for or paid	**(44,629)**	(41,987)
Restated retained profits / (losses) at the end of the financial period	**(30,887)**	(12,855)

In accordance with the new standard, no provision for dividend has been recognised for the half year ended 31 December 2003.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 2 Segment information

Primary Reporting – Business Segments

Half Year ended 31 December 2003	**Pathology $'000**	**Radiology $'000**	**SciGen $'000**	**Other $'000**	**Eliminations $'000**	**Consolidated $'000**
Revenue						
External sales	369,084	134,916	-	-	-	504,000
Inter segment sales	63	141	-	-	(204)	-
Other revenue	4,516	753	-	11	-	5,280
Total segment revenue	373,663	135,810	-	11	(204)	509,280
Interest income						579
Total revenue						**509,859**
Segment result before interest and tax	56,157	13,704	-	(5,941)	-	63,920
Unallocated net interest expense						(17,093)
Profit before tax						**46,827**
Income tax expense						(20,955)
Profit after income tax expense						**25,872**

Primary Reporting – Business Segments

Half Year ended 31 December 2002	**Pathology $'000**	**Radiology $'000**	**SciGen $'000**	**Other $'000**	**Eliminations $'000**	**Consolidated $'000**
Revenue						
External sales	349,954	129,992	987	-	-	480,933
Inter segment sales	4	73	-	-	(77)	-
Other revenue	2,794	820	246	9	-	3,869
Total segment revenue	352,752	130,885	1,233	9	(77)	484,802
Interest income						729
Total revenue						485,531
Segment result before interest and tax	48,389	12,724	(2,317)	(5,845)	-	52,951
Unallocated net interest expense						(18,196)
Profit before tax						34,755
Income tax expense						(16,671)
Profit after income tax expense						18,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000
Note 3 Revenue		
Revenue from operating activities		
Medical services revenue	**504,000**	480,933
Revenue from outside the operating activities		
Interest income	**579**	729
Proceeds on sale of non current assets	**2,579**	1,244
Foreign exchange gains	**-**	238
Rental income	**1,170**	1,254
Other income	**1,531**	1,133
	5,859	4,598
Revenue from ordinary activities	**509,859**	485,531

Note 4 Profit from ordinary activities

The profit from ordinary activities before income tax expense includes the following expenses:

Borrowing costs		
Finance charges on capitalised leases and hire purchase agreements	**2,356**	2,853
Other interest and finance charges	**15,316**	16,071
Total borrowing costs	**17,672**	18,924
Amortisation of intangibles:		
Goodwill	**27,716**	27,077
Brand names, licences and authorities	**1,909**	2,328
Total amortisation of intangibles	**29,625**	29,405
Amortisation of leased assets:		
Plant and equipment under finance leases	**6,952**	8,408
	6,952	8,408
Total amortisation of leased assets and intangibles	**36,577**	37,813
Depreciation of physical assets:		
Plant and equipment	**12,431**	11,202
Buildings	**791**	927
Total depreciation	**13,222**	12,129

Note 5 Loss of control of entities

Sonic completed the demerger of its SciGen subsidiary on 27 November 2002. The consolidated loss from ordinary activities and extraordinary items after tax of the controlled entity for the previous corresponding period to the date of loss of control was $1,736,000*.

* After outside equity interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

	Six months ended 31.12.03 $'000	Six months ended 31.12.02 $'000
Note 6 Income tax		
The income tax expense for the half year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	**46,827**	34,755
Income tax calculated @ 30%	**14,048**	10,427
Tax effect of permanent differences:		
Amortisation of intangibles	**8,747**	8,822
Other items (net)	**240**	186
R&D claimed in respect of prior years	**-**	(895)
Quarantined losses of foreign subsidiary	**-**	761
Deductible expenditure capitalised	**(1,233)**	(1,527)
Income tax adjusted for permanent differences	**21,802**	17,774
Effect of higher/(lower) tax rates on overseas income	**95**	143
Under/(over) provision in prior year	**(942)**	(1,246)
Income tax expense	**20,955**	16,671

Note 7 Dividends

Dividends paid during the half year	**44,629**	41,987

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 10 cents (2002: 8 cents).

The dividend was declared on 18 February 2004 and is payable on 17 March 2004 with a record date of 3 March 2004.

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:	**26,739**	20,880
Australian franking credits available for the subsequent financial year based on a tax rate of 30%	**52,083**	50,426

The balance of the franking accounts as at 31 December 2003 would enable Sonic to pay fully franked dividends of $121,527,000 in future periods (including the interim dividend noted above).

Dividend Reinvestment Plan (DRP)
The company's Dividend Reinvestment Plan has been suspended for the 2004 interim dividend and until further notice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

	Six months ended 31.12.03 Cents	Six months ended 31.12.02 Cents
Note 8 Earnings per share		
Basic earnings per share	**9.8**	7.4
Diluted earnings per share	**9.7**	7.3
Core (pre intangibles amortisation) basic earnings per share	**21.0**	18.7
Core (pre intangibles amortisation) diluted earnings per share	**20.8**	18.5

Core basic and diluted earnings per share adjusts the figures used in the determination of basic and diluted earnings per share by adding back to net profit the amount of intangibles amortisation expense for the period of $29,625,000 (2002: $29,405,000).

	Six months ended 31.12.03 Shares	Six months ended 31.12.02 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 and core basic earnings per share	**263,085,827**	259,218,409
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and core diluted earnings per share	**266,619,602**	262,090,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 9 Contributed equity

	Notes	31.12.03 Shares	31.12.02 Shares	31.12.03 $'000	31.12.02 $'000
Share capital					
Fully paid ordinary shares	(a)	**267,276,930**	259,667,911	**868,195**	822,880
Other equity	(b)			**-**	13,646
				868,195	836,526

(a) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1/7/03	Opening balance	259,763,911		823,386
	Shares issued under the Dividend Reinvestment Plan	4,065,583	6.45	26,223
	Shares issued as deferred consideration for TDL acquisition (previously recorded as "Other equity", see below)	2,270,385	6.01	13,646
	Shares issued to vendors of TDL	35,374	6.89	244
	Shares issued as partial consideration for SDSG acquisition	258,177	5.81	1,500
	Shares issued following exercise of employee options	883,500	various	3,196
31/12/03	Closing Balance	**267,276,930**		**868,195**

(b) Other equity

The amount shown in the prior period was the value of shares to be issued as deferred acquisition consideration for The Doctors Laboratory group. These shares were issued on 14 October 2003.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 10 Unlisted share options

Exercise Price	Expiry Date	Options at 30.6.03	Options Exercised	Options Forfeited	Options at 31.12.03
3.26	15/12/2003	778,000	(736,500)	(41,500)	**-**
5.32	20/04/2010	4,500,000	-	-	**4,500,000**
5.41	20/02/2005	2,065,500	(147,000)	(5,000)	**1,913,500**
7.38	20/04/2006	3,434,400	-	(7,400)	**3,427,000**
4.66	16/05/2007	1,690,000	-	(16,000)	**1,674,000**
6.01	07/02/2008	80,000	-	-	**80,000**
6.30	15/02/2008	695,000	-	-	**695,000**
		13,242,900	(883,500)	(69,900)	**12,289,500**

Note 11 Reserves

	31.12.03 $'000	31.12.02 $'000
Asset revaluation	**982**	982
Foreign currency translation reserve	**3,969**	13,193
	4,951	14,175

Movements

Foreign currency translation reserve at the beginning of the half year	**5,089**	4,729
Movement on demerger of SciGen Limited	**-**	(2,567)
Net exchange difference on translation of foreign controlled entities	**(1,120)**	11,031
Foreign currency translation reserve at the end of the half year	**3,969**	13,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 12 Accumulated losses

	31.12.03 $'000	31.12.02 $'000
Accumulated losses at the beginning of the half year	**(11,978)**	(40,505)
Net profit attributable to members of Sonic Healthcare Limited	**25,720**	19,101
Gain on deconsolidation of SciGen Limited	**-**	8,549
Dividends paid	**(44,629)**	-
Accumulated losses at the end of the half year	**(30,887)**	(12,855)

Note 13 Net tangible asset backing

	31.12.03	31.12.02
Net tangible asset backing per ordinary security	**(95) cents**	(128) cents

Note 14 Non cash financing and investing activities

Plant and equipment with an aggregate fair value of $10,417,000 (2002: $4,540,000) was acquired by means of finance leases and is therefore not reflected in the Statement of Cash Flows.

During the period fully paid ordinary shares to the value of $1,500,000 were issued as partial consideration for the acquisition of the Southside Diagnostic Services Group (SDSG).

In addition, fully paid ordinary shares to the value of $13,646,000 were issued in relation to the TDL acquisition. This amount was previously disclosed as Other Equity within Share Capital.

During the period 4,065,583 fully paid ordinary shares to the value of $26,223,000 were issued pursuant to the company's Dividend Reinvestment Plan in lieu of dividend payments. This component of the dividends has therefore not been reflected in the Statement of Cash Flows.

Note 15 Ratios

	Six months ended 31.12.03	Six months ended 31.12.02
Profit before tax/revenue Consolidated profit from ordinary activities before tax as a percentage of revenue	**9.2%**	7.2%
Profit after tax/equity interests Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the half year	**3.1%**	2.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 31 December 2003

Note 16 Events occurring after reporting date

Since the end of the financial year, 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 18 February 2004 Sonic's Directors declared an interim dividend of 10 cents per ordinary shares payable on 17 March 2004. Sonic's Dividend Reinvestment Plan has been suspended for this dividend and until further notice.

Note 17 Change in accounting policies

The accounting policies applied in the preparation of the financial statements of the group for the half year ended 31 December 2003 are consistent with those applied in the prior financial year, as set out in the 2003 Annual Report.

Directors' declaration

The directors declare that the financial statements and notes set out on pages 4 to 15:

(a) comply with Accounting Standards, the *Corporation Regulations 2001* and other mandatory professional reporting requirements, and
(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the *Corporations Act 2001*; 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
18 February 2004

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Independent review report to the members of Sonic Healthcare Limited

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the half year financial report of Sonic Healthcare Limited (the Company) for the half-year ended 31 December 2003 included on Sonic Healthcare Limited 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 half year financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to or 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 half year financial report to confirm the information included in the reviewed half year financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Sonic Healthcare Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001*in Australia, of the financial position of the Sonic Healthcare Limited Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Sonic Healthcare Limited Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Sonic Healthcare Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

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Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Stephen Humphries
Partner

Sydney
18 February 2004