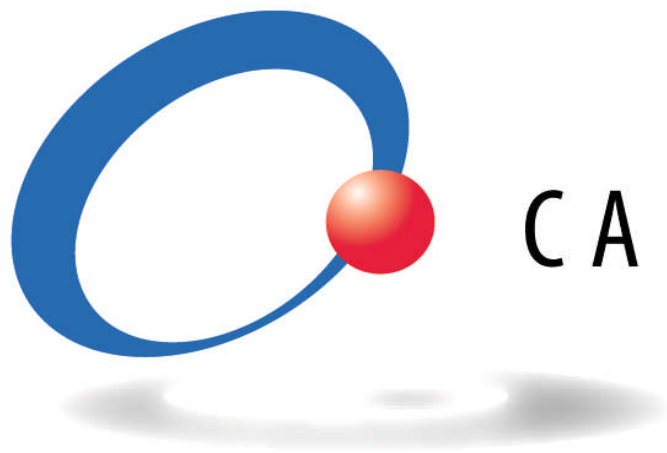


CAPITOLHEALTH
LIMITED

Annual General Meeting
26 November 2008



CAPITOLHEALTH
LIMITED

FINANCIAL PRESENTATION

2007/8 – A year in review

- Exit Dental operations in Perth
- Enter Radiology operations in Melbourne
 - 3 Major acquisitions
 - 2 Clinics opened under own brand

2007/8 – A year in review

	2006/7	2007/8
• Head Office	Perth	Perth
• Dental Sites	3	1
• Radiology Sites;		
– Opening	-	-
– Acquired	-	22
– New	-	2
– Consolidated	-	<u>(4)</u>
– Net Sites	-	20

2007/8 – A year in review

	2006/7	2007/8
<u>Net Profit before Tax \$'000</u>		
• Corporate	(1,227)	(774)
• Dental	335	67
• Radiology	<u>-</u>	<u>1,061</u>
• TOTAL	(892)	354

2007/8 – A year in review

Comments on results

- Radiology immediately profitable
- Corporate Expenses reduced

However.....

- Radiology acquisitions not integrated
- Partial year results for acquisitions not an indicator to market of normal operations

2008/9 - Challenges

INTERNAL

- Operations in Melbourne
- Headquarters in Perth
- Multiple acquisitions to be integrated
 - Policies
 - Procedures
 - Infrastructure

2008/9 - Challenges

EXTERNAL

- Medicare Rebate not expected to increase
- Tight market for experienced staff
- Credit Crisis - ???????? – Discounted effect
 - Demand for Services
 - Probably not
 - Availability of credit for lease purchases of equipment
 - rates down and sources appear steady

2008/9 Activities to date

- Moved Head Office to Melbourne
- Investigating common Radiology Information System and Digital Imaging
- Implementing new Accounting and related applications
- Investigating new & common IT infrastructure
- Reviewing and revise HR functions
- 3 new radiology sites being implemented;
 - Mildura
 - Dandenong
 - Western Private Hospital

2008/9 Activities to date

Continued;

- Consolidate banking providers (3 to 1)
- New banking agreement being put in place – banking relationship is sound
- Investigating “brand” perception of current operating names (currently 8 names) as part of the integration and rationalisation of operations
- Introducing common operating procedures

Sept Qtr 2008/9 (unaudited)

Disclosed to Market – “Forecast”

- Market Guidance – 4 August 2008
 - Sales (financial year) \$28.5m
 - NPBT (financial year) \$5.5m

Issue for the company is that the forecast will differ from the actual result dependent on different utilisation factors for labour and facilities

Sept Qtr 2008/9 (unaudited)

	2007/8 Perth	2008/9 – Sept Qtr Melbourne
• Head Office		
• Dental Sites	1	-
• Radiology Sites;		
– Opening	-	20
– Acquired	22	-
– New	2	-
– In Progress	-	3 (1 x Dec Qtr, 2 x Mar Qtr)
– Consolidated	<u>(4)</u>	<u>-</u>
– Net Sites	20	23

Sept Qtr 2008/9 (unaudited)

September Quarter comparisons;

- Operating Revenue \$'000

	Actual	Forecast
YTD	6,613	6,219

Sept Qtr 2008/9 (unaudited)

September Quarter comparisons;

- NPBT \$'000

	Actual	Forecast
Corporate	(277)*	(200)
Dental	100	-
Radiology	986*	1,224
Total	809	1,024

* Allows for estimated \$300k of Corporate Expenses currently sitting in Radiology accounts

Sept Qtr 2008/9 (unaudited)

Cash Flow - \$'000

	2007/8	2008/9 – Sept Qtr
• Operating Activities	2,171	434
• Investing Activities	(5,893)	(665)
• Financing Activities	5,456	152
• Net Cash In (Out)	1,734	(77)
• Cash at period end	1,925	1,846

Sept Qtr 2008/9 (unaudited)

“The Good”

- Actual revenue has currently exceeded Forecast target disclosed to market
- Future efficiency gains through investment in technology, systems and processes
- Cash Flow holding steady
- No material change in Balance Sheet other than increase in Net Assets through Sept Qtr profit

Sept Qtr 2008/9 (unaudited)

“The Not-so-Good”

- No change expected in Medicare Rebate
- Tight labour market pushing costs up through price and impact on efficiency (under-utilised facilities)
- Costs of Head Office move to Melbourne
- Non-capitalised expenses for restructuring operations (not staff cuts)
- No efficiency gains yet from planned technology upgrade
- Impact expected in December and March Qtrs

2008/9 Projection

- Revenue to meet Forecast target of \$28.5m
- NPBT will be hit by increased costs and delayed efficiencies
- Prudent expectation now that NPBT will be in the order of \$3m+ = P/E approx 4x
- Consideration for Dividend vs
Consideration for Debt Reduction

2008/9 View

- Consolidate on activities to date
 - Technology
 - Organisation
 - Operations
- Take advantage of any reasonable opportunity that may arise that will add value to the company



END OF PRESENTATION

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