SONIC HEALTHCARE LIMITED

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE, 2000

1. Financial Results

Revenues		2000 $'000	1999 $'000	Movement %
Medical Revenue	(Note 1)	384,663	171,381	↑ 124%
Share of SciGen Pte Ltd loss	(Note 2)	(1,455)	-	N/A
Other Revenue	(Note 3)	4,149	2,266	↑ 83%
Total Revenue		**387,357**	**173,647**	**↑ 123%**
Earnings before Interest, Tax and Intangibles Amortisation (EBITA)	(Note 4)	70,831	35,947	↑ 97%
Share of SciGen Pte Ltd loss	(Note 2)	(1,455)	-	N/A
Total EBITA		**69,376**	**35,947**	**↑ 93%**
Net Interest Expense	(Note 5)	14,845	2,216	↑ 570%
Amortisation of Intangibles	(Note 6)	14,008	4,007	↑ 249%
Net Profit before Income Tax		**40,523**	**29,724**	**↑ 36%**
Income Tax attributable to Operating Profit	(Note 7)	18,613	12,273	↑ 52%
Operating Profit after Income Tax		21,910	17,451	↑ 26%
Less Profit attributable to outside equity interests	(Note 8)	3,185	-	N/A
Profit attributable to shareholders of Sonic Healthcare Limited		**18,725**	**17,451**	**↑ 7%**

2. Other Relevant Information

		2000 $'000	1999 $'000	Movement %
Normalised Profit attributable to shareholders of Sonic Healthcare Limited (intangibles amortisation added back)		32,733	21,458	↑ 53%
Cash generated from operations	(Note 9)	44,415	31,515	↑ 41%
EPS - Normalised (pre intangibles amortisation) diluted earnings per share (cents)	**(Note 10)**	**21.7**	**16.7**	**↑ 30%**
EBITA as a % of Revenue		17.9%	20.7%	↓ 14%

(For notes, refer Appendix A attached)

3. Adjustments for fully diluted position

The acquisition of the SGS Medical Group on 1 December, 1999 included a deferred component. In the results presented above and in the Appendix 4B, this deferred component is represented as minority interests in profit and equity. The agreements with the SGS vendors will result in the minority interests converting to Sonic equity within the next 2.5 years. The following items have been re-stated as if the minority interests had converted at the time of the acquisition (full dilution).

	2000 $'000	1999 $'000	Movement %
Intangibles Amortisation	16,168	4,007	↑ 303%
Income Tax Expense	19,479	12,273	↑ 59%
Net Profit After Tax (attributable to Sonic shareholders)	18,884	17,451	↑ 8%
Net Profit After Tax (before intangibles amortisation)	35,052	21,458	↑ 63%
Diluted weighted average number of ordinary shares - shares	165,452,148	129,303,627	↑ 28%

4. Final Dividend

The Board has declared a final dividend of 12 cents per share fully franked to be paid on 22 September, 2000 The record date will be 6 September, 2000.

5. Capital Raising of up to $100M

In light of the company's various expansion opportunities, the Board has resolved to proceed with a capital raising of up to $100M via an issue of ordinary shares. The raising will be used to reduce debt in order to give Sonic the ability to pursue further strategic expansion opportunities. Salomon Smith Barney has been retained to advise on and underwrite the raising.

6. Comments on the Results for the Year

The results for the 2000 year show dramatic increases from the prior year as a consequence of the acquisitions of the SGS Medical Group (December, 1999) and Hitech Pathology (April, 2000). As well as impacting revenue and EBITA, these acquisitions have also had a significant impact on interest and intangibles amortisation. Both acquisitions have performed exceptionally well in the relatively short time since settlement, and this is probably best reflected in the normalised earnings per share, which is 21.7 cents, up 30% from 16.7 cents the previous year.

The result includes improvement in EBITA margins from the ex-SGS entities. The rationalisation strategies known as SAT (Sonic Amalgamation Teams) initiatives are now in full swing, however, their benefits are only expected to start flowing from the 2000/01 financial year. These initiatives are aimed at 12 target areas, including purchasing, centralisation, IT, benchmarking, to name a few.

Commenting on the result, Sonic's Managing Director, Dr Colin Goldschmidt, said the normalised EBIT margin of 17.9% is significantly better than expected and a credit to the dedication and teamwork of all staff, in particular, our new colleagues from the SGS group. At the time of acquisition, the SGS margins were only 13-14%; but they have already improved in the space of 7 months, Dr Goldschmidt said.

Dr Goldschmidt said the loss from SciGen was as expected and related to expenses incurred in developing the product portfolio and building an appropriate infrastructure to market the company's bio-pharmaceutical products. The Israeli registration of the company's proprietary Hepatitis B vaccine in February, 2000 was a major milestone for the company, as this product forms the backbone of the company's push into Asian markets. Dr Goldschmidt said a review of SciGen's development strategy is currently under way.

Dr Goldschmidt said he was excited about the group's ongoing growth potential, particularly in light of the proposed acquisition of Pacific Medical Imaging, which was announced last week. He said that this acquisition will provide an excellent platform for Sonic's expansion into the Diagnostic Imaging markets. He added that the broadening of Sonic's positioning to that of a Medical Diagnostic company would provide new growth potential for the company.

The Diagnostic Imaging strategy, together with the growth expected from the pathology division, will set the scene for a continuation of Sonic's strong growth in market share and profitability.

If there are any queries regarding this release please contact:

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APPENDIX A

Notes to the Financial Results

Revenue

1. Revenue growth was mainly a reflection of the acquisitions of the SGS Medical Group in December, 1999 and Hitech Pathology in April, 2000. These practices had annualised revenues of approximately $300M and $20M respectively. In addition, the company has continued to maintain a strong organic growth rate.
2. SciGen Pte Ltd is a Singapore based bio-pharmaceutical company in which Sonic currently holds a 58% interest. The $1.45M equity accounted loss for the year is in line with budget and relates to the costs associated with the establishment of registration and distribution infrastructure for the product portfolio.
3. Other Revenue comprises mainly interest and rental income.

EBITA

4. EBITA growth was ahead of expectation, mainly as a result of improvements in the ex-SGS entities' margins. Benefits from the group rationalisation initiatives are expected to accelerate in the 2000/01 financial year.

Other

5. Interest expense has increased substantially as a consequence of the debt funding components of both the SGS and Hitech acquisitions. The company has established an interest rate hedging strategy which covers approximately 60-70% of the debt for the next 3-4 years. The current average cost of the debt is approximately 8%.
6. In line with the accounting policy adopted for the June 1999 financial statements, the company now amortises identifiable intangibles over 50 years and goodwill over 20 years. A third party valuation of the SGS identifiable intangibles has been completed and the Directors have adopted a mid range valuation of $175.5M. Goodwill (at cost) increased by $245M as a result of the SGS acquisition.
7. The relatively high effective tax rate (45.9%) is mainly a function of the intangibles amortisation.
8. The SGS acquisition was structured such that Sonic currently owns approximately 80% of the Australian based entities. The balance will be acquired through the issue of a pre-agreed number of Sonic shares. In the

interim, however, the remaining shareholders in these businesses are entitled to a share of profits represented by the minority interest of $3.185M.

9. Cash generated from operations increased 41%, mainly as a result of the acquisitions in the year.
10. Diluted earnings per share (before amortisation of intangibles) increased significantly, mainly due to the positive effect of the earnings and gearing of the acquisitions completed in the year.

For more detailed financial information, please refer to the notes attached to the Appendix 4B.