



CAPITOLHEALTH
LIMITED

Investor Presentation Radiology Group Acquisition

ASX: CAJ

**Listen to an interview with Managing Director, Andrew Harrison online at
Boardroom Radio – click on this link to listen**

<http://www.brr.com.au/event/CAJ/2003/25264/wmp/vp0ul24pz1>

26 July 2007



Summary



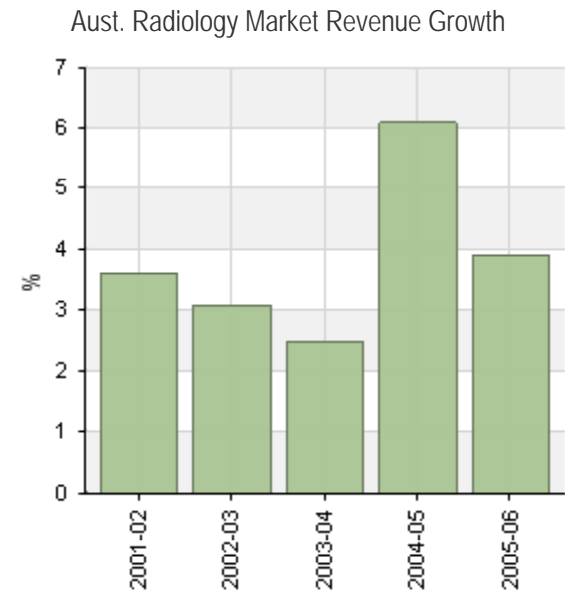
- Radiology acquisition to drive group revenue to \$12 mill in FY08
- Acquisition to generate immediate positive cashflow and earnings
- Non cash acquisition consideration of \$14.64 mill by issue of 183 mill shares & 10 mill options (20 cent March 2010).
- Voluntary 12 month escrow applies to 174 mill shares and 10 mill options
- Radiology Group forecast to make \$10.33 mill revenue & \$2.1 mill in profit before tax in FY08
- Integrate acquisition with a reduction in total overhead costs
- Capitol positioned to deliver further growth in radiology sector
- Capitol gains presence in Eastern Australia



Radiology Market



- Australian Private Radiology Market estimated to be worth \$2 bill annually
- In excess of 1,000 private clinics
- Broad range of services incl. Xray, Ultrasound, Computerised Tomography (CT), Magnetic Resonance Imaging (MRI), and Nuclear Medicine Radiology.



Source – IBISWorld Pty Ltd

Radiology Group

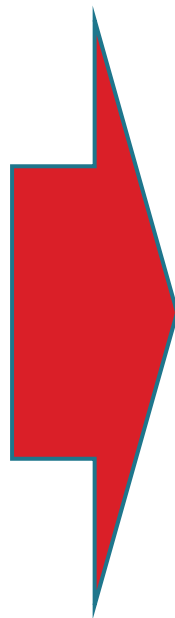


- Post acquisition group revenue to grow to \$12 mill in FY08, generating immediate positive cashflow and earnings
- Radiology Group forecast to make \$10.33 mill revenue & \$2.1 mill in profit before tax FY08
- Non cash consideration - \$14.64 mill (issue of 183 mill shares & 10 mill options – 20 cent March 2010)
- 174 mill shares and 10 mill options escrowed for 12 months
- Integrate acquisition with a reduction in total overhead costs
- Strengthens management and clinical teams
- Broadens platform for more aggressive acquisitive and organic growth
- Revenue stream largely Medicare bulk billed

Growth Strategy



- Historical investment in infrastructure & systems
- Group capable of integrating substantial increase in scale
- Management and acquisition approach proven



- Acquire greater number of clinics on east & west coast
- Generate further economies of scale in operations
- Create greater leverage to fund growth through:
 - ↑ Cashflow
 - ↑ Ability to harness debt

Radiology Target Profile



- Underserviced locations
- Opportunity to expand through:
 - Additional services such as Ultrasound & CT
 - Greater efficiencies & clinical outcomes based on investment in new technology
- Strengthen clinical team

Acquisitions must have the ability to contribute profit before tax to the group of ~ 20% (ROS)

Board



Andrew Harrison, BCom Hons, MAICD
Managing Director

- senior management and board experience in ASX listed companies (Neptune Marine Services Limited and C @ Limited)
- one of the Founders of Capitol Health and former CEO of a marketing consultancy
- broad commercial experience

John Conidi, BBus, CPA (Proposed appointment)
Executive Director

- director, major shareholder, and one of the founders of Radiology Group
- currently responsible for group management
- Responsible for rapid growth of group through acquisition and organic growth

Anthony Ho, BCom, CA
Non Executive Director

- principal of specialist firm involved with over 30 ASX listing projects
- currently a director and company secretary to a number of companies listed on the ASX.
- broad commercial experience

Dr Russell Fine, BSc, BDS (UWA)
Non Executive Director (Retiring)

- remaining as principal dentist contractor to the group

Next Steps...



- Completion of Independent expert's report (Late July 2007)
- Notice of Meeting sent to shareholders (Late July 2007)
- General Meeting of Shareholders (Late August 2007)
- Settlement of transaction

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