Sonic Healthcare Limited
ABN 24 004 196 909

ASX FULL YEAR INFORMATION – 30 June 2004
Lodged with the ASX under Listing Rule 4.3A

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the year ended 30 June 2004

Financial Results

Revenue from ordinary activities	Up 6.4% to $1,037,397,000
Earnings before interest, tax and amortisation (EBITA)	Up 13.5% to $196,561,000
Core (pre intangibles amortisation) profit from ordinary activities after tax attributable to members	Up 17.6% to $116,952,000
Profit from ordinary activities after tax attributable to members	Up 41.0% to $57,628,000
Net Profit for the period attributable to members	Up 41.0% to $57,628,000

Dividends

	Amount per security	Franked amount per security
Final dividend	20¢	20¢
Previous corresponding period	17¢	17¢

The record date for determining entitlements to the final dividend will be 6 September 2004. The final dividend will be paid on 20 September 2004. The Company's Dividend Reinvestment Plan remains suspended for this dividend and until further notice.

Earnings per Share

	Year to 30 June 2004	Year to 30 June 2003
Basic earnings per share	21.7¢	15.7¢
Diluted earnings per share	21.4¢	15.5¢
Core (pre intangibles amortisation) diluted earnings per share	43.4¢	37.8¢

Core diluted earnings per share adjusts the figures used in the determination of diluted earnings per share by adding back to net profit the amount of intangibles amortisation expense for the year of $59,324,000 (2003: $58,616,000).

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

SUMMARY AND EXPLANATION OF RESULTS
For the year ended 30 June 2004

1 Summary financial results

	Reference	2004 $'000	2003 $'000	Movement %
Total Revenue	(4)	**1,037,397**	974,783	6.4%
Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**)		**238,240**	213,929	11.4%
Depreciation and Lease Amortisation	(6.1)	**(41,679)**	(40,817)	2.1%
Earnings before Interest, Tax and Intangibles Amortisation (**EBITA**)	(3)	**196,561**	173,112	13.5%
Net Interest Expense	(6.2)	**(34,132)**	(36,089)	(5.4)%
Income Tax attributable to Operating Profit	(6.3)	**(45,222)**	(38,462)	17.6%
Net (Profit)/Loss attributable to Outside Equity Interests	(6.4)	**(255)**	913	
Core Net Profit attributable to shareholders of Sonic Healthcare Limited		**116,952**	99,474	17.6%
Amortisation of Intangibles	(6.5)	**(59,324)**	(58,616)	1.2%
Net Profit attributable to shareholders of Sonic Healthcare Limited		**57,628**	40,858	41.0%

2 Other relevant information

	Reference	2004 $'000	2003 $'000	Movement %
Cash generated from operations	(6.6)	**156,331**	137,352	13.8%
Core (pre intangibles amortisation) diluted earnings per share (cents)	(6.7)	**43.4**	37.8	14.8%

SUMMARY AND EXPLANATION OF RESULTS
For the year ended 30 June 2004

	2004	2003	Movement
3 Margin analysis			
EBITDA as a % of Revenue	**23.0%**	21.9%	110 bps*
EBITA as a % of Revenue	**18.9%**	17.8%	110 bps*

*bps = basis points of margin

Margins have improved substantially against the prior year comparative reflecting:

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

4 Revenue growth

Organic (excluding acquisitions) revenue growth for the year was strong at around 6%. Revenue growth was negatively impacted by unfavourable exchange rate movements ($8.4M) and the demerger of SciGen ($1.2M).

5 Final dividend and Dividend Reinvestment Plan (DRP)

The Board has declared a final dividend of 20 cents per share fully franked (at 30%) to be paid on 20 September 2004. The record date will be 6 September 2004.

The total dividend for the year is therefore 30 cents per share, a 20% increase on the prior year.

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

6 Notes to the financial results

6.1 Depreciation

Depreciation and leased asset amortisation has increased marginally on the prior year reflecting growth of the group and the timing of capital expenditure. Depreciation expense in the first half of the year was reduced by adjustments to bring depreciation of certain assets into line with Sonic's policies.

6.2 Interest expense

Net interest expense has reduced 5.4% on the prior year due to a reduction in debt (prior to the Schottdorf Group acquisition on 29 June 2004) as a consequence of the strong cashflows of the business and the application of the Company's Dividend Reinvestment Plan for the 2003 final dividend. Appropriate interest rate hedging arrangements are in place.

SUMMARY AND EXPLANATION OF RESULTS
For the year ended 30 June 2004

6.3 Tax rate

The relatively high effective tax rate of 43.9% (comparative period 49.1%) is essentially a function of non-deductible intangibles amortisation.

6.4 Outside equity interests

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

6.5 Intangibles amortisation

In line with an accounting policy adopted in 1999, the company amortises identifiable intangibles over 50 years and goodwill over 20 years. Identifiable intangibles are valued at cost and are supported by third party valuations. The expense for the year includes \$3,858,000 for identifiable intangibles amortisation and \$55,466,000 for goodwill amortisation. The cost values of identifiable intangibles and goodwill at 30 June 2004 are \$197,465,000 and \$1,196,555,000 respectively. Guidance for 2005 intangibles amortisation expense is approximately \$64M excluding IPN and any further business acquisitions, however this number is susceptible to currency movements.

6.6 Cashflow from operations

Cash generated from operations increased 13.8% compared to the prior year, in line with cash profit (core net profit plus depreciation).

6.7 Earnings per share

Core diluted earnings per share (pre intangibles amortisation) increased 14.8% due mainly to the positive effect of earnings growth and synergistic acquisitions.

FULL YEAR REPORT

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This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE
For the year ended 30 June 2004

	Notes	2004 $'000	2003 $'000
Revenue from ordinary activities	3	**1,037,397**	974,783
Labour and related costs		**(503,309)**	(476,485)
Consumables used		**(130,300)**	(125,386)
Amortisation of intangibles	4	**(59,324)**	(58,616)
Depreciation and amortisation of physical assets	4	**(41,679)**	(40,817)
Operating lease rental expense		**(41,073)**	(39,073)
Borrowing costs expense	4	**(35,250)**	(37,540)
Repairs and maintenance		**(27,028)**	(26,565)
Other expenses from ordinary activities		**(96,329)**	(91,894)
Profit from ordinary activities before income tax expense		**103,105**	78,407
Income tax expense	6	**(45,222)**	(38,462)
Profit from ordinary activities after income tax expense		**57,883**	39,945
Net profit / (loss) attributable to outside equity interests		**255**	(913)
Net profit attributable to members of Sonic Healthcare Limited		**57,628**	40,858
Net exchange differences on translation of financial reports of foreign controlled entities		**4,433**	360
Gain on deconsolidation of SciGen Limited		**-**	8,549
Total revenues, expenses and valuation adjustments attributable to members of Sonic Healthcare Limited recognised directly in equity		**4,433**	8,909
Total changes in equity other than those resulting from transactions with owners as owners		**62,061**	49,767
Basic earnings per share (cents per share)	8	**21.7**	15.7
Diluted earnings per share (cents per share)	8	**21.4**	15.5
Core (pre intangibles amortisation) diluted earnings per share (cents per share)	8	**43.4**	37.8

The above consolidated statements of financial performance should be read in conjunction with the accompanying notes, the 2003 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 30 June 2004

	Notes	2004 $'000	2003 $'000
Current assets			
Cash assets		**17,343**	26,489
Receivables	9	**145,596**	104,745
Inventories		**22,903**	17,435
Other		**10,258**	6,654
Total current assets		**196,100**	155,323
Non-current assets			
Receivables		**4,499**	2,695
Investments		**45,763**	40,185
Property, plant and equipment		**240,712**	217,763
Intangible assets		**1,162,162**	1,111,063
Deferred tax assets		**43,526**	16,360
Other		**1,371**	-
Total non-current assets		**1,498,033**	1,388,066
Total assets		**1,694,133**	1,543,389
Current liabilities			
Payables		**99,973**	65,404
Interest bearing liabilities		**34,746**	67,728
Current tax liabilities		**11,800**	7,683
Provisions		**55,036**	53,803
Other		**21,919**	5,086
Total current liabilities		**223,474**	199,704
Non-current liabilities			
Interest bearing liabilities		**606,536**	493,567
Deferred tax liabilities		**998**	2,990
Provisions		**15,338**	15,836
Total non-current liabilities		**622,872**	512,393
Total liabilities		**846,346**	712,097
Net assets		**847,787**	831,292
Equity			
Parent entity interest			
Contributed equity	10	**875,248**	837,032
Reserves	12	**10,504**	6,071
Accumulated losses	13	**(25,725)**	(11,978)
Total parent entity interest		**860,027**	831,125
Outside equity interest in controlled entities		**(12,240)**	167
Total equity		**847,787**	831,292

The above consolidated statements of financial position should be read in conjunction with the accompanying notes, the 2003 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended 30 June 2004

	2004 $'000	2003 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**1,073,155**	1,013,436
Payments to suppliers and employees (inclusive of goods and services tax)	**(835,552)**	(800,412)
	237,603	213,024
Interest received	**1,118**	1,450
Borrowing costs	**(36,079)**	(36,523)
Income taxes paid	**(46,311)**	(40,599)
Net cash inflow from operating activities	**156,331**	137,352
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	**(45,367)**	(59,854)
Payments for property, plant and equipment	**(38,568)**	(36,634)
Proceeds from sale of property, plant and equipment	**5,022**	2,646
Payments for investments	**(19,405)**	(7,816)
Repayment of loans by other entities	**5,723**	9,922
Capital injection as part of SciGen demerger	**-**	(30,000)
Loans to other entities	**(3,625)**	(3,135)
Payment for restructuring activities	**(5,611)**	(3,546)
Net cash (outflow) from investing activities	**(101,831)**	(128,417)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**5,839**	1,416
Proceeds from borrowings	**297,755**	207,685
Repayment of borrowings	**(322,615)**	(151,967)
Dividends paid	**(45,688)**	(62,322)
Net cash (outflow) from financing activities	**(64,709)**	(5,188)
Net (decrease)/increase in cash held	**(10,209)**	3,747
Cash at the beginning of the financial year	**26,489**	22,939
Effects of exchange rate changes on cash	**1,063**	(197)
Cash at the end of the financial year	**17,343**	26,489

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes, the 2003 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 1 Basis of preparation of full-year financial report

This financial report for the full year ending 30 June 2004 has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, and the *Corporations Act 2001.*

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Sonic Healthcare Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

Australian Tax Consolidation Legislation

Sonic Healthcare Limited and its wholly owned Australian controlled entities currently intend to implement the tax consolidation legislation as of 30 June 2004, although no final decisions have been made. The Australian Taxation Office has not been notified of these intentions.

Deferred tax balances relating to assets that would have their tax values reset on joining the tax consolidated group have been remeasured based on the carrying amount of those assets at the tax-consolidated group level and their reset tax values, using reasonable assumptions including that the legislation is implemented as of 30 June 2004. The financial impact of these remeasurements has been deemed not material to the financial statements and hence has not been recognised.

International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005 and will issue AASB equivalents to the IFRS. This change will be first reflected in the Group's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company is currently reviewing the potential impact of the new financial reporting standards and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, and these are still being analysed to determine the most appropriate accounting policy for the Group.

The following areas have been identified as potentially having a significant impact for Sonic:

AASB 138 "Intangible Assets" and AASB 136 "Impairment"
Sonic's current accounting policy is to amortise goodwill over the period during which the related benefits are expected to arise. Under the new standards goodwill will no longer be amortised but instead will be subject to impairment testing at each reporting date or where there is an indication of impairment. This will have the effect of reducing expenses and improving reported profits of the Group, subject to any impairment charges that may be required from time to time.

AASB 2 "Share-based Payments"
In accordance with AGAAP, share-based compensation is not recognised in the Statement of Financial Performance. Under AASB 2, such compensation must be recognised at fair value, with the expense recognised over the vesting period.

AASB 112 "Income taxes"
A new method of accounting for income taxes known so the "balance sheet liability method" will replace the "tax effect income statement" approach currently used by Australian companies including Sonic. Under the new method, deferred tax balances will be determined by calculating temporary differences based on the differences between the carrying amounts of Sonic's assets and liabilities and their associated cost bases for tax purposes.

Further information regarding the impact of the new standards will be included in Sonic's 2004 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 2 Segment information

Primary Reporting – Business Segments

Year ended 30 June 2004	Pathology $'000	Radiology $'000	SciGen $'000	Other $'000	Eliminations $'000	Consolidated $'000
Revenue						
External sales	755,405	270,490	-	-	-	1,025,895
Inter segment sales	130	296	-	-	(426)	-
Other revenue	7,478	1,551	-	1,355	-	10,384
Total segment revenue	763,013	272,337	-	1,355	(426)	1,036,279
Interest income						1,118
Total revenue						**1,037,397**
Segment result before interest and tax	124,317	25,716	-	(12,796)	-	137,237
Unallocated net interest expense						(34,132)
Profit before tax						**103,105**
Income tax expense						(45,222)
Profit after income tax expense before outside equity interests						**57,883**

Primary Reporting – Business Segments

Year ended 30 June 2003	Pathology $'000	Radiology $'000	SciGen $'000	Other $'000	Eliminations $'000	Consolidated $'000
Revenue						
External sales	705,504	258,107	987	-	-	964,598
Inter segment sales	129	157	-	-	(286)	-
Other revenue	6,137	2,331	246	21	-	8,735
Total segment revenue	711,770	260,595	1,233	21	(286)	973,333
Interest income						1,450
Total revenue						974,783
Segment result before interest and tax	102,595	23,572	(2,317)	(9,354)	-	114,496
Unallocated net interest expense						(36,089)
Profit before tax						78,407
Income tax expense						(38,462)
Profit after income tax expense before outside equity interests						39,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

	2004 $'000	2003 $'000
Note 3 Revenue		
Revenue from operating activities		
Medical services revenue	**1,025,895**	964,598
Revenue from outside the operating activities		
Interest income	**1,118**	1,450
Proceeds on sale of non current assets	**5,022**	2,646
Foreign exchange gains	**12**	238
Rental income	**2,401**	2,323
Other income	**2,949**	3,528
	11,502	10,185
Revenue from ordinary activities	**1,037,397**	974,783

Note 4 Profit from ordinary activities

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

	2004 $'000	2003 $'000
Borrowing costs		
Finance charges on capitalised leases and hire purchase agreements	**4,745**	5,474
Other interest and finance charges	**30,505**	32,066
Total borrowing costs	**35,250**	37,540
Amortisation of intangibles:		
Goodwill	**55,466**	54,329
Brand names, licences and authorities	**3,858**	4,287
Total amortisation of intangibles	**59,324**	58,616
Amortisation of leased assets:		
Plant and equipment under finance leases	**14,208**	16,256
	14,208	16,256
Total amortisation of leased assets and intangibles	**73,532**	74,872
Depreciation of physical assets:		
Plant and equipment	**26,093**	22,644
Buildings	**1,378**	1,917
Total depreciation	**27,471**	24,561

Note 5 Gain or Loss of control of entities

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

Sonic acquired the Omnilabs pathology group on 8 July 2003. This acquisition did not materially impact profit for the 2004 year.

Sonic acquired the SDSG radiology group on 1 December 2003. This acquisition did not materially impact profit for the 2004 year.

Sonic acquired a majority interest (55.9%) in the Schottdorf Group on 29 June 2004. This acquisition did not materially impact profit for the 2004 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

	2004 $'000	2003 $'000
Note 6 Income tax		
The income tax expense for the year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	**103,105**	78,407
Income tax calculated @ 30%	**30,931**	23,522
Tax effect of permanent differences:		
Amortisation of intangibles	**17,657**	17,585
Other items (net)	**413**	82
Quarantined losses of foreign subsidiary	**-**	761
Deductible expenditure capitalised	**(2,927)**	(2,219)
Tax losses utilised, not previously booked	**(430)**	-
Income tax adjusted for permanent differences	**45,644**	39,731
Effect of higher tax rates on overseas income	**203**	315
Over provision in prior year	**(625)**	(1,584)
Income tax expense attributable to profit from ordinary activities	**45,222**	38,462

Note 7 Dividends

Dividends paid during the year	**71,375**	62,867

Dividends not recognised at the end of the year

Since the end of the year the directors have declared a fully franked final dividend of 20 cents per share (2003: 17 cents).

The dividend was declared on 20 August 2004 and is payable on 20 September 2004 with a record date of 6 September 2004.

The aggregate amount of the proposed final dividend to be paid out of retained profits at the end of the year, but not recognised as a liability is:	**53,594**	44,630
Australian franking credits available for the subsequent financial year based on a tax rate of 30%	**64,311**	50,141

The balance of the franking accounts as at 30 June 2004 would enable Sonic to pay fully franked dividends of $150,059,000 in future periods (including the final dividend noted above).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

	2004 Cents	2003 Cents
Note 8 Earnings per share		
Basic earnings per share	**21.7**	15.7
Diluted earnings per share	**21.4**	15.5
Core (pre intangibles amortisation) basic earnings per share	**44.0**	38.3
Core (pre intangibles amortisation) diluted earnings per share	**43.4**	37.8

Core basic and diluted earnings per share adjusts the figures used in the determination of basic and diluted earnings per share by adding back to net profit the amount of intangibles amortisation expense for the period of $59,324,000 (2003: $58,616,000).

	2004 Shares	2003 Shares
Weighted average number of ordinary shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and core basic earnings per share	**266,018,205**	259,419,469
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and core diluted earnings per share	**269,429,507**	263,238,845

	2004 $'000	2003 $'000
Note 9 Receivables - current		
Trade Debtors	**115,053**	85,933
Less: Provision for doubtful debts	**(9,683)**	(5,632)
	105,370	80,301
Accrued revenue	**9,706**	10,487
Amounts owing from other entities	**-**	3,332
Sundry debtors	**30,520**	10,625
	145,596	104,745

The significant increases in Trade debtors and Sundry debtors relate to the Schottdorf Group acquisition on 29 June 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 10 Contributed equity

	Notes	2004 Shares	2003 Shares	2004 $'000	2003 $'000
Share capital					
Fully paid ordinary shares	(a)	**267,749,480**	259,763,911	**870,838**	823,386
Other equity	(b)			**-**	13,646
Share option reserve	(c)			**4,410**	-
				875,248	837,032

(a) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1/7/03	Opening balance	259,763,911		823,386
	Shares issued under the Dividend Reinvestment Plan	4,065,583	6.45	26,223
	Shares issued as deferred consideration for TDL acquisition (previously recorded as "Other equity", see below)	2,270,385	6.01	13,646
	Shares issued to vendors of TDL	35,374	6.89	244
	Shares issued as partial consideration for SDSG acquisition	258,177	5.81	1,500
	Shares issued following exercise of employee options	1,356,050	various	5,839
30/6/04	Closing Balance	**267,749,480**		870,838

(b) Other equity

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

(c) Share option reserve

The amount shown in the current year relates to options required to be issued in relation to the Schottdorf Group acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 11 Unlisted share options

Exercise Price	Expiry Date	Options at 30.6.03	Options issued	Options Exercised	Options Forfeited	Options at 30.6.04
3.26	15/12/2003	778,000	-	(736,500)	(41,500)	**-**
5.32	20/04/2010	4,500,000	-	-	-	**4,500,000**
5.41	20/02/2005	2,065,500	-	(576,050)	(5,000)	**1,484,450**
7.38	20/04/2006	3,434,400	-	(43,500)	(7,400)	**3,383,500**
4.66	16/05/2007	1,690,000	-	-	(16,000)	**1,674,000**
6.01	07/02/2008	80,000	-	-	-	**80,000**
6.30	15/02/2008	695,000	-	-	-	**695,000**
7.57	19/12/2008	-	215,000	-	-	**215,000**
		13,242,900	215,000	(1,356,050)	(69,900)	**12,031,950**

Note 12 Reserves

	2004 $'000	2003 $'000
Asset revaluation	**982**	982
Foreign currency translation reserve	**9,522**	5,089
	10,504	6,071
Movements		
Foreign currency translation reserve at the beginning of the year	**5,089**	4,729
Movement on demerger of SciGen Limited	**-**	(2,567)
Net exchange difference on translation of foreign controlled entities	**4,433**	2,927
Foreign currency translation reserve at the end of the year	**9,522**	5,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 13 Accumulated losses

	2004 $'000	2003 $'000
Accumulated losses at the beginning of the year	**(11,978)**	(40,505)
Adjustment resulting from change in accounting policy for providing for dividends	-	41,987
Net profit attributable to members of Sonic Healthcare Limited	**57,628**	40,858
Gain on deconsolidation of SciGen Limited	-	8,549
Dividends paid	**(71,375)**	(62,867)
Accumulated losses at the end of the year	**(25,725)**	(11,978)

Note 14 Net tangible asset backing

	2004	2003
Net tangible asset backing per ordinary security	**($1.17)**	($1.08)

Note 15 Non cash financing and investing activities

The following non cash financing and investing activities occurred during the year:

- Plant and equipment with an aggregate fair value of $19,013,000 (2003: $15,393,000) was acquired by means of finance leases and hire purchase agreements and is therefore not reflected in the Statement of Cash Flows.
- Fully paid ordinary shares to the value of $1,500,000 were issued as partial consideration for the acquisition of the Southside Diagnostic Services Group (SDSG).
- Fully paid ordinary shares to the value of $13,646,000 were issued in relation to the TDL acquisition. This amount was previously disclosed as Other Equity within Share Capital.
- 4,065,583 fully paid ordinary shares to the value of $26,223,000 were issued pursuant to the company's Dividend Reinvestment Plan in lieu of dividend payments. This component of the dividends has therefore not been reflected in the Statement of Cash Flows.
- An obligation to issue options with a value of $4,410,000 arose in relation to the Schottdorf acquisition. The value of these options has been included as part of the consideration paid for the acquisition of the Schottdorf business and recorded as a Share Option Reserve in Share Capital (refer Note 10).

Note 16 Ratios

	2004	2003
Profit before tax/revenue Consolidated profit from ordinary activities before tax as a percentage of revenue	**9.9**	8.0
Profit after tax/equity interests Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the year	**6.7**	4.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2004

Note 17 Events occurring after reporting date

Since the end of the financial year, the directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years other than as follows:

On 20 August 2004 Sonic's Directors declared a final dividend of 20 cents per ordinary share payable on 20 September 2004. Sonic's Dividend Reinvestment Plan remains suspended for this dividend and until further notice.

On 12 July 2004 Sonic made a proportional takeover bid to acquire 2 of every 3 shares in Independent Practitioner Network Limited (IPN). Prior to the bid Sonic held 19.63% of IPN. The bid closed on 16 August 2004, with Sonic having reached 71.6% with acceptances for 504,647,252 shares, requiring total consideration of $42,895,000, which will be paid by 26 August 2004. IPN will therefore become a subsidiary of Sonic and its results will be consolidated into Sonic's from this date.

Pursuant to an obligation arising prior to year end in relation to the Schottdorf Group acquisition, on 1 July 2004 3,000,000 options over unissued ordinary Sonic shares with an exercise price of $6.75 each were granted to Sonic's partners in the Schottdorf business.

Note 18 Change in accounting policies

The accounting policies applied in the preparation of the financial statements of the group for the year ended 30 June 2004 are consistent with those applied in the prior financial year, as set out in the 2003 Annual Report.

COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used	NIL

This report, and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.

Signed: .... Date: 23 August 2004
(Company Secretary)

Print name: PAUL ALEXANDER