

CONCISE ANNUAL REPORT 2015



CORPORATE DIRECTORY

DIRECTORS

Mr R.P. Campbell
Chairman

Dr C.S. Goldschmidt
Managing Director

Mr C.D. Wilks
Finance Director

Prof M.R. Compton
Dr P.J. Dubois
Mr C.J. Jackson
Mr L.J. Panaccio
Ms K.D. Spargo
Dr E.J. Wilson

COMPANY SECRETARY

Mr P.J. Alexander

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

14 Giffnock Avenue
Macquarie Park,
New South Wales, 2113,
Australia.

Ph: 61 2 9855 5444

Fax: 61 2 9878 5066

Website: www.sonichealthcare.com

SHARE REGISTRY

Computershare Investor
Services Pty Limited
Level 5, 115 Grenfell Street,
Adelaide, South Australia, 5000,
Australia.

Ph: 1300 556 161 (*Within Australia*)

Ph: 61 3 9415 4000 (*Outside Australia*)

Fax: 1300 534 987 (*Within Australia*)

Fax: 61 3 9473 2408 (*Outside Australia*)

Website: www.computershare.com

Email: www.investorcentre.com/contact

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Allens, Minter Ellison

BANKERS

Australia and New Zealand Banking
Group Limited

Citibank, N.A.

Commonwealth Bank of Australia

HSBC Bank Australia Limited

JPMorgan Chase Bank, N.A.

Lloyds TSB Bank plc

Mizuho Bank, Ltd

National Australia Bank Limited

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Westpac Banking Corporation

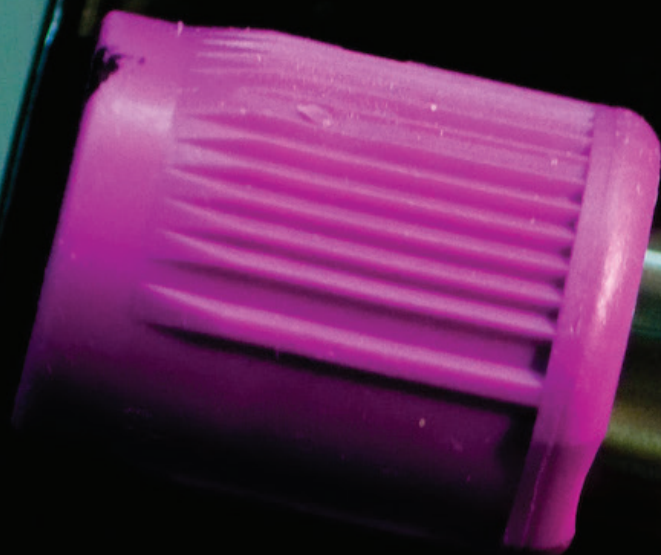
STOCK EXCHANGE LISTINGS

Sonic Healthcare Limited (SHL.AX)
shares are listed on the Australian
Securities Exchange.



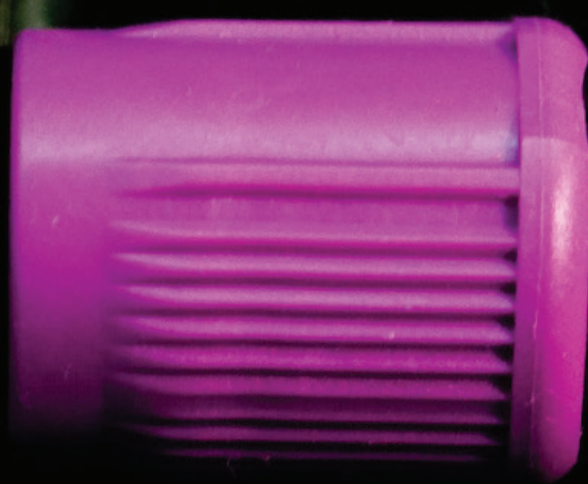
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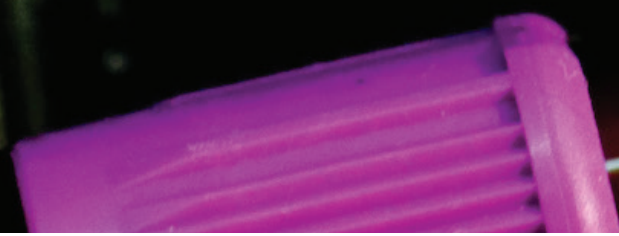
Vacutainer®
4.0 mL

SUR-NAME
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ADDRESS
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Vacutainer®
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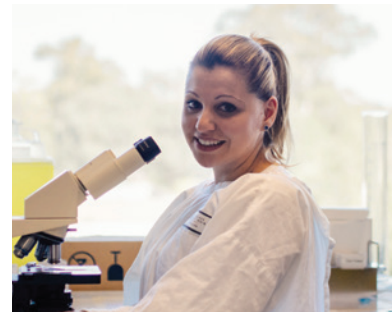
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CHAIRMAN'S LETTER



Dear Fellow Shareholders,

Sonic Healthcare stands today in a very strong and stable position, with an enduring culture, talented and dedicated senior management around the world, strong market positions in eight countries, and a conservative balance sheet. The Company is extremely well placed for further growth, both organically and through strategic and synergistic acquisitions. Sonic is set to continue to benefit from the expected ongoing growth in the global demand for diagnostic healthcare services. It is possible that revenue for 2016 will reach \$5 billion, a significant milestone.

The Company faced some earnings challenges in the 2015 year, particularly in the Australian laboratory market, and incurred some non-recurring costs; however with the benefit of the diversification that comes from operating globally, Sonic is expecting significant earnings growth in 2016, in the order of around 20%. Our confidence in the earnings outlook enabled us to reward shareholders with an increase of 4.5% in total dividends for the 2015 year, and we have also invited shareholders to reinvest their 2015 final dividend of 41 cents per share back into the Company via our Dividend Reinvestment Plan. Sonic now has more than 60,000 registered shareholders, another interesting recent milestone in the Company's development.

As Sonic continues to mature as a Company, and in line with our Core Values, one of which is "Be Enthusiastic about Continuous Improvement", we are investing resources to further develop our environmental, social and governance policies, practices and reporting. In many cases this has simply required formalisation and globalisation of existing policies and practices. You can view these policies and reports on the Company website. The Sonic Board firmly believes that Sonic should not only strive to minimise our impacts on the environment, but also that we contribute positively to the communities of which we are a part. Examples of the many ways Sonic and its people contribute to their communities can be found in our annual Company Conscience report. I am very proud of the positive impacts that Sonic and our staff have on the lives of others.

I have announced my intention to retire from the Sonic Healthcare Board at the conclusion of the 2015 Annual General Meeting. The 22 years I have been on this Board have been incredibly rewarding, being part of the growth of a small laboratory company in Sydney with a market capitalisation of around \$20 million into a global leader in medical diagnostics with a market capitalisation of around \$8 billion. I thank my fellow Directors and Sonic's senior management, especially Colin Goldschmidt and Chris Wilks, for their support, dedication and inspiration over the last 22 years. I also note that Colin Jackson has advised his intention to retire as a Director at the conclusion of the 2015 Annual General Meeting. Colin has served Sonic exceptionally well over a period of 16 years contributing both at Board level and in his continuing executive role. In particular his interactions with Government on behalf of Sonic and the industry have been invaluable. I thank him for his dedication and his insightful inputs.

The Board has selected Mark Compton as the incoming Chairman, and I strongly believe that Mark has the appropriate experience, industry knowledge and personal characteristics to effectively lead Sonic's Board into the future. I wish Mark, the Sonic Board, shareholders and Sonic's 30,000 people the brightest of futures. I shall remain a very interested shareholder as the Company continues to grow and evolve. I would also like to thank you, Sonic's shareholders, for your support of me to date, and for your continuing support of the Company.

A handwritten signature in black ink, appearing to read "P. Campbell".

Peter Campbell
Chairman



CEO REPORT

Sonic Healthcare performed with great credit in fiscal 2015 in the face of challenging conditions in the Australian laboratory market. Revenue growth of 7% was particularly pleasing, incorporating organic growth of approximately 5%, enhanced by accretive acquisitions. Sonic's European businesses produced outstanding results in 2015 and the Imaging and medical centre businesses also performed admirably.

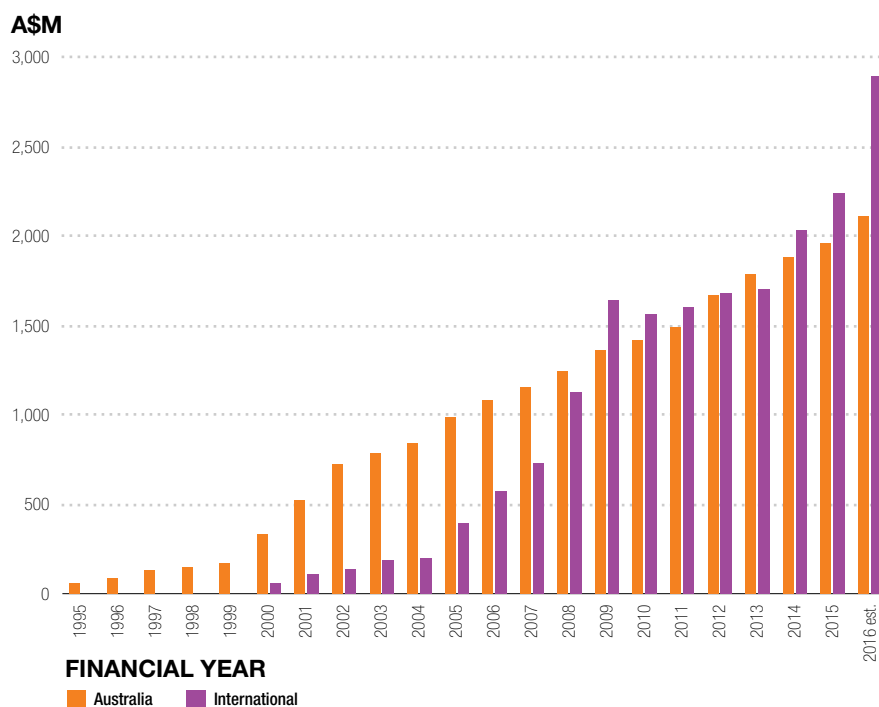
The Company is poised for strong revenue and earnings growth in fiscal 2016, a result of ongoing robust organic growth in all key markets and the positive effect of recent acquisitions and contract wins in Europe. Although slightly negative in fiscal 2015, earnings growth for fiscal 2016 is forecast to be very strong, at around 20%. Significant improvement in earnings is expected from our US laboratory division in the year ahead, following the successful restructure of CBLPath and the return of stronger volume growth to the US laboratory market. In addition, the weakening Australian dollar is providing a "tailwind" for 2016, as our international earnings translate into higher AUD reported earnings.

The chart below demonstrates the growth of Sonic's international businesses, with Australia now representing less than half of Group revenues. Our presence in eight countries serves to diversify operations and to spread the risk of market downturn or regulatory change in any one particular jurisdiction. It also provides

numerous attractive growth options and opportunities for the future.

The acquisition of Geneva-based Medisupport in July 2015, together with Sonic's existing high-quality Swiss business in Zurich, propelled Sonic into the clear market leadership position in Switzerland. Medisupport's operations cover both the French and German speaking regions of Switzerland, with laboratories in 10 key cities. They offer an attractive mix of routine and esoteric testing, and in particular possess excellent genetic testing capabilities, including next generation sequencing, which will further enhance the global Sonic Genetics brand. Medisupport is an outstanding business, and the cultural alignment between Sonic and Medisupport could not be stronger.

The smaller KLD acquisition in Belgium, which also occurred in July 2015, strengthened Sonic's market position in the Flanders region and will provide significant synergies with existing laboratory operations. In Germany, four small synergistic acquisitions were also completed in fiscal 2015.





These acquisitions have added substantial scale to Sonic in Europe – Sonic is now proudly the largest laboratory company in each of Germany, the UK and Switzerland.

One of the most important developments in 2015 was the commencement, on 1 April 2015, of Sonic's joint venture with the University College London Hospital NHS Foundation Trust (UCLH) and the Royal Free London NHS Foundation Trust (the Royal Free), to provide laboratory services to the National Health Service (NHS). The joint venture has been awarded ten year contracts to provide laboratory services for UCLH, the Royal Free and North Middlesex University Hospital, and is targeting further NHS outsourcing opportunities. Transition of staff and services was completed seamlessly, with most testing remaining in situ while a new state-of-the-art laboratory facility, in central London, is being refurbished. Centralisation of all services into the new laboratory is expected in late calendar 2016. The joint venture contributed to Sonic UK's 25% revenue growth in fiscal 2015 – revenue growth of approximately 40% is forecast for fiscal 2016, a combination of the full-year effect of the joint venture, together with strong growth of Sonic's private market, non-NHS business.

Sonic remains the market leader in the Australian laboratory market, where the acquisition of San Pathology was added

in December 2014. San Pathology is the in-house laboratory of the Sydney Adventist Hospital, the largest private hospital in New South Wales and a prestigious brand to join into our hospital laboratory network.

It is fitting for me to mention that Sonic's Chairman, Peter Campbell, has announced his intention to retire from the Sonic Board at the conclusion of the Company's 2015 AGM. Peter joined the Board in 1993, at the same time that I was appointed as CEO, and then he was elected as Chairman in 2010. Peter has been an important part of the amazing Sonic Healthcare story – at the time of his appointment to the Board, Sonic's share price was ~15 cents, and the annual revenue ~\$20 million! I wish to express my sincere thanks to Peter for his support over the past 22 years and I wish him all the very best for the future.

The Board has selected Mark Compton as the incoming Chairman and I look forward to working more closely with Mark into the future. Mark has a wealth of experience in senior healthcare roles, both at executive and Board level and importantly, is someone who truly understands the value of Medical Leadership in a healthcare organisation. I am confident that Sonic will continue to flourish under his Chairmanship.

Sonic Healthcare continues to enhance its strength, security and reputation as an international healthcare company

and is exceptionally well positioned for further expansion. The medical services we provide to millions of patients each year make a substantial contribution to the well-being of communities in the countries in which we operate. It would be true to say that our work and our services truly make a difference! Our unique Medical Leadership culture underpins the passion in the Company, our quality and our growth – and it also serves to unite our people, driving ongoing value for all Sonic stakeholders. I remain convinced as ever that our culture is our most important asset and our most critical differentiator in global healthcare markets.

The Company benefits greatly from stable and dedicated leaders and I wish to thank, most sincerely, our pathologists, radiologists, physicians, general practitioners and managers – and all of our 30,000 staff – for their ongoing contributions to Sonic and for the exceptionally high standards of service delivery for which Sonic Healthcare is renowned.



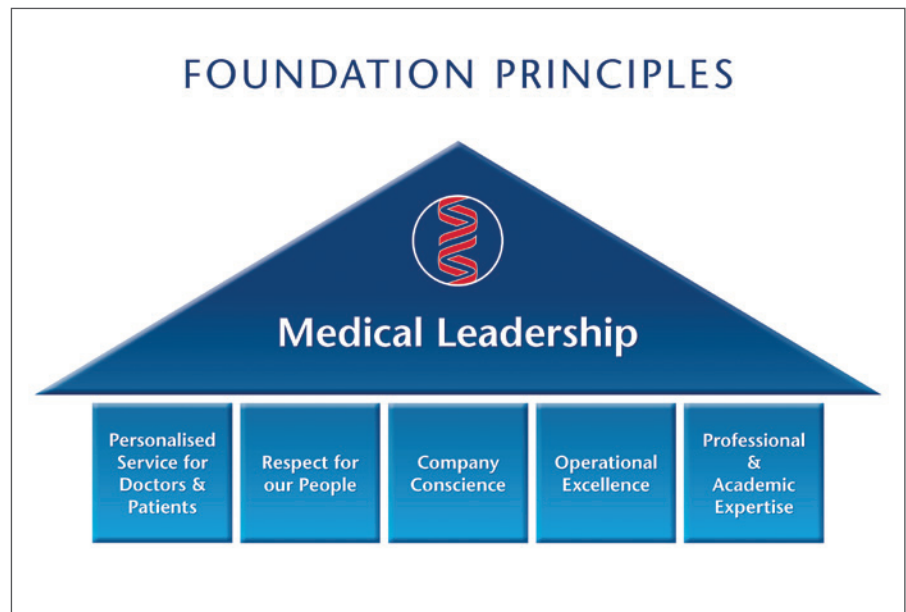
Dr Colin Goldschmidt
CEO and Managing Director



COMPANY CONSCIENCE



Sonic Healthcare recognises the importance of corporate social responsibility, and considers this to be a basic principle of our Medical Leadership culture. Our commitment to social responsibility is encapsulated in the Sonic Healthcare Foundation Principles, which guide our businesses in their relationships with stakeholders, including customers (doctors and patients), communities and staff.



Sonic's standing in relation to social responsibility has been externally recognised by inclusion in the FTSE4Good Index Series since March 2008. Sonic has been independently assessed according to the FTSE4Good criteria, and has satisfied globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

Sonic Healthcare and its people demonstrate social responsibility by seeking to contribute positively to the community in many ways.

SONIC AS A LEADER AND EDUCATOR

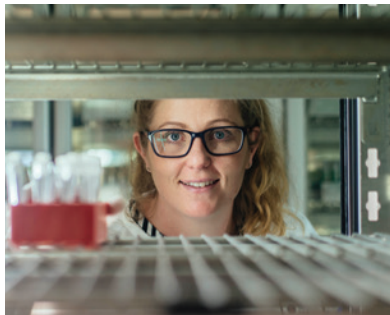
Sonic Healthcare provides vital healthcare services and infrastructure in eight countries, across three continents. Our strong market positions provide the opportunity to help shape the healthcare systems in which we operate. We take active roles in industry associations, and we encourage our people to take leadership positions in colleges, industry steering committees, boards and other professional and craft organisations.

Sonic also places great emphasis on supporting and providing teaching in our fields of laboratory medicine, imaging and general practice. We produce educational information and conduct seminars to share knowledge with our referring physicians, and we employ many preeminent, subspecialised pathologists and radiologists, who are encouraged to publish in medical journals and texts to share their unique knowledge and experiences. We provide vocational training positions for pathologists, radiologists and (through our medical centre subsidiary, IPN) general practitioners, helping to ensure the future supply of these important medical practitioners in the community.

Sonic has many established links with university and educational institutes including, for example, University College London, with whom we have partnered in some of their major Technology Strategic Board grants as their commercial partner in medical diagnostics. Sonic's subsidiary Douglass Hanly Moir Pathology works in partnership with The University of Notre Dame's Medical School in Sydney to promote the training of medical students in pathology and basic science. This is the only arrangement of its type in Australia, where a private laboratory acts



FTSE4Good



as the pathology faculty for a medical school (all other medical schools use public hospital laboratories).

Sonic's pathologists hold professorial positions with the university, and plan and deliver the pathology curriculum, and Notre Dame students visit Sonic's Sydney laboratory for on-site training. Sonic helped establish the James Cook University School of radiography and our radiologists lecture students in both the medical and radiography program. Sonic also provides direct financial sponsorship for a number of academic institutions. Recently Sonic's Medlab Central laboratory in New Zealand achieved Royal College of Pathologists of Australasia accreditation to provide post-graduate training in forensic pathology.

Many of our operations are registered training organisations, offering courses for technical staff and in pathology specimen collection. Our Queensland imaging practice, Queensland X-Ray, is an approved training site for nuclear medicine registrars and for advanced training in positron emission tomography (PET).

A recent example of recognition received for our commitment to training and development was the naming of Clinipath Pathology, Sonic's Western Australian laboratory operation, as one of three finalists for the 2015 Australian Training Awards (ATA). The ATA is hosted by the Australian Government and is the peak national awards for the vocational education and training sector (VET), recognising organisations and individuals for their outstanding contribution to skilling Australia. This acknowledgment follows on from Clinipath Pathology being named the winner of the Western Australian Outstanding Employer of Mature-Age Apprentices and Trainees Excellence Awards in 2014.

As part of our strong commitment to continuous professional development, Sonic has established its own Sonic Pathologist Academic Meeting and its own Sonic Imaging Conference in Australia. These regular conferences attract hundreds of Sonic registrants

per meeting. They feature international and national guest speakers and are recognised as premier events of their kind in Australia. Sonic holds similar conferences for Sonic professionals overseas, with a major pathologists' academic conference held in Germany each year. These conferences provide an excellent forum for senior staff to meet in a collegiate environment and to exchange ideas and best practices between Sonic's global operations.

QUALITY IS IN OUR DNA

As a leading healthcare service provider on whom patients, medical practitioners and the community relies for accurate, timely and clinically precise diagnoses, Sonic Healthcare regards quality and safety as amongst our most important attributes. Sonic's corporate motto, "Quality is in our DNA", clearly reflects the importance that is placed on the maintenance of the highest levels of quality in all clinical, operational and workforce processes and systems throughout our global organisation.

All of our medical facilities have external quality assurance certification and are fully accredited by the relevant regulatory bodies in the relevant jurisdictions. It is the maintenance of these external quality assurance standards, along with our hard earned reputation, which provides our doctors and patients with confidence in the integrity of our testing, systems and procedures.

To maintain these external quality and accreditation standards, Sonic has developed robust quality management systems across all of our businesses. The quality assurance and management methodology is supervised by quality management teams within each business. The quality management teams comprise medical, scientific, quality and administrative personnel who work objectively to ensure our medical facilities and supporting operations comply with the standards set down by relevant regulations and reflect good management and clinical practice at all times.

Most of our laboratories are accredited to ISO 15189:2012 (Medical Laboratories – Requirements for Quality and Competence) which is an internationally recognised standard. The standard promotes global harmonisation of clinical practices and protects the health and safety of patients and healthcare providers and improves the overall quality of care.

In Australia, all of our laboratories are accredited by the National Association of Testing Authorities (NATA) to ISO 15189:2012, our radiology facilities are fully accredited against the Diagnostic Imaging Accreditation Scheme (DIAS) and our general medical practices are accredited by The Royal Australian College of General Practitioners.

Our laboratories in the UK have historically been accredited to the Clinical Pathology Accreditation (CPA) requirements. However, they are now accredited by the United Kingdom Accreditation Service (UKAS), which operate to ISO 15189:2012. In addition, the blood transfusion departments are also inspected by the MHRA (Medicines and Healthcare products Regulatory Agency), client facing departments are inspected by the Care Quality Commission (CQC) and we comply with all relevant Royal College of Pathologists (RCPATH) guidelines.

In Germany and Europe our laboratories meet specific government accreditation requirements. DAkkS is the national accreditation body for the Federal Republic of Germany and it also accredits to ISO 15189:2012.

Accreditation for our USA laboratories is undertaken by Clinical Laboratory Improvement Amendments (CLIA) and College of American Pathologists (CAP) to specific technical requirements. Although ISO 15189 is not yet mandatory in the USA, an increasing number of clinical laboratories have recognised the benefit of being accredited to this international standard. All Sonic laboratories in the USA are proceeding towards ISO 15189 accreditation.

Sonic's Medical Leadership culture, and our levels of quality and service, have raised the bar for other participants in our markets.

SONIC AS AN EMPLOYER

Sonic provides employment for over 30,000 people in an environment of professionalism, ethical behaviour, equal opportunity and reward based on merit. Sonic subsidiaries regularly win local business awards based on workforce diversity. We are considered an "employer of choice" in our markets due to the respect we offer to individuals and to the medical profession as a whole, and believe that our employee turnover is lower than industry standards as a result, especially at more senior levels of staff. Our Core Values set out a unifying code of conduct for our people.

The philosophy of treating each other with respect and honesty is further encouraged by our Diversity Policy, our Labour Standards and Human Rights Policy and our Code of Ethics. Sonic encourages all staff to report any incidents, misconduct, illegal acts or other behaviour or circumstances which are inconsistent with this commitment

or which could adversely impact the reputation of Sonic Healthcare.

Sonic does not tolerate any misconduct or improper behaviour by staff members, nor the use of any punitive action against any staff member that reports such incidents or behaviour. The culture of non-punitive reporting is encouraged to provide a blame-free working environment.

Open communication is one of the best ways to foster a culture of no-blame and this is achieved by providing multiple avenues to report incidents, problems or issues. Consistent training for both supervisors and staff ensures that this culture is fostered throughout the organisation.

We encourage staff to report anything that may have an impact on quality and safety both for patients as well as themselves. The culture of no-blame encourages an increased level of reporting, which means that errors and problems are likely to be captured more quickly. Sonic is committed to taking all reasonable steps to protect people who report such information

Our Values

Commit to Service Excellence

To willingly serve all those with whom we deal; with unsurpassed excellence.

Treat each other with Respect & Honesty

To grow a workplace where trust, team spirit, and equity are an integral part of everything we do.

Demonstrate Responsibility & Accountability

To set an example, to take ownership of each situation to the best of our ability, and to seek help when needed.

Be Enthusiastic about Continuous Improvement

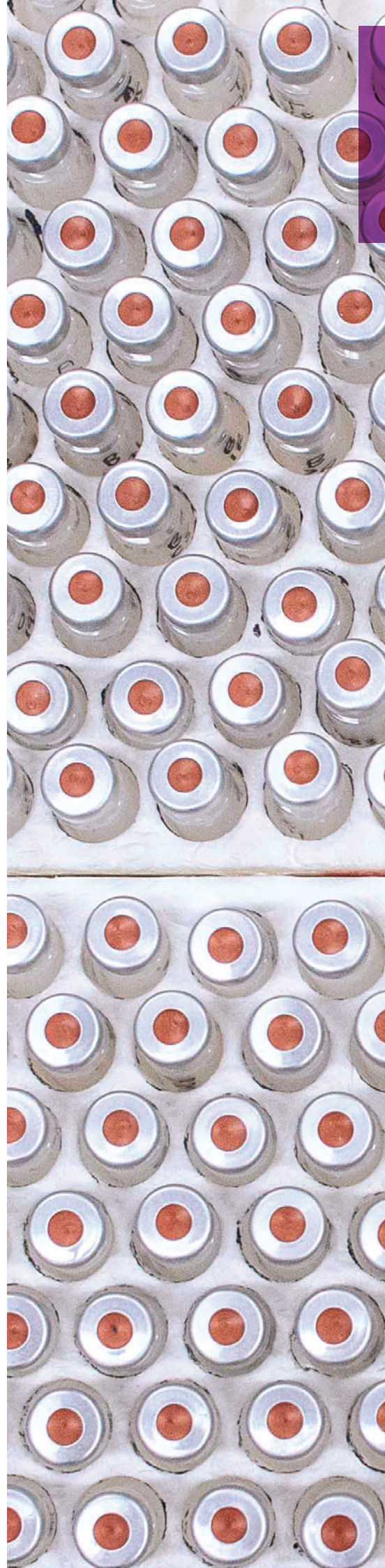
To never be complacent, to recognise limitations and opportunities for ourselves and processes; and to learn through these.

Maintain Confidentiality

To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.



**SONIC
HEALTHCARE**
Quality is in our DNA





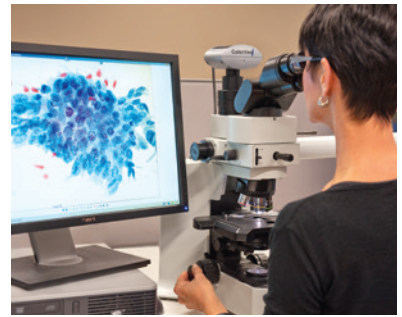
from any reprisals, as well as providing the opportunity for the person that is the subject of the allegation or investigation to be afforded the principles of natural justice (including receiving details of the allegation, a fair hearing, and a right to respond).

We as an organisation are committed to ethical practice and conducting business with honesty and integrity and therefore commit and adhere to a zero-tolerance approach to bribery and corruption. Sonic seeks this commitment from all staff which is outlined in our Anti-Bribery and Corruption Policy.

We engage in a positive manner with unions and other employee representative groups, and have not experienced significant industrial action in our 28 year history. Sonic accepts the right of freedom of association for all of its employees, including their right to join trade unions and to be represented by those unions for the purpose of collective bargaining. Sonic does not discriminate against or deny access to workers' representatives in the workplace and a significant proportion of our global workforce are currently members of unions or other employee representative groups.

Sonic has a long and successful history of growth through acquisition of other businesses. When achieving synergies from such business acquisitions our approach generally is to rely on natural staff turnover to achieve savings over time, rather than wide scale redundancy programs. This is beneficial not only to staff, but to the business as it preserves staff morale, and therefore the goodwill we have acquired.

Sonic is committed to the safety and wellbeing of our staff, as reflected in our Workplace Health and Safety Policy. The nature of our industry, plus our staff training programs and management, mean that workforce injuries are negligible.



SONIC HELPING OTHERS

Sonic Healthcare and its staff support many charities, especially those where we can be directly involved in delivering a positive outcome.

The Catalyst Program is our major Company-wide initiative to provide long term healthcare improvements and beneficial change to some of the world's most disadvantaged communities. Sonic is uniquely positioned to make a significant medical difference by using our expertise to create sustainable, localised self-reliance in laboratory medicine and diagnostic imaging. The HEAL Africa Hospital, located in Goma in the Democratic Republic of the Congo (DRC), has been our main focus in recent years and included the setup and equipping of a modern pathology laboratory and imaging facility. The Catalyst Program currently extends to support three hospitals in Ethiopia, being the Fistula Hospital in Addis Ababa, the Mille Hospital and a new hospital in Bahir Dar, as well as a hospital in South Sudan. Key activities and updates over the past year include the following:

- We have sponsored the training of local Congolese radiographers and scientists to improve their skills and qualifications and recently two of our sponsored medical doctors graduated to become a specialist pathologist and specialist radiologist at the HEAL Africa Hospital in Goma.
- In June 2015, a team from Sonic travelled to Goma and spent two weeks training laboratory staff, installing new equipment and consulting with the medical staff at the HEAL Africa Hospital.
- Dr Murray Thorn (a senior Sonic radiologist) and Sue Reid (an experienced Sonic sonographer) travelled to Goma in September 2015 for two weeks to assist and continue the skills development of the local technical staff and the newly trained radiologist.
- The installation of a CT scanner at the HEAL Africa Hospital is planned for late 2015. This scanner was donated by Sonic and will make an enormous contribution to the capabilities of the hospital and the management of patients both in the hospital and the broader community. This will be the only CT scanner in Eastern DRC.
- Our support extends to projects such as the HEALing Arts Centre which amongst other things provides vocational skills to women affected by war and violence. We also support a number of schools including the Tuungane and Magunga schools in Goma. We have helped supplement the teachers' wages, supplied stationery, furniture and sports equipment. In addition, we paid for a solar power unit for the roof at the Magunga School which previously had no electricity.
- We have begun working with an Australian maternal health foundation to establish a small laboratory in a new hospital in Bahir Dar, a large rural town in Ethiopia. This hospital's focus will be maternal health and fistula prevention and treatment.
- Our most recent collaboration is with the Mille Hospital in the Afar region of Ethiopia. Using the same successful model that we employed at the HEAL Africa Hospital, Sonic has commenced a long-term involvement to create a modern and well equipped pathology laboratory facility, together with well trained staff and the adequate provision of medical supplies.
- Sonic has formed an association with His House of Hope Hospital in Yei, South Sudan. In June 2015 a team from Sonic visited the hospital to assess the requirements and the operating environment. South Sudan is not only the newest country in the world, but it also has the highest maternal mortality rate where one in seven women die during childbirth. The hospital provides care to more

than 6,000 women and children each year and Sonic will be providing equipment, supplies and training to help create a modern diagnostic facility in the hospital.

- Since 2008 Sonic has sent more than a dozen shipping containers to the locations of our African aid projects. Most recently a container was sent in January 2015 to Goma and was filled with laboratory consumables (blood collection items, gloves, specimen containers, reagents), supplies for the hospital, a new biochemistry analyser, computer equipment and a new generator to help power the CT scanner. We also included equipment for the schools and staff donations of clothes and shoes. Other charitable groups took advantage of space in our container to send physiotherapy and surgical equipment.

Sonic staff continue to travel to DRC, Ethiopia and South Sudan at regular intervals to assist the hospitals in providing services in some of the world's most disadvantaged areas. Sonic and its staff can be extremely proud of the support that we have provided through this worthwhile program which has helped to establish the HEAL Africa Hospital as one of the most well regarded within the DRC and for the support provided to the other Catalyst Program projects. More information about our Catalyst Program and our involvement with the Heal Africa Hospital can be found on our website at:

<http://www.sonichealthcare.com/about-us/catalyst-program.aspx>

Other examples of the many charitable activities of Sonic and its staff include:

- For the fourth consecutive year Sonic Healthcare Germany has supported the World Doctor Orchestra (WDO) and in particular two concerts in Berlin and Dresden. The orchestra's musicians are medical doctors from 50 countries around the world, including our Sonic pathologist, Dr Hans-Bernd Kucher from Augsburg. All orchestra members



perform pro-bono and pay their own travel costs. Sonic's support allows the WDO to cover logistics, concert hall rentals and other costs so that the significant ticket proceeds may be donated to selected charities.

- Clinical Laboratories of Hawaii (CLH) has participated, raised funds and volunteered hours at a variety of charitable events including: Kapiolani Medical Center Radiothon for Kids, Hawaii's Strides Against Breast Cancer, Hilo Heart and Stroke Walk, Relay for Life, Willy K. Annual Charity Golf Tournament, and Annual Visitor Industry Walk; as well as supporting organisations such as American Heart Association and American Cancer Society. In addition, CLH participated in multiple health fairs including Bayahian Clinic Without Walls Community Health Fair, Pali Momi Health Fair and Early Signs Health Fair to offer free services, free cholesterol screenings, healthy recipes and education.
- Our North East Division in the USA recently provided, free of charge, phlebotomy (i.e. blood collection) and testing services to a research study at Shenandoah University of high school students measuring their propensity to develop diabetes and heart disease.
- Sunrise Medical Laboratories (Sonic's subsidiary in New York) and its staff hosted a food drive and donated over 200 kilograms of food and products. American Esoteric Laboratories (Sonic's Tennessee based subsidiary) coordinated a food drive that gathered over 900 kilograms of food to donate to Second Harvest Food Bank.
- IPN, its doctors and staff host a large number of fundraising events throughout the year, two examples being: The Neutral Bay Medical Centre hosted a "Biggest Morning Tea" fundraising event in June 2015 raising money for Cancer Council Australia. Doctors, staff and the

public attended and contributed food items, raising a significant amount of money for this worthwhile cause; and the doctors and staff at Allcare Medical Centre Hammondville and Allcare Medical Centre Wattle Grove hosted a morning tea for Jeans for Genes Day in August 2015 with funds raised going towards the Children's Medical Research Institute's vision of a world without childhood disease.

- SKG Radiology (Sonic's Perth based imaging practice) holds an annual Cancer Council Pink Ribbon Day event. Our staff are actively involved wearing pink clothing, decorating the branches with pink streamers and balloons and displaying the Cancer Council merchandise for sale. The Cancer Council announced over the local radio station that merchandise for this event could be purchased from SKG Radiology branches. This year over \$5,000 was raised.
- Our Queensland diagnostic practices, Sullivan Nicolaides Pathology (SNP) and Queensland X-Ray (QXR) made a joint donation to The AEIOU Foundation of \$45,000. AEIOU provides life changing education to children aged between two and six who have been diagnosed with autism spectrum disorders. In addition, QXR provided funding of \$40,000 towards paediatric spine research.
- SNP and QXR are both supporters of the Gallipoli Medical Research Foundation (GMRF) with SNP making a cash donation of \$25,000 and QXR providing over \$50,000 of free MRI, CT and ultrasound imaging services. GMRF are undertaking a research project into post-traumatic stress disorder and related mental health issues affecting war veterans.
- Sonic's Melbourne Pathology business holds a staff charity ball every year to support causes nominated by the staff. This year the staff selected The National Stroke Foundation and raised over \$17,000

through ticket sales, silent auction items and a raffle.

- In May 2015 the staff of Douglass Hanly Moir Pathology (Sonic's NSW based pathology business) raised \$13,250 for the Nepal earthquake relief through a raffle of prizes that had been donated by the company.

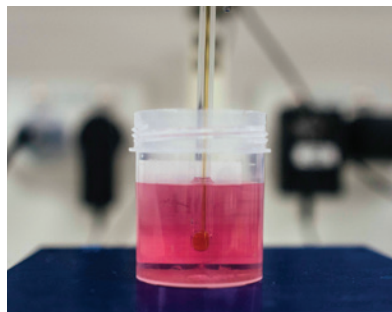
SONIC AND THE ENVIRONMENT

Under Sonic Healthcare's Environmental Policy, our people seek to minimise the negative impacts our businesses may have on their surroundings. Whilst the nature of our industry is such that we are not a significant polluter or energy consumer, our philosophy is that we all have a duty to the community to continuously improve in this area and to our stakeholders to ensure the long-term sustainability of our business.

Our Company is committed to meeting all relevant regulatory and legislative environmental requirements of the locations in which we operate. As part of this commitment, we also actively seek to understand and minimise our environmental footprint and explore opportunities to deliver long-term environmental benefits. We achieve this through:

- identifying opportunities for energy efficiency initiatives, including the use of renewable energy systems or low environmental impact vehicles;
- providing education and training for our staff on environmental practices including reducing water use, clinical waste and resource consumption;
- recycling programs for environmentally sensitive chemicals to reduce our contaminated waste volumes;
- partnering with our suppliers to reduce packaging and transport emissions;
- utilising digital solutions to minimise resource waste across our customer and supply chain;





- responsibly procuring products and services through understanding and evaluating the environmental management practices of our suppliers.

Sonic Healthcare acknowledges and accepts the Intergovernmental Panel on Climate Change's finding that warming of the climate system has been significantly influenced by human activity. We recognise that the impacts of climate change could present physical, natural and human risks for our federation network of service providers, our key suppliers, or the availability of resources for products which are integral to our business. We monitor our exposure to these risks on an ongoing basis, and continue to ensure our service offerings are aligned to meet any emerging needs.

In accordance with the Sonic Values of *"Demonstrating Responsibility and Accountability"* and *"Enthusiasm for Continuous Improvement"*, our environmental policy includes a commitment to transparency of compliance. We have established and maintain procedures which specify our environmental objectives and targets and facilitate their regular review. The Board's Risk Management Committee is responsible for providing oversight on Sonic's identification and response to key environmental issues as well as monitoring our climate change preparedness.

Sonic reports the following data under the Australian National Greenhouse and Energy Reporting Act 2007:

Greenhouse gas emissions (tonnes CO₂-e)

	2015	2014
Scope 1 (mainly relating to fuel and natural gas)	8,326	8,158
Scope 2 (mainly electricity usage)	59,645	58,023
Energy Consumed (GJ)	381,618	370,179

Whilst energy consumed has increased by 3.1%, this is well below the growth in patient volumes of Sonic's Australian businesses.

Examples of initiatives around the Company to minimise our environmental impact include:

- Sonic encourages its shareholders to access all their communications electronically. This allows Sonic to significantly decrease its shareholder communication print production. Less than 4% of Sonic's shareholders still request a hard copy Annual Report, and over 31% of shareholders receive communications electronically. The result is a reduction in energy and water resources associated with paper and print production;
- The building which houses Sonic's corporate headquarters and our largest laboratory in Australia was designed to achieve a 4-4.5 star Australian Building Greenhouse Rating, with features to save power consumption, harvest rainwater and filter waste water. Similar consideration has gone into all other Sonic laboratory building projects in recent years, including the recently completed laboratory in Perth and the state-of-the-art laboratory facility planned to be built in Brisbane for Sullivan Nicolaides Pathology;
- Use of commercial-scale solar power systems at 14 Giffnock Avenue and Epping Road, Macquarie Park. The combined power capacity is 196kW. The systems generate in excess of 250,000kWh annually of clean energy, reducing greenhouse gas emissions by an average of 175,000 tonnes equivalent of CO₂ annually. Over the 25 year operational life this amounts to 4,400,000 tonnes equivalent of CO₂ abatement;
- Our new London central laboratory has achieved a Building Research Establishment Environmental Assessment Method (BREEAM) score of "very good". BREEAM

sets the standards for best practice in sustainable building design, construction and operation and has become one of the most comprehensive and widely recognised measures of a building's environmental performance. Some specific environmental features of the building include a series of "green roofs" which contribute towards the creation of a nature corridor across central London and the provision of approximately 60 cycle spaces and associated shower facilities on site to encourage staff cycling to work.

- Our UK operations has achieved and maintained certification to the international environmental standard, ISO14001 Environmental Management System. This involves assessing the components of business activity and the associated environmental impacts and identifying long-term objectives, which in turn are broken down into manageable environmental improvement projects. These projects have recently included recycling hardware and toner cartridges, the introduction of bicycle couriers in Central London, environmental credentials as key criteria when selecting new company vehicles, encouraging paperless and dial-in meetings and improving recycling.
- Ongoing campaigns continue around the Sonic network to reduce waste and increase recycling, including providing education and recycling facilities;
- In Germany, Sonic has installed an environmentally-friendly double floor in the clinical chemistry department of the new laboratory building at Labor 28 in Berlin. This innovative design was incorporated to deal with the intense heat generated by certain equipment installed in the laboratory. Previously, this heat was ameliorated by the use of air conditioning, which was a technically complex and cost intensive approach. The double floor design allows for aspiration

of the heated air directly at the site of the equipment, providing a more stable and easily regulated room temperature. In addition, the heated air is recycled within the building's heating system, producing significant energy cost savings, which are expected to repay the installation cost of the floor within five years. This design also allows IT cabling, power cables, water and sewage pipes to be installed in close proximity to the equipment, providing further cost and space savings as well as the ability to implement modifications and expansion in the future.

- Five innovative BMW i3 electric cars are being trialed in Germany. The cars do not emit tailpipe pollutants and have a range of 140 kilometers which is adequate for inner city courier work. There is a high initial capital cost however the operating cost is less per month, justifying the trial. It is estimated that each electric car will reduce CO₂ emissions by 300 kilograms per month when compared to an equivalent diesel car.

Medical waste is often identified as a potential environmental hazard resulting from our businesses. In reality this issue is managed in a safe and straight forward manner by contracting with reputable, licensed businesses that specialise in the field to collect and dispose of our waste. Our handling of waste is subject to regular review by external parties as part of our laboratory accreditation processes. In its 28 year history, Sonic is not aware of a single issue of note arising in relation to medical waste.

Sonic does not undertake animal testing, other than veterinary pathology (which tests for the health of the animal) in some markets. When purchasing equipment, Sonic formally assesses water usage, power requirements and consumables packaging, and in accordance with Sonic's Supplier Policy, when choosing significant suppliers a formal assessment is made of their environmental policies and credentials.





FINANCIAL HISTORY

As at 30 June	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000	2011 \$'000
Revenue	4,200,525	3,913,475	3,484,073	3,345,616	3,096,379
Earnings before interest, tax, depreciation and amortisation (EBITDA)	694,649	733,020	646,819	624,129	570,095
Net profit after tax	347,698	384,984	334,998	315,996	294,535
Net cash flow from operations	512,084	556,358	459,459	486,758	409,019
Total assets	6,348,705	5,797,606	5,518,226	4,928,805	4,712,897
Total liabilities	3,022,707	2,688,612	2,600,125	2,318,606	2,196,462
Net assets	3,325,998	3,108,994	2,918,101	2,610,199	2,516,435
Net interest bearing debt	1,975,989	1,738,790	1,738,848	1,571,081	1,535,626
Statistics					
Diluted earnings per share (cents)	86.0	95.5	84.3	80.7	75.5
Dividends paid per ordinary share (cents)	69.0	64.0	60.0	59.0	59.0
Dividend payout ratio	79.7%	66.6%	70.6%	72.8%	77.8%
Gearing ratio	37.3%	35.9%	37.3%	37.6%	37.9%
Interest cover (times) ¹	10.8	10.7	8.6	7.0	7.4
Debt cover (times) ¹	2.7	2.4	2.4	2.5	2.8
Net tangible asset backing per share (\$)	(2.74)	(2.43)	(2.51)	(2.40)	(2.30)
Return on invested capital	7.2%	9.2%	8.9%	9.8%	8.9%
Return on equity	10.8%	12.8%	12.1%	12.3%	11.6%

¹ Calculated using bank debt facility covenant definitions

CONCISE ANNUAL REPORT

30 June 2015

Directors' Report

Your Directors present their report on the Group consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

DIRECTORS

The following persons were Directors of Sonic Healthcare Limited during the whole of the financial year and up to the date of this report:

Mr R.P. Campbell	<i>Chairman</i>
Dr C.S. Goldschmidt	<i>Managing Director</i>
Mr C.D. Wilks	<i>Finance Director</i>
Dr P.J. Dubois	
Mr C.J. Jackson	
Mr L.J. Panaccio	
Ms K.D. Spargo	
Dr E.J. Wilson	

Prof M.R. Compton was appointed as a director on 7 October 2014 and continues in office at the date of this report.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of the provision of medical diagnostic services and the provision of administrative services and facilities to medical practitioners.

DIVIDENDS

Details of dividends in respect of the current year and previous financial year are as follows:

	2015 \$'000	2014 \$'000
Interim dividend paid on 25 March 2015 (2014: 25 March 2014)	116,568	108,213
Final dividend payable on 22 October 2015 (2014: 23 September 2014)	164,908	160,449
Total dividend for the year	281,476	268,662

On 17 August 2015, the Board declared a final dividend in respect of the year ended 30 June 2015 of 41 cents per ordinary share, 55% franked (at 30%), payable on 22 October 2015 with a record date of 11 September 2015. An interim dividend of 29 cents per ordinary share, 55% franked (at 30%), was paid on 25 March 2015. These dividends included no conduit foreign income.

A final dividend of 40 cents per ordinary share was paid on 23 September 2014 in respect of the year ended 30 June 2014, out of profits of that year as recommended by the Directors in last year's Directors' Report. The interim dividend in respect of the year ended 30 June 2014 was 27 cents per ordinary share, paid on 25 March 2014. These dividends included no conduit foreign income.

DIVIDEND REINVESTMENT PLAN ("DRP")

The Company's DRP will operate for the 2015 final dividend.

The DRP pricing methodology is the average VWAP over the pricing period (16 September to 13 October 2015 (both inclusive)) as determined in accordance with the DRP rules. A discount of 1.5% will apply to the price of shares issued under the DRP. The DRP application price will be announced to the ASX on 14 October 2015, after the end of the pricing period. Sonic intends to satisfy DRP requirements for this dividend by issuing new shares. Shareholders holding 26.39% of the Company's ordinary shares have elected to participate in the DRP.

The Company has entered into a DRP Shortfall Placement Agreement with CBA Equities Limited ("CBA Equities") that will involve CBA Equities subscribing for shares with a value of up to 100% of the shortfall in DRP participation by Sonic shareholders. The subscription price to be paid by CBA Equities may not equate to the DRP subscription price.

Directors' Report

OPERATING AND FINANCIAL REVIEW

Operations

Sonic Healthcare is one of the world's leading global providers of medical diagnostic services. The Group provides highly specialised pathology/clinical laboratory and diagnostic imaging services to physicians, hospitals, community health services, and their patients. Sonic is the world's third largest provider of pathology/clinical laboratory services (referred to in some markets as "laboratory medicine") and was the first company to do so globally. Employing approximately 30,000 people, Sonic enjoys strong positions in the laboratory markets of eight countries, being the largest private operator in Australia, Germany, Switzerland (since July 2015) and the UK, the second largest in Belgium and New Zealand and within the top 5 in the USA. In addition Sonic is the largest operator of medical centres and the largest occupational health provider in Australia, and the second largest participant in the Australian diagnostic imaging market. These strong market positions allow Sonic to leverage existing infrastructure to realise synergies and to grow earnings.

Pathology is the study and diagnosis of disease through examination of organs, tissues, cells and bodily fluids. It is a broadly defined and complex scientific field which seeks to understand the mechanisms of disease and abnormality of cells and tissues, as well as the body's means of responding to and repairing abnormalities. Pathology tests are an essential component in the delivery of modern healthcare services and are estimated to influence approximately 70% of healthcare decisions and 100% of cancer diagnoses. Pathology is a unique medical specialty, in that pathologists and laboratory technicians typically do not see patients directly, but rather serve as consultants to other physicians.

The clinical laboratory process is depicted below:



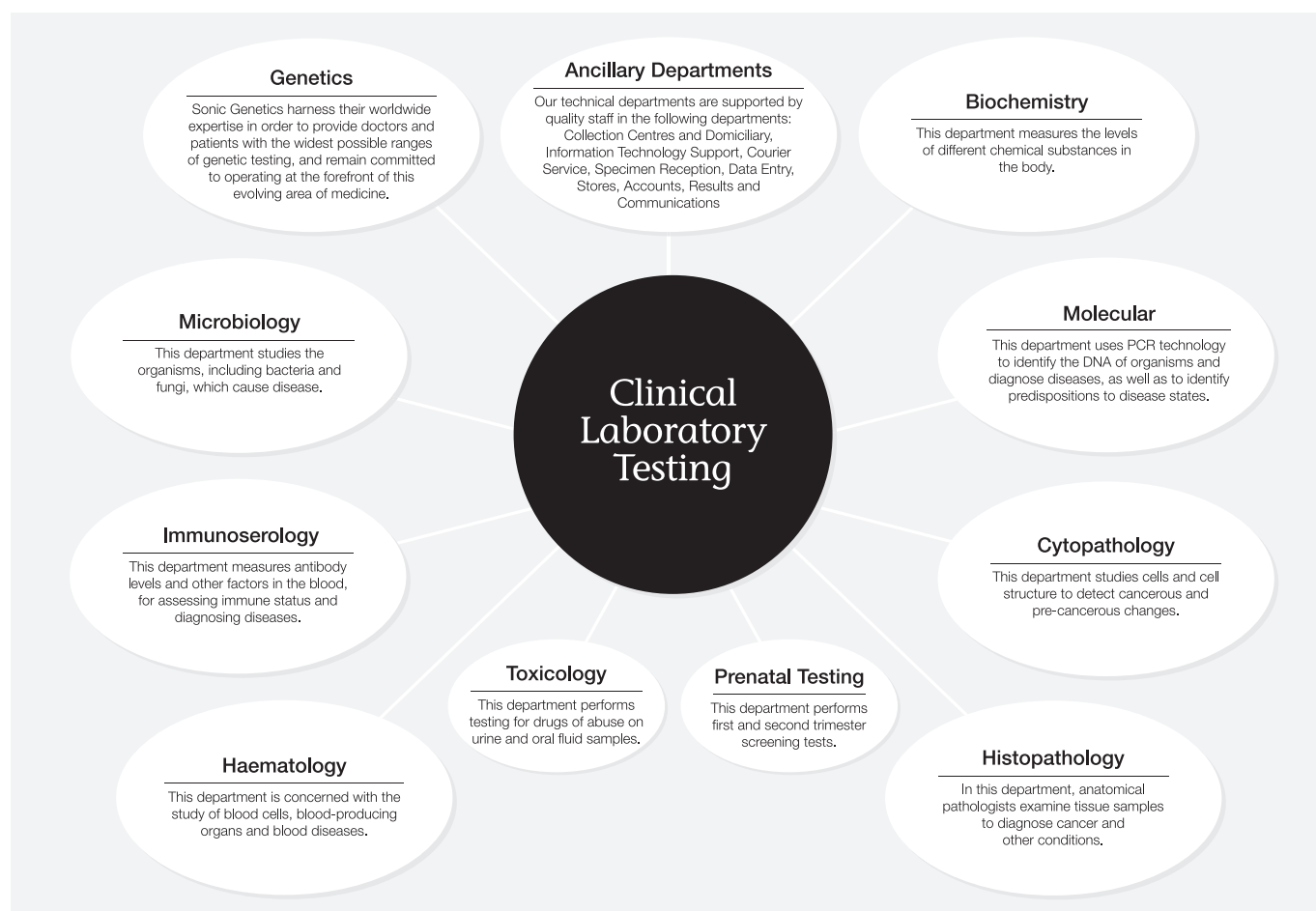
In most countries in which Sonic operates, laboratories offer specimen collection services, although referring physicians still do some collections themselves. In Australia, approximately 24% of specimens are collected by the referring physician. In Germany, Belgium and Switzerland laboratories generally do not offer specimen collection services.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operations (continued)

Clinical laboratory tests generally fall into one of ten categories, or departments within a laboratory, as shown below:



Histopathology and cytopathology, which mainly involve the diagnosis of cancers, are often referred to as “anatomical pathology”, whereas the other testing areas are usually referred to as clinical laboratory testing. In some international markets such as Australia and New Zealand, it is usual for laboratories to conduct both anatomical pathology and clinical laboratory testing as part of the one service. In other markets, anatomical pathology can be seen as a separate service. Sonic therefore does not offer comprehensive anatomical pathology services in all markets, e.g. Germany, the UK and some regions within the USA.

Sonic's laboratories are today highly sophisticated, providing broad menus of complex tests, in addition to state-of-the-art automation for accurate and rapid turnaround of routine tests. Sonic offers a range of more than 3,000 different tests. Many of Sonic's large laboratories reach or exceed tertiary hospital laboratory standards and are recognised for their esoteric testing expertise, for example, in genetic and molecular testing.

Diagnostic imaging (including radiology) is the medical specialty of using medical imaging technologies to diagnose and treat diseases. The array of imaging technologies include general x-ray, bone densitometry, mammography, ultrasound, computed tomography (CT), nuclear medicine studies and magnetic resonance imaging (MRI). Diagnostic imaging also includes interventional radiology, the performance of medical procedures under the guidance of imaging technologies.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operations (continued)

In addition to clinical laboratories and diagnostic imaging, Sonic conducts a number of smaller complementary businesses (disclosed in the Other category in the Segment information note, along with corporate office costs). The most significant of these are the Independent Practitioner Network ("IPN") medical centre business and the Sonic HealthPlus occupational health business, which together involve more than two hundred primary care clinics across Australia providing facilities and administrative services to over eighteen hundred General Practitioners. 70% of all Australians live within 10 kilometres of an IPN/Sonic HealthPlus clinic.

Financial results

A summary of consolidated revenue and earnings is set out below:

\$'000	2015 Constant Currency*	2015 Statutory	2014 Statutory	% Change 2015 Constant Currency v 2014 Statutory	% Change 2015 Statutory v 2014 Statutory
Revenue	4,121,470	4,200,525	3,913,475	5.3%	7.3%
Earnings before interest, tax, depreciation and intangibles amortisation (EBITDA) pre non-recurring items	723,801	730,700	737,827	(1.9)%	(1.0)%
Non-recurring items	(35,993)	(36,051)	(4,807)		
EBITDA	687,808	694,649	733,020		
Depreciation and lease amortisation	(134,460)	(135,971)	(124,150)	8.3%	
Earnings before interest, tax and intangibles amortisation (EBITA)	553,348	558,678	608,870	(9.1)%	
Amortisation of intangibles	(42,711)	(43,231)	(36,439)	17.2%	
Net interest expense	(49,453)	(52,132)	(57,465)	(13.9)%	
Income tax attributable to operating profit	(109,789)	(109,278)	(126,106)	(12.9)%	
Net (profit) attributable to minority interests	(6,296)	(6,339)	(3,876)		
Net profit attributable to shareholders of Sonic Healthcare Limited	345,099	347,698	384,984	(10.4)%	(9.7)%
Cash generated from operations (Refer Note (h))		512,084	556,358		

Earnings per share

Cents per share	2015 Constant Currency*	2015 Statutory	2014 Statutory
Basic earnings per share	86.0¢	86.6¢	96.2¢
Diluted earnings per share	85.3¢	86.0¢	95.5¢

* For an explanation of "Constant Currency" refer to (a) on the following page.

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

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial results (continued)

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 2015 for the Australian dollar ("A\$", "AUD" or "\$") versus the currencies of Sonic's offshore earnings varied from those in the comparative period, impacting Sonic's AUD reported earnings ("Statutory" earnings). The underlying earnings in foreign currency are not affected.

As in prior periods, in addition to the statutory disclosures, Sonic's results for the year have also been presented on a "Constant Currency" basis (i.e. using the same exchange rates to convert the current period foreign earnings into AUD as applied in the comparative period, being the average rates for that period). This facilitates comparability of the Group's performance, by providing a view on the underlying business performance without distortion caused by exchange rate volatility, so that an assessment can be made of the growth in earnings in local currencies. Constant Currency reporting also allows comparison to the guidance Sonic provides to the market about its prospective earnings.

In preparing the Constant Currency reporting, the foreign currency elements of each line item in the Income Statement (including net interest expense and tax expense) are restated using the relevant prior period average exchange rate. There is only this one adjustment to each line item so no reconciliation is required.

The average exchange rates used were as follows:

	2015 Statutory	2014 and Constant Currency
AUD/USD	0.8362	0.9185
AUD/EUR	0.6963	0.6770
AUD/GBP	0.5304	0.5651
AUD/CHF	0.7880	0.8305
AUD/NZD	1.0758	1.1061

To manage currency translation risk Sonic uses "natural" hedging, under which foreign currency assets (businesses) are matched to the extent possible 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, debt is repaid, and interest rates change, the natural hedges have only a partial effect, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial results (continued)

Explanation of results (continued)

(b) Revenue

Total revenue growth for the year was 5.3% at Constant Currency exchange rates (i.e. applying the average rates for the 2014 year to the current year results) and 7.3% including exchange rate impacts.

Revenue breakdown AUD M	2015 Statutory Revenue	% of 2015 Statutory Revenue	2015 Constant Currency Revenue	2014 Revenue	Growth 2015 Constant Currency v 2014
Laboratory – Australia	1,185	28%	1,185	1,131	4.8%
Laboratory – USA	930	22%	847	830	2.0%
Laboratory – Europe	1,272	30%	1,277	1,144	11.6%
Laboratory – NZ	34	1%	33	41	(19.5)%
Imaging – Australia (2014; and NZ)	414	10%	414	415	(0.2)%
Medical centres and occupational health – Australia	362	9%	362	349	3.7%
Revenue excluding interest income	4,197	100%	4,118	3,910	5.3%
Interest income	4		3	3	
Total revenue	4,201		4,121	3,913	5.3%

Revenue for the Laboratory division grew 6% at Constant Currency exchange rates.

Sonic's Australian Laboratory revenue growth of 5% included 0.5% relating to the SAN Pathology acquisition completed in December 2014. Fees and volumes were negatively impacted by Medicare changes from 1 November 2014. Sonic's growth was significantly stronger than market growth (as indicated by Medicare statistics), driven by Sonic's strong brands and market positioning.

Volume growth has returned to the US laboratory market, reflected in Sonic's US growth improving from 1% in the first half to 3% in the second half of FY2015 (versus the corresponding halves in the previous year).

Sonic's European operations experienced strong revenue growth in the UK (25%), Switzerland (5%) and Germany (11%), with German growth augmented by acquisitions (6% organic). Belgian revenue growth has returned after cycling through a one-off statutory fee cut (equating to approximately 7% of total Belgian revenues) that took effect from 1 November 2013.

Imaging revenue growth was impacted by the sale of Sonic's New Zealand practice in March 2014. Sonic's Australian Imaging business grew revenue by 3%.

Revenue growth for Sonic's medical centre business was 6%. Growth of the occupational health business was hampered by the downturn in the resources sector.

Currency exchange rate movements increased reported (Statutory) revenue by A\$79M compared to the prior year.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial results (continued)

Explanation of results (continued)

(c) EBITDA and non-recurring items

As disclosed in its past financial statements, Sonic has been carrying approximately €15M in debtors on its balance sheet in relation to short payments made by certain regional funding bodies ("KVs") in Germany for quarterly billings up to the September 2012 quarter. Based on legal advice, Sonic has been and will continue to pursue recovery of these debtors, however after evaluating the implications for Sonic of a recent German Federal Social Court decision against a competitor laboratory, it was considered appropriate for Sonic to book a full provision against these debtors in 2015. The Court decision, and consequently this adjustment, occurred after the release of the Company's Appendix 4E: Preliminary Final Report and therefore the 2015 net profit is \$15,562,000 lower than previously announced.

The majority of the decline in EBITDA for the Laboratory division related to this non-recurring debtors provision, and to non-recurring costs of \$11.3M for the successful restructure of the CBLPath business in the US and for exiting operations following contract expiries in Auckland and Wellington, New Zealand.

Additional non-recurring business acquisition costs of \$2.5M are included in corporate costs (disclosed in the "Other" segment).

EBITDA pre non-recurring items declined 1% (1.9% at Constant Currency exchange rates) versus the prior year.

Earnings in the Laboratory division were impacted by fee changes in the current (mainly Australia) and prior year (US and Belgium; full year impact in FY2015), and specimen collection infrastructure costs in Australia.

Sonic's Australian Imaging business reported margin expansion of 10 basis points as a result of revenue growth, cost control and efficiency programs.

EBITDA growth in Sonic's medical centre operations was offset by reduced earnings in the Occupational Health business as a result of the resources sector downturn.

Growth in reported expense lines in the Income Statement is distorted by currency exchange rate fluctuations. More meaningful analysis of expenses can be undertaken by relating expenses to revenue. Labour is the major cost of Sonic's businesses, equating to 46% of revenue, equivalent to the prior year. The cost of medical consumables, Sonic's second largest cost category, increased slightly as a percentage of revenue (15%) despite ongoing success with procurement initiatives as a result of changes in mix in Sonic's total business. Underlying prices generally reduced. The third largest expense, operating lease rents, comprises mainly premises rentals, and has increased to over 6% of revenue mainly due to increasing rents and numbers of collection centres in Australia.

(d) Depreciation and lease amortisation

Depreciation and leased asset amortisation has increased 8.3% on the comparative period (at Constant Currency rates) as a result of the growth of the business and investments in cutting edge technology, premises and equipment.

Capital expenditure on property, plant and equipment was higher than usual in 2015 as a result of \$42M of payments made in relation to new hub laboratory facilities being developed in Brisbane and Hawaii. In addition, as part of the establishment of the UK joint venture ("JV") with University College London Hospital ("UCLH") and Royal Free, the JV vehicle (which Sonic consolidates) was required to acquire laboratory equipment in use at UCLH and Royal Free.

(e) Intangibles amortisation

Intangibles amortisation mainly relates to internally developed and externally acquired software. Substantial investments into innovative software tools have been made over recent years, leading to a 17% increase in the amortisation charge.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial results (continued)

Explanation of results (continued)

(f) Interest expense

Net interest expense has decreased 13.9% (\$8M) on the prior year (at Constant Currency rates) due to lower margins on refinanced debt, lower base interest rates and the expiry of interest rate hedges at higher historical rates.

Sonic's debt is drawn in foreign currencies as "natural" balance sheet hedging of Sonic's offshore operations (see (a) *Constant currency above*).

Interest rate risk management arrangements are in place in accordance with Sonic's Treasury Policy.

(g) Tax expense

The effective tax rate of 24% is slightly lower than in the comparative period due to overprovisions in prior years and to the performance of Sonic's businesses in higher tax rate jurisdictions relative to the performance of its operations in lower tax rate countries.

(h) Cashflow from operations

Gross operating cashflow equated to 95% (after adjusting for the non-cash non-recurring German KV debtor provision) of EBITDA, slightly lower than usual (2014: 98%), mainly due to the build-up of working capital (debtors and accrued revenue) for the new (from 1 April 2015) UK JV.

Financial position

Net assets at 30 June 2015 of A\$3,326M increased by A\$217M, or 7%, on the prior year. 53% (A\$115M) of this increase related to movements in currency exchange rates, with both assets (including intangibles) and liabilities of Sonic's US, UK and Swiss businesses being inflated by a weakened Australian dollar. Net assets also increased due to retained earnings increasing A\$71M (operating profit less dividends paid) and from the formation of the UK joint venture, which caused an increase in minority interests. The Company also received net cash of A\$13M on exercise of options during the year.

Net (of cash) interest bearing debt increased \$A237M (14%) from the prior year level to A\$1,976M. A\$198M of this increase related to currency exchange rate impacts, with the balance relating to business acquisitions completed in the year.

Sonic's net interest bearing debt at 30 June 2015 comprised:

	Facility Limit M	Drawn M	AUD \$M Available
Notes held by USA investors – USD	US\$500	US\$500	-
Notes held by USA investors – Euro	€110	€110	-
Bank debt facilities			
USD limits	US\$425	US\$361	83
Euro limits	€630	€558	105
GBP limits	£40	£40	-
AUD (Multicurrency) limits	A\$250	A\$57 ⁺	193
Minor debt/leasing facilities	n/a	A\$(3) [*]	-
Cash	n/a	A\$(249) [*]	249
Available funds at 30 June 2015			630

⁺ Includes debt drawn in GBP

^{*} Various currencies

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Financial position (continued)

Sonic's credit metrics were as follows:

	30.6.15	31.12.14	30.6.14
Gearing ratio	37.3%	38.0%	35.9%
Interest cover (times)	10.8	11.9	10.7
Debt cover (times)	2.7	2.5	2.4

Definitions:

- Gearing ratio = Net debt/[Net debt + equity] (USPP note 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 senior debt facility definitions

Sonic's senior debt facility limits at 30 June 2015 expire as follows (note that the figures shown are the facility limits, not drawn debt):

	AUD M	USD M	Euro M	GBP M
2016	-	-	-	40
2017	200	95	130	-
2018	50	65	230	-
2019	-	230	145	-
2020	-	285	125	-
2021	-	250	-	-
2024	-	-	110	-
	250	925	740	40

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

There were no significant changes in the state of affairs of the Group during the course of the financial year other than those noted in the financial result and financial position sections above.

Business model and strategies

For over two decades, Sonic Healthcare has pursued and promoted a management and operational philosophy of Medical Leadership. The impact of this approach has been to develop a company whose services are optimally aligned with the needs of physicians and their patients. Medical Leadership encompasses a management commitment to the maintenance of professionalism and "good medicine" at all times. It fosters an understanding of the doctor-patient relationship and it puts quality first.

Directors' Report

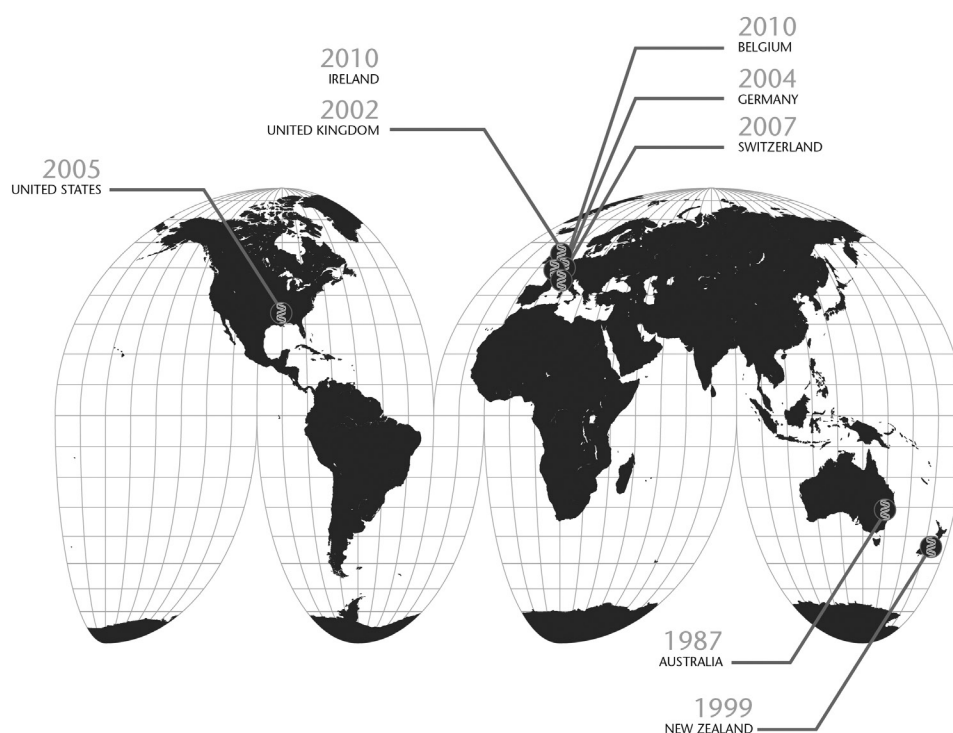
OPERATING AND FINANCIAL REVIEW (CONTINUED)

Business model and strategies (continued)

Sonic's operations are structured as a "federation", implying that individual subsidiaries or geographical divisions work in a synergistic network to achieve best practice outcomes in terms of service and business excellence. The structure reinforces the identity and management autonomy of each local operation. Each operation has its own CEO or President and management team. When Sonic acquires businesses, they most often maintain their management autonomy, brand, and consequently their local "flavour". This is the structure which is most resonant with local medical communities and which best preserves acquired goodwill. However, Sonic's operations work in a collaborative way within the structure, via central executives and widespread inter-company communication, to achieve synergies. Detailed benchmarking leading to best practice, group purchasing, IT, E-health, quality system sharing and centralisation of testing are all examples of continuous synergy activity within the Group.

Sonic's Medical Leadership philosophy and federation structure have resulted in significant "brand" differentiation in the market place. The Company's operations are viewed as specialist medical practices, rather than as "businesses". This market differentiation has not only fostered strong organic revenue growth (including hospital pathology outsourcing contracts) over the years but has often made Sonic the preferred acquirer when laboratory or imaging practice founders and owners wish to realise the value of their practices without seeing their focus on the medical nature of the business lost to a more "corporatised" acquirer. Sonic's culture and structure have also served to attract and retain top pathologists, radiologists, scientific staff and managers, with staff turnover at this important senior level consistently at very low levels.

Sonic's strategy is to utilise its unique culture, values and structure to achieve a leading position in targeted geographic laboratory markets, providing sufficient size and infrastructure to facilitate synergies and economies of scale to drive margin improvements, earnings growth and increasing returns on capital invested. Sonic has a successful track record of consolidating fragmented markets in Australia, using its market differentiation to drive both organic revenue growth and to attract like-minded laboratories for acquisition. Having undertaken a strategic international laboratory expansion program, Sonic is now successfully implementing the same strategies in its offshore pathology markets. Sonic is also well placed to benefit from the increasing trend for governments and others to outsource their diagnostic testing to the private sector in order to address growing healthcare costs.



Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Prospects for future years

Sonic operates in attractive and growing global healthcare markets, carefully chosen based on a range of factors including political, legal and financial stability, reliable and stable healthcare funding systems, fragmentation of the market, and cultural understanding. Within these markets there is increasing demand for diagnostic services arising from growing and ageing populations, new tests and preventative medicine. Against this favourable backdrop Sonic expects to continue for the foreseeable future to grow revenue, earnings and returns on investment organically, including through outsourcing contracts, and further enhanced by synergistic business acquisitions. Laboratory operations offer many levers which can be adjusted to optimise individual processes and Sonic's managers are constantly seeking efficiency gains within their businesses, aided by the early adoption of new technologies and the sharing of experiences with colleagues from around the globe.

Whilst the present focus for acquisitions is on Sonic's existing markets, further prudent and strategic international laboratory expansion is likely in the medium to long term. Sonic has no current intention to expand its diagnostic imaging or other businesses outside Australia.

Sonic intends to maintain a solid investment grade profile with conservative leverage, to preserve Sonic's culture and Core Values, and to ensure the attraction and retention of the best people to drive the business forward, including retaining key staff from acquisitions.

With regard to more short term prospects, on 18 August 2015 Sonic provided guidance in relation to forecast results for the 2016 financial year as follows:

- Sonic expects to generate EBITDA of A\$815-840M for 2016, on a Constant Currency basis (applying 2015 average currency exchange rates to 2016 foreign currency earnings). If recent currency rates continue to prevail, statutory EBITDA is likely to be significantly higher than the Constant Currency levels.
- Net interest expense is expected to increase by 5-10% from the 2015 level of A\$52M on a Constant Currency basis as a result of the acquisitions completed in July 2015. Underlying floating interest rates are assumed to remain constant at August 2015 levels.
- The effective tax rate is expected to be approximately 25%.
- This guidance excludes the impact of any future business acquisitions.

Given Sonic's size and global market presence, opportunities present themselves from time to time that are not necessarily in accordance with Sonic's core strategies. These opportunities are assessed by management and the Board to determine whether their pursuit is in the best interests of shareholders. Further information on likely strategic developments has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the interests of the Group.

Risks

The major risks to consider in assessing Sonic's future prospects are:

- Sonic's reported revenue and earnings will fluctuate with changes in the currency exchange rates between the Australian dollar (our reporting currency) and the currencies of our offshore operations. As previously noted, Sonic uses foreign currency borrowings as a partial (natural) hedge.
- In most of Sonic's markets the majority of revenue is priced based on fee schedules set by government or quasi government bodies and, especially in the USA, insurance companies. As a result of the strong underlying volume growth drivers, healthcare funders will sometimes use fee cuts or other adjustments to curb growth in their outlays. Sonic mitigates this risk through its geographic and line of business diversification, by seeking diversified sources of revenue for its services within markets, and by being one of the largest, more efficient operators and therefore less impacted by adverse market changes than smaller, less efficient players. In general, fee pressures drive further market consolidation, feeding into Sonic's core strategy of growth both organically and by acquisition, with attendant synergy capture and economies of scale.

Directors' Report

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Risks (continued)

- Healthcare businesses are subject to significant levels of regulation. Changes in regulation can have the impact of increasing costs or reducing revenue (through volume reductions). Sonic attempts to mitigate this risk by using its market leadership positions to help shape the healthcare systems in which it operates. Sonic takes active roles in industry associations, and encourages its people to take leadership positions in colleges and other professional and craft organisations. In addition, Sonic's size and efficiency allows it to benefit from market consolidation driven by the impacts of regulatory changes on smaller players.
- Loss of a licence or accreditation required to operate one or more of Sonic's businesses could impact revenue both directly and through damage to Sonic's reputation. The likelihood of this risk having a material impact is considered low given the focus on quality within Sonic.
- Sonic's strategies include the acquisition of businesses and entering into long term contracts to provide diagnostic testing. There is a risk that an acquisition or contract may not achieve its expected financial performance, or give rise to an unexpected liability. Sonic seeks to mitigate these risks through thorough due diligence, and through warranties and indemnities in acquisition and contract documentation.
- There is always the risk of heightened competition in Sonic's markets, whether from more aggressive behaviour of an existing competitor, or from a new competitor. This could include a competitor introducing a new development in testing or introducing new tests that result in less demand for Sonic's services. A change in competition could impact revenue and/or costs. Sonic's leadership is alert to potential changes in the market place and reacts swiftly when threats are perceived.
- Relationships with referring practitioners (including general practitioners, surgeons and other specialists), hospital groups and other parties with whom Sonic contracts to provide services are important to Sonic's businesses. If, for any reason, Sonic failed to maintain strong relationships with these parties, there would be a risk that it could lose business to competitors.
- Sonic's businesses rely on information technology systems. A disruption to a core IT platform could have significant operational impacts. Sonic has implemented strategies which management believes significantly reduce this risk.
- Sonic uses prudent levels of debt to reduce its cost of capital and to increase earnings per share. It is therefore subject to the risk of rising interest rates (either on floating rate debt or when existing facilities expire), the future availability of funding, and potential breach of a term or condition of its debt facilities. Sonic has a sophisticated Treasury Policy in place to manage these risks, developed and overseen by Sonic's Treasury Management Committee, which includes a renowned expert external consultant.
- With operations in eight jurisdictions, Sonic is potentially exposed to changes in taxation legislation or interpretation which could increase its effective tax rate.

Sonic's Board does not believe the Company has any material exposure to environmental or social sustainability risks.

Sonic's geographic, business line and branding diversification, plus our federation structure, broad menu of tests offered and low customer concentrations mean that few, if any, of the usual operating risks faced by a healthcare business would have a material impact on Sonic as a whole.

Matters subsequent to the end of the financial year

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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years, other than:

- the acquisitions of the Swiss medical laboratory group, Medisupport S.A. and the Belgian based KLD laboratory as described in Sonic's announcements to the market dated 15 June and 6 July 2015; and
- as announced to the market on 14 August 2015, the new provincial government of Alberta decided not to proceed with the laboratory services contract for which Sonic had been chosen as the preferred proponent.

Directors' Report

INFORMATION ON DIRECTORS

(a) Directors' profiles



Peter Campbell
Chairman
F.C.A., C.T.A., F.A.I.C.D.

*Non-executive, independent Director,
appointed January 1993
(Chairman from 27 October 2010)*

Mr Campbell is a Chartered Accountant with his own practice based in Sydney. He is a Fellow of the Institute of Chartered Accountants in Australia, the Taxation Institute of Australia and the Australian Institute of Company Directors. He is a Registered Company Auditor. Mr Campbell is a member of the Remuneration and Nomination Committee. Mr Campbell was a non-executive director of Silex Systems Limited (from 1996 until September 2013, including Chairman from October 2010 until February 2012) and he was also a non-executive director of QRxPharma Limited (from April 2007 until July 2014).



Dr Colin Goldschmidt
CEO and Managing Director
M.B.B.Ch., F.R.C.P.A., F.A.I.C.D.

*Executive Director,
appointed January 1993*

Dr Goldschmidt is the CEO and Managing Director of Sonic Healthcare. He is a qualified medical doctor who then undertook specialist pathology training in Sydney, before gaining his qualification as a specialist pathologist in 1986. Dr Goldschmidt became CEO of Sonic in 1993 and has led Sonic's global expansion by committing the Company to a model of Medical Leadership, which incorporates unique operational and cultural attributes. He is a member of Sonic's Risk Management Committee and holds memberships with numerous industry, medical and laboratory associations. He was a non-executive director of Silex Systems Limited (from 1992 until May 2014), a listed company divested by Sonic in 1996.



Christopher Wilks
Finance Director
B.Comm. (Univ Melb), F.A.I.C.D.

*Executive Director,
appointed December 1989*

Mr Wilks has a background in chartered accounting and investment banking. He was previously a partner in a private investment bank and has held directorships for a number of public companies. He is currently a director of Silex Systems Limited (since 1988).

Directors' Report

INFORMATION ON DIRECTORS (CONTINUED)

(a) Directors' profiles (continued)



Professor Mark Compton, AM
B.Sc., M.B.A., F.A.I.C.D.,
F.A.I.M., A.F.C.H.S.M.

*Non-executive, independent Director,
appointed October 2014*

Prof Compton has extensive senior executive experience in healthcare services. He is currently Adjunct Professor in Management (Healthcare Leadership) at Macquarie Graduate School of Management, non-executive director of Macquarie University Hospital, Chairman and Chancellor of St John Ambulance Australia (having served as a volunteer for 42 years) and Chief Executive Officer of St Luke's Care. His previous experience includes Chief Executive Officer of Immune Systems Therapeutics Limited, National Chief Executive Officer of The Royal Flying Doctor Service of Australia, and Chief Executive Officer and Managing Director of the formerly ASX listed companies SciGen Limited and Alpha Healthcare Limited. He has also held a number of non-executive director roles including for formerly ASX-listed Independent Practitioner Network Limited (2004 to 2008), and as Chairman of The Woolcock Institute of Medical Research. In recognition of his work in the healthcare sector and his service to the community, he was awarded the Centenary Medal of the Commonwealth of Australia, appointed a Knight in the Order of St John in 2004 and was appointed as a Member of the Order of Australia (AM) in January 2010. He is a member of the Audit Committee.



Dr Philip Dubois
M.B., B.S., F.R.C.R.,
F.R.A.N.Z.C.R., F.A.I.C.D.

*Executive Director,
appointed July 2001*

Dr Dubois is CEO of Sonic's Imaging Division. He is Chairman of the Sonic Imaging Executive Committee and is Chairman and CEO of Queensland X-Ray (acquired by Sonic in 2001). A neuroradiologist and nuclear imaging specialist, he is currently an Associate Professor of Radiology at the University of Queensland Medical School. He has served on numerous government and craft group bodies, including the councils of the Royal Australian and New Zealand College of Radiologists and the Australian Medical Association, and as Vice-President of the Australian Diagnostic Imaging Association. He is a non-executive director of Magnetica Limited (since December 2004).



Colin Jackson, OAM
F.C.P.A., F.C.A., F.A.I.C.D.

*Executive Director,
appointed December 1999*

Mr Jackson has a background in professional accounting practice and laboratory management. He plays an active role at Sonic corporate level and, as Board Member of Pathology Australia (immediate past President), represents Sonic at a national industry level. Mr Jackson was the Chief Executive Officer of Diagnostic Services Pty Limited (Sonic's Tasmanian practice, acquired in 1999) for 11 years to 2006. He is a Fellow of the Australian Society of Certified Practising Accountants, the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia. Mr Jackson is also President of the University of Tasmania Foundation.

Directors' Report

INFORMATION ON DIRECTORS (CONTINUED)

(a) Directors' profiles (continued)



Lou Panaccio
B.Ec., C.A., M.A.I.C.D.

*Non-executive, independent Director,
appointed June 2005*

Mr Panaccio is a Chartered Accountant with strong management experience in business and healthcare services. Mr Panaccio is currently on the boards of ASX listed companies Genera Biosystems Limited (Chairman from July 2011, director from November 2010) and Avita Medical Limited (Chairman from July 2014). He is also Executive Chairman of Health Networks Australia, non-executive Deputy Chairman of the Inner East Community Health Service in Victoria and non-executive Deputy Chairman of Yarra Community Housing Limited. Mr Panaccio was the Chief Executive Officer and executive director of Melbourne Pathology (acquired by Sonic in 1999) for ten years to 2001. Mr Panaccio is Chair of the Audit Committee, a member of the Remuneration and Nomination Committee, and a member of the Risk Management Committee.



Kate Spargo
L.L.B. (Hons), B.A., F.A.I.C.D.

*Non-executive, independent Director,
appointed July 2010*

Ms Spargo has gained broad business experience as both a legal advisor, having worked in private practice and government, and as a director. Ms Spargo has been a director of both listed and unlisted companies over the last twenty years and her current directorships include the ASX listed companies Fletcher Building Limited (from March 2012), Chairman of UGL Limited (director from October 2010, appointed Chairman October 2014) and Adairs Limited (director from May 2015). She is also a director of SMEC Limited, an engineering company with operations in around 40 countries, ColInvest Limited and Suncorp Portfolio Services Limited. Ms Spargo is Chair of the Remuneration and Nomination Committee and is a member of the Audit Committee.



Dr Jane Wilson
M.B.B.S., M.B.A., F.A.I.C.D.

*Non-executive, independent Director,
appointed July 2010*

Dr Wilson is an independent non-executive director with a background in finance, banking and medicine (as a qualified General Practitioner) and has extensive experience in corporate finance, commercialisation of technologies and governance. Dr Wilson is a Fellow of the Australian Institute of Company Directors (AICD) and was the Queensland President and National Board Director of AICD from 2002 to 2004. She is Finance Director of The Winston Churchill Memorial Trust, Deputy Chancellor of the University of Queensland, a member of the University of Queensland Faculty of Health Sciences Board and a director of the General Sir John Monash Foundation. Dr Wilson was appointed to the Prime Minister's Business Advisory Council (12 Member council) in December 2013, and is a member of the Institute for Molecular Bioscience Advisory Board. In 2015, Dr Wilson was appointed as a Guardian of the Future Fund Board. Dr Wilson's previous directorships include inaugural Chairman of Horticulture Australia, Chairman of IMBcom Ltd, ASX listed Universal Biosensors Ltd (from December 2006 until August 2013), Energex Ltd., Sun Retail Ltd. and WorkCover Qld. She served on the Premier's Smart State Council in Queensland and was a member of the Biotechnology Task Force. She was named in the inaugural 2012 AFR/Westpac Top 100 Women Awards in the Board/Management category. Dr Wilson is Chair of the Risk Management Committee and is a member of the Remuneration and Nomination Committee.

Directors' Report

INFORMATION ON DIRECTORS (CONTINUED)

(b) Company Secretary



Paul Alexander
B.Ec., C.A., F.Fin.

Mr Alexander has been the Deputy Chief Financial Officer of Sonic Healthcare Limited since 1997 and Sonic's Company Secretary since 2001. Prior to joining Sonic, Mr Alexander gained 10 years experience in professional accounting practice, mainly with Price Waterhouse, and was also Financial Controller and Company Secretary of a subsidiary of a UK headquartered multinational company for two years.



Directors' Report

INFORMATION ON DIRECTORS (CONTINUED)

(c) Directors' interests in shares, options and performance rights as at 24 September 2015

Director's name	Class of shares	Number of shares	Interest	Number of options	Number of performance rights
R.P. Campbell	Ordinary	10,271	Beneficially	-	-
Dr C.S. Goldschmidt	Ordinary	539,685	Personally	2,465,418*	244,792*
	Ordinary	30,243	Beneficially	-	-
C.D. Wilks	Ordinary	575,967	Personally	1,181,485*	115,135*
	Ordinary	88,122	Beneficially	-	-
M.R. Compton	Ordinary	481	Personally	-	-
		1,532	Beneficially	-	-
Dr P.J. Dubois	Ordinary	8,000	Beneficially	-	-
C.J. Jackson	Ordinary	456,371	Personally	-	-
L.J. Panaccio	Ordinary	-	-	-	-
K.D. Spargo	Ordinary	3,000	Personally	-	-
	Ordinary	6,000	Beneficially	-	-
Dr E.J. Wilson	Ordinary	2,000	Beneficially	-	-

* Vesting of the options and performance rights is subject to challenging performance conditions designed to align the interests of the executives with those of shareholders. None of the performance rights have vested to date. 389,605 of Dr C.S. Goldschmidt's and 194,801 of C.D. Wilks' options have vested to date.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2015, and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of Committees					
			Audit		Remuneration and Nomination		Risk Management	
	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held
R.P. Campbell	10	10	2	2	3	4	-	-
Dr C.S. Goldschmidt	10	10	-	-	-	-	2	2
C.D. Wilks	10	10	-	-	-	-	-	-
M.R. Compton	5	7	1	2	-	-	-	-
Dr P.J. Dubois	10	10	-	-	-	-	-	-
C.J. Jackson	9	10	-	-	-	-	-	-
L.J. Panaccio	10	10	4	4	4	4	2	2
K.D. Spargo	9	10	4	4	4	4	-	-
Dr E.J. Wilson	9	10	-	-	4	4	2	2

Directors' Report

INSURANCE OF OFFICERS

The Company has entered into agreements to indemnify all Directors of the Company that are named above and current and former Directors of the Company and its controlled entities against all liabilities to persons (other than the Company or related entity) which arise out of the performance of their normal duties as Director or executive officer unless the liability relates to conduct involving lack of good faith. The Company has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

The Directors' and officers' liability insurance provides cover against costs and expenses, subject to the terms and conditions of the policy, involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or related entity) incurred in their position as a Director or executive officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage. The insurance policy does not allow disclosure of the nature of the liabilities insured against or the premium paid under the policy.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of the transport and disposal of medical waste. The Group contracts with reputable, licensed businesses to dispose of waste. The Directors believe that the Group has complied with all relevant environmental regulations and there have been no investigations or claims during the financial year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor of the Group (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001*. In the opinion of the Directors none of the services provided undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 50.

During the year the following fees were paid or payable for non-audit services provided by the auditors of the Group.

	2015 \$	2014 \$
PricewaterhouseCoopers – Australian firm and related practices (including overseas PricewaterhouseCoopers firms)		
Taxation and accounting services	117,975	98,965

SHARE OPTIONS

Information on share options is detailed in Note 7 – Share options.

ROUNDING OF AMOUNTS

The Company is of 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. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report

REMUNERATION REPORT

The Directors of Sonic Healthcare Limited present the Remuneration Report for the year ended 30 June 2015 in accordance with section 300A of the *Corporations Act 2001*.

Sonic Healthcare's remuneration packages are structured and set at levels that are intended to attract, motivate and retain Directors and executives capable of leading and managing the Group's operations, and to align remuneration with the creation of value for shareholders.

Remuneration of Non-executive Directors is determined by the Board within the maximum amount approved by the shareholders. At the Annual General Meeting ("AGM") on 18 November 2010 shareholders approved a maximum amount of \$1,000,000 for remuneration of Non-executive Directors, of which \$885,084 was paid in 2015. Since 1 July 2013 the Chairman's annual remuneration is \$290,000 inclusive of all Board Committee work and the base Non-executive Director fee is \$140,000. Board Committee fees are as follows:

Fees per annum	Chair	Members
Audit	\$18,000	\$10,000
Risk Management	\$10,000	\$5,000
Remuneration and Nomination	\$10,000	\$5,000

Options or performance rights are not issued and bonuses are not payable to Non-executive Directors.

The Remuneration and Nomination Committee, consisting of four Non-executive independent Directors, makes specific recommendations to the Board on remuneration packages and other terms of employment for the Managing Director and Finance Director and advises the Board in relation to equity-based incentive schemes for other employees. The Remuneration and Nomination Committee and Board also seek and consider advice from independent remuneration consultants where appropriate. Remuneration consultants are engaged by and report directly to the Remuneration and Nomination Committee, after consideration of any potential conflicts.

Sonic Healthcare's remuneration policy links the remuneration of the Managing Director and the Finance Director to Sonic's performance through the award of conditional entitlements. These conditional entitlements relate to the performance of the Group and thus align reward with the creation of value for shareholders.

Remuneration and other terms of employment for other executives are reviewed annually by the Managing Director having regard to performance against goals set at the start of the year, performance of the entity or function of the Group for which they have responsibility, and relevant comparative information. As well as a base salary, remuneration packages may include superannuation, fringe benefits, performance related bonuses and share and option grants. These bonuses and equity grants reward the creation of value for shareholders.

Other than contributions to superannuation funds during employment periods and notice periods under applicable employment laws and in certain executive service contracts, the Group does not contract to provide retirement benefits to Directors or executives.

(a) Key management personnel

(i) Directors

The following persons were Directors of Sonic Healthcare Limited during the financial year and were therefore key management personnel of the Group:

Non-executive Directors

R.P. Campbell (Chairman)

M.R. Compton (from 7 October 2014)

L.J. Panaccio

K.D. Spargo

Dr E.J. Wilson

Directors' Report

REMUNERATION REPORT (CONTINUED)

(a) Key management personnel (continued)

(i) Directors (continued)

Executive Directors

Dr C.S. Goldschmidt

Managing Director

C.D. Wilks

Finance Director

Dr P.J. Dubois

C.J. Jackson

Other than M.R. Compton, all of the above persons were also key management personnel during the year ended 30 June 2014.

(ii) Other key management personnel

The Sonic Group operates via a decentralised federated structure whereby the Chief Executive Officers of individual operating entities have delegated authority for their local operations (each of which is not material to the Group as a whole). The Group's Australian laboratory and imaging activities are co-ordinated and controlled through the Pathology Sonic Executive Committee and the Imaging Sonic Executive Committee ("PSEC" and "ISEC" respectively). Dr C.S. Goldschmidt is Chairman of PSEC and a member of ISEC, Dr P.J. Dubois is Chairman of ISEC and CEO of the Imaging division, and C.D. Wilks is a member of both PSEC and ISEC. A German Sonic Executive Committee ("GSEC") co-ordinates the Group's German operations. Dr C.S. Goldschmidt is Chairman of GSEC and C.D. Wilks is also a member. Dr C.S. Goldschmidt and C.D. Wilks also oversee Sonic's businesses in the USA and the medical centre and occupational health businesses in Australia. C.J. Jackson is an Executive Director of Sonic who is a member of PSEC, represents Sonic in industry matters and undertakes various projects and initiatives.

The Board therefore considers that the Executive Directors and the Non-executive Directors are the Group's "key management personnel".

(b) Performance of the Group and relationship to remuneration of key management personnel

The table below summarises Sonic Healthcare's performance over the last five years and the changes in remuneration of key management personnel (but excluding Non-executive Directors who do not receive bonuses or equity-based remuneration):

	2011	2012	2013	2014	2015	Compound Average Annual Growth Rate ¹
Growth in EBITDA (on a constant currency basis)	11.3%	12.1%	4.5%	5.4%	(6.2)%	5.2%
Net profit attributable to members (\$'000)	294,535	315,996	334,998	384,984	347,698	3.5%
Ordinary earnings per share (cps)	75.5	80.7	84.3	95.5	86.0	2.8%
Dividends paid per share (cps)	59	59	60	64	69	
Enterprise value ² (\$'000)	6,534,718	6,536,398	7,620,761	8,684,854	10,566,549	
Total shareholder return ³	1.5%	19.2%	64.6%	54.1%	90.0%	
Change in total cash remuneration of executives ⁴	0.6%	4.7%	(20.0)%	24.2%	(1.1)%	0.7%
Change in total remuneration of executives ⁵	(18.9)%	(3.0)%	(11.3)%	(2.5)%	(9.4)%	(9.2)%

¹ The compound average annual growth rate is calculated over the five year period shown with 2010 as the base year.

² Enterprise value is the Company's market capitalisation (number of issued shares times closing share price) plus net interest bearing debt at 30 June.

³ Total shareholder return is calculated over a rolling 3 year performance period and assumes dividend reinvestment.

⁴ Change in total cash remuneration of executives is the percentage increase/(decrease) over the prior year of total cash remuneration of all key management personnel in place for all five years (but excluding Non-executive Directors).

⁵ Change in total remuneration of executives is the percentage increase/(decrease) over the prior year of total remuneration (cash plus long service leave accrued plus the calculated value of equity remuneration) of all key management personnel in place for all five years (but excluding Non-executive Directors).

Directors' Report

REMUNERATION REPORT (CONTINUED)

(b) Performance of the Group and relationship to remuneration of key management personnel (continued)

The table above demonstrates the relationship between the performance of the Group and the remuneration of its key management personnel. Cash remuneration has fluctuated from year to year, largely dependent on whether the annual performance hurdle related to EBITDA growth which applies to 70% of the target short term incentives (STI) for the Managing Director and Finance Director was met. Over the five year period cash remuneration has increased slightly as the Company's earnings growth has been relatively modest. Total remuneration has reduced over the five years due to elements of equity based remuneration not meeting challenging (non-market based) performance conditions.

(c) Remuneration of key management personnel

Details of the nature and amount of each element of the remuneration of the key management personnel of the Group are set out below in the tables (for cash remuneration) and text (non-cash remuneration):

12 months to 30 June 2015

Name	Short-term employee benefits			Post-employment benefits	Total cash remuneration ²
	Salary & fees \$	Other benefits ¹ \$	Short term incentives (STI) \$	Superannuation \$	
Dr C.S. Goldschmidt <i>Managing Director</i>	2,241,217	-	678,000	18,783	2,938,000
C.D. Wilks <i>Finance Director</i>	1,039,217	-	317,400	18,783	1,375,400
Dr P.J. Dubois <i>Director</i>	617,741	7,313	150,000	31,051	806,105
C.J. Jackson <i>Director</i>	266,217	-	-	18,783	285,000
R.P. Campbell <i>Chairman and Non-executive Director</i>	271,217	-	-	18,783	290,000
Prof M.R. Compton <i>Non-executive Director</i>	102,740	-	-	9,760	112,500
L.J. Panaccio <i>Non-executive Director</i>	153,044	-	-	14,540	167,584
K.D. Spargo <i>Non-executive Director</i>	146,119	-	-	13,881	160,000
Dr E.J. Wilson <i>Non-executive Director</i>	141,553	-	-	13,447	155,000

¹ Other benefits include fringe benefits tax.

² Excludes long service leave accruals and equity-based remuneration.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(c) Remuneration of key management personnel (continued)

12 months to 30 June 2014

Name	Short-term employee benefits			Post-employment benefits	Total cash remuneration ²
	Salary & fees \$	Other benefits ¹ \$	Short term incentives (STI) \$	Superannuation \$	
Dr C.S. Goldschmidt <i>Managing Director</i>	2,104,475	-	900,848	17,775	3,023,098
C.D. Wilks <i>Finance Director</i>	952,225	-	439,410	17,775	1,409,410
Dr P.J. Dubois <i>Director</i>	551,984	8,059	150,000	37,123	747,166
C.J. Jackson <i>Director</i>	267,225	-	-	17,775	285,000
R.P. Campbell <i>Chairman and Non-executive Director</i>	272,225	-	-	17,775	290,000
L.J. Panaccio <i>Non-executive Director</i>	149,199	-	-	13,801	163,000
K.D. Spargo <i>Non-executive Director</i>	146,453	-	-	13,547	160,000
Dr E.J. Wilson <i>Non-executive Director</i>	141,876	-	-	13,124	155,000

¹ Other benefits include fringe benefits tax.

² Excludes long service leave accruals and equity-based remuneration.

In addition to the cash remuneration disclosed above, the value of long service leave accrued for each relevant executive for the 12 months to 30 June 2015 was: Dr C.S. Goldschmidt \$36,781 (2014: \$199,975), C.D. Wilks \$17,048 (2014: \$56,108), and C.J. Jackson \$4,040 (2014: \$3,961).

(i) Equity-based remuneration

The calculated remuneration value of options and performance rights for Dr C.S. Goldschmidt for the 12 month period to 30 June 2015 was \$382,784 (2014: \$604,120), and for C.D. Wilks it was \$161,371 (2014: \$302,059). The options and performance rights are subject to challenging vesting conditions and only 50% (2014: 42%) of the options and performance rights with a performance measurement period for 4 years (2014: 3 years) to 30 June 2015 (2014: 2014) satisfied the vesting conditions.

The equity-based remuneration amounts disclosed for 2015 relate to options and performance rights issued under the Sonic Healthcare Limited Employee Option Plan and the Performance Rights Plan, and represent the assessed fair values at the date they were granted, allocated equally over the service periods up to the vesting dates. Fair values for these options and performance rights have been determined using a pricing model consistent with the Black Scholes methodology that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield, and risk-free interest rate for the term of the option. The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions (using a Monte Carlo simulation) but excludes the impact of non-market vesting conditions.

No options or performance rights are issuable in future years to Dr C.S. Goldschmidt and C.D. Wilks relating to remuneration arrangements for periods to 30 June 2015.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(c) Remuneration of key management personnel (continued)

(i) Equity-based remuneration (continued)

No key management personnel exercised options or performance rights during the 2015 financial year. During the prior financial year the following options over ordinary shares in the Company were exercised by key management personnel (no performance rights were exercised):

	Dr C.S. Goldschmidt	C.D. Wilks
Executive Incentive Plan options issued as remuneration for periods to 30 June 2008 (having vested after satisfying challenging performance conditions) with an exercise price of \$7.50	1,000,000	540,000
Employee Option Plan options issued in November 2008 as remuneration for periods to 30 June 2011 (having vested after satisfying challenging performance conditions which caused 59.3% of the total options issued to be forfeited) with an exercise price of \$12.98	712,250	356,125
Total intrinsic value of the options at the date of exercise	\$10,103,730	\$5,368,265

There are no more options or performance rights on issue related to remuneration for periods prior to 1 July 2011.

(ii) Performance related components of remuneration

Cash bonuses, options and performance rights over unissued ordinary shares of Sonic Healthcare Limited are performance related components of Dr C.S. Goldschmidt's and C.D. Wilks' remuneration. In aggregate, these components made up 32% of Dr C.S. Goldschmidt's remuneration for the 12 months to 30 June 2015 (2014: 39%), and 31% of C.D. Wilks' remuneration for the 12 months to 30 June 2015 (2014: 42%). Within these components, the calculated value of options and performance rights over unissued ordinary shares in Sonic Healthcare Limited accounted for 11% of Dr C.S. Goldschmidt's remuneration for the 12 months to 30 June 2015 (2014: 16%) and 10% of C.D. Wilks' remuneration for the 12 months to 30 June 2015 (2014: 17%). Dr P.J. Dubois' remuneration includes cash bonuses as performance related components. These components made up 19% of Dr P.J. Dubois' remuneration for the 12 months to 30 June 2015 (2014: 20%).

The total value for remuneration disclosure purposes (to be allocated over the three year vesting period) of the options and performance rights that were issued in 2015 as part of remuneration was \$1,508,460 for Dr C.S. Goldschmidt and \$601,194 for C.D. Wilks.

(d) Service agreements

None of the key management personnel of Sonic Healthcare Limited has a service contract. Rather the terms and entitlements of employment are governed by applicable employment laws.

Dr P.J. Dubois has a cash bonus arrangement in place which is based on the satisfaction of performance conditions relating to the earnings of Queensland X-Ray, where he performs the role of CEO.

Remuneration for Dr C.S. Goldschmidt and C.D. Wilks

Remuneration arrangements for Dr C.S. Goldschmidt and C.D. Wilks were revised in 2014 following a comprehensive review by the Remuneration and Nomination Committee. As part of this review the Committee directly engaged Ernst & Young as independent remuneration consultants to provide market benchmarking analysis and information on possible remuneration arrangements. Ernst & Young considered the level of total and individual components of remuneration and made detailed comparisons by percentile band against two ASX listed comparator groups, being:

- Market Capitalisation comparator group: includes companies with market capitalisation of 50% to 200% of Sonic's 12-month average market capitalisation, excluding Financials and Metals and Mining companies. This resulted in a group of 34 companies.
- Geographic comparator group: includes companies included in the Market Capitalisation comparator group, but excluding companies where less than a quarter of annual revenue can be attributed to overseas operations. This resulted in a group of 16 companies.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

As a further reference point, data for other companies within the Health Care sector of the ASX was specifically considered.

The Remuneration and Nomination Committee concluded from the benchmarking analysis that the existing levels of remuneration (particularly the Fixed and STI components) required adjustment given Sonic's market capitalisation, the complexity of its operations (including that approximately 50% of revenue was sourced offshore, from seven other countries) and, in particular, the value to the Company of the two executives. Dr C.S. Goldschmidt and C.D. Wilks have been in their current roles since 1993. Their knowledge, experience, and the reputation they have in the market are considered extremely valuable to the Company. Under their leadership Sonic Healthcare has been the best performing stock on the ASX for the period from January 1993 to September 2015, with a return of over 30,000% (Total Shareholder Return, assuming reinvestment of dividends). The Committee therefore determined that Total Target Remuneration ("TTR") for Dr C.S. Goldschmidt should be positioned at the 75th percentile of the Market Capitalisation comparator group (between the median and the 75th percentile of the Geographic comparator group) and total target remuneration for C.D. Wilks should be positioned at the 80th percentile of both comparator groups reflecting the broader than usual role he performs as Finance Director and CFO.

Remuneration from 1 July 2014 comprises the following percentage components (mix in line with market norms):

	FR % of TTR	STI % of TTR	LTI % of TTR
Dr C.S. Goldschmidt	32%	32%	36%
C.D. Wilks	34%	34%	32%

Summary of target remuneration for Dr C.S. Goldschmidt and C.D. Wilks:

	Actual STI Paid \$	% of Target STI Actually Paid	Target STI \$	Fixed Remuneration (FR) \$	Target LTI \$
Dr C.S. Goldschmidt					
2014	900,848	60.4%	1,491,470	2,122,250	1,800,000
2015	678,000	30.0%	2,260,000	2,260,000	2,479,000
2016	tbd	tbd	2,327,800	2,327,800	2,553,370
C.D. Wilks					
2014	439,410	60.4%	727,500	970,000	900,000
2015	317,400	30.0%	1,058,000	1,058,000	988,000
2016	tbd	tbd	1,089,740	1,089,740	1,017,640

(i) Fixed remuneration

The fixed remuneration component comprises base salary and employer superannuation contributions, but excludes long service leave accruals. The executives may take part of their base salary as other benefits, such as motor vehicles, including any associated fringe benefits tax. Fixed remuneration is reviewed annually, taking into account the executives' performance, Company performance and comparative market data. The 2014 detailed review set the fixed remuneration from 1 January 2014. The Board then approved a 3% (broadly in line with inflation) increase in fixed remuneration with effect from 1 July 2015.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

(ii) Short Term Incentives ("STI")

The executives are eligible for an annual cash bonus based on achievement of pre-determined goals. The target level of STI is a set proportion (100% for 2015 and 2016) of the executives' fixed remuneration.

Up to 70% of the target STI is based on the Company achieving year on year growth (using Constant Currency exchange rates to translate offshore earnings) in Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). EBITDA growth is used as a performance criterion as it is consistent with the way Sonic gives earnings guidance to the market, and it is a clearer measure of operational performance than net profit or earnings per share as it is not distorted by changes in income tax, interest rates, or exchange rates. EBITDA growth hurdles are set at the beginning of each year. The table below sets out the EBITDA growth targets and hurdles for 2014 to 2016.

	2014	2015	2016
Target EBITDA growth	12%	5%	19%

% of Target EBITDA Growth Achieved	% of 70% of Target STI payable		
Less than 60% (2014: 41.67%)	0%	0%	0%
60% (2014: 41.67%)	40%	40%	40%
Between 60% (2014: 41.67%) and 100%, pro rata between	40% and 100%	40% and 80%	40% and 80%
100%	100%	80%	80%
Between 100% and 200%, pro rata between	n/a	80% and 150%	80% and 150%
200% or greater	n/a	150%	150%

The growth targets allow for the contributions from acquisitions that are known when the targets are set. From 2015 the potential contribution to EBITDA growth of acquisitions that were not known in setting the target growth rate has been capped at a maximum of 2% for the purpose of the performance assessment. The Board ensures the growth calculation is performed on a consistent basis (for example, by removing the impact of a change of accounting standards).

Up to 30% of the target STI is awarded after an assessment of performance based on qualitative factors including:

- Promotion of and adherence to Sonic's Core Values and Foundation Principles.
- Medical Leadership.
- Federation model.
- Risk management.
- External standing and reputation (including stakeholder management, brand and quality).
- Financial leadership and innovation (for C.D. Wilks).

In the same way that it is possible for the executives to earn more than 100% of the quantitative portion of the Target STI, from 2016 it will also be possible for the executives to earn up to 150% of the qualitative portion if, in the Board's view, they have been instrumental in specific seminal events outside the ordinary course of business occurring within the year that have very significantly enhanced Sonic's value and/or its brands, reputation or standing without necessarily having impacted on Sonic's profit in the year. An annual assessment of each executive's performance is made by the Remuneration and Nomination Committee and a recommendation made to the Board for final determination. The table above shows the total STI amounts awarded by year. For the 2015 financial year no award was achieved under the quantitative measure, however the maximum amount was awarded under the qualitative factors, as the Board is satisfied that the executives have performed strongly in the areas of assessment during 2015, and no issues have arisen during the year that would suggest anything to the contrary.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

(iii) Long Term Incentives ("LTI")

After approval by shareholders at the 2011 AGM, the executives were issued the following LTI (the "2011 Issue") to provide incentives through to the end of the 2016 year in the form of options and performance rights over shares in Sonic Healthcare Limited, subject to performance conditions.

Dr C.S. Goldschmidt		C.D. Wilks		Earliest Vesting Date	Performance conditions measurement period	Expiry date
Options	Rights	Options	Rights			
894,039	94,488	447,019	47,244	18 November 2014	3 years to 30 June 2014	18 November 2016
868,167	94,488	434,083	47,244	18 November 2015	4 years to 30 June 2015	18 November 2017
1,136,842	125,984	568,421	62,992	18 November 2016	5 years to 30 June 2016	18 November 2018
2,899,048	314,960	1,449,523	157,480			

Following the 2014 remuneration review, it is intended (conditional on approval by shareholders) that Dr C.S. Goldschmidt and C.D. Wilks receive annual grants of equity-based remuneration, subject to performance conditions with measurement periods of three years. Annual grants have a number of benefits versus the less frequent, larger grants used in the past, including allowing the Company to determine the appropriate performance hurdles each year for the grant being made, adjust the mix between type of instruments for changes in circumstances (e.g. tax law), and / or select different measures to take into account changes in the Company's strategy or context. It also provides the opportunity for shareholders to vote on the proposed grants each year, taking into account recent Company performance.

After approval by shareholders at the 2014 Annual General Meeting ("AGM"), the executives were issued the following LTI (the "2014 Issue"):

	Dr C.S. Goldschmidt	C.D. Wilks
Options over shares in Sonic Healthcare Limited	504,887	201,221
Performance rights over shares in Sonic Healthcare Limited	71,564	28,521

The options and performance rights will vest three years from grant date, if performance conditions are met for the period of three years to 30 June 2017. They will expire 5 years from grant date. The fair value of the options and performance rights at the grant date was \$1.36 and \$11.45 respectively. The options have an exercise price of \$17.32.

Conditional on approval by shareholders at the 2015 Annual General Meeting ("AGM"), the executives will be issued the following LTI (the "2015 Issue"):

	Dr C.S. Goldschmidt	C.D. Wilks
Maximum value of LTI	\$2,553,370	\$1,017,640
Consisting of:		
Options over shares in Sonic Healthcare Limited	50%	50%
Performance rights over shares in Sonic Healthcare Limited	50%	50%

The options and performance rights will vest three years from grant date, if performance conditions are met for the period of three years to 30 June 2018. They will expire 5 years from grant date.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

(iii) Long Term Incentives ("LTI") (continued)

For all tranches of options and performance rights described above, issued and proposed:

- options can only vest when the market price of Sonic shares is higher than the exercise price.
- the exercise price of the options was/will be determined using the Volume Weighted five day Average market Price ("5 day VWAP") for Sonic shares preceding the date of grant (for the 2015 issue this is proposed to be the date of the 2015 AGM).
- the number of options issued were/will be determined based on a Black Scholes methodology valuation at the time of grant. The valuation did/will not allow for any discount relating to performance conditions.
- the number of performance rights to be issued were/will be determined by dividing 50% of the maximum value of LTI by the 5 day VWAP for Sonic shares preceding the date of grant.
- the options and performance rights are/will be subject to challenging performance conditions designed to align the interests of the executives with those of shareholders. The performance conditions are as follows:

Performance Condition 1 ("PC1") — Sonic's Total Shareholder Return ("TSR") against the S&P ASX 100 Accumulation Index, excluding Banks and Resource companies
50% weighting (all Issues)

TSR Ranking achieved	Percentage of Options and Rights that vest
Below the 51st (2011 Issue: 50th) percentile	Nil options and rights to which PC1 applies
51st (2011 Issue: 50th) percentile	50% of options and rights to which PC1 applies
Greater than 51st (2011 Issue: 50th) and less than 75th percentile	Pro rata between 50% and 100% of options and rights to which PC1 applies
75th percentile and above	100% of options and rights to which PC1 applies

Under PC1, Sonic's performance is ranked by percentile according to its TSR against the TSRs of the component companies of the reference group (being the S&P ASX 100 Accumulation Index, excluding Banks and Resource companies) over the relevant performance periods.

Relative TSR is used as a performance hurdle as it provides a direct link between executive remuneration and shareholder return relative to the Company's peers. A relative measure is important, as it removes from the assessment broad market share price movements which are out of the control of the executives. The executives will not derive any value from the relevant portion of the LTI unless the Company's performance is at least at the median of the benchmark group.

PC1 (TSR) Results

Performance measurement period	TSR Rank Achieved	% Eligible to Vest	Vesting Options	Vesting Performance Rights	Forfeited Options	Forfeited Rights
1 July 2011 to 30 June 2014	67%	84%	584,406	59,527	86,123	11,339
1 July 2011 to 30 June 2015	76%	100%	651,126	70,866	-	-

Of the Issues and tranches described above, only the first tranche of the options or performance rights issued in November 2011 had vested or been forfeited at 30 June 2015 (2014: Nil).

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

(iii) Long Term Incentives ("LTI") (continued)

Performance Condition 2 ("PC2") – Compound Average Growth Rate ("CAGR") in Return on Invested Capital ("ROIC")
Weighting: 2011 Issue: 50%, 2014 Issue: 25%, 2015 Issue: 0%

CAGR ROIC achieved	Percentage of Options and Rights that vest
Less than 1.08% (2011 Issue: 3%) p.a.	Nil options and rights to which PC2 applies
1.08% (2011 Issue: 3%) p.a.	50% (2011 issue: 30%) of options and rights to which PC2 applies
Greater than 1.08% and less than 3% (2011 Issue: 3% and 9%)	Pro rata between 50% (2011 Issue: 30%) and 100% of options and rights to which PC2 applies
3% (2011 Issue: 9%) or greater	100% of options and rights to which PC2 applies

ROIC is calculated as Earnings before Interest and Tax ("EBIT") less related tax and minority interests divided by capital employed (see below for detailed calculation). It is expressed as a percentage and the hurdle growth rates are growth in this percentage. Growth in ROIC was chosen as a performance hurdle as the Board believed that a primary focus should be improvement in the return from the substantial investments the Company has made in its offshore markets. A ROIC related hurdle is not proposed for the 2015 Issue as the Board is concerned that the measure is proving too volatile to be an effective incentive, and that it could be a disincentive for the executives to pursue acquisitions that are value enhancing for shareholders in the medium and long term (once growth and synergies are achieved).

$ROIC = (EBIT^1 \text{ less minority interests}^2 \text{ less cash taxes paid in year}^3) / \text{Average}^4 \text{ invested capital}^5$

¹ EBIT is statutory EBIT per the Annual Report.

² Minority interests are as disclosed in the Income Statement of the Annual Report.

³ Cash taxes paid are as per the Cash Flow Statement disclosure in the Annual Report adjusted for the tax impact of interest (using the Australian Corporate Tax Rate, currently 30% i.e. 30% of Net Interest Expense).

⁴ The average is taken from the opening and closing invested capital position for each financial year.

⁵ Invested capital is measured as shareholders' equity plus net interest bearing debt less deferred taxes.

PC2 (ROIC) Results

Performance measurement period	Actual CAGR ROIC	% Eligible to Vest	Vesting Options	Vesting Performance Rights	Forfeited Options	Forfeited Rights
1 July 2011 to 30 June 2014	1.1%	-	-	-	670,529	70,866
1 July 2011 to 30 June 2015	(5.2)%	-	-	-	651,124	70,866

Directors' Report

REMUNERATION REPORT (CONTINUED)

(d) Service agreements (continued)

(iii) Long Term Incentives ("LTI") (continued)

Performance Condition 3 ("PC3") – Compound Average Growth Rate ("CAGR") in Earnings Per Share ("EPS")
Weighting: 2011 issue: 0%, 2014 issue: 25%, 2015 issue: 50%

CAGR EPS	Percentage of Options and Rights that vest
Less than 4% p.a.	Nil options and rights to which PC3 applies
4% p.a.	40% of options and rights to which PC3 applies
Greater than 4% and less than 10% p.a.	Pro rata between 40% and 100% of options and rights to which PC3 applies
10% p.a. or greater	100% of options and rights to which PC3 applies

EPS is calculated as Net Profit after Tax divided by the fully diluted weighted average number of ordinary shares on issue during a year. Growth in EPS has been chosen as a hurdle as it is a direct measure of Company performance and maintains a strong correlation with long term shareholder return.

Whilst the general intention is to use statutory reported numbers for transparency in measuring performance under PC2 and PC3, given the period into the future involved, should the statutory numbers cause an anomalous result, adjustments to the statutory numbers may be made by the Board to ensure the intent of the incentive plan is maintained.

Options and performance rights for which the performance conditions are not satisfied are forfeited immediately after the performance measurement is finalised. There is no retesting.

Should one of the executives cease employment with the Group prior to vesting of some or all of their LTI, the Board will have discretion based on whether the executive is judged to be a "good leaver" to enable the executive to retain the portion of the LTI which vests (subject to the performance conditions) within two years of cessation of employment. To be judged a "good leaver" the executive would need to provide sufficient notice, assist with succession planning and transition and make themselves reasonably available to assist/answer queries of their replacement for a period post-employment. The Board views this arrangement to be in the best interests of the Company and its shareholders, as the executives will be incentivised to minimise disruption/loss of value associated with their departure. Cessation of employment in all other circumstances will trigger forfeiture of all unvested entitlements.

If a takeover bid or other public proposal is made for voting shares in the Company which the Board reasonably believes is likely to lead to a change of control:

- For the 2011 Issue:
 - If the proposal occurs within three years from grant – only options and rights with a vesting date 3 years from grant would vest.
 - If the proposal occurs within the fourth year from grant – only options and rights with a vesting date within 4 years from grant not previously forfeited would vest.
 - If the proposal occurs within the fifth year of grant – all options and rights not previously forfeited would vest.
- For the 2014 and 2015 Issues:
 - Unvested options and rights may vest at the Board's discretion, having regard to pro rata performance and the circumstances leading to the potential change of control.

Sonic Healthcare ordinary shares to be awarded on exercise/conversion of the options and performance rights may be satisfied by the issue of new shares or the purchase of shares on-market. Options and performance rights are not eligible for dividends.

Directors' Report

REMUNERATION REPORT (CONTINUED)

(e) Equity disclosures relating to key management personnel

(i) Option holdings

The number of options over ordinary shares held beneficially or personally during the current financial year by the key management personnel of the Group in relation to remuneration arrangements are set out below.

2015 Name	Balance at 1 July 2014	Issued during the 2015 year	Forfeited during the 2015 year	Exercised during the 2015 year	Balance at 30 June 2015	Forfeited since year end	Vested and exercisable at 30 June 2015
Dr C.S. Goldschmidt	2,899,048	504,887	(504,434)	-	2,899,501	(434,083)	389,605
C.D. Wilks	1,449,523	201,221	(252,218)	-	1,398,526	(217,041)	194,801

(ii) Performance rights

The number of performance rights held personally or beneficially during the current financial year by the key management personnel of the Group in relation to remuneration arrangements are set out below.

2015 Name	Balance at 1 July 2014	Issued during the 2015 year	Forfeited during the 2015 year	Exercised during the 2015 year	Balance at 30 June 2015	Forfeited since year end	Vested and exercisable at 30 June 2015
Dr C.S. Goldschmidt	314,960	71,564	(54,803)	-	331,721	(47,244)	39,685
C.D. Wilks	157,480	28,521	(27,402)	-	158,599	(23,622)	19,842

(iii) Share holdings

The number of shares held personally or beneficially during the current financial year by the key management personnel of the Group are set out below.

2015 Name	Balance at 1 July 2014	Issued during the 2015 year on the exercise of options or rights	Shares provided as remuneration during the 2015 year	Other changes during the 2015 year	Balance at 30 June 2015
Dr C.S. Goldschmidt	730,243	-	-	(200,000)	530,243
C.D. Wilks	994,247	-	-	(350,000)	644,247
Dr P.J. Dubois	8,000	-	-	-	8,000
C.J. Jackson	461,371	-	-	(5,000)	456,371
R.P. Campbell	10,271	-	-	-	10,271
Prof M.R. Compton	-	-	-	2,013	2,013
L.J. Panaccio	-	-	-	-	-
K.D. Spargo	8,000	-	-	-	8,000
Dr E.J. Wilson	2,000	-	-	-	2,000

Directors' Report

REMUNERATION REPORT (CONTINUED)

(f) Transactions with key management personnel

During the financial year rental expense payments totalling \$579,523 (2014: \$567,927) have been made by the Group to Director related entities, including unit trusts, private companies and spouses. The rental transactions were based on normal terms and conditions and at market rates. No balance was outstanding at the end of the current or preceding year. The Director who had an interest in the rental transactions in the current and preceding financial year was C.J. Jackson.

(g) Amounts receivable from/payable to other key management personnel

There were no amounts receivable from/payable to other key management personnel at 30 June 2015 (2014: \$nil).

(h) Doubtful debts

No provision for doubtful debts has been raised in relation to any receivable or loan balance with key management personnel, nor has any expense been recognised.

(i) Securities trading policy

Under the Sonic Securities Trading Policy, all Sonic Healthcare employees are prohibited from buying or selling Sonic Healthcare securities (including shares, options, debt securities) at any time they are aware of any material price sensitive information that has not been made public, and are reminded of the laws against "insider trading".

Certain "Designated Officers", including all Directors and senior executives (and specified related parties), are also prohibited from trading in periods other than in 8 week windows following the release of half year and full year results, and 2 week periods following Sonic Healthcare's provision to the market at any time of definitive guidance regarding the next annual result to be released. The Sonic Board of Directors must specifically consider and approve the opening of the "trading window" in each instance. Exceptions to this prohibition can be approved by the Chairman (for Directors) or the Managing Director (for all other employees) in circumstances of severe financial hardship (as defined in the Policy). Sonic's Chair or Managing Director may impose other periods when Designated Officers are prohibited from trading because price sensitive, non-public information may exist. All trading by Designated Officers must be notified to the Company Secretary. Prohibitions also apply to trading in financial instruments related to Sonic Healthcare shares and to trading in the shares of other entities using information obtained through employment with Sonic. In addition the Managing Director and Finance Director are required to obtain approval from the Chair of the Sonic Board of Directors before selling any shares.

Designated Officers are prohibited from entering into transactions in products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes and from short-term trading and short selling arrangements in relation to Sonic securities. Designated Officers are required to commit to these prohibitions by signing the Securities Trading Policy and will forfeit their equity reward should they be found to be in breach. Directors of Sonic Healthcare Limited are also prohibited from entering into margin lending or other secured financing arrangements in relation to Sonic securities without the prior approval of the Chair and disclosure of such arrangements to the Board.

All Sonic Healthcare securities dealings by Directors are promptly notified to the Australian Securities Exchange (ASX) in accordance with Sonic's Continuous Disclosure obligations.

(j) Use of remuneration consultant

Sonic Healthcare Limited did not employ the services of a remuneration consultant in 2015.

(k) Voting at the Company's 2014 Annual General Meeting

Over 91% of votes cast on a poll on Sonic Healthcare Limited's Remuneration Report for the 2014 financial year were in favour.

Directors' Report

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



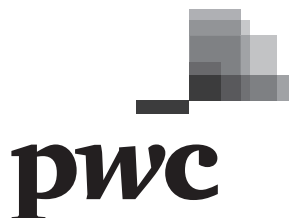
Dr C.S. Goldschmidt
Director



C.D. Wilks
Director

Sydney
24 September 2015

Auditor's Independence Declaration



As lead auditor for the audit of Sonic Healthcare Limited for the year ended 30 June 2015, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sonic Healthcare Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Mark Dow'.

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
24 September 2015

Corporate Governance Statement

The Board of Sonic Healthcare continues to place great importance on the governance of the Company, which it believes is vital to its well-being and success. There are two elements to the governance of companies: performance and conformance. Both are important, but it is critical that focus on conformance does not detract from the principal function of a business, which is to undertake prudent activities to:

- generate rewards for shareholders who invest their capital,
- provide services of value to customers, and
- provide meaningful employment for employees,

and to do so in a way that contributes positively to the community.

The principal features of Sonic's corporate governance framework are set out in this statement, which is current as at 24 September 2015 and has been approved by the Board.

Sonic's Board and management are committed to governance which recognises that all aspects of the Group's operations are conducted ethically, responsibly and with the highest standards of integrity. The Board has adopted practices and policies designed to achieve these aims. Sonic supports the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ("the Recommendations") in advancing good corporate governance, and has applied the third edition during the 2015 financial year. Sonic's Board continues to review and improve Sonic's compliance with the Recommendations, implementing change in a prudent manner. Sonic's website (www.sonichealthcare.com) includes a Corporate Governance section which sets out the information required by the Recommendations plus other relevant information, including copies of all Policies, Charters and Codes referred to in this report.

Sonic's Code of Ethics and Core Values (listed below) set out the fundamental principles that govern the way that all Sonic people conduct themselves. Sonic's Core Values apply equally to every employee of Sonic and were formulated with significant input from Sonic's staff. They have been embraced throughout the Group. Sonic's Core Values are:

- **Commit to Service Excellence**

To willingly serve all those with whom we deal; with unsurpassed excellence.

- **Treat each other with Respect & Honesty**

To grow a workplace where trust, team spirit and equity are an integral part of everything we do.

- **Demonstrate Responsibility & Accountability**

To set an example, to take ownership of each situation to the best of our ability and to seek help when needed.

- **Be Enthusiastic about Continuous Improvement**

To never be complacent, to recognise limitations and opportunities for ourselves and processes; and to learn through these.

- **Maintain Confidentiality**

To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place throughout the 2015 financial year. Any issues of non-compliance with the Recommendations are specifically noted and explained.

Corporate Governance Statement

1. BOARD OF DIRECTORS

Profiles of the Directors and Company Secretary are included in the Directors' Report.

(a) Role of the Board

The Board of Directors is accountable to shareholders for the performance of the Company and the Group and is responsible for the corporate governance practices of the Group. The Board's principal objective is to increase shareholder value while ensuring that the Group's overall activities are properly managed.

Sonic's corporate governance practices provide the structure which enables the Board's principal objective to be achieved, whilst ensuring that the business and affairs of the Group are conducted ethically and in accordance with law.

The Board's overall responsibilities include:

- providing strategic direction and approving corporate strategies,
- monitoring management and financial performance and reporting,
- appointing the Chair and Managing Director, and assessing the performance of Directors,
- monitoring and ensuring the maintenance of adequate risk management identification, control and reporting mechanisms, and
- ensuring the business is conducted ethically and transparently.

The Board delegates authority for operational management of the business to the Managing Director and senior executives. The Managing Director also oversees the implementation of strategies approved by the Board, and is responsible for providing accurate and relevant information to enable the Board to perform its responsibilities. Senior executives reporting to the Managing Director have their roles and responsibilities defined in specific position descriptions. The Board uses a number of Committees to support it in matters that require more intensive review and involvement. Details of the Board Committees are provided below.

As part of its commitment to good corporate governance, the Board regularly reviews the practices and standards governing the Board's composition, independence and effectiveness, the accountability and compensation of Directors (and senior executives) and the Board's responsibility for the stewardship of the Group.

The role and responsibilities of the Board, the functions reserved for the Board and those delegated to management have been formalised in the Sonic Board Charter available at <http://www.sonichealthcare.com/about-us/corporate-governance/board-of-directors-.aspx>.

The Company Secretary is appointed by the Board and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Each Director is able to communicate directly with the Company Secretary.

Corporate Governance Statement

1. BOARD OF DIRECTORS (CONTINUED)

(b) Composition of the Board

The Directors of the Company in office at the date of this statement are:

Name	Age	Term of office (Years)	Position	Expertise	Committees
Mr Peter Campbell	70	22	Chairman, Non-executive, independent Director	Finance and accounting, information technology and company management	Member of Remuneration and Nomination Committee
Dr Colin Goldschmidt	61	22	Managing Director, Chief Executive Officer	Healthcare industry and company management. Qualified Pathologist	Member of Risk Management Committee
Mr Chris Wilks	57	25	Finance Director, Chief Financial Officer	Finance, accounting, banking, secretarial and company management	
Prof Mark Compton	54	1	Non-executive, independent Director	Healthcare industry and company management	Member of Audit Committee
Dr Philip Dubois	69	14	Executive Director	Diagnostic imaging industry and company management. Qualified Radiologist	
Mr Colin Jackson	67	15	Executive Director	Finance, healthcare industry and company management	
Mr Lou Panaccio	58	10	Non-executive, independent Director	Finance, healthcare industry and company management	Chair of Audit Committee, and member of Remuneration and Nomination Committee and Risk Management Committee
Ms Kate Spargo	63	5	Non-executive, independent Director	Law, governance and company oversight	Chair of Remuneration and Nomination Committee and member of Audit Committee
Dr Jane Wilson	57	5	Non-executive, independent Director	Medicine, finance, governance and company oversight. Qualified General Practitioner	Chair of Risk Management Committee and member of Remuneration and Nomination Committee

The composition of Sonic's Board is consistent with the principle of medical management and leadership, which has been a core strategy of Sonic since 1993. Sonic's Managing Director is a qualified pathologist, and the Board also includes a radiologist and a general practitioner, ensuring that it has the capacity to understand complex medical issues and be in close touch with the medical marketplace. The presence of medical practitioners on Sonic's Board also gives comfort both to referring doctors (Sonic's customers) and to owners of diagnostic practices which Sonic seeks to acquire. This strategy has resulted in a Board which has a relatively high proportion of Executive Directors. The Board currently comprises five independent and four Executive Directors.

Dr Dubois and Mr Jackson were appointed to the Board following acquisitions of practices in which they held leadership positions. Their presence on the Board has played an important role in consolidating several of the larger independent practices acquired by Sonic into a cohesive group.

Corporate Governance Statement

1. BOARD OF DIRECTORS (CONTINUED)

(b) Composition of the Board (continued)

In addition, the Sonic Board comprises members with a diverse mix of business skills, including industry specific management skills and experience, and broader management experience, finance and legal skills and expertise in corporate governance. The Board considers that it has an appropriate mix of skills, expertise, tenure and diversity.

Sonic's Non-executive Directors, including the Chairman, are considered independent and perform major roles in the Board Committees.

The Board has resolved that the position of Chairman of the Board be held by an independent Director, and the position of Chairman and Managing Director will be held by different persons. The Board has also resolved that, in its view, the mere fact that a Director has been in office for a period greater than 10 years does not change that Director's status as an independent. The independence of each of the Non-Executive Directors is assessed annually, and it is the view of the Board that each should continue to be regarded as independent. The tenure of Mr Campbell was specifically addressed in his assessment and the Board was satisfied that he has not become too close to management such that his capacity to bring independent judgement to bear or to act in the best interests of all security holders is compromised.

(c) Board renewal

The size and composition of the Board is determined by the full Board acting on recommendations of the Remuneration and Nomination Committee. Sonic's constitution requires that the Board comprise no more than 12 and no fewer than 3 Directors at any time. Sonic's constitution also requires all Directors, other than the Managing Director, to offer themselves for re-election at an AGM, such that they do not hold office without re-election for longer than three years. From July 2014, the Board Charter requires that Non-executive Directors who have already served for four three year terms must then offer themselves for re-election at each AGM.

The Board (with input from the Remuneration and Nomination Committee) regularly reviews its succession planning. A skills matrix is used to guide the assessment of the current Directors, and to identify desirable characteristics for future appointments. The matrix reflects the Board's objective to have an appropriate mix of medical leadership, industry experience, listed entity experience, management skills, financial expertise, legal expertise, governance expertise, strategic focus, and tenure and gender diversity.

Mr Campbell has announced that he will retire as Chairman and as a Director at the conclusion of the 2015 AGM. Prof Compton will assume the role of Chairman of the Board and join the Remuneration and Nomination Committee from that time. Mr Jackson has also advised that he will retire as a Director at the conclusion of the 2015 AGM. Following these changes the Sonic Board will consist of four independent and three Executive Directors.

Before appointing a Director, Sonic undertakes comprehensive reference checks including education, employment, character reference, criminal record, and bankruptcy checks. Potential existing or foreseeable future conflicts of interest are also considered.

Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines Sonic's expectations of directors with respect to their participation, time commitment and compliance with Sonic policies. An induction process for incoming directors is coordinated by the Company Secretary. To assist Directors to understand relevant developments, the Board receives regular updates at Board meetings, workshops, and site visits, along with timely relevant reading materials.

(d) Board meetings

The Board meets formally at least 6 times a year to consider a broad range of matters, including strategy, financial performance reviews, capital management and acquisitions. Details of meetings (both full Board and Committees) and attendances are set out in the Directors' Report.

Corporate Governance Statement

1. BOARD OF DIRECTORS (CONTINUED)

(e) Independent professional advice and access to information

Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required and may consult with other employees and seek additional information on request.

(f) Conflicts of interest of Directors

The Board has guidelines dealing with disclosure of interests by Directors and participation and voting at Board meetings where any such interests are discussed. In accordance with the *Corporations Act*, any Director with a material personal interest in a matter being considered by the Board does not receive the relevant Board papers, must not be present when the matter is being considered, and may not vote on the matter.

(g) Securities trading

Under Sonic's Securities Trading Policy (available at <http://www.sonichealthcare.com/about-us/corporate-governance/securities-trading-.aspx>), all Sonic employees are prohibited from buying or selling or otherwise trading Sonic Healthcare securities (including shares, options, debt securities) at any time they are aware of any material price sensitive information that has not been made public, and are reminded of the laws against "insider trading". Certain "Designated Officers", including all Directors and senior executives (and specified related parties), are also prohibited from trading in periods other than in 8 week windows following the release of half year and full year results, and 2 week periods following the provision to the market at any time by Sonic of definitive guidance regarding the next annual result to be released. The Sonic Board of Directors must specifically consider and approve the opening of the "trading window" in each instance. Exceptions to this prohibition can be approved by the Chair (for other Directors) or the Managing Director (for all other employees) in circumstances of severe financial hardship (as defined in the Policy). Sonic's Chair or Managing Director may impose other periods when Designated Officers are prohibited from trading because price sensitive, non-public information may exist. All trading by Designated Officers must be notified to the Company Secretary. Prohibitions also apply to short-term trading, short selling, trading in financial instruments related to Sonic's securities, including products which limit the economic risk of unvested rights, options or share holdings in Sonic, and to trading in the securities of other entities using information obtained through employment with Sonic. Directors of Sonic Healthcare Limited are also prohibited from entering into margin lending or other secured financing arrangements in relation to Sonic securities without the prior approval of the Chair and disclosure of such arrangements to the Board. In addition, the Managing Director and Finance Director are required to obtain approval from the Chair of the Sonic Board before selling any shares. All Sonic securities dealings by Directors are promptly notified to the Australian Securities Exchange (ASX).

(h) Remuneration of Non-executive Directors

The current maximum total remuneration that may be paid to all Non-executive Directors is \$1,000,000 per annum, as approved by shareholders in November 2010. The total amount paid to Non-executive Directors in the 2015 financial year was \$885,084. Equity-based remuneration is not issued and bonuses are not payable to Non-executive Directors. No retirement benefit schemes (other than statutory superannuation) apply to Non-executive Directors. Further details of Sonic's remuneration policies for Executive Directors and senior executives of the Company, and the relationship between such policy and the Company's performance are provided in the Directors' Report.

Corporate Governance Statement

2. BOARD COMMITTEES

To assist the Board in fulfilling its duties, there are currently three Board Committees whose terms of reference and powers are determined by the Board. Details of Committee meetings and attendances are set out in the Directors' Report.

(a) Audit Committee

Members of the Audit Committee are:

Mr L.J. Panaccio (Chair)

Mr R.P. Campbell (until 7 October 2014)

Prof M.R. Compton (from 7 October 2014)

Ms K.D. Spargo

The Committee operates under a formal Charter (available at <http://www.sonichealthcare.com/about-us/corporate-governance/board-committees-.aspx>). The Charter requires that the Audit Committee comprises between three and six members, all of whom must be independent Directors, and that the Chair of the Committee is not to be the Chair of the Sonic Board.

The principal role of the Audit Committee is to provide the Board, investors, owners and stakeholders with confidence that the financial reports for the Company represent a true and fair view of the Company's financial condition and operational results in all material respects, and are in accordance with relevant accounting standards.

The responsibilities of the Audit Committee are set out in its Charter and include:

- assisting the Board in its oversight responsibilities by monitoring and advising on:
 - the integrity of the financial statements of the Company,
 - the Company's accounting policies and practices in accordance with current and emerging accounting standards,
 - the external auditors' independence and performance,
 - compliance with legal and regulatory requirements and related policies,
 - compliance with the policy framework in place from time to time, and
 - internal controls, and the overall efficiency and effectiveness of financial operations.
- providing a forum for communication between the Board, executive management and external auditors.
- providing a conduit to the Board for external advice on audit and internal controls.

The external auditors, the Managing Director and the Finance Director are invited to Audit Committee meetings at the discretion of the Committee.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year, and more frequently if necessary, and reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved. The external auditors have a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

(b) Risk Management Committee

Members of the Risk Management Committee are:

Dr E.J. Wilson (Chair)

Dr C.S. Goldschmidt

Mr L.J. Panaccio (from 29 July 2014)

Mr C.D. Wilks (until 29 July 2014)

Dr P.D. Dubois (until 29 July 2014)

Corporate Governance Statement

2. BOARD COMMITTEES (CONTINUED)

(b) Risk Management Committee (continued)

The Committee operates under a formal Charter (available at <http://www.sonichealthcare.com/about-us/corporate-governance/board-committees-.aspx>). The Charter requires that the Committee comprises at least three members, the majority of which must be independent Directors (from 29 July 2014), and that the Chair of the Committee must be an independent Director.

The Risk Management Committee's responsibilities are set out in its Charter and include:

- assisting the Board in its oversight responsibilities by monitoring and advising on:
 - the identification and management of risks, including but not limited to:
 - business risks, including financial and strategic risks,
 - operational risks, including business continuity and practice management risks,
 - insurable risks including legal liability claims and property losses,
 - hazard risks including environmental and OH&S risks.
 - internal controls and treatments for identified risks including the Company's insurance program.
 - the Company's overall risk management program.
- providing a forum for communication between the Board, management and external risk management advisors.
- providing a conduit to the Board for external advice on risk management.

The Committee meets at least twice per year.

(c) Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee are:

Ms K.D. Spargo (Chair)
Mr R.P. Campbell
Mr L.J. Panaccio
Dr E.J. Wilson

The Remuneration and Nomination Committee operates under a formal Charter (available at <http://www.sonichealthcare.com/about-us/corporate-governance/board-committees-.aspx>). The Charter requires that the Remuneration and Nomination Committee comprises at least three members, all of whom are to be independent Directors.

The Remuneration and Nomination Committee's role, as set out in its Charter, is to:

- review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director, Finance Director and Non-executive Directors,
- advise the Board in relation to equity-based incentive schemes for other employees,
- ensure appropriate disclosure is provided to shareholders in relation to remuneration policies and that equity-based remuneration is within plans approved by shareholders,
- review the Board and Board Committee structures,
- advise the Board on the recruitment, appointment and removal of Directors,
- assess and promote the enhancement of competencies of Directors,
- review Board succession plans,
- make recommendations to the Board in relation to workforce and Board diversity and measurable objectives in relation to gender diversity, and monitor progress toward achievement of those objectives.

The Committee meets on an as required basis.

The Remuneration and Nomination Committee, when deemed necessary, directly obtains independent advice on the appropriateness of remuneration.

Corporate Governance Statement

3. APPROACH TO DIVERSITY

As a medical diagnostic company, Sonic Healthcare's business relies on the services provided to referrers and patients by thousands of Sonic staff every day. In addition, in seeking to continually improve Sonic's services and financial performance, the Company relies on the input and expertise of its Directors, managers, pathologists, radiologists, other medical practitioners and staff. It is therefore critical that Sonic's workforce brings a broad range of experiences, talents and viewpoints to the business. Diversity is valued as it assists the Company to meet its objectives, and ensures that Sonic's people at all levels of the Company reflect our customers and the communities we serve.

Sonic Healthcare strives to maintain a healthy, safe and productive environment which is free from discrimination and harassment based on race, colour, religion, gender, sexual orientation, age, national origin or disability. In addition, the Company is committed to the continued development and implementation of initiatives to remove barriers that disadvantage any person or group such that everyone is able to compete on equal terms. Within Sonic, recruitment, development, promotion and remuneration are based on merit. These principles are an integral part of Sonic's corporate culture, and are encapsulated in the Sonic Core Values and the Company's Diversity Policy (available at <http://www.sonichealthcare.com/about-us/diversity-policy.aspx>).

The Remuneration and Nomination Committee of the Sonic Board recommends annually measurable objectives for promoting and maintaining gender diversity and measures and reports on progress towards achievement of those objectives. The CEO has discretion with regard to the specific initiatives to be implemented by management to achieve the objectives.

The proportion of female employees to total employees within the Group at 30 June 2015 was:

	2015	2014
Non-executive Directors of Sonic Healthcare Limited	40%	50%
Directors of Sonic Healthcare Limited	22%	25%
Executive staff of the Group ⁺	34%	33%
Other senior leadership positions	54%	54%
Total senior leadership positions*	50%	50%
All employees	77%	77%

⁺ Includes Executives to the "CEO-2" level, plus, if not already included, direct reports to the heads of each of Sonic's operating subsidiaries.

* Includes Directors, executive staff and other senior leadership positions.

The Company's current objective in relation to gender diversity is to monitor and maintain the percentage of females in senior leadership positions at a level greater than 40%. This objective was achieved in 2015.

4. IDENTIFYING AND MANAGING BUSINESS RISKS

Sonic recognises that risk management is an integral part of good management and corporate governance practice and is fundamental to driving shareholder value across the business.

Sonic views the management of risk as a core managerial capability. Risk management is strongly promoted internally and forms part of the performance evaluation of key executives.

Sonic's material business risks are described in the operating and financial review section of the Directors' Report. Information on Sonic's impact on society and the environment can be found in the Company Conscience report.

Corporate Governance Statement

4. IDENTIFYING AND MANAGING BUSINESS RISKS (CONTINUED)

(a) Responsibilities

The Board determines the overall risk profile of the business and is responsible for monitoring and ensuring the maintenance of adequate risk management policies, controls and reporting mechanisms.

To assist the Board in fulfilling its duties, it is aided by the Audit Committee and the Risk Management Committee. The Board has delegated to these Committees responsibility for ensuring:

- the Company's material business risks, including strategic, financial, operational, compliance, environmental and social sustainability risks, are identified,
- systems are in place to assess, manage, monitor and report on those risks, and that those systems are operating effectively,
- management compliance with Board approved policies,
- internal controls are operating effectively across the business, and
- all Group companies are in compliance with laws and regulations relating to their activities.

The Audit Committee and Risk Management Committee update the Board on all relevant matters.

Management is responsible for the identification, assessment and management of business risks. During the year, management reported on these matters, including the effectiveness of the management of Sonic's material business risks, to the Audit Committee and Risk Management Committee, who then reported these matters to the Board. The Risk Management Committee reviewed the Company's risk management framework and reported on that review to the Board.

(b) Risk management policies, systems and processes

Sonic's activities across all of its operating entities are subject to regular review and continuous oversight by executive management and the Board Committees. The Chief Executive Officers of the individual operating companies are responsible for the identification and management of risk within their business. To assist in this, executive management has developed an effective control environment to help manage the significant risks to its operations, both locally and overseas. This environment includes the following components:

- clearly defined management responsibilities, management accountabilities and organisational structures,
- established policies and procedures that are widely disseminated to, and understood by, employees,
- regular internal review of policy compliance and the effectiveness of systems and controls,
- comprehensive training programs for staff in relation to operational practices and compliance requirements,
- strong management reporting framework for both financial and operational information,
- creation of an open culture to share risk management information and to continuously improve the effectiveness of Sonic's risk management approach,
- benchmarking across operations to share best practice and further reduce the operational risk profile,
- Sonic Core Values, a unifying code of conduct embraced by Sonic employees,
- centrally administered Group insurance program ensuring a consistent and adequate approach across all operating areas, and
- the ongoing engagement of a professional Risk Manager to co-ordinate the Company's approach to material business risk management.

Control systems and policy compliance are reviewed by Sonic's Business Assurance Program, an internal audit function. The Head of Business Assurance reports to the Audit Committee, and to the Company Secretary for administrative purposes. The Business Assurance Program liaises with, but is independent of, the external auditor, and has full access to the Audit Committee and Risk Management Committee, Sonic management and staff, and records. The Audit Committee determines the scope for the Business Assurance Program each year and monitors management's response to recommended system enhancements.

(c) Regulatory compliance

Sonic's pathology, imaging and medical centre activities are subject to Commonwealth and State law in Australia, and similar regulatory control in offshore locations. These laws cover such areas as laboratory and collection centre operations, workplace health and safety, radiation safety, privacy of information and waste management.

Sonic's network of pathology laboratories, collection centres and imaging centres are required to meet and remain compliant with set performance criteria determined by government and industry bodies.

Corporate Governance Statement

4. IDENTIFYING AND MANAGING BUSINESS RISKS (CONTINUED)

(c) Regulatory compliance (continued)

To support this, Sonic's operating policies and procedures are overseen by internal quality assurance and workplace health and safety managers who review operational compliance.

In addition, practising pathologists and radiologists are required to be registered and licensed in accordance with Medical Board and Government regulations. The accreditation and licensing of locations, equipment and personnel is subject to regular, random audits by Government experts and medical peer groups. Sonic also undertakes internal reviews to ensure continued best practice and compliance.

Sonic's established procedures, focus on best practice, Medical Leadership model, structured staff training and the external review activities serve to mitigate operational risk and support regulatory compliance.

(d) Managing Director and Finance Director certification

Sonic has adopted a policy requiring the Managing Director and the Finance Director to provide the Board with written certification in relation to its financial reporting processes. For the 2015 financial year, the Managing Director and Finance Director made the following certifications:

- that the financial records of the Company have been properly maintained,
- that the financial statements and notes comply in all material respects with the relevant accounting standards,
- that the financial statements and notes give a true and fair view, in all material respects, of the Company's financial condition and operational results, and
- that the statements above are founded on a sound system of risk management and internal control which operates effectively in all material respects in relation to financial reporting risks.

5. ETHICAL STANDARDS

The Company has a Code of Ethics policy that outlines the standards required so that the Directors and management conduct themselves with the highest ethical standards. All employees of the Company and its controlled entities are informed of the Code. The Directors regularly review this Code to ensure it reflects best practice in corporate governance. The Code is further supported by the Sonic Core Values.

6. CONTINUOUS DISCLOSURE

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Sonic has formalised its policies and procedures on information disclosure in a Policy on Continuous Disclosure (available at <http://www.sonichealthcare.com/about-us/corporate-governance/continuous-disclosure-.aspx>). The Policy focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities, and sets out management's responsibilities and reporting procedures in this regard.

All information disclosed to the ASX is then immediately posted on the Company's website. Presentations to analysts on aspects of the Company's operations are released to the ASX and posted on the Company's website.

The Company's investor relations program facilitates effective two-way communication with investors and analysts. All investor relations discussions are conducted or monitored by the Managing Director, Finance Director or Company Secretary and are limited to discussion of non-price sensitive information and material previously announced on the ASX platform.

Corporate Governance Statement

7. THE ROLE OF SHAREHOLDERS

The Board aims to provide access and communicate openly with shareholders and to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- via the Company's website (available at <http://www.sonichealthcare.com>), which includes electronic and other contact details for Key Contacts and a general contact email address;
- the Annual Report is available to all shareholders on the Company's website and is distributed to those shareholders who elect to receive it. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of likely future developments, in addition to the other disclosures required by law; and
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders.

To further facilitate communication with shareholders, the Company has established electronic shareholder communication processes via its Share Registry. Shareholders are able to access online Annual Reports, notices of meetings, proxy forms and voting, and receive electronic statements (e.g. holding statements) by email.

Where possible the Company provides advance notice of significant group briefings, including for the half and full year results announcements, by publishing details on the Company website and extending open invitations. Telephone dial-in details are generally made available. Records are kept of group and one-on-one briefings with investors and analysts.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Group's strategy and goals. AGMs are held at readily accessible locations and advance notice is provided on the Investor Calendar page of the Company's website. Ample opportunity is provided for shareholders to question the Board and the external auditor at the AGM. Important issues are presented to the shareholders as single resolutions.

The shareholders are responsible for voting on the appointment of Directors. The Company ensures that the relevant Notice of Meeting contains all material information in its possession relevant to a decision on whether to elect a Director.

8. EXTERNAL AUDITORS

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. Sonic requires its external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the auditor's report. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

9. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS, AND KEY EXECUTIVE OFFICERS

(a) The Board and its Committees

The Board carries out an annual evaluation of its own performance in meeting its key responsibilities in accordance with the Board Charter, by undertaking the following activities:

- the Chairman discusses with each Director their individual performance and ideas for improvement based on surveys completed by each Director assessing their own and each other Directors' performance, and
- the Board as a whole discusses and analyses its own performance, including suggestions for change or improvement and assessment of the extent to which the Board has discharged its responsibilities as set out in the Board Charter.

The performance review covers matters such as contribution to strategy development, interaction with management, operation and conduct of meetings, and specific performance objectives for the year ahead.

The Board also obtains feedback on its performance and operations from key people such as the external auditors.

Each Committee of the Board is required to undertake an annual performance evaluation and report the results of this review to the Board.

Performance evaluation results are discussed by the Board, and initiatives are undertaken, where appropriate, to strengthen the effectiveness of the Board's operation and that of its Committees. The Board periodically reviews the skills, experience and expertise of its Directors and its practices and procedures for both the present and future needs of the Company.

Reviews of the performance of the Board, its Committees, and individual Directors were conducted during the year.

Corporate Governance Statement

9. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS, AND KEY EXECUTIVE OFFICERS (CONTINUED)

(b) The Managing Director and Finance Director

The performances of the Managing Director and Finance Director are formally reviewed by the Board annually, including during the 2015 year. The performance criteria include:

- economic results of the Group,
- fulfilment of objectives and duties,
- personnel and resource management,
- promotion of and adherence to Sonic Core Values, Foundation Principles, Federation model and the concept of Medical Leadership,
- corporate governance and compliance,
- risk management,
- external standing and reputation (including stakeholder management, brand and quality), and
- additionally for the Finance Director, financial leadership and innovation.

Performance evaluation results are considered by the Remuneration and Nomination Committee in determining the level and structure of remuneration for the Managing Director and Finance Director.

(c) Key management personnel

The Managing Director evaluates key management personnel at least annually (including during the 2015 year) with qualitative and quantitative measures against agreed business and personal objectives. These business and personal objectives are consistent with those used in the performance reviews for the Managing Director and Finance Director.

Key management personnel receive letters of appointment with terms of employment governed by applicable employment laws.

CONCISE FINANCIAL REPORT

30 June 2015

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The Concise Financial Report is an extract from the full Financial Report for the year ended 30 June 2015. The financial statements and specific disclosures included in the Concise Financial Report have been derived from the full Financial Report.

The Concise Financial Report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Sonic Healthcare Limited and its controlled entities as the full Financial Report. Further financial information can be obtained from the full Financial Report.

The full Financial Report and auditor's report can be accessed via the internet on our website: **www.sonichealthcare.com**. Alternatively, members can call +61 2 9855 5444 and request a copy of the full Financial Report and auditor's report, which will be sent free of charge.

Sonic Healthcare Limited
ABN 24 004 196 909

Consolidated Income Statement

For the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Total revenue	3	4,200,525	3,913,475
Labour and related costs		(1,951,456)	(1,787,547)
Consumables used		(650,956)	(596,973)
Operating lease rental expense		(260,455)	(225,052)
Depreciation and amortisation of physical assets		(135,971)	(124,150)
Transportation		(111,785)	(106,266)
Utilities		(101,353)	(90,272)
Repairs and maintenance		(99,630)	(88,353)
Borrowing costs expense		(55,928)	(60,710)
Amortisation of intangibles		(43,231)	(36,439)
Other expenses from ordinary activities		(326,445)	(282,747)
Profit from ordinary activities before income tax expense		463,315	514,966
Income tax expense		(109,278)	(126,106)
Profit from ordinary activities after income tax expense		354,037	388,860
Net (profit) attributable to minority interests		(6,339)	(3,876)
Profit attributable to members of Sonic Healthcare Limited		347,698	384,984

		Cents	Cents
Basic earnings per share	6	86.6	96.2
Diluted earnings per share	6	86.0	95.5

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Profit from ordinary activities after income tax expense	354,037	388,860
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	114,754	24,088
Cash flow hedges	164	1,550
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (losses) on retirement benefit obligations	(8,803)	(2,561)
Other comprehensive income for the period, net of tax	106,115	23,077
Total comprehensive income for the period	460,152	411,937
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	453,703	407,538
Minority interests	6,449	4,399
	460,152	411,937

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2015

	2015 \$'000	2014 \$'000
Current assets		
Cash and cash equivalents	249,393	232,137
Receivables	648,716	575,999
Inventories	76,066	65,153
Other	45,527	39,730
Total current assets	1,019,702	913,019
Non-current assets		
Receivables	17,710	12,235
Other financial assets	62,384	67,865
Property, plant and equipment	791,119	691,877
Intangible assets	4,427,381	4,084,964
Deferred tax assets	30,318	27,622
Other	91	24
Total non-current assets	5,329,003	4,884,587
Total assets	6,348,705	5,797,606
Current liabilities		
Payables	402,468	350,071
Interest bearing liabilities	1,397	450,388
Current tax liabilities	11,546	44,093
Provisions	168,954	158,053
Other financial liabilities	-	235
Other	3,941	18,354
Total current liabilities	588,306	1,021,194
Non-current liabilities		
Interest bearing liabilities	2,223,985	1,520,539
Deferred tax liabilities	112,464	89,991
Provisions	63,576	47,582
Other	34,376	9,306
Total non-current liabilities	2,434,401	1,667,418
Total liabilities	3,022,707	2,688,612
Net assets	3,325,998	3,108,994
Equity		
Parent Company interest		
Contributed equity	2,561,817	2,538,517
Reserves	(13,634)	(119,941)
Retained earnings	725,945	664,067
Total Parent Company interest	3,274,128	3,082,643
Minority interests	51,870	26,351
Total equity	3,325,998	3,108,994

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total \$'000
Balance at 1 July 2013	2,468,102	(111,131)	537,913	2,894,884	23,217	2,918,101
Profit for period	-	-	384,984	384,984	3,876	388,860
Other comprehensive income for the period	-	25,115	(2,561)	22,554	523	23,077
Total comprehensive income for the period	-	25,115	382,423	407,538	4,399	411,937
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(256,269)	(256,269)	-	(256,269)
Shares issued	55,255	(18,360)	-	36,895	-	36,895
Transfers to share capital	15,160	(15,160)	-	-	-	-
Share based payments	-	2,559	-	2,559	-	2,559
Minority interests on acquisition of subsidiary	-	(2,904)	-	(2,904)	2,953	49
Acquisition/disposal of minority interests	-	(60)	-	(60)	(540)	(600)
Dividends paid to minority interests	-	-	-	-	(3,678)	(3,678)
Balance at 30 June 2014	2,538,517	(119,941)	664,067	3,082,643	26,351	3,108,994
Balance at 1 July 2014	2,538,517	(119,941)	664,067	3,082,643	26,351	3,108,994
Profit for period	-	-	347,698	347,698	6,339	354,037
Other comprehensive income for the period	-	114,808	(8,803)	106,005	110	106,115
Total comprehensive income for the period	-	114,808	338,895	453,703	6,449	460,152
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(277,017)	(277,017)	-	(277,017)
Shares issued	21,573	(8,631)	-	12,942	-	12,942
Transfers to share capital	1,800	(1,800)	-	-	-	-
Share based payments	-	2,039	-	2,039	-	2,039
Acquisition of treasury shares	(100)	-	-	(100)	-	(100)
Allocation of treasury shares	27	-	-	27	-	27
Minority interests on formation of subsidiary	-	-	-	-	23,491	23,491
Acquisition of minority interests	-	(109)	-	(109)	-	(109)
Dividends paid to minority interests	-	-	-	-	(4,421)	(4,421)
Balance at 30 June 2015	2,561,817	(13,634)	725,945	3,274,128	51,870	3,325,998

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	4,180,442	3,941,176
Payments to suppliers and employees (inclusive of goods and services tax)	(3,497,816)	(3,222,663)
Gross operating cash flow	682,626	718,513
Interest received	3,796	3,245
Borrowing costs	(48,896)	(57,403)
Income taxes paid	(125,442)	(107,997)
Net cash inflow from operating activities	512,084	556,358
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	(46,115)	(134,349)
Payments for property, plant and equipment	(197,478)	(154,452)
Proceeds from sale of non-current assets	22,724	24,721
Payments for investments	(2,836)	(4,398)
Payments for intangibles	(66,688)	(67,593)
Repayment of loans by other entities	9,017	6,433
Loans to other entities	(7,613)	(9,732)
Net cash (outflow) from investing activities	(288,989)	(339,370)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	12,869	36,895
Proceeds from borrowings	452,394	797,530
Repayment of borrowings	(411,167)	(784,720)
Transaction with non-controlling interest	7,973	-
Dividends paid to Company's shareholders	(277,017)	(256,269)
Dividends paid to minority interests in subsidiaries	(4,399)	(3,716)
Net cash (outflow) from financing activities	(219,347)	(210,280)
Net increase in cash and cash equivalents	3,748	6,708
Cash and cash equivalents at the beginning of the financial year	232,137	219,729
Effects of exchange rate changes on cash and cash equivalents	13,508	5,700
Cash and cash equivalents at the end of the financial year	249,393	232,137

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED CONCISE FINANCIAL STATEMENTS

30 June 2015

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Notes to the Consolidated Concise Financial Statements

NOTE 1 BASIS OF PREPARATION

This Concise Financial Report relates to the Group consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015. The accounting policies adopted have been consistently applied to all years presented, except as stated below. Comparatives may be restated to enhance comparability with the current year.

(a) Presentation currency

The presentation currency used in this Concise Financial Report is Australian dollars.

(b) Changes in accounting policies

There were no impacts on the financial statements of the Group as a consequence of new standards effective 1 July 2014.

NOTE 2 SEGMENT INFORMATION

Business segments

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 internal reports use a "Constant Currency" basis for reporting revenue and EBITA with foreign currency elements restated using the relevant prior period average exchange rates. The segment revenue and EBITA have therefore been presented using Constant Currency.

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) Laboratory

Pathology/clinical laboratory services provided in Australia, New Zealand, the United Kingdom, the United States of America, Germany, Switzerland, Belgium and Ireland.

(ii) Imaging

Diagnostic imaging services provided in Australia and New Zealand (operations in New Zealand ceased 31 March 2014).

(iii) Other

Includes the corporate office function, medical centre operations and occupational health services, and other minor operations.

Notes to the Consolidated Concise Financial Statements

NOTE 2 SEGMENT INFORMATION (CONTINUED) Business segments (continued)

2015	Pathology \$'000	Imaging \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue (Constant Currency)					
External sales	3,342,293	414,034	361,347	-	4,117,674
Inter-segment sales	38	290	9,924	(10,252)	-
Total segment revenue (Constant Currency)	3,342,331	414,324	371,271	(10,252)	4,117,674
Currency exchange rate movements	79,055	-	-	-	79,055
Total segment revenue (Statutory)	3,421,386	414,324	371,271	(10,252)	4,196,729
Interest income					3,796
Total revenue					4,200,525
Result					
Segment result (Constant Currency)	487,804	55,393	10,151	-	553,348
Currency exchange rate movements	5,330	-	-	-	5,330
Segment result (Statutory)	493,134	55,393	10,151	-	558,678
Amortisation of intangibles					(43,231)
Unallocated net interest expense					(52,132)
Profit before tax					463,315
Income tax expense					(109,278)
Profit after income tax expense					354,037
Depreciation	87,508	29,701	18,762	-	135,971
Other non-cash expenses	62,671	1,290	3,799	-	67,760

Notes to the Consolidated Concise Financial Statements

NOTE 2 SEGMENT INFORMATION (CONTINUED) Business segments (continued)

2014	Pathology \$'000	Imaging \$'000	Other \$'000	Eliminations \$'000	Total \$'000
Revenue					
External sales	3,145,907	414,919	349,404	-	3,910,230
Inter-segment sales	494	244	8,710	(9,448)	-
Total segment revenue	3,146,401	415,163	358,114	(9,448)	3,910,230
Interest income					3,245
Total revenue					3,913,475
Result					
Segment result	532,066	56,381	20,423	-	608,870
Amortisation of intangibles					(36,439)
Unallocated net interest expense					(57,465)
Profit before tax					514,966
Income tax expense					(126,106)
Profit after income tax expense					388,860
Depreciation	77,536	29,941	16,673	-	124,150
Other non-cash expenses	12,536	1,314	3,979	-	17,829

Geographical information

	Revenues from sales to external customers*		Non-current assets*^	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Australia	1,961,181	1,872,009	2,045,121	1,957,232
United States of America	929,959	830,385	1,584,990	1,279,654
Germany	805,022	744,402	951,376	927,446
Other	500,567	463,434	717,198	692,633
Total	4,196,729	3,910,230	5,298,685	4,856,965

* Note that changes between years are affected by exchange rate movements and the timing of business acquisitions.

^ Note that this includes all non-current assets other than financial instruments and deferred tax assets.

Notes to the Consolidated Concise Financial Statements

NOTE 3 REVENUE

	2015 \$'000	2014 \$'000
Services revenue		
Medical services revenue	4,141,094	3,854,989
Other revenue		
Government grants	30,287	31,948
Interest received or due and receivable	3,796	3,245
Rental income	15,012	13,245
Other revenue	10,336	10,048
	59,431	58,486
Revenue from operations	4,200,525	3,913,475

Notes to the Consolidated Concise Financial Statements

NOTE 4 DIVIDENDS

	2015 \$'000	2014 \$'000
Total dividends paid on ordinary shares during the year		
Final dividend for the year ended 30 June 2014 of 40 cents (2013: 37 cents) per share paid on 23 September 2014 (2013: 24 September 2013), franked to 55% (2013: 45%)	160,449	148,056
Interim dividend for the year ended 30 June 2015 of 29 cents (2014: 27 cents) per share paid on 25 March 2015 (2014: 25 March 2014), franked to 55% (2014: 45%)	116,568	108,213
	277,017	256,269
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors declared a final dividend of 41 cents (2014: 40 cents) per ordinary share, franked to 55% (2014: 55%) based on tax paid at 30%. The aggregate amount of the final dividend payable on 22 October 2015 out of retained earnings at the end of the year, but not recognised as a liability is:	164,908	160,449
Franked dividends		
The 2015 final dividend declared after the year end was 55% franked out of existing franking credits and out of franking credits arising from the payment of income tax in the year ending 30 June 2016.		
Franking credits available at the year end for subsequent financial years based on a tax rate of 30%	27,173	35,455

The consolidated amounts include franking credits that would be available if distributable profits of subsidiaries not part of the Australian tax group were paid as dividends.

Dividend Reinvestment Plan ("DRP")

The Company's Dividend Reinvestment Plan will operate for the FY2015 final dividend. The DRP pricing methodology is the average VWAP over the pricing period (16 September to 13 October 2015 (both inclusive)) as determined in accordance with the DRP rules. A discount of 1.5% will apply to the price of shares issued under the DRP. The DRP application price will be announced to the ASX at the end of the pricing period. Sonic intends to satisfy DRP requirements for this dividend by issuing new shares.

The Company has entered into a DRP Shortfall Placement Agreement with CBA Equities Limited ("CBA Equities") under which CBA Equities will subscribe for shares with a value up to 100% of the shortfall in DRP participation by shareholders in relation to the 2015 final dividend. The subscription price to be paid by CBA Equities may not equate to the DRP subscription price.

Notes to the Consolidated Concise Financial Statements

NOTE 5 BUSINESS COMBINATIONS

(a) Acquisition of subsidiaries/business assets

A number of small acquisitions of subsidiaries/business assets occurred in the period. 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 acquisitions were merged with other entities in the Group. The accounting for these business combinations has been finalised at the date of this report.

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	42,579
Less: Cash of entities acquired	(300)
	42,279
Deferred consideration	6,121
Total consideration	48,400
Fair value of identifiable net assets of subsidiaries/businesses acquired:	
Debtors & other receivables	2,830
Prepayments	86
Inventory	208
Deferred tax assets	794
Property, plant & equipment	4,330
Identifiable intangibles	977
Trade payables	(68)
Sundry creditors & accruals	(1,090)
Borrowings	(925)
Provisions	(2,682)
	4,460
Goodwill	43,940

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. None of the purchased goodwill recognised is expected to be deductible for income tax purposes.

Acquisition related costs of \$2,480,000 are included in other expenses in the Income Statement. The fair value of acquired debtors and other receivables is \$2,830,000. The gross contractual amount due is \$2,830,000 of which \$nil is expected to be uncollectable.

There were no subsequent changes to the accounting for the business combinations in the 2014 financial year from those included in the 2014 financial statements.

Notes to the Consolidated Concise Financial Statements

NOTE 5 BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of Medisupport S.A.

On 2 July 2015 Sonic completed the acquisition of the Swiss medical laboratory group, Medisupport S.A. The preliminary cost of the combination, values of the identifiable assets and liabilities, and goodwill arising on acquisition are detailed below:

	Total \$'000
Consideration - cash paid	320,517
Less: Cash of entities acquired	(19,599)
	300,918
Deferred consideration	20,830
Equity consideration*	69,836
Total consideration	391,584
Fair value of identifiable net assets of subsidiaries acquired:	
Debtors & other receivables	37,289
Prepayments	2,135
Inventory	2,651
Property, plant & equipment	24,456
Identifiable intangibles	1,068
Other financial assets	602
Trade payables	(11,188)
Sundry creditors & accruals	(8,724)
Borrowings	(33,319)
Provisions	(3,207)
Current tax liabilities	(7,636)
Deferred tax liabilities	(623)
	3,504
Goodwill	388,080

* The minimum number of Sonic ordinary shares to be issued is 3,559,452. The number of Sonic shares to be issued may increase if the volume weighted average price of trading of Sonic shares over the five trading days commencing on 30th September 2015 is less than \$19.62 per share. The shares will be issued on 7th October 2015. The shares will be subject to a 12 month escrow.

The goodwill arising from the business combination 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. None of the purchased goodwill recognised is expected to be deductible for income tax purposes.

The preliminary fair value of acquired debtors and other receivables is \$37,289,000. The gross contractual amount due is \$41,577,000 of which \$4,288,000 is expected to be uncollectable.

As the date of the business combination was after the year end, the financial impact of this transaction was not recognised as at 30 June 2015.

Notes to the Consolidated Concise Financial Statements

NOTE 6 EARNINGS PER SHARE

	2015 Cents	2014 Cents
Basic earnings per share	86.6	96.2
Diluted earnings per share	86.0	95.5

	2015 Shares	2014 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	401,419,782	400,128,497
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	404,380,891	403,180,026

Options and performance rights over ordinary shares are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share.

Details of the options and rights exercised, forfeited and issued in the period between the reporting date and the date of this report are detailed in Note 7.

	2015 \$'000	2014 \$'000
Reconciliations of earnings used in calculating earnings per share		
Net profit	354,037	388,860
Net (profit) attributable to minority interests	(6,339)	(3,876)
Earnings used in calculating basic and diluted earnings per share	347,698	384,984

Notes to the Consolidated Concise Financial Statements

NOTE 7 SHARE OPTIONS

(a) Shares under options

Unissued ordinary shares of Sonic Healthcare Limited under option at the date of this report are as follows:

(i) Sonic Healthcare Limited Employee Option Plan

Grant date	Expiry date	Exercise price of option*	Number of options at date of report
03/03/11	03/01/16	\$11.13	217,500
18/11/11	18/11/16	\$11.43	584,406
18/11/11	18/11/17	\$11.43	651,126
18/11/11	18/11/18	\$11.43	1,705,263
20/02/12	20/12/16	\$11.14	150,000
07/03/12	07/03/19	\$11.14	1,000,000
02/07/12	02/07/19	\$12.57	125,000
18/10/13	18/10/18	\$15.43	320,000
13/12/13	13/12/18	\$15.21	600,000
27/11/14	27/11/19	\$17.32	706,108
30/01/15	30/11/19	\$18.84	1,000,000
Total			7,059,403

*The issue price of shares held under option is either the exercise price of the option or the market price of Sonic shares at the date of exercise.

The above options granted are able to be exercised subject to the following vesting periods:

- Up to 50% may be exercised after 30 months from the date of grant
- Up to 75% may be exercised after 42 months from the date of grant
- Up to 100% may be exercised after 54 months from the date of grant

Options granted under the plan expire after 58 months and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

The grants of options on 7 March 2012, 2 July 2012, 18 October 2013 and 13 December 2013 are subject to different vesting and expiry periods. For the options granted on 7 March 2012 up to 500,000 options were exercisable from 7 March 2015 until expiry on 7 March 2017. Up to a further 1,000,000 options are exercisable from 7 March 2017 until expiry on 7 March 2019. Options granted on 2 July 2012 which satisfy the vesting conditions will be exercisable from 2 July 2017 until expiry on 2 July 2019. Options granted on 18 October 2013 which satisfy the vesting conditions will be exercisable from 18 October 2016 until expiry on 18 October 2018. For the options granted on 13 December 2013 up to 600,000 options are exercisable from 13 December 2016 until expiry on 13 December 2018.

Notes to the Consolidated Concise Financial Statements

NOTE 7 SHARE OPTIONS (CONTINUED)

(a) Shares under options (continued)

(i) Sonic Healthcare Limited Employee Option Plan (continued)

The performance options granted on 18 November 2011 and 27 November 2014 relate to the Long Term Incentive component for Dr C.S. Goldschmidt and C.D. Wilks. The vesting conditions attached to the performance rights are detailed in the Remuneration Report.

(ii) Sonic Healthcare Limited Performance Rights Plan

Performance rights are granted under the Sonic Healthcare Limited Performance Rights Plan for no consideration and carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share. No rights holder has any right to participate in any other share issue of the Company or of any other entity.

The performance rights granted on 18 November 2011 and 27 November 2014 relate to the Long Term Incentive component for Dr C.S. Goldschmidt and C.D. Wilks. The vesting conditions attached to the performance rights are as detailed in the Remuneration Report.

Grant date	Expiry date	Issue price of shares	Number of rights at date of report
18/11/11	18/11/17	Nil	70,866
18/11/11	18/11/18	Nil	188,976
27/11/14	27/11/19	Nil	100,085
Total			359,927

(b) Shares issued on the exercise of options up to the date of this report

(i) Sonic Healthcare Limited Employee Option Plan options

A total of 1,180,000 ordinary shares of Sonic were issued during the year ended 30 June 2015 under the Sonic Healthcare Limited Employee Option Plan. 162,500 options have been exercised since that date, but prior to the date of this report, resulting in the issue of 162,500 ordinary shares. The amounts paid on issue of those shares were:

Number of Options	Issue Price (per share)
12,500	\$10.57
62,500	\$11.13
100,000	\$17.44
10,000	\$17.45
300,000	\$17.55
85,000	\$17.71
10,000	\$17.74
22,500	\$19.02
560,000	\$19.60
150,000	\$19.69
30,000	\$20.47
1,342,500	

Notes to the Consolidated Concise Financial Statements

NOTE 7 SHARE OPTIONS (CONTINUED)

(b) Shares issued on the exercise of options up to the date of this report (continued)

(ii) Sonic Healthcare Limited Performance Rights Plan

A total of 1,593 performance rights were exercised during the year ended 30 June 2015 under the Sonic Healthcare Limited Performance Rights Plan and satisfied by an on-market share purchase. 59,527 performance rights have been exercised since that date, but prior to the date of this report, resulting in the issue of 59,527 ordinary shares at an issue price of \$19.69.

(c) Options granted to officers

During the year nil options or rights were issued to the five highest remunerated officers of the Company and the Group who are not already disclosed as key management personnel.

NOTE 8 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years, other than:

- the acquisitions of the Swiss medical laboratory group, Medisupport S.A. and the Belgian based KLD laboratory as described in Sonic's announcements to the market dated 15 June and 6 July 2015; and
- as announced to the market on 14 August 2015, the new provincial government of Alberta decided not to proceed with the laboratory services contract for which Sonic had been chosen as the preferred proponent.

Directors' Declaration

For the year ended 30 June 2014

The Directors declare that in their opinion, the Concise Financial Report of the Group for the year ended 30 June 2015 as set out on pages 63 to 80 complies with Accounting Standard AASB 1039: *Concise Financial Reports*.

The Concise Financial Report is an extract from the full Financial Report for the year ended 30 June 2015. The financial statements and specific disclosures included in the Concise Financial Report have been derived from the full Financial Report.

The Concise Financial Report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full Financial Report, which is available on request.

This declaration is made in accordance with a resolution of the Directors.



Dr C.S. Goldschmidt
Director



C.D. Wilks
Director

Sydney
24 September 2015

Independent Auditor's Report to the Members of Sonic Healthcare Limited



REPORT ON THE CONCISE FINANCIAL REPORT

We have audited the accompanying Concise Financial Report of Sonic Healthcare Limited (the Company) which comprises the consolidated Balance Sheet as at 30 June 2015, the consolidated Income Statement and consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Cash Flow Statement for the year then ended and related notes, derived from the audited Financial Report of the Company for the year ended 30 June 2015 for both Sonic Healthcare Limited and the Sonic Healthcare Group (the consolidated entity). The Concise Financial Report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the Concise Financial Report is not a substitute for reading the audited Financial Report.

Directors' responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the Concise Financial Report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the *Corporations Act 2001*, and for such internal control as the Directors determine are necessary to enable the preparation of the Concise Financial Report.

Auditor's responsibility

Our responsibility is to express an opinion on the Concise Financial Report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the Financial Report of the consolidated entity for the year ended 30 June 2015. We expressed an unmodified audit opinion on that Financial Report in our report dated 24 September 2015. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Concise Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Concise Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Concise Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures include testing that the information in the Concise Financial Report is derived from, and is consistent with, the Financial Report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the Financial Report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the Concise Financial Report complies with AASB 1039 Concise Financial Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171

T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

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Independent Auditor's Report to the Members of Sonic Healthcare Limited



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the Concise Financial Report of the consolidated entity for the year ended 30 June 2015 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

REPORT ON THE REMUNERATION REPORT

The following paragraphs are copied from our report on the Remuneration Report for the year ended 30 June 2015.

We have audited the Remuneration Report included in pages 36 to 48 of the Directors' Report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Sonic Healthcare Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of Mark Dow.

Mark Dow
Partner

Sydney
24 September 2015

Shareholders' Information

1. INFORMATION RELATING TO SHAREHOLDERS

(a) Distribution schedule as at 15 September 2015

	No. of holders ordinary shares
1 – 1,000	34,002
1,001 – 5,000	23,463
5,001 – 10,000	1,923
10,001 – 100,000	896
100,001 and over	108
	60,392
Voting rights	
– on a show of hands	1/member
– on a poll	1/share
Percentage of total shares held by the twenty largest registered holders	68.74%
Number of holders holding less than a marketable parcel	616

(b) Substantial shareholders as at 15 September 2015

The Company has received substantial shareholding notices to 15 September 2015 in respect of the following holdings:

	No. of securities	Percentage held
The members of the Veritas Group	28,690,310	7.13%
BlackRock Group	20,128,389	5.00%

Shareholders' Information

1. INFORMATION RELATING TO SHAREHOLDERS (CONTINUED)

(c) Names of the twenty largest registered holders of equity securities as at 15 September 2015

	No. of securities	Percentage held
HSBC Custody Nominees (Australia) Limited	103,603,733	25.76%
J P Morgan Nominees Australia Limited	56,227,582	13.98%
National Nominees Limited	42,207,833	10.49%
Citicorp Nominees Pty Limited	24,912,648	6.19%
Jardvan Pty Ltd	15,958,704	3.97%
BNP Paribas Noms Pty Ltd <DRP>	8,269,531	2.06%
Polly Pty Ltd <A/C Patterson Family>	3,816,646	0.95%
Argo Investments Limited	2,824,483	0.70%
HSBC Custody Nominees (Australia) Limited – A/C 3	2,184,800	0.54%
Goodoil Investments Pty Ltd <Timothy Roberts Invest A/C>	1,973,717	0.49%
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	1,828,715	0.45%
Australian Foundation Investment Company Limited	1,675,000	0.42%
Questor Financial Services Limited <TPS RF A/C>	1,529,353	0.38%
Quintal Pty Ltd <Harken Family A/C>	1,521,138	0.38%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,461,416	0.36%
National Nominees Limited <DB A/C>	1,442,775	0.36%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,404,413	0.35%
UBS Wealth Management Australia Nominees Pty Ltd	1,330,630	0.33%
AMP Life Limited	1,252,214	0.31%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	1,069,554	0.27%
	276,494,885	68.74%

2. UNQUOTED EQUITY SECURITIES AS AT 15 SEPTEMBER 2015

	No. on issue	No. of holders
Options over unissued ordinary shares	7,059,403	54
Performance rights	359,927	2

Shareholders' Information

3. SHARE REGISTRY

Computershare Investor Services Pty Limited

Registered address: Level 5, 115 Grenfell Street, Adelaide, SA 5000
Postal address: GPO Box 1903, Adelaide, SA 5001

Enquiries within Australia: 1300 556 161
Fax within Australia: 1300 534 987
Enquiries outside Australia: +61 3 9415 4000
Fax outside Australia: +61 3 9473 2408
Email: www.investorcentre.com/contact

Shareholders with enquiries should email, telephone or write to the Share Registry.

Separate shareholdings may be consolidated by advising the Share Registry in writing or by completing a Request to Consolidate Holdings form which can be found online at the above website.

Shareholders who are issuer sponsored holders should notify the Share Registry of a change of address without delay. Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

Direct payment of dividends into a nominated account may be arranged with the Share Registry. Shareholders are encouraged to use this option by completing a payment instruction form online or advising the Share Registry in writing with particulars.

The Annual Report is produced for your information. However, should you receive more than one or wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. You will continue to receive any Notices of Meetings and Proxy Forms.

Supporting the environment through electronic communication

With your support of electronic communication channels, Sonic Healthcare has significantly decreased its shareholder communication print production. Less than 4% of Sonic's shareholders still request a hard copy Annual Report, and over 31% of shareholders receive communications electronically. The result is a reduction in energy and water resources associated with paper production.

4. ANNUAL GENERAL MEETING

The Annual General Meeting will be held in the Fort Macquarie Room at the InterContinental Sydney Hotel, 117 Macquarie Street, Sydney at 10.00am on Thursday 19 November 2015.

