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CAPITOL HEALTH
LIMITED
ABN 84 117 391 812

In compliance with Listing Rule 4.2A, the ASX Appendix 4D – Half Year Report and the Consolidated Interim Financial Report for the six months ended 31 December 2014 for the listed entity Capitol Health Limited (ASX: CAJ) follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2014.

Signed in accordance with a resolution of the Directors:



John Conidi
Managing Director
Dated at Melbourne, Victoria this 11th day of February 2015.

Appendix 4D
Half Year Report to the Australian Securities Exchange
Capitol Health Limited and Controlled Entities – ABN 84 117 391 812
Period ending 31 December 2014

The following information is provided to the ASX under listing rule 4.2A.3

1. Details of the reporting period and the previous corresponding period.

Reporting Period	6 Months ending 31 December 2014
Previous Corresponding Reporting Period	6 Months ending 31 December 2013

2. Results for announcement to the market

2.1 The amount and percentage change up or down from the previous corresponding period of revenue from the ordinary activities.

\$ Revenue from Ordinary Activities - current period	\$'000	49,385
\$ Revenue from Ordinary Activities - previous period	\$'000	43,326
\$ change in Revenue from Ordinary Activities	\$'000	6,059
% change from previous corresponding reporting period	% UP	14.0%

2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

\$ Profit (loss) from ordinary activities after tax - current period	\$'000	4,634
\$ Profit (loss) from ordinary activities after tax - previous period	\$'000	3,023
\$ change in profit (loss) from ordinary activities after tax	\$'000	1,611
% change from previous corresponding reporting period	% UP	53.3%

2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.

\$ Net profit (loss) attributable to members - current period	\$'000	4,634
\$ Net profit (loss) attributable to members - previous period	\$'000	3,023
\$ change in net profit (loss) attributable to members	\$'000	1,611
% change from previous corresponding reporting period	% UP	53.3%

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that is not proposed to pay dividends.

A Final Dividend was declared for the 6 months ending 30 June 2014.
The Final Dividend was declared at an amount of \$0.005 (Point five of one cent) per security.
The Final Dividend was fully franked.

An Interim Dividend has been declared for the 6 months ending 31st December 2014.
The Interim Dividend is declared at an amount of \$0.006 (Point six of one cent) per security.
The Interim Dividend is fully franked.

2.5 The record date for determining entitlements to the dividends (if any).

The Record Date for determining the entitlement to the Final Dividend was 26 September 2014.
The Record Date for determining the entitlement to the Interim Dividend is 27 March 2015.

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable figures to be understood.

Please refer to the Consolidated Interim Financial Report lodged with this Appendix 4D.

3. Net tangible assets per security with the comparative figure for the previous corresponding period.

Net tangible assets per security	Cents	9.607
Previous corresponding period	Cents	1.335

Appendix 4D
Half Year Report to the Australian Securities Exchange
Capitol Health Limited and Controlled Entities – ABN 84 117 391 812
Period ending 31 December 2014

4. Details of entities over which control has been gained or lost during the period, including the following.

4.1 Name of the entity.

None

4.2 The date if the gain or loss of control.

Not applicable

4.3 Where material to an understanding of the report-the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Not applicable

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign source dividend or distribution.

A fully franked Final Dividend was declared for the 6 months ending 30 June 2014. Final Dividend was declared at an amount of \$0.005 (Point five of one cent) per security. Final Dividend payable was \$2,155,901 on 431,180,115 securities on issue at Record Date. A total of \$221,901 of Final Dividend was converted into ordinary shares under the Company's Dividend Reinvestment Plan ("DRP"). All shareholders at Record Date were eligible to participate in the DRP. Record Date of the Final Dividend was 26 September 2014. Payment Date of the Final Dividend was 24 October 2014.

A fully franked Interim Dividend has been declared for the 6 months ending 31 December 2014. Interim Dividend is declared at an amount of \$0.006 (Point six of one cent) per security. Interim Dividend of \$3,133,681 is payable on 496,244,861 ordinary shares on issue as at Declaration Date of 11 February 2015 and 26,035,351 ordinary shares to be issued before record date under a Share Purchase Plan. All shareholders at Record Date are eligible to participate in the DRP. Record Date of the Interim Dividend is 27 March 2015. Payment Date of the Interim Dividend is 24 April 2015.

There is no foreign sourced dividend or distribution applicable to any of the above dividends.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

The shareholders of Capitol Health Limited approved a dividend reinvestment plan at a general meeting convened on 20 December 2011.

The last date for receipt of an election notice to participate in the dividend reinvestment plan in relation to the Interim Dividend declared is 10 April 2015.

7. Details of associates and joint venture entities including the following.

None

7.1 Name of the associate or joint venture entity.

Not applicable

7.2 Details of the reporting entity's percentage holding in each of these entities.

Not applicable

7.3 Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Not applicable

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Period ending 31 December 2014

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).

Not applicable

9. For all entities, if the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

The accounts are not subject to any modified opinion, emphasis of matter or other matter paragraph.

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CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Capitol Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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The Directors present their report together with the financial report of Capitol Health Limited (the "Company") and its controlled entities (the "Group"), for the half year ended 31 December 2014, and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during the half year and up to the date of this report are:

Mr John Conidi

Managing Director – Appointed 30 August 2007

Mr Andrew Demetriou

Non-Executive Director and Chairman - Appointed 17 November 2014

Mr Andrew Harrison

Non-Executive Director - Appointed 1 December 2005

Mr Dominik Kucera

Executive Director – Appointed 31 July 2008

Mr Steven Sewell

Non-Executive Director – Appointed 6 February 2008, Resigned 31 October 2014

2. RESULTS

The Group made a net profit after tax for the half year ended 31 December 2014 of \$4,634,028 (31 December 2013: profit \$3,022,682).

3. REVIEW OF ACTIVITIES

First half financial year 2014/15

The Directors are pleased to advise that the company experienced continued growth for the reporting period. As there was no contribution from any acquisition or any material change in operations and structure between the reporting and prior periods, the organic growth of 14% period on period was a substantial improvement over the general market rise in the value of all Medicare benefits paid of 8% for that same comparison.

With the real growth in MRI services being concentrated in the GP referral space, the company has not experienced any substitution effect in relation to alternate imaging services offered.

With a 48% growth in NPAT, which includes material acquisition expenses incurred to date relating to two disclosed acquisitions, the Directors are maintaining a close control on the expense base of the company to maximise the benefits obtained by top line growth in revenue.

During the course of the first half the company offered an institutional placement to provide finance for the major acquisition of Southern Radiology. The Directors advise that the placement, at a minor discount to the VWAP applicable to the offer, was well supported and over-subscribed. The Directors note that the large cash balance currently held will distort relative balance sheet ratios in the short term and as at balance date for this report. Additional to the placement, the company entered into a new debt funding facility with the National Australia Bank to assist with the acquisition of Southern Radiology and with another acquisition (Imaging @ Olympic Park) in the second half of the 2014/15 financial year.

With significant growth in the Group over the previous years and its rise into the ASX300 index, the Remuneration and Nomination Committee of the Board determined that an external review conducted by professional consultants of the remuneration packages offered to the Executive Directors was appropriate. The review and its consequent findings were adopted by the Company in the form of base salary package adjustments plus short and long term incentives.

Second half financial year 2014/15

As advised to the market, the above two acquisitions in train will contribute in some fashion to the groups' earnings over the course of the second half, however the exact timing is indeterminate for the Southern Radiology acquisition – with completion of the agreement not expected until approximately the end of March quarter or early April. Completion of the Imaging @ Olympic Park transaction has recently occurred. Due to the differing operational IT system utilised by both acquisitions it is expected that there will be some short term integration expenses that may impact on the remaining term of the financial year, but are covered by the annualised projections.

Second half financial year 2014/15 (cont'd)

It is expected that the groups' profit will be required to support further and substantial one-off acquisition costs for the above two acquisitions as they crystallise over time during the completion process.

The Directors note that the Share Purchase Plan to all existing shareholders, announced after the balance date of this report, has been overwhelmingly received and has substantially exceeded expectations.

4. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date the Company declared an interim dividend for the half year ending 31 December 2014 of \$0.006 per share (2013: \$0.004), with a maximum dividend payable subject to elections under the Company's Dividend Reinvestment Plan of \$3,133,681 (2013: \$1,723,199).

Subsequent to balance date the Company advised the execution of the formal agreement to acquire the business entities containing the diagnostic imaging operations of Imaging @ Olympic Park (Melbourne). Details of the acquisition have been subject to market disclosure. This acquisition was completed on 5 February 2015.

Subsequent to balance date the Company drew \$32,293,131 from the facility offered by the National Australia Bank to complete the acquisition of Imaging @ Olympic Park and to offset an existing facility with Westpac on 5 February 2015.

Subsequent to balance date the company announced a share purchase plan, available to all eligible shareholders, offered in parcels up to \$15,000 at a discount to the plan VWAP of 82.8 cents based on the previous 5 trading days of 7.5%. Gross proceeds from the plan were \$35,613,891 with reductions for payment dishonours, like-holder adjustments, over payments and scale-backs resulting in the issue of 26,035,351 ordinary shares in the company at an approximate value of \$19,943,079 (subject to rounding adjustments).

5. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 3 of the consolidated interim financial report and forms part of the Directors report for the half year ended 31 December 2014.

Signed in accordance with a resolution of the Directors:



John Conidi
Managing Director

Dated at Melbourne, Victoria this 11th day of February 2015.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Capitol Health Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS



R B MIANO
Partner

Dated: 11 February 2015
Melbourne, Victoria

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Continuing Operations			
Revenue	4	48,526,612	42,541,948
Other Income	5	857,923	784,200
Employee & Contractor benefits expense		(26,539,778)	(24,953,804)
Equipment-related expense		(3,054,828)	(3,336,088)
Occupancy expense		(3,459,506)	(3,048,108)
Consumables expense		(1,811,293)	(1,820,415)
Telecommunications expense		(755,839)	(712,068)
Management fees		(965,055)	(430,636)
Computer IT & support expense		(624,484)	(574,882)
Insurance expense		(321,633)	(288,082)
Impairment of assets		(15,037)	(1,993)
Borrowing expense		(455,177)	(425,330)
Acquisition expense		(805,461)	-
Depreciation & amortisation expense		(1,941,807)	(1,668,650)
Other expenses		(2,104,284)	(1,747,975)
Profit before income tax		<u>6,530,353</u>	<u>4,318,117</u>
Income tax on continuing operations		(1,896,325)	(1,295,435)
Profit from continuing operations		<u>4,634,028</u>	<u>3,022,682</u>
Total comprehensive income for the period		<u>4,634,028</u>	<u>3,022,682</u>
Profit for period attributable to owners of the parent		<u>4,634,028</u>	<u>3,022,682</u>
Total comprehensive income for the period attributable to owners of the parent		<u>4,634,028</u>	<u>3,022,682</u>
Earnings per share (cents)			
Total earnings for the period		0.99	0.70

There is no material difference between basic and diluted earnings per share

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		48,488,376	9,119,541
Trade and other receivables		1,945,829	2,264,082
Financial assets held to maturity		136,478	136,103
Other assets		796,719	612,624
Total Current Assets		51,367,402	12,132,350
<u>NON-CURRENT ASSETS</u>			
Other financial assets	6	281,288	276,833
Property, plant & equipment		22,541,349	17,578,663
Intangible assets	7	30,223,473	30,223,473
Deferred tax assets		2,019,613	1,956,831
Total Non-Current Assets		55,065,723	50,035,800
TOTAL ASSETS		106,433,125	62,168,150
<u>CURRENT LIABILITIES</u>			
Loans and borrowings		3,911,499	3,094,899
Trade and other payables		4,350,442	4,399,863
Employee benefits		5,208,897	4,927,326
Income tax liability		685,416	1,002,952
Total Current Liabilities		14,156,254	13,425,040
<u>NON-CURRENT LIABILITIES</u>			
Loans and borrowings		12,743,193	8,399,027
Employee benefits		895,799	941,584
Deferred tax liabilities		737,728	737,728
Total Non-Current Liabilities		14,376,720	10,078,339
TOTAL LIABILITIES		28,532,974	23,503,379
NET ASSETS		77,900,151	38,664,771
<u>EQUITY</u>			
Issued capital	9	68,299,103	31,541,850
Retained earnings		9,601,048	7,122,921
Equity attributable to owners of the parent		77,900,151	38,664,771
TOTAL EQUITY		77,900,151	38,664,771

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
for the half year ended 31 December 2014

	Note	31 December 2014 \$	31 December 2013 \$
Cash flows from/(used in) operating activities			
Cash receipts in the course of operations		49,886,884	43,200,826
Cash payments in the course of operations		(39,569,423)	(37,781,561)
Interest received	5	140,643	59,231
Interest paid		(455,177)	(425,330)
Net income tax paid		(2,213,861)	(1,463,965)
Net cash from operating activities		<u>7,789,066</u>	<u>3,589,201</u>
Cash flows from/(used in) investing activities			
Payments for non-current assets		(2,090,421)	(942,581)
Payment for other financial asset		(4,455)	-
Net cash used in investing activities		<u>(2,094,876)</u>	<u>(942,581)</u>
Cash flows from/(used in) financing activities			
Proceeds from the issue of share capital	9	37,542,002	-
Payment of share issue costs	9	(1,040,126)	-
Payment of dividend	10	(1,934,000)	(1,154,628)
Payment for leasing arrangements		(1,893,231)	(1,328,304)
Proceeds from secured loans from external entities	12	1,500,000	-
Repayment of secured loans to external entities		(500,000)	(500,000)
Net cash from/(used in) financing activities		<u>33,674,645</u>	<u>(2,982,932)</u>
Net increase/(decrease) in cash and cash equivalents		<u>39,368,835</u>	<u>(336,312)</u>
Cash and cash equivalents at 1 July		<u>9,119,541</u>	<u>6,126,610</u>
Cash and cash equivalents at period end		<u>48,488,376</u>	<u>5,790,298</u>

All amounts disclosed in the consolidated interim statement of cash flows are inclusive of GST where applicable.

The consolidated interim statement of cash flows is to be read in conjunction with the accompanying notes.

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CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2014

		Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance as at 30 June 2014		31,541,850	7,122,921	38,664,771
Profit for the period		-	4,634,028	4,634,028
Total comprehensive income		-	4,634,028	4,634,028
<i>Transactions with equity holders in their capacity as equity holders</i>				
Shares issued externally	9	37,542,002	-	37,542,002
Shares issued through DRP	9	221,901	(221,901)	-
Share issue costs (net of GST)	9	(1,006,650)	-	(1,006,650)
Dividends paid	10	-	(1,934,000)	(1,934,000)
Total transactions with equity holders		36,757,253	(2,155,901)	34,601,352
Balance as at 31 December 2014		68,299,103	9,601,048	77,900,151
Prior Comparative Period				
Balance as at 30 June 2013		31,200,739	2,904,547	34,105,286
Profit for the period		-	3,022,682	3,022,682
Total comprehensive income		-	3,022,682	3,022,682
<i>Transactions with equity holders in their capacity as equity holders</i>				
Shares issued through DRP	9	136,669	(136,669)	-
Dividends paid	10	-	(1,154,628)	(1,154,628)
Total transactions with equity holders		136,669	(1,291,297)	(1,154,628)
Balance as at 31 December 2013		31,337,408	4,635,932	35,973,340

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

1. REPORTING ENTITY

Capitol Health Limited (the "Company") is a company incorporated and domiciled in Australia. Capitol Health Limited is a company limited by shares which are publicly traded on the Australian Securities Exchange. The consolidated interim financial report of the Company for the half year ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at 30 June 2014 is available upon request from the Company's registered office or may be viewed on the Company's website : www.capitolhealth.com.au.

2. BASIS OF PREPARATION

This consolidated interim financial report is a general purpose financial report prepared in accordance with the Australian Accounting Standard AASB 134 Interim Financial Reports and the *Corporations Act 2001*. This consolidated interim financial report is prepared on the accruals basis and the historical cost basis.

The consolidated interim financial report does not include all of the information required for a full financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2014. It is also recommended that the consolidated interim report be considered together with any public announcements made by the Group during the six months ended 31 December 2014 in accordance with continuous disclosure obligations under the Corporations Act 2001 and ASX listing rules.

The same accounting policies and methods of computation have been followed in this interim consolidated financial report as compared to the most recent annual financial report, save for the adoption of the straight-line method of depreciation for all assets acquired from 1 July 2014, which management has assessed as better reflecting the pattern in which these assets future economic benefits are expected to be generated. This is allowed for under Note 1 (d) (ix) of the Company's Accounting Policies as stated in the annual report for the year ended 30 June 2014.

The effect of the adoption of the straight-line method of depreciation over the prior methodology has been an insignificant effect in the consolidated interim statement of financial position as at 31 December 2014 and in the consolidated interim statement of profit or loss and other comprehensive income for the half year ended on that date.

There has been no change to the estimated useful life of any relevant asset class.

The consolidated interim financial report was approved by the Directors on 11th February 2015.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing the consolidated interim financial report, the significant judgements made by management in applying the Groups' accounting policies and the key source of estimation uncertainty were those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

	31 December 2014	31 December 2013
	\$	\$
4. REVENUE		
Services rendered	<u><u>48,526,612</u></u>	<u><u>42,541,948</u></u>

	31 December 2014 \$	31 December 2013 \$
5. OTHER INCOME		
Interest income	140,643	59,231
Other services	572,258	586,880
Miscellaneous income	145,022	138,089
	<u>857,923</u>	<u>784,200</u>

	31 December 2014 \$	30 June 2014 \$
6. OTHER FINANCIAL ASSETS		
Investment in un-listed entity	<u>281,288</u>	<u>276,833</u>

As at 31 December 2014, the above investment in an equity instrument is carried at cost (30 June 2014: carried at cost) as its fair value could not be measured reliably. Neither as at 31 December 2014 nor as at 30 June 2014 was there an active market for this investment.

7. INTANGIBLES

Balance at the beginning and the end of the period	<u>30,223,473</u>	<u>30,223,473</u>
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8. BUSINESS COMBINATIONS

(i) Acquisition of corporate entities

No acquisition of a corporate entity was executed or completed during the reporting period.

An acquisition of the corporate entities comprising the operation of Imaging @ Olympic Park was executed subsequent to Balance Date but prior to the date of this report. Refer to Note 15.

(ii) Acquisition of business assets

In December 2014 the Company executed an agreement to acquire the business assets of Southern Radiology. As at the date of this report the acquisition had not settled or completed. Details of the acquisition have been subject to market disclosure. This acquisition will be funded by cash raised through the proceeds of a share issue and debt. As at 31 December 2014 the cash proceeds (net of acquisition and equity related costs to balance date, including GST) of \$35,618,259 have been included in the Cash and cash equivalents balance in the consolidated interim statement of financial position.

No other acquisition of a business asset was executed or completed during the reporting period.

	31 December 2014 \$	30 June 2014 \$
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9. ISSUED CAPITAL AND RESERVES

Issued capital

496,244,861 (30 June 2014: 431,180,115) fully paid ordinary shares	<u>68,299,103</u>	<u>31,541,850</u>
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The following movements in issued capital occurred during the year:

	31 December 2014 Number of Shares	31 December 2014 \$	30 June 2014 Number of Shares	30 June 2014 \$
Balance at the beginning of the period	431,180,115	31,541,850	430,432,121	31,200,739
Issue of shares for acquisition	64,727,590	37,542,002	-	-
Dividend reinvestment plan	337,156	221,901	747,994	344,909
Share issue costs (net of GST)	-	(1,006,650)	-	(3,798)
Balance at the end of the period	<u>496,244,861</u>	<u>68,299,103</u>	<u>431,180,115</u>	<u>31,541,850</u>

The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Options

No options for ordinary shares of the company were granted during the period or were unissued at balance date.

10. DIVIDENDS

Dividend Reinvestment Plan ("DRP")

The Company's DRP is currently active and available to all eligible shareholders

Total dividends paid on ordinary shares during the period

Final dividend for the year ended 30 June 2014 of \$0.005 (2013: \$0.003) per share paid on 24 Oct 2014, fully franked;

	31 December 2014 \$	31 December 2013 \$
Final dividend	<u>2,155,901</u>	<u>1,291,296</u>

The final dividend for the year ended 30 June 2014 was based on 431,180,115 ordinary shares on issue at record date (2013: 430,432,121). Dividend converted into ordinary shares under the DRP was \$221,901 for 337,156 shares at an issue price of \$0.659 (2013: \$136,669, 367,672, \$0.372).

Dividends not recognised at period end

In addition to the above dividend, since the end of the half year the Directors have declared an interim dividend of \$0.006 per share (2013: \$0.004) fully franked. The aggregate maximum amount of interim dividend based on the ordinary shares on issue at the date of this report and the allotment of shares resulting from the operation of a share purchase plan to be paid out of retained profits at the end of the half year, subject to any DRP election, but not recognised as a liability is:

Interim dividend	<u>3,133,681</u>	<u>1,723,199</u>
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11. SEGMENT INFORMATION

Business segments

The Group comprises the single business segment of the acquisition and operation of diagnostic imaging facilities.

Geographic segments

The diagnostic imaging segment operates from the single geographic segment of Australia. The segment is defined by the national registration available for diagnostic imaging. Given the data transmission infrastructure and techniques employed by the segment, further sub-division of the geographic area is deemed unnecessary.

Segment results

As the Group operates in a single business and geographic segment, no disclosure in this note is required.

12. BORROWINGS

During the half year ended 31 December 2014 the Group redrew \$1,500,000 on the secured bank loan component of its corporate facility with the Westpac Banking Corp Corporation (2013: \$Nil).

13. SHARE-BASED PAYMENTS

The Company operates an incentive scheme known as the Capitol Health Limited Incentive Option Scheme ("Scheme") approved at the general meeting held on 30 December 2005.

As at 31 December 2014 there were no options issued, on issue, exercised or expired under the Scheme during the period (2013: Nil).

14. CONTINGENCIES

Contingent liabilities

a. Rental Guarantees

The Group has an obligation to provide rental property guarantees when requested by the owners of rented premises which may be classed as a contingent liability unless supported by value for value specific deposits. As at 31 December 2014 rental guarantees not supported by a dedicated deposit totalled \$594,038 (30 June 2014: \$594,038).

b. Credit Cards

The Group has a contingent liability for expenses incurred on Corporate Credit cards that may not be recorded on banking statements at year end. The maximum extent of liability at 31 December 2014 is \$56,783 (30 June 2014: \$111,021).

15. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to balance date the Company declared an interim dividend for the half year ending 31 December 2014 of \$0.006 per share (2013: \$0.004), with a maximum dividend payable subject to elections under the Company's Dividend Reinvestment Plan of \$3,133,681 (2013: \$1,723,199).

Subsequent to balance date the Company advised the execution of the formal agreement to acquire the business entities containing the diagnostic imaging operations of Imaging @ Olympic Park (Melbourne). Details of the acquisition have been subject to market disclosure. This acquisition was completed on 5 February 2015.

Subsequent to balance date the Company drew \$32,293,131 from the facility offered by the National Australia Bank to complete the acquisition of Imaging @ Olympic Park and to offset an existing facility with Westpac on 5 February 2015.

Subsequent to balance date the company announced a share purchase plan, available to all eligible shareholders, offered in parcels up to \$15,000 at a discount to the plan VWAP of 82.8 cents based on the previous 5 trading days of 7.5%. Gross proceeds from the plan were \$35,613,891 with reductions for payment dishonours, like-holder adjustments, over payments and scale-backs resulting in the issue of 26,035,351 ordinary shares in the company at an approximate value of \$19,943,079 (subject to rounding adjustments).

DIRECTORS' DECLARATION

In the opinion of the Directors of Capitol Health Limited:

- (a) the financial statements and notes thereto contained in the Directors' Report, set out on pages 1 to 11, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2014 and their performance for the financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



John Conidi

Managing Director

Dated at Melbourne, Victoria this 11th day of February 2015.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CAPITOL HEALTH LIMITED

We have reviewed the accompanying half-year financial report of Capitol Health Limited ("the consolidated entity"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Capitol Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Capitol Health Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Capitol Health Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half- year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM BIRD CAMERON PARTNERS



R B MIANO
Partner

Dated: 11 February 2015
Melbourne, Victoria