

**ASX ANNOUNCEMENT**

**31 August 2015**

**Capitol announces further acquisition in NSW**

The Directors of Capitol Health Limited (ASX:CAJ, "Capitol") wish to advise that it has expanded its NSW radiology presence via the acquisition of Liverpool Diagnostics ("Liverpool"). The acquisition has an Enterprise Value of \$4.5 million plus \$1.5 million earn-out subject to significant revenue accretion being met in CY2016. The above acquisition is expected to be completed by mid-October 2015, subject to the normal conditions precedent being met.

Key transaction highlights include:

- Further inroads and market share in west Sydney, Liverpool has 5 imaging clinics building on the recent Southern Radiology, Eastern Radiology and Sydney Radiology acquisitions
- High quality radiologists, including Dr Mark Cohen, agreeing to long term employment commitments to Capitol
- FY14 revenue of ~\$7.2m and FY14 EBITDA of \$1.5m
- Capacity to expand into MRI, drive synergies and manage workflow by integrating into the existing NSW network
- Funded from existing and cash
- Immediately EPS accretive

Liverpool has four locations including Liverpool Diagnostics, Chester Hill, Bonnyrigg, Hammondville and Carnes Hill. It is a long established family owned and operated radiology group predominantly located in Western Sydney. Capitol's expansion into Western Sydney will continue to add scale to our NSW network, not only in geography but also in the exceptional quality of people that work at Liverpool Diagnostics.

Managing Director John Conidi commented, "I'm delighted that Dr Cohen chose to join the Capitol team. Liverpool Diagnostics was built on family principles and exceptional patient care, Capitol will work with Dr Cohen to improve systems that add further value to his customers and our shareholders. Liverpool Diagnostics is strategic in nature and complements the recently acquired Southern network. It will enable Capitol to expand its community MRI profile in the growing Western Sydney market."

Our NSW network is currently meeting our earnings expectations by being focussed on optimising resource allocation while expanding the reach of our clinical offering.

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Capitol Health Limited (ASX: CAJ) is an Australian public company providing medical diagnostic imaging (DI) services. It is the largest community based (non-hospital) DI provider within Victoria and is the only ASX-listed company operating exclusively in DI. The Company's objective is to build a leading primary healthcare business across Australia generating sustainable growth and profitability for shareholders whilst delivering a superior patient experience.