Primary Health Care Limited
Annual General Meeting
28 November 2003

Managing Director's Address to Shareholders

Review of Financial Year 2003

The 2002/2003 financial year has continued the strong growth of the company in both financial and operational performance. Excluding property transactions, there has been 36% growth in earnings before interest, tax, depreciation and amortization to $41.6m. Other financial highlights include:

- An increase in group operating margins (excluding property) from 29% to 31.5%
- An increase in GP attendances of 34%
- The successful opening of medical centres at Wentworthville, Dapto, Wyoming in New South Wales and Marion and Elizabeth centres in South Australia
- Pathology revenue increase of 8%
- Increase in overall net profit after tax of 99% to $12.6m
- Increase in dividend from 7.5 cents per share to 12.5 cents per share.

Current operating performance

In respect of the first four months of the 2003/2004 financial year, medical centres are performing well with GP attendance up 32% on prior period and medical centre EBITDA increased by a similar amount. Patient numbers have improved, or are stable, at all centres. Capital expenditure on plant and equipment over prior year has significantly reduced.

Pathology operations are showing revenue growth above market with additional referred work from the expanding medical centre base. Continue to work at margin improvements to bring up to level of competitors.

Current medical centre developments

The company continues to strengthen its position for further long-term growth. Management continues to focus on providing growth in earnings from the current centre profile with the natural ramp up of centres and add-on services.

While no new medical centres are planned to open this financial year, we anticipate opening a further minimum three centres in the financial year ended 30 June 2005 with negotiations continuing in South Australia, Melbourne and Sydney.

The results reflect the continued success of Primary Health Care model of health care delivery.

Primary continues to believe bulk billing to be the most efficient and effective form of health care delivery with equality of access to all. The reduction in general community bulk billing and future government incentives to bulk bill will further advantage Primary. Competition remains fragmented.

Primary continues to focus on ensuring the growth is managed effectively. The successful roll-out of a fully integrated computerized patient record, reporting and accounting system for all doctors and centres gives, in my opinion, Primary a significant market advantage going forward.

I would personally like to thank all those who have been responsible for the year's achievements, from the support of the Board of Directors, to our dedicated medical centre and pathology staff. Finally, I would like to thank our shareholders for their continued support.

Dr Edmund Bateman
Managing Director
Primary Health Care Limited