10 December 2004

Primary Health Care Limited (ACN 064 530 516) and Health Communication Network Limited (ABN 76 068 458 515) announce a recommended $1.75 cash per share takeover bid and successful completion of $101m placement by Primary

Primary Health Care Limited (Primary), the leading Australian provider of GP services, and Health Communication Network Limited (HCN), the Australian market leader in clinical and practice management software to GPs and specialists as well as online reference content for hospitals, today announce that the Board of HCN will unanimously recommend Primary's cash offer of $1.75 per share for all of the issued ordinary shares in HCN. Primary also announces there are no defeating conditions in Primary's offer and Primary will pay each accepting HCN shareholder within 5 business days of their acceptance of its offer. In addition today Primary successfully completed a $101m placement to domestic institutions at $7.60 per share.

Primary has a relevant interest in 19.8% of HCN, which was acquired on market. The Directors of HCN have agreed unanimously to recommend Primary's offer in the absence of a superior proposal and intend to accept Primary's bid for all of their shares on the same basis.

Primary's offer provides substantial value to HCN shareholders and represents a superior alternative to the conditional $1.72 all scrip offer by IBA Health Limited (IBA), which has been declared final. The Directors of HCN will therefore recommend that shareholders reject the offer from IBA.

The price offered by Primary reflects a premium of 45% over $1.21, the closing price for HCN shares on 2 November 2004, the day before the announcement of IBA's takeover offer for HCN and 46% over $1.20, HCN's 3-month volume weighted average price prior to the announcement of IBA's bid. Primary's Bidder's Statement, which will set out the terms of the offer in more detail, is expected to be lodged with ASIC next week.

Primary's offer will be made under an off-market bid, and Primary will pay each accepting HCN shareholder within 5 business days of their acceptance. Primary also intends to stand in the market at $1.75 a share during the bid period, beginning upon service of Primary's Bidder's Statement on HCN. Primary's offer is to provide that Primary is entitled to all rights that accrue after 9 December 2004 in respect of those HCN shares that Primary acquires under its offer. HCN has agreed to reimburse Primary its actual costs incurred in relation to its offer up to $1.5 million if certain events occur relating to the emergence of a superior proposal. HCN has also agreed not to solicit another offer.

The Chairman of HCN, Mr Christopher Fullerton said:

"The Board of HCN welcomes the offer by Primary, which stands in marked contrast to the earlier all-scrip bid made by IBA Health. This higher cash bid represents a more certain result for HCN shareholders. HCN and Primary are both leaders in the key GP market and are natural business partners. Further, both companies share a common corporate culture, centred around building strong businesses in a low-key manner. Primary's offer values HCN at approximately $111 million, and provides an independent acknowledgement of the achievements of HCN management over the past few years. The cash bid also highlights the long-term growth potential of HCN based around the Company's unique position at the doctor's desk-top."

The Managing Director of Primary Health Care, Dr Bateman said:

"Both Primary and HCN are service companies to medical professionals and both have positioned themselves uniquely in the strategically important GP market who are the gatekeepers of health care delivery. Primary understands the GP customer very well and already offers desktop solutions and practice management services to medical professionals. As such HCN is a logical extension of what we already do".

Under the placement announced today by Primary, 13.3 million Primary shares were placed with domestic institutions at the placement price of $7.60 per share, reflecting a 3.6% discount to the closing price of Primary shares on 9 December 2004 adjusting for dividends. Primary also intends, subject to ASX approval, to offer a Share Purchase Plan (SPP) to all existing Primary shareholders at the placement price. The placement proceeds of $101m will be used to fund Primary's $1.75 per share unconditional cash offer for HCN and other growth opportunities.

An investor presentation by Primary has been enclosed. For further information please contact:

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