



Radiology Acquisitions and Capital Raising



21 NOVEMBER 2007

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Agenda



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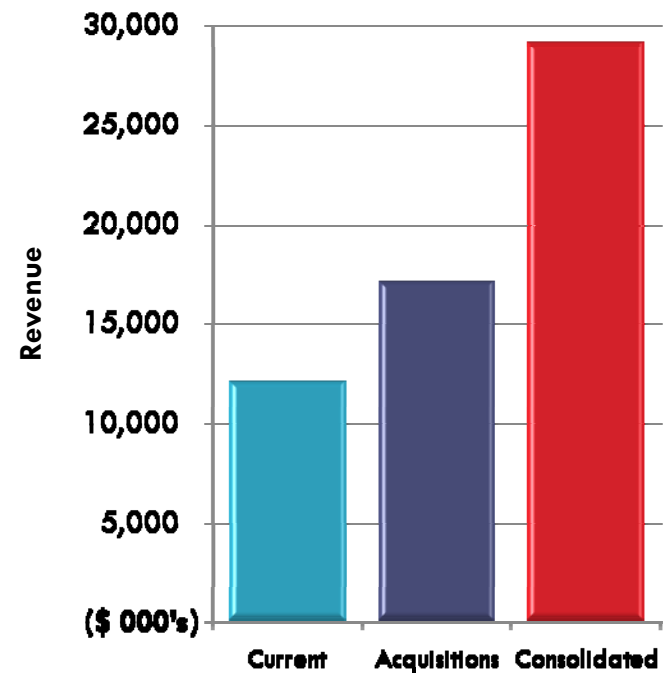
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Acquisition Overview



- 2 new acquisitions with consideration of \$7.9m
 - Bell Imaging and South East Medical Imaging (SEMI)
- Acquisition to more than double group revenue*
 - Revenue \$29.069 m
 - NPBT \$5.646 m
 - EPS 1.4 cents per share (after tax)

* last quarter FY2007/08 annualised to better reflect full year impact of acquisition. Does not include future acquisitions
- Placement @ 9 cents = 6.4 times budgeted EPS



Based on last quarter run rate FY08 Revenue

Background



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- Listed on ASX June 2006 (ASX:CAJ)
- Operated 3 dental surgeries during 2006
- First Radiology acquisition completed in Aug 2007 for \$14.6m
- Radiology business expansion continues:
 - New clinic opened “Moreland Radiology” in Brunswick (Metro Melbourne) during September 07
 - Current Acquisitions (total consideration \$7.9m)
 - Bell Imaging Acquisition (Metro Melbourne)
 - South East Imaging Acquisition (Metro Melbourne)

Current Radiology Business



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- Capitol acquired Radiology Group in August 2007 for \$14.64m which increased group revenue to \$12m in FY08
- Group currently cashflow positive and profitable
- Revenue largely bulk billed to Medicare
- Opportunity to deliver further organic growth , 3 of 8 clinics opened or acquired since April 07
- Group has strong presence in Melbourne
- Strong management and clinical team
- Well positioned to deliver further growth in radiology sector

Clinic Locations - Melbourne



- Existing Radiology Group Sites;
 - Keilor, Essendon, Sydenham, Sunbury
 - Vermont, Brunswick, Balaclava
 - Carnegie

Australian Radiology Market



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- Australian Private Radiology Market estimated to be worth \$2 bill annually
- In excess of 1,000 private clinics
- Broad range of services incl. X-ray, Ultrasound, Computerised Tomography (CT), Magnetic Resonance Imaging (MRI), and Nuclear Medicine Radiology.
- Key drivers of growth-
 - Advances in diagnostic technology
 - Ageing population
 - Increased referrer liability
- 3 major corporate players Symbion, Sonic & DCA (now owned by private equity).
- Sonic has pathology but no radiology assets in Melbourne

Bell Imaging Acquisition



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- One of the oldest continuously operating Radiology partnerships in Victoria.
- Provides a full range of services including X-Ray, Ultrasound, CT, Mammography, Bone Densitometry, and Nuclear Medicine Radiology
- Operates from 9 clinics in metropolitan Melbourne, with a strong presence in the western suburbs
- 3 hospital contracts
- Employs 55 FTE employees and 4 FTE Radiologists
- **Significant opportunity to increase margins**

Transaction Overview - Bell



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Financial Performance

(\$ '000)	FY04/05	FY05/06*	FY 06/07*
Revenue	14,833	14,666	14,607
NPBT [^]	638	396	776

- 2 principal radiologists entering into employment contracts

- * Figures are unaudited
- [^] NPBT figures are inclusive of employment costs of principal Radiologists

Total acquisition price \$4.75m

(\$'000)	
Cash	1,000
Shares (7.5m @ 10c ea)	750
Assume debt and employee entitlements	2,500
Deferred Consideration	500

- 6.1 times NPBT multiple
- Deferred consideration based on achievement of targets relating to group and clinic revenue in cash or scrip

South East Imaging Acquisition



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- South East Medical Imaging (SEMI) was founded by Radiologist Dr Minh Tran with the Springvale clinic in 2000
- New Clayton clinic opened in July 2007, currently in excess of breakeven performance
- Acquiring the leasehold rights to a new clinic in Sth. East Melbourne with a planned opening in 08
- Location of existing and proposed SEMI clinics fits with current network
- Clinics provide full service, X-ray, Ultrasound, and CT

Transaction Overview - SEMI



Financial Performance

	FY05/06* (\$'000)	FY 06/07* (\$'000)
Revenue	2,512	2,700
NPBT^	742	800

- 5 year employment contract for principal radiologist

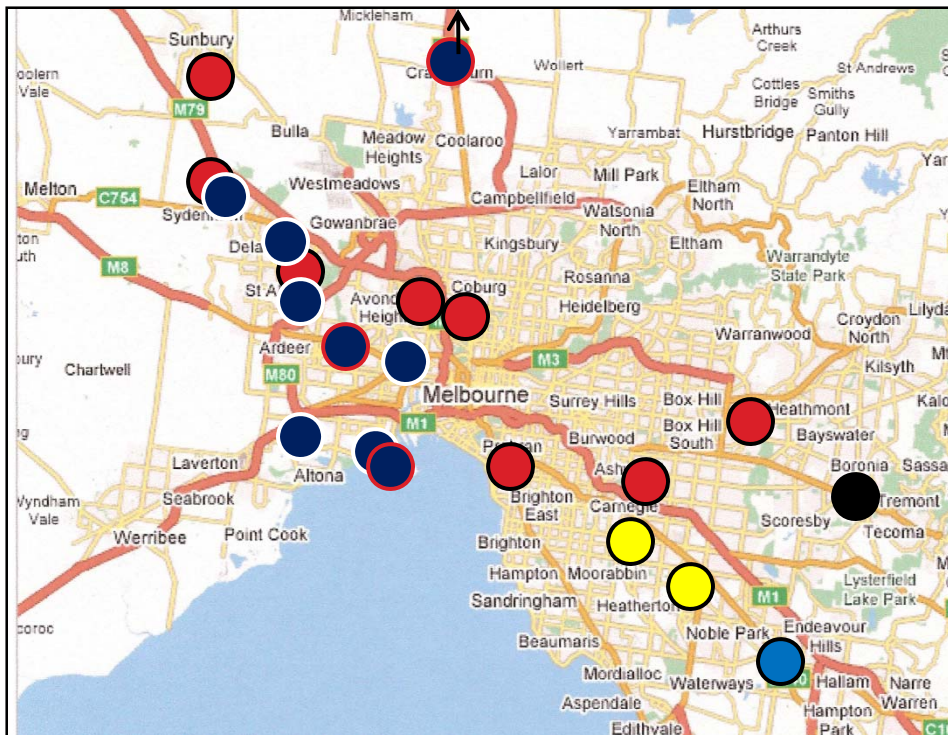
Total acquisition price \$3.79m

Cash	2,700
Assume Entitlements	40
Assume Leases	550
Vendor Finance	500

- 4.7 times NPBT multiple, significantly reduced through 2nd & 3rd clinic

* Figures are unaudited and do not include any contribution from new Clayton clinic
 ^ NPBT figures are inclusive of employment costs of Radiologist

Geographic Expansion



- **Existing Radiology Group Sites**
 -Keilor, Essendon, Sydenham, Sunbury
 -Vermont, Brunswick, Balaclava
 -Carnegie
- **Proposed new Radiology Group site**
 - Dec 07
- **South East Imaging Sites**
 - Springvale, Clayton
- **Proposed New South East Imaging Site –2008**
- **Bell Imaging Sites**
 -Nth Altona, Williamstown
 - Sydenham, StAlbans, Footscray
 - Keilor East
- **Bell Imaging Hospital Sites**
 -Sunshine, Williamstown
 -Kilmore (Rural – off map)

Strategic Rationale



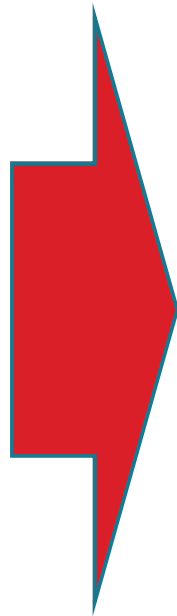
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- Radiology revenues rely largely on Medicare rebates, low out of pocket discretionary spending
- Industry consolidation over the last decade has provided several emerging opportunities:
 - Increasing lack of bulk billed services
 - Providers (particularly corporate's) charging increased gaps
 - Sonic has pathology but no radiology presence in Melbourne
- Executing a Geographic strategy (particularly in Melbourne) catering to above opportunities and areas underserved by corporate providers

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
- Take advantage of geographic opportunities
- Create greater leverage to fund growth through
- Focus on improving margins

Radiology Target Profile



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- Underserviced locations
- Locations where high “gap” is currently charged
- Independents lacking growth
- 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 operating profit before tax to the group of ~ 20% (ROS)

Management Budget



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(\$'000)	FY06/07 A	FY 07/08 F	Full Year R/R
Revenue	1,512	17,099	29,069
NPBT	(966)	1,945	5,646
NPAT*	(966)	1,145	3,952
EPS [^] cps	(1.72)	0.42	1.44
Shares on Issue#	56 m 10 m 2010 20c opt	274.27 m 20 m 2010 20c opt	274.27m 20 m 2010 20c opt

* 07/08 tax based on dental earnings historical tax position, thereby reducing total tax expense

[^] Undiluted Earnings in cents per share

Includes issue of 27.8 mill shares pursuant to this placement offer & issue of 7.5m shares as acquisition consideration

R/R –last quarter FY2007/08 annualised to better reflect full year impact of acquisition. Does not include other planned acquisitions

Proforma Balance Sheet



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	Consolidated Sept 07 (\$'000)	Consolidated Adjusted* (\$'000)	Sth East Imaging (\$'000)	Bell Imaging (\$'000)	Consolidated Proforma (\$'000)
Current Assets	416	1,182	-	-	1,182
Non Current Assets	2,484	1,707	550	1,631	3,888
Intangible Assets	14,786	14,573	3,240	3,151	20,964
Total Assets	17,686	17,462	3,790	4,782	26,034
Current Liabilities	510	510	-	500	1,010
Non Current Liabilities	1,728	2,692	1,090	2,533	6,315
Total Liabilities	2,238	3,202	1,090	3,033	7,325
Net Assets	15,448	14,260	2,700	1,749	18,709

* Adjusted includes current capital raising, use of debt facility, and sale of some dental assets.

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Outlook



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▣ Organic

- ▣ New clinic openings
 - ▣ “Moreland Radiology” opening in Brunswick (metro Melbourne) October 2007
 - ▣ New clinic planned to open in Melbourne’s West December 2007
- ▣ Growth from existing clinics
 - ▣ 3 of the 8 Radiology Group clinics acquired or opened since April 07

▣ Current Acquisitions

- ▣ Bell Imaging
- ▣ South East Imaging Acquisition

▣ Future Acquisitions

- ▣ Local tuck-in opportunities
- ▣ Larger groups divesting / splitting up radiology assets

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Placement Highlights



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	On Issue	Price	\$m's Raised
Ordinary Shares on Issue	239 m		
Placement Shares	27.8 m	\$0.09	\$2.5
Shares issued for acquisition	7.5 m	\$0.10	
Post Placement	274.3 m		\$2.5

Indicative Timetable



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Event	2007
• Request Trading Halt	21 November
• Book build	22-23 November
• Dispatch offers for Placement	23 November
• Acceptances received	26 November
• ASX announcement of Placement	26 November
• Lodge Prospectus with ASIC & ASX	30 November
• Settlement of Placement	30 November
• Allot Shares	30 November
• Quotation of Shares on ASX	5 December

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