

For personal use only



CAPITOLHEALTH
LIMITED
ASX:CAJ

INVESTOR PRESENTATION
Acquisition of Southern Radiology Group

December 2014

Important notice and disclaimer

This presentation (Presentation) is issued by Capitol Health Limited, ABN 84 117 391 812 (Capitol or CAJ) in relation to the offer to subscribe for shares in Capitol under a placement offered only to sophisticated investors or professional investors as permitted by sections 708(8), (10) and (11) of the Corporations Act 2001 (Cth) (Offer). This Presentation is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. It is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. This Presentation does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of shares in Capitol.

This Presentation does not purport to contain all the information that a prospective investor may require in assessing a possible investment in Capitol nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act 2001 (Cth). This Presentation has been prepared without taking account of any person's investment objectives, financial situation or particular needs and prospective investors should conduct their own independent investigation and assessment of the Offer and the information contained in, or referred to in, this Presentation.

The information in this Presentation remains subject to change without notice. Capitol reserves the right to withdraw or vary the timetable for the Offer without notice. To the maximum extent permitted by law, Capitol, the underwriters and their respective affiliates, officers, employees, agents and advisers disclaim all liability that may otherwise arise due to any information contained in this Presentation being inaccurate or due to information being omitted from this Presentation, whether by way of negligence or otherwise.

An investment in Capitol is subject to investment risk including possible loss of income and principal invested. Capitol's financial performance and the market price of Capitol shares may be adversely affected, sometimes materially, by a number of risk factors. These risks include, but are not limited to, the risks set out in Appendix A of this Presentation.

The financial information provided in this Presentation is for information purposes only. The information contained in this Presentation is of a general nature and has been prepared by Capitol with due care, but no representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. None of the underwriter, nor any of its advisers, nor Capitol's advisers, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

The historical information in this Presentation is, or is based upon, information that has been released to the market. It should be read in conjunction with Capitol's other periodic and continuous disclosure announcements including the Capitol's results for the year ended 30 June 2014 lodged with ASX Limited (ASX) on 12 August 2014 and announcements to the ASX available at www.asx.com.au.

This Presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties, many of which are beyond the control of Capitol. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements.

No action has been taken to register the Offer or otherwise permit a public offering of securities outside Australia and New Zealand. This Presentation does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. Person" (as defined in Regulation S under the U.S. Securities Act of 1933 (U.S. Securities Act)), or in any other jurisdiction in which such an offer would be illegal. This presentation may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person.

The securities in the proposed Offer have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act, or any exemption from the registration requirements of the U.S. Securities Act is available.

All dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated.

Table of contents

1. **Transaction overview**
2. **Overview of Capitol Health (pre transaction)**
3. **Overview of Southern Radiology Group**
4. **Transaction impact**
5. **Transaction funding**
- Appendix A**
Key risks
- Appendix B**
Offer Jurisdictions
- Appendix C**
Other information

For personal use only

Transaction overview

Transaction overview

Agreement to acquire Southern Radiology Group (“Southern”) for \$65 million

| | |
|---------------------------------------|---|
| Southern overview | <ul style="list-style-type: none"> ■ Provider of Diagnostic Imaging (“DI”) services in metropolitan Sydney across 14 clinics (primarily community based) ■ 8 radiologists in the current Partnership who will join Capitol Health as part of this acquisition ■ Particular imaging expertise in specialist clinical areas (prostate, urology, musculoskeletal and neurology) ■ Achieved normalised Revenue and EBITDA⁽¹⁾ of \$37 million and \$7.2 million respectively in FY14 |
| Compelling strategic rationale | <ul style="list-style-type: none"> ■ Southern will be Capitol Health’s first entry into NSW and it provides a platform for further acquisitions in Australia’s biggest DI market ■ 5 additional MRI licenses complement Capitol Health’s existing MRI focus ■ 8 Partner radiologists who will join as part of the transaction are required to sign long-term employment agreements ■ Supply chain efficiencies should deliver savings for Capitol Health |
| Acquisition snapshot | <ul style="list-style-type: none"> ■ Agreement to acquire Southern for \$64.6 million ■ Implied EV / FY14 EBITDA multiple of 9.0x⁽¹⁾ ■ Acquisition is 10% to 15% EPS accretive on a PF basis in FY2015⁽²⁾ ■ Completion of the transaction remains subject to finalisation of funding arrangements, there being no material adverse events in relation to Southern and certain other customary conditions |
| Acquisition funding | <ul style="list-style-type: none"> ■ \$37.5 million equity raising through a fully underwritten placement at \$0.58 per share ■ \$34.2 million additional debt funding commitment with additional facilities to support qualifying M&A activities <ul style="list-style-type: none"> – Detailed commitment letter subject to customary conditions executed including full documentation (in progress) |
| Possible bolt on acquisition | <ul style="list-style-type: none"> ■ In addition to the Southern acquisition, Capitol Health is in negotiations to acquire another business which provides DI services with particular expertise in sports injuries and treatment ■ The target business is located in Melbourne in a prime location that is strategically aligned with the demographics of its clientele ■ Proposed purchase price of \$25 million represents 7.5x EV / FY14 Normalised EBITDA of \$3.3 million ■ The transaction remains incomplete and is subject to final agreement of terms and transaction documents |

Note: (1) Revenue and EBITDA exclude income from closed branches and other abnormal items. EBITDA and implied acquisition multiple has been calculated by including costs associated with salaries for Partner radiologists at Southern (reflecting expected remuneration packages under Capitol’s ownership). Under the pre-acquisition structure Partners received distributions which were not accounted for as an operating expense. Southern’s financial statements for FY14 are unaudited

(2) Excludes one-off items such as transaction costs and stamp duty. These statements are based on financial information provided to Capitol by the management of Southern which has been subject to due diligence. The statements are subject to the disclaimer set out on page 1 of this presentation and the risks identified in Appendix A of this presentation

Overview of Capitol Health (pre transaction)

Overview of Capitol Health

Overview

- Largest community-based diagnostic imaging (DI) network in Victoria with 52 locations across metropolitan and regional Victoria
- Conducts 700,000 procedures p.a. and employs approximately 500 employees and contractors
- Achieved revenue of \$90m and EBITDA margins of 16% in FY14
- Approximately 90% of revenue generated by X-Ray, Ultrasound, CT and MRI
- Strong performance in FY14 due to:
 - Full year impact of MDI Group (acquired in May 2013)
 - MRI reforms designed to increase accessibility to the service
 - Experienced organic growth of 12.8%⁽¹⁾ compared to an increase in Australia-wide Medicare benefits of 8.8%

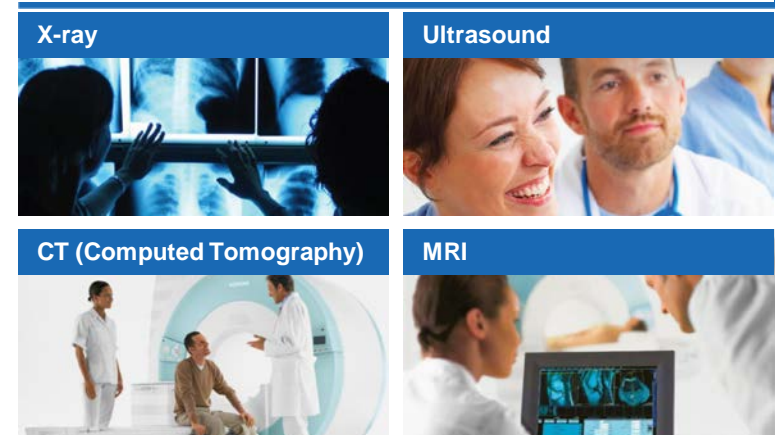
Supported by strong underlying fundamentals

- | | | |
|-----------------------------------|---|---|
| MRI reforms | > | <ul style="list-style-type: none"> ■ In 2012, the Govt announced a package of over \$100m to improve accessibility and affordability of MRI services (effective November 2013) |
| Population dynamics | > | <ul style="list-style-type: none"> ■ Australia's ageing and expanding population is leading to greater expenditure on all aspects of healthcare |
| Detection & prevention | > | <ul style="list-style-type: none"> ■ An increasing focus within the healthcare industry towards detection and prevention is benefiting providers of radiology services |
| Technology | > | <ul style="list-style-type: none"> ■ The improving accuracy and capabilities of imaging techniques lead to greater trust by practitioners and higher use by patients |

Summary financials (\$m)

| | Jun-12 | Jun-13 | Jun-14 |
|----------------------|--------|--------|--------|
| Revenue | 52.3 | 62.5 | 90.3 |
| Revenue growth | | 19.6% | 44.5% |
| EBITDA | 5.6 | 7.9 | 14.4 |
| <i>EBITDA margin</i> | 11% | 13% | 16% |
| EBIT | 3.5 | 5.7 | 10.9 |
| <i>EBIT margin</i> | 6.7% | 9.1% | 12.0% |
| NPAT | 2.1 | 3.6 | 7.2 |
| <i>NPAT margin</i> | 4.1% | 5.8% | 8.0% |

Key services (modalities)



Note: (1) Normalised to exclude the impact of acquisition

Capitol Health footprint

For personal use only

Large, strategically placed network in key growth corridors achieved through considered and deliberate growth measures

- Capitol Health now positioned as the largest community-based DI provider in Victoria
- Network comprises 52 clinics in Victoria including 7 in regional Victoria



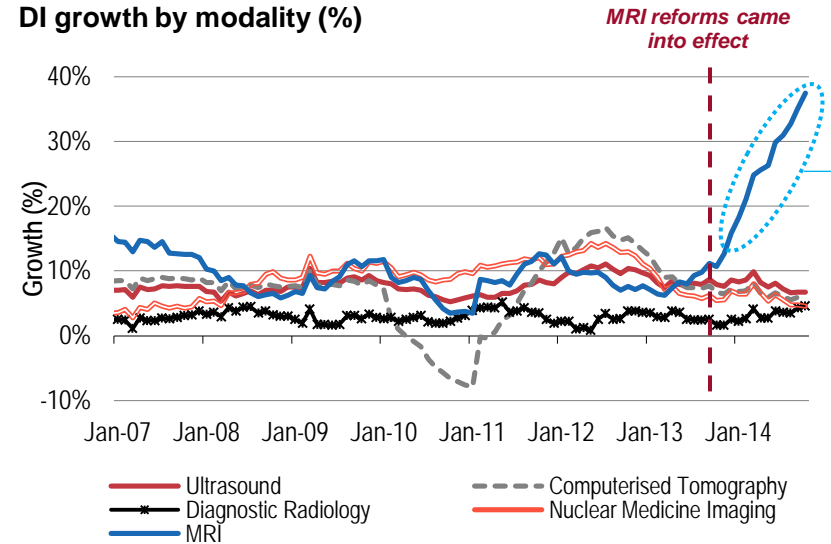
Strategic focus on the growing MRI space

Well positioned to take advantage of regulatory changes to GP MRI referral rights (effective from November 2013) which are driving growth

The Federal Government announced a Diagnostic Imaging Review Reform Package of over \$100m in 2011/12 to improve accessibility and affordability of MRI services across Australia:

- Allocation of a set number of Medicare-funded MRI licenses
 - Seven Capitol Health clinics hold these licenses (two were secured through the MDI acquisition in 2013)
 - Only 10 new licenses to be allocated Australia-wide by Medicare between 2011/12 and 2016/17
- New legislation allows GPs to refer children under 16 for specific Medicare-funded MRI scans
- New legislation permits a limited number of GP-requested MRI items for adults to be eligible for Medicare rebates

DI growth by modality (%)



Capitol Health uniquely placed to take advantage of MRI reforms

| (\$ in millions) | Jan - Jun 2013 | Jan - Jun 2014 | % change |
|--|----------------|----------------|--------------|
| MRI referrals - Medicare benefits paid (Total Industry) | | | |
| MRI - Specialist referred ⁽¹⁾ | 122.5 | 124.6 | 1.7% |
| MRI - GP referred | 3.4 | 49.9 | >1000% |
| MRI - total | 125.9 | 174.6 | 38.7% |

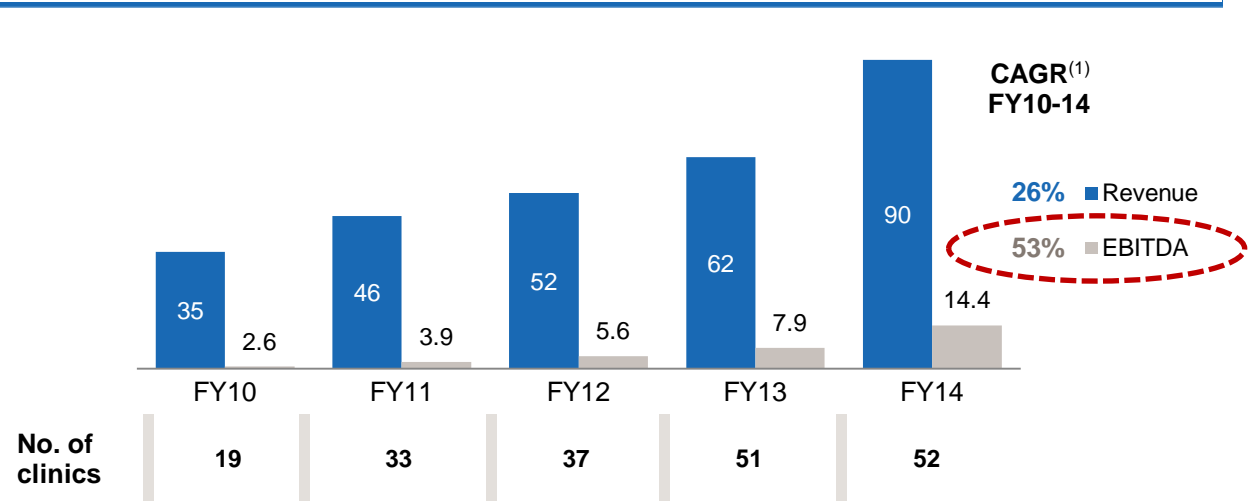
Note: (1) Long term average growth for Specialist referred MRI's is +10.8% per annum – July 2008 to June 2013

Track record of successful acquisitions to establish leading DI platform in Victorian market

Capitol Health's earnings have grown as the Company has successfully executed several acquisitions

Proven acquisition model:

- Leaders in IT and management systems enabling
 - optimisation of capacity utilisation
 - real-time decision making (efficiency protocoling)
- Specialists in people management
- Unlocking supply chain efficiencies



1 2010

Capitol Health acquisitions

- Acquisition of 2 clinics from MDI Radiology
- Acquisition of 2 clinics from Reflective Imaging

2 2012

- Acquisition of IM Medical Limited's radiology business
- Five DI clinics in Melbourne

3 2013

- Acquisition of MDI Group
- Addition of 11 clinics and 2 MRI licenses
- Positioned Capitol Health as the largest community based DI provider in Victoria

Capitol Health has been able to achieve significant year on year growth driven by acquisition of complementary well-located clinics

Note: (1) Compound annual growth rate

For personal use only

Overview of Southern

Acquisition highlights

For personal use only

1

Launch pad into the largest DI market (NSW) in Australia via a high quality platform

- NSW is a fragmented market with relatively more Partnership practices versus corporate
- Southern's existing infrastructure will be able to support future acquisitions in NSW

2

Group of high quality radiologists committed to Capitol Health

- 8 Partner radiologists of Southern to join Capitol Health
- Required to sign employment agreements of at least 3 years with compensation models to align interests

3

Further diversifies revenue stream through addition of Hospital contracts

- Southern has contracts with well-located hospitals covering valuable modalities (MRI, CT, etc)

4

Reduced integration risk; Capitol Health has a successful track record of acquisitions

- Southern has a flexible IT platform which is complementary to Capitol Health's systems
- Scalable platform enabling future growth

5

Broadens Capitol Health's MRI footprint

- Addition of 5 MRI licenses to Capitol Health's existing portfolio of 7 licensed and 7 unlicensed MRIs
- Positions Capitol Health to capture further share of burgeoning MRI space

6

Radiologists with subspecialties across a range of clinical areas (prostate, urology, musculoskeletal and neurology) enabling better margins and lower reliance on rebates

7

Culture aligns with Capitol Health's values

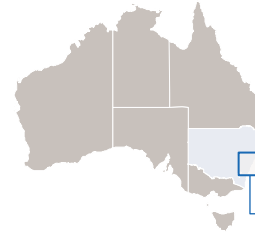
- Southern has a very similar approach to Capitol Health in relation to delivering optimal patient outcomes

Overview of Southern

Company overview

- Southern provides DI services in metropolitan Sydney
- The Group network consists of private community and hospital based practices, as well as two imaging research facilities
 - 14 clinics with imaging specialists in a range of fields including prostate, urology, musculoskeletal and neurology
 - 8 radiologists in the current Partnership who will join Capitol Health as part of this acquisition
- The Southern Radiology Group was founded in Hurstville by Dr Peter Spiegel in 1956
- In 1994, a partnership was formed between Dr Peter Spiegel and Dr Bryan Fain, offering one of the first CT services available to the communities of Southern Sydney
- In FY14, Southern achieved revenue of \$37m⁽¹⁾ and EBITDA of \$7.2m⁽¹⁾

Practice locations



Services provided

Modalities offered

- MRI
- CT
- Diagnostic Radiology
- Nuclear Medicine
- Ultrasound

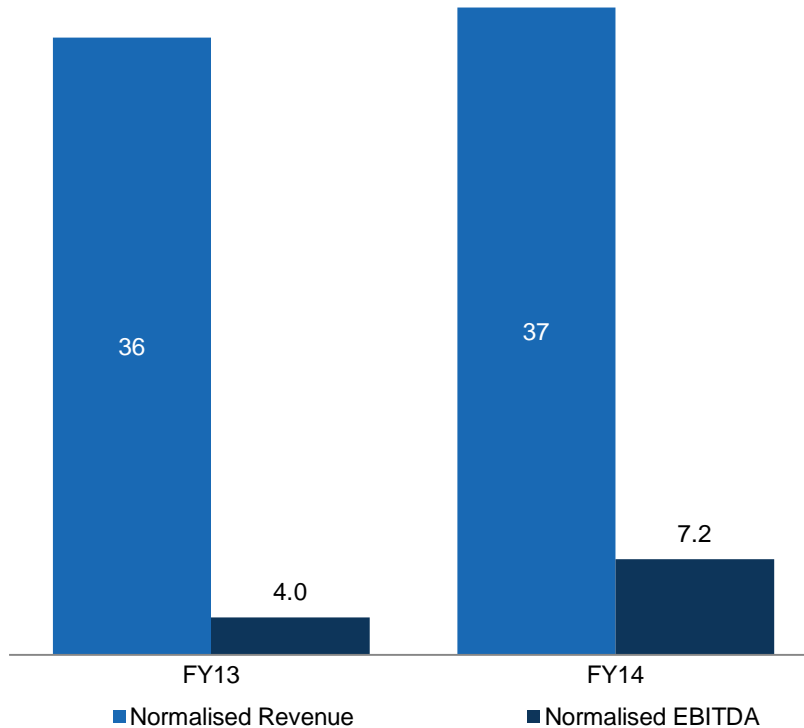
Imaging specialist offerings include

- Prostate
- Urology
- Musculoskeletal
- Neurology

Note: (1) Revenue and EBITDA exclude income from closed branches and other abnormal items. EBITDA has been calculated by including costs associated with salaries for Partner radiologists at Southern (reflecting expected remuneration packages under Capitol's ownership). Under the pre-acquisition structure Partners received distributions which were not accounted for as an operating expense.

Southern summary financials

Key Southern financials - unaudited⁽¹⁾



FY14 results

- Increase in revenue in FY14 achieved primarily as a result of greater income from MRI services and optimisation of site offering
- EBITDA margins increased significantly in FY14 due to lower employment expenses (which make up the majority of total expenses) as the business improved rostering and total operating efficiency

Outlook for FY15

- Management budget indicates stronger revenue growth vs FY14
- Revenue growth underpinned by greater MRI income as a result of full year of MRI reforms and new MRI equipment at Hurstville and Miranda
- EBITDA margins are expected to improve in FY15 as the business continues to extract efficiencies and pursue higher margin procedures (specialisation)

Southern's strong growth achieved in FY14 is expected to continue in FY15 with momentum in the MRI modality

Note: (1) Revenue and EBITDA exclude income from closed branches and other abnormal items. EBITDA has been calculated by including costs associated with salaries for Partner radiologists at Southern (reflecting expected remuneration packages under Capitol's ownership). Under the pre-acquisition structure Partners received distributions which were not accounted for as an operating expense.

For personal use only

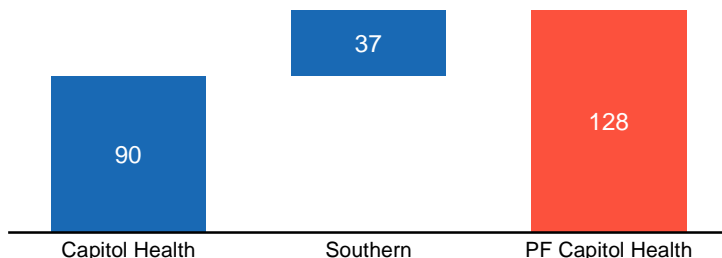
Transaction impact

Transaction impact

For personal use only

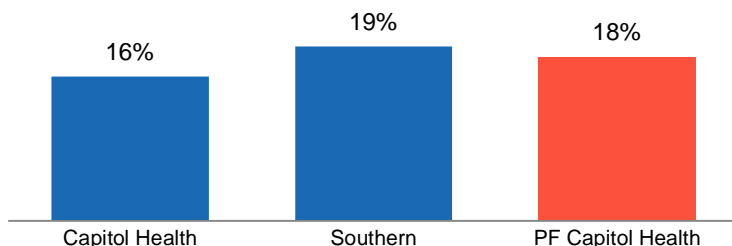
FY14 key financials (Southern financial statements are unaudited)⁽¹⁾

Significant step-up in revenue



- Acquisition would increase Pro Forma ("PF") FY14 revenue by over 40%
- Further opportunities to increase revenue
 - More efficient utilisation of equipment (MRI locations)
 - Existing Southern infrastructure can support future acquisitions in NSW

EBITDA margin to improve



- PF FY14 EBITDA margin to increase slightly as a result of the acquisition
- Blended EBITDA margin steps up to 18% with scope for additional operating leverage
- Leverage specialists' capabilities across enlarged network (more efficient work distribution)

YTD trading is positive

- Capitol Health YTD trading ahead of management budget implying strong revenue and earnings growth
- Southern trading broadly in line with budget

Acquisition immediately EPS accretive⁽²⁾

- Management expects acquisition to be accretive by 10-15% on a Pro Forma basis in FY15

Note: (1) Revenue and EBITDA for Southern exclude income from closed branches and other abnormal items. Southern EBITDA has been calculated by including costs associated with salaries for Partner radiologists at Southern (reflecting expected remuneration packages under Capitol's ownership). Under the pre-acquisition structure Partners received distributions which were not accounted for as an operating expense. Numbers may not add due to rounding

(2) Excludes one-off items such as transaction costs and stamp duty. These statements are based on financial information provided to Capitol by the management of Southern which has been subject to due diligence. The statements are subject to the disclaimer set out on page 1 of this presentation and the risks identified in Appendix A of this presentation

Expanding geographic footprint

For personal use only

Key features of markets



- Largest market in Australia representing 36% of domestic revenue⁽¹⁾
- Fragmented market with numerous players
- Key players include:
 - I-MED (EQT), Sonic Healthcare, Primary Healthcare, PRP Diagnostic Imaging, numerous other smaller partnerships

Capitol Health will have 14 clinics in NSW post acquisition

■ **Southern provides Capitol Health with a launch pad for further acquisitions in a fragmented market**



- Second largest market in Australia representing 25% of domestic revenue⁽¹⁾
- Consolidated market dominated by corporate providers
- Key players are:
 - I-MED (EQT), Primary Healthcare, Capitol Health

Capitol Health has 52 clinics in Victoria

■ **Capitol Health has a strong position in a corporatised market**

○ *Capitol Health presence*

Capitol Health will have a presence in the 2 key DI markets in Australia

Strategic business for Capitol Health with significant combination opportunities

For personal use only

Immediate priorities

<6 months

- Commence integration immediately following completion
- Key focus areas:
 - IT and related infrastructure
 - Finance and Regulatory affairs
 - Synergy extraction
 - Workflow and protocol alignment
 - Capacity utilisation
 - Referrer acquisition strategy

- **Southern to retain branding**
- **Southern has similar operational and systems set-up to Capitol Health**

Ongoing initiatives and opportunities

>6 months

- Tapping into Capitol's supply chain provides incremental gains across the network
- Integrated radiologist reporting base: more effectively distribute work across the network
- Platform for further acquisitions in fragmented NSW market

- **Capitol Health has significant experience integrating companies**
- **Previous transactions suggest material cost synergies available across enlarged network through supply chain efficiencies**

For personal use only

Transaction funding

Sources and Uses

For personal use only

Sources & uses⁽¹⁾

(\$ in millions)

| Sources | | Uses | |
|----------------------|-------------|-------------------------|-------------|
| Existing cash | – | Acquisition of Southern | 64.6 |
| New Debt | 34.2 | Transaction costs | 3.3 |
| Placement | 37.5 | Stamp duty | 3.9 |
| Total Sources | 71.7 | Total Uses | 71.7 |

- Acquisition of Southern financed by a combination of fresh equity and debt finance
- Total uses of funds total ~\$72m
 - Headline purchase price of \$65m for Southern
 - One-off costs (stamp duty and transaction costs) also to be funded
- Transaction expected to be completed by 30 April 2015 or earlier if customary closing conditions are satisfied

Note: (1) Total Uses do not add due to rounding

Transaction funding

For personal use only

Equity Raising

- Fully underwritten placement of new shares to raise \$37.5 million ("Placement")

Placement structure and pricing

- Placement to eligible institutional, professional and sophisticated investors
- Fixed price of \$0.58 per share representing a 9.4% discount to last closing price

Ranking of new Shares

- New shares will rank equally with existing ordinary shares on issue

Underwriter

- The Placement is underwritten by Credit Suisse (Australia) Limited

Debt raising

- \$34.2 million debt funding (bullet loan with 5 year maturity)
 - Additional facilities available from preferred financier (including a \$5 million revolver)
- Credit Approved Terms Sheet subject to customary conditions executed; subject to full documentation (in progress)

Use of Funds

- Funds will used to finance the acquisition of Southern

Equity raising timetable

For personal use only

| | |
|--|-----------------------------|
| Trading Halt | Wednesday, 10 December 2014 |
| Placement bookbuild | Wednesday, 10 December 2014 |
| Trading Halt lifted | Thursday, 11 December 2014 |
| Settlement of new shares issued under the Placement | Tuesday, 16 December 2014 |
| Allotment and trading of new shares issued under the Placement | Wednesday, 17 December 2014 |

- Timetable is subject to change. Capitol and its advisers reserve the right to alter the above dates at their discretion and without notice, subject to the ASX Listing Rules and Corporations Act.
- All dates and times refer to Australian Daylight Savings Time.

Appendix A

Key risks

Appendix A: Key Risks

This section discusses some of the key risks associated with an investment in CAJ. Before investing in the New Shares, you should consider whether the investment is suitable for you. Potential Investors should consider publicly available information on CAJ (such as that available on the websites of CAJ and the ASX), carefully consider their personal circumstances, and decide if they should consult with their stockbroker, lawyer, accountant or other professional adviser before making an investment decision. CAJ's financial performance and the market price of CAJ shares may be adversely affected, sometimes materially, by a number of risk factors. These risks include, but are not limited to, the risks set out in this section

SPECIFIC RISKS RELATING TO CAPITOL HEALTH'S BUSINESS

Regulatory risk and changes in government policy

The healthcare industry is highly regulated and constantly changing. There are risks relating to changes to Federal and State policies and regulations to the general business of CAJ including;

- Changes to the Federal Government initiatives which promote private health insurance and encourage health fund membership, including the health insurance rebate and lifetime health cover
- Changes to regulations relating to health funds which presently restrict the level of premium increases and regulate the scope of coverage
- Policy direction changes to State owned public hospitals which encourages them to compete with private hospitals for private patients, and also to compete with private diagnostic imaging providers
- Changes to the Medicare regime, including any reduction in Medicare rebates for diagnostic imaging

In addition, CAJ may become subject to other regulations which could increase the regulatory and compliance obligations. These may adversely impact on the financial performance, position and future prospects of CAJ

Competition

The market for the provision of diagnostic imaging services is competitive and dynamic. Competitors as yet unknown to CAJ may emerge from time to time. The introduction of new competitors or a more aggressive competitive response from existing participants may affect CAJ's operating performance. Future costs may rise and prices that CAJ is able to charge for its services may fall in response to the actions of its competitors, which may or may not restrict CAJ's ability to compete profitably

Appendix A: Key Risks (cont'd)

Key Personnel

CAJ's businesses are reliant on the continued performance and expertise of key personnel, including radiologists. Specifically, a significant component of CAJ's revenues are dependent on radiologists providing services to patients. There is a risk that the Company may fail to attract, retain or develop key employees or consultants (particularly radiologists) and this would have the effect on the development of the Company, the revenue earned and the cost structure of the business. This in turn may have an adverse impact on the financial performance, position and future prospects of CAJ

General claims and litigation

Legal proceedings and claims may arise from time to time in the ordinary course of CAJ's operations. There is a risk that material or costly claims or litigation could impact on CAJ's financial performance either directly, as a result of meeting the costs of defending litigation and paying damages awards, or indirectly, as a result of damage suffered to CAJ's brands and reputation

In particular, healthcare providers are exposed to the risk of medical indemnity or like claims and litigation. Current or former patients may, in the normal course of business, start or threaten litigation for medical negligence not only against the health service provider in question but also against CAJ. Subject to medical insurance arrangements which CAJ has in place at the relevant time, future medical malpractice litigation, or threatened litigation, may have an adverse impact on the financial performance, position and prospects of CAJ

Reliance on referrals

CAJ is heavily reliant on doctors continuing to refer cases to CAJ for diagnostic services. There is a risk that doctors may reduce or end their level of requesting such services from CAJ (which may or may not be the result of actions taken by CAJ's competitors). These actions may result in a material decline in CAJ's financial performance

IT systems

CAJ is reliant on the capability and reliability of its information technology systems and backup systems and those of its external service providers (such as communication carriers). The failure of any IT systems could have a significant impact on the ability to conduct its business in the ordinary course. Such failures may have an adverse effect on CAJ's future financial performance

Appendix A: Key Risks (cont'd)

RISKS RELATING TO THE ACQUISITION

Completion risk

Completion of the Acquisition may be conditional on certain matters. If any of the conditions are not met then completion of the acquisition may be deferred or cancelled. Failure to complete this transaction and any action required to be taken to deploy the capital raised may have a material adverse effect on CAJ's financial performance, financial position and share price. If completion of the Acquisition does not occur, CAJ will consider various options for use of the funds raised by the Placement, including use of the funds for general corporate purposes or return of funds to shareholders

Analysis risk

CAJ has undertaken financial, business and other analysis of the acquisition in order to determine its attractiveness to CAJ and whether to pursue the acquisition. It is possible that such analysis and the best estimate assumptions made by CAJ draws conclusions and forecasts that are inaccurate or which are not realised in due course. To the extent that actual results achieved by the business being acquired are different to those indicated by CAJ's analysis, there is a risk that the profitability and future earnings of the operations of CAJ may be materially different from the profitability and earnings expected as reflected in this presentation

Due diligence risk

The information regarding the announced acquisition in this presentation has been derived from limited financial information and other information made available by or on behalf of the vendors during the due diligence process conducted by CAJ in connection with the acquisition. While CAJ has conducted due diligence on the announced acquisition and prepared financial analysis of the announced acquisition in order to determine the attractiveness of that business, CAJ is unable to verify the accuracy or completeness of the information provided to it or on behalf of the vendors and there is no assurance that this due diligence was exhaustive and that all material issues and risks in relation to the announced acquisition have been identified. To the extent that this information is incomplete, incorrect, inaccurate or misleading, or the actual results achieved by the acquisition are weaker than those indicated by CAJ's analysis, there is a risk that the profitability and future results of the operations of CAJ may differ (including in a materially adverse way) from CAJ's expectations, or that additional liabilities may emerge

Appendix A: Key Risks (cont'd)

Unaudited financial information

The financial information in this presentation is unaudited and based on management estimates provided by Southern Radiology. While the Company has conducted due diligence on this information, the Company is unable to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Therefore, Southern Radiology's actual financial results for the financial years ended 30 June 2013 and 30 June 2014 may differ from the guidance provided. Shareholders should not place undue reliance on these numbers

Assumption of liabilities

CAJ may become directly or indirectly liable for any liabilities incurred in the past by the acquired target, which were not identified during its due diligence or which are greater than expected, and for which the market standard protection (in the form of insurance, representations and warranties and indemnities) negotiated by CAJ prior to its agreement turns out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of CAJ post-acquisition

Integration risks

There are risks that any integration between CAJ and Southern Radiology may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than expected. These risks include possible differences in the management culture, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel. Any of these outcomes could have an adverse effect on CAJ's future financial performance

Assignment and change of control

The acquisition may trigger assignment or change of control clauses in a number of material contracts. If triggered, the assignment or change of control clauses may require counterparty consent. If the consent of a counterparty cannot be obtained and a material contract containing an assignment or change of control clause is terminated or renegotiated on less favourable terms, it may have an adverse impact on CAJ

Fair value accounting

In accounting for the Acquisition, CAJ will need to perform a fair value assessment of all of the assets, liabilities and contingent liabilities, which will include the identification and valuation of identifiable intangible assets. As a result, CAJ's depreciation and amortisation charges may differ from the depreciation and amortisation charges as separate businesses, which may have an adverse impact on the financial position and performance of CAJ

Appendix A: Key Risks (cont'd)

GENERAL RISKS RELATING TO CAPITOL HEALTH SHARES

Share price risk

There are general risks associated with an investment in the share market. As such, the value of New Shares may rise above or fall below the issue price under the Placement, depending on the financial position and operating performance of CAJ and other factors. Further, broader market factors affecting the price of CAJ shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of CAJ

Market risk

The price at which New Shares trade on ASX may be determined by a range of factors, in addition to those detailed within this section, for example:

- changes to local and international stock markets;
- changes in interest rates;
- changes to the relevant indices in which CAJ may participate, the weighting that CAJ has in the indices and the implication of those matters for institutional investors that impact their investment holdings in New Shares;
- global geo-political events and hostilities;
- changes in government, fiscal, monetary and regulatory policies; and
- demand and supply of listed health care shares

No assurance of liquidity or trading price

There can be no assurance that CAJ shares will trade at any particular price or as to liquidity of trading or that any capital growth in the assets will translate into a higher price at which CAJ shares trade. It should also be noted that the historical share price performance of CAJ shares provides no guidance as to the future share price performance

Economic conditions risk

The performance of CAJ may be influenced by changes in various general economic factors in Australia, including but not limited to; level of economic growth, interest rates, inflation, labour costs and other conditions which may affect the revenue or costs of CAJ, which may have an adverse impact on CAJ's financial performance.

Taxation risk

Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia may affect taxation treatment of an investment in CAJ shares or the holding or disposal of those shares

Appendix A: Key Risks (cont'd)

Asset impairment risk

Under A-IFRS accounting standards, intangible assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are reviewed annually for impairment. Individual assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset may not be recoverable. Changes to the carrying amounts of intangible assets of CAJ could have an adverse impact on the reported financial performance of CAJ

Credit risk and access to capital

Credit market conditions and operating performance of CAJ will affect borrowing costs as well as CAJ's capacity to repay, refinance and increase its debt.

There is no assurance that debt funding will be available to CAJ in the future on acceptable terms. This may impact on the ability of CAJ to take advantage of future acquisition or expansion opportunities or otherwise respond to competitive pressures

Dilution

Future capital raisings or equity funded acquisitions by CAJ may dilute the holdings of particular shareholders. CAJ may need to raise additional capital in the future in order to meet its operating or financing requirements, not all of which can be anticipated at this point in time. In the event an increase in equity is required, particular shareholders may be requested to subscribe for additional equity which may be substantial. To the extent that shareholders do not subscribe to such additional equity, or are otherwise not invited to subscribe, their holdings in CAJ may be diluted

Dividend risk

The future dividend levels of CAJ will be determined by the Directors, taking into consideration the operating results and the financial position of CAJ. There is no guarantee that any dividend will be paid or, if paid, that they will be paid in accordance with any stated dividend payout ratio

For personal use only

Appendix B

Offer Jurisdictions

Offer Jurisdictions

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Appendix C

Other information

Board of Directors

For personal use only

Mr John Conidi

Managing Director

- *Appointed 30 August 2007*
- Mr Conidi graduated in 1995 with a Bachelor of Business degree from Royal Melbourne Institute of Technology. He is a CPA and currently manages the Radiology Consolidated entity's operations
- Mr Conidi has over 13 years of experience in developing, acquiring and managing businesses in the healthcare industry with a focus on diagnostic imaging. Mr Conidi's role in strategy, management and business development has driven the rapid expansion of the Group

Mr Dominik Kucera

Executive Director and Chief Financial Officer

- *Appointed 31 July 2008*
- Mr Kucera has held senior finance roles in a number of private, joint venture and public companies, under Australian and Multi-National ownership, as both permanent employee and consultant in Primary, Secondary and Tertiary (service) industries for extensive periods of time
- Mr Kucera has held ultimate responsibility in his various roles for the Finance, Human Resources, Marketing and IT functions for the companies or business units under his control

Mr Andrew Demetriou

Chairman and Non-Executive Director

- *Appointed 17 November 2014*
- Mr Demetriou was Chief Executive Officer of the Australian Football League from 2003 until June 2014, and has been the Managing Director of the Ruthinium Group (of which he remains a board member)
- Andrew is a Director of Crown Resorts Limited (ASX:CWN), Executive Chairman of Acquire Learning, Director of the sports marketing firm Bastion Group and is a Non-Executive Director of the non-partisan Climate Institute
- Andrew has also served as Non-Executive Chairman of the Baxter Group, and is a former Chairman of the Australian Multicultural Advisory Council

Mr Andrew Harrison

Non-Executive Director

- *Appointed 1 December 2005*
- Mr Harrison has significant experience in both senior management and board positions in publicly listed companies, including strategic and day-to-day management in addition to IPO activities
- He was a Non-Executive Director of ASX listed companies Neptune Marine Services Limited (ASX:NMS) until February 2006 and a Non-Executive & Executive Director of Draig Resources Limited (ASX:CEO) until November 2012