



CAPITOL COMPLETES DOCUMENTATION FOR ACQUISITION OF IMI DIAGNOSTIC IMAGING SITES

The Directors of Capitol Health Limited (Capitol) advise that documentation for the acquisition of the diagnostic imaging business of IM Medical Limited (ASX:IMI) (comprising 5 Clinics plus tele-radiology clients), as announced to the market on 25 March 2011, has been finalised and signed by all respective parties.

The remaining step is to receive formal approval from IMI shareholders for the transaction. This approval process is expected to be completed by August 2011.

As a result, Capitol will recognise the operating results for the acquisition in its consolidated financial results for FY 2010/11 from an effective date of 28 March 2011 - being the date Capitol took over managerial direction of the facilities.

In accordance with recent changes in accounting standards (AASB 3), the one-off acquisition expenses (comprising legal, professional adviser fees, business integration and transitional expenses) previously and normally capitalised as a cost of the transaction, are now required to be recognised in the Profit and Loss Statement as an operating expense. Therefore the acquisition will contribute a net loss to the overall consolidated FY 2010/11 result for Capitol. This loss will reduce but not offset the profit generated by the underlying operations of Capitol for that period.

The Directors confirm their previous guidance that the clinic network acquired as part of the transaction is forecast to positively contribute to the company's profit for the first full year of operations, barring unforeseen market conditions.

Capitol confirms it is in the process of compiling its financial year results for the 12 months to 30 June 2011, which are due to be released before 31 August 2011.

Authorised by:

John Conidi
Managing Director

14 July 2011