

Dear Shareholder,

This letter comes as an update for those Capitol Health shareholders who could not be in attendance at the recent Annual General Meeting on Monday 5 November 2012. For your added information, I also advise that the AGM Presentation is available on the ASX website under our ASX code "CAJ."

I am pleased to report that the strong momentum from an outstanding 2012 Financial Year has continued into Financial Year 2013 (FY2013) and that a number of institutional investors are now shareholders in the Company.

### **Strong momentum continues into Financial Year 2013**

To date, Capitol Health has an unblemished track record for delivering year-on-year profit growth and I am pleased to report that the trend has continued into the first four months of FY2013.

Underlying revenue for the four months to October-end FY2013 increased by 13% on the previous corresponding period – from \$17.2 million to \$19.4 million. Underlying Net Profit Before Tax (NPBT) totalled \$1.5 million for the four months to October-end FY2013 – a 25% increase on the previous corresponding period.

Capitol's continuing financial success is being driven by the Company's superior strategic positioning and robust commercial model.

In an economic climate where disposable income levels are under increasing pressure, Capitol's combined offering of quality service at bulk billing pricing is compelling. Furthermore, significant investment in IT over recent years has created an operating model which is low cost and highly scalable.

The impact of these advantages is clearly evident in our financial results through ongoing market share gains and expanding operating margins.

### **New institutional shareholders validate investment upside potential**

I am pleased to report that the Company's strong performance and investment potential is becoming increasingly recognised by institutional investors. From having no institutional investors as shareholders 12 months ago, these investors now account for almost 10 per cent of the Company's register.

I believe this provides a strong endorsement from highly sophisticated investors in the Company's significant upside potential.

### **Thank you**

Finally, I would like to thank all of our shareholders for their support during the 2012 Financial Year. The year ahead promises to be another exciting one for Capitol and I look forward to keeping you updated as events progress.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Conidi".

John Conidi  
**Managing Director**