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MARKET ANNOUNCEMENT
(ASX:PRY)

Update: Queensland Floods and Cyclone Yasi

From mid December 2010 pathology volumes in Queensland have been adversely impacted by the extensive floods across the State. The floods worsened and continued into January 2011. These flood events were followed by Cyclone Yasi in February 2011.

For the six month period to 31 December 2010 Primary reported pathology volumes had increased by 4.7% over the corresponding prior period. For financial year 2011 (FY2011) to date the effect of the events in Queensland has been to reduce volume growth for the Primary group to 4.1%.

Pathology volumes in Queensland have shown recovery over the past two weeks with growth over the prior corresponding period for Queensland of above 3%. A return to pathology volume growth is occurring in Queensland but may take longer to completely recover. Volume growth in other States for the year to date is in line or above the volume growth previously reported for the six months to 31 December 2010.

In addition to the effect on Pathology, both Medical Centre and Imaging volumes, and revenues, were reduced during these events. This effect was relatively short lived and volumes have returned to normal trends in these two divisions.

It is currently estimated that these events will have an adverse impact on FY2011 Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of approximately $8m. Recovery of some of these losses is the subject of an insurance claim and recovery procedures, with the outcome and quantum recoverable unlikely to be known this financial year.

Primary's' EBITDA earnings guidance for FY2011 is revised to $320m-$330m (on the basis that no insurance recoveries are available in this financial year).

Yours faithfully

Dr Edmund Bateman
Managing Director