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**NOTICE OF GENERAL MEETING  
EXPLANATORY STATEMENT  
AND  
PROXY FORM**

**This Notice of General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your investment or other professional adviser.**

**For a general meeting to be held on Friday, 18 January 2008 at 10.00 am (WDST) at Level 3, Mercury House, 33 Richardson Street, West Perth, Western Australia.**

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## NOTICE OF GENERAL MEETING

Notice is given that a general meeting of shareholders of Capitol Health Limited ("**Capitol**" or "**the Company**") will be held at Level 3, Mercury House, 33 Richardson Street, West Perth, Western Australia at 10.00am WDST on Friday, 18 January 2008.

### AGENDA

#### **Resolution 1 – Ratification of Issue of 27,777,778 Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and for all other purposes, shareholders ratify the issue of 27,777,778 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Short Explanation:** Under the Listing Rules, the Company may seek shareholder approval following a placement to allow it the flexibility to make future issues of securities up to the threshold of 15% of its total ordinary securities in any one 12 month period.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this resolution by any person who participated in the issue and any associates of those persons.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**DATED 17 December 2007**  
**BY ORDER OF THE BOARD**



**Kim Hogg**  
**Company Secretary**

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## NOTES

1. A Shareholder that is an individual may attend and vote in person at the meeting. process.
2. A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry, Computershare Investor Services Pty Ltd (Tel: +61 8 9323 2000) [www.computershare.com.au](http://www.computershare.com.au).
3. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
4. For the purposes of the Corporations Act (Regulation 7.11.37), the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 5.00pm (WDST), Wednesday, 16 January 2008.
5. To vote by proxy, please complete and sign the attached proxy form as soon as possible and either:
  - send the proxy form by facsimile to the Company on facsimile number (08) 9226 0866 (International: +61 8 9226 0866);
  - post the proxy form to Post Office Box 543, West Perth, Western Australia 6872; or
  - deliver the proxy form to the Company's registered office at Level 3, Mercury House, 33 Richardson Street, West Perth, Western Australia, 6005,

so that it is received not less than 48 hours prior to the start of the Meeting (10.00am (WDST) on Wednesday, 16 January 2008). Proxy forms received later than this time will be invalid.

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## EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully. If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

### 1. THE RESOLUTION

#### 1.1 Background

As announced to ASX on 6 December 2007, the Company completed a placement of 27,777,778 Shares at an issue price of \$0.09 each to raise approximately \$2.5 million.

These funds raised will be directed towards the funding of the acquisition of Bell Imaging (**Bell**) and South East Medical Imaging (**SEMI**) radiology groups as part of the expansion strategy of the Company.

The Board believes these acquisitions signify the next stage of Capitol's expansion as a major regional player in the radiology market. With 21 locations across Victoria, Capitol is the third largest provider of private radiology services in Melbourne.

In financial terms, it is expected that the acquisition of the Bell and SEMI radiology groups will contribute significantly to working capital and cashflow and be accretive on an earnings per share (EPS) basis. Strategically they position the Company as a major player in the private radiology market in Victoria, add additional services, and strengthen the management and clinical teams. Further details of the Bell and SEMI acquisition are set out in the ASX announcement dated 6 December 2007.

#### 1.2 Resolution 1 – Ratification of Issue of Shares

##### *Listing Rule 7.4*

On 6 December 2007, the Company allotted 27,777,778 Shares pursuant to the placement noted above. Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its ordinary capital in the next 12 months without prior Shareholder approval.

ASX Listing Rule 7.4 provides an exception to ASX Listing Rule 7.1. The Listing Rule provides that where a company in a general meeting subsequently approves a previous issue of securities made without approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

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For the purposes of ASX Listing Rule 7.5 the following information is provided to Shareholders:

- (a) the total number of securities allotted is 27,777,778 Shares;
- (b) the Shares were issued at an issue price of \$0.09 per Share;
- (c) the Shares issued rank equally with the existing Shares on issue;
- (d) the allottees of the Shares are sophisticated and professional investor clients of Patersons Securities Limited, none of whom are related parties of the Company; and
- (e) funds raised from the issue of the Shares will be directed towards the funding of the acquisition of Bell and SEMI radiology groups and to cover expenses of the placement.

## 2. ENQUIRIES

Shareholders are invited to contact the Company on (08) 9226 2688 if they have any queries in respect of the matters set out in this Notice.

## 3. GLOSSARY

**\$** means an Australian dollar.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** and **Listing Rules** mean the official listing rules of ASX.

**Company** and **Capitol** means Capitol Health Limited (ABN 84 117 391 812).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Meeting** means the general meeting convened by the Notice.

**Notice** means the notice convening the Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a member of the Company, as defined in the Constitution of the Company.

**WDST** means Western Daylight Saving Time.



**CAPITOL HEALTH LIMITED**  
**ABN 84 117 391 812**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - two directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.