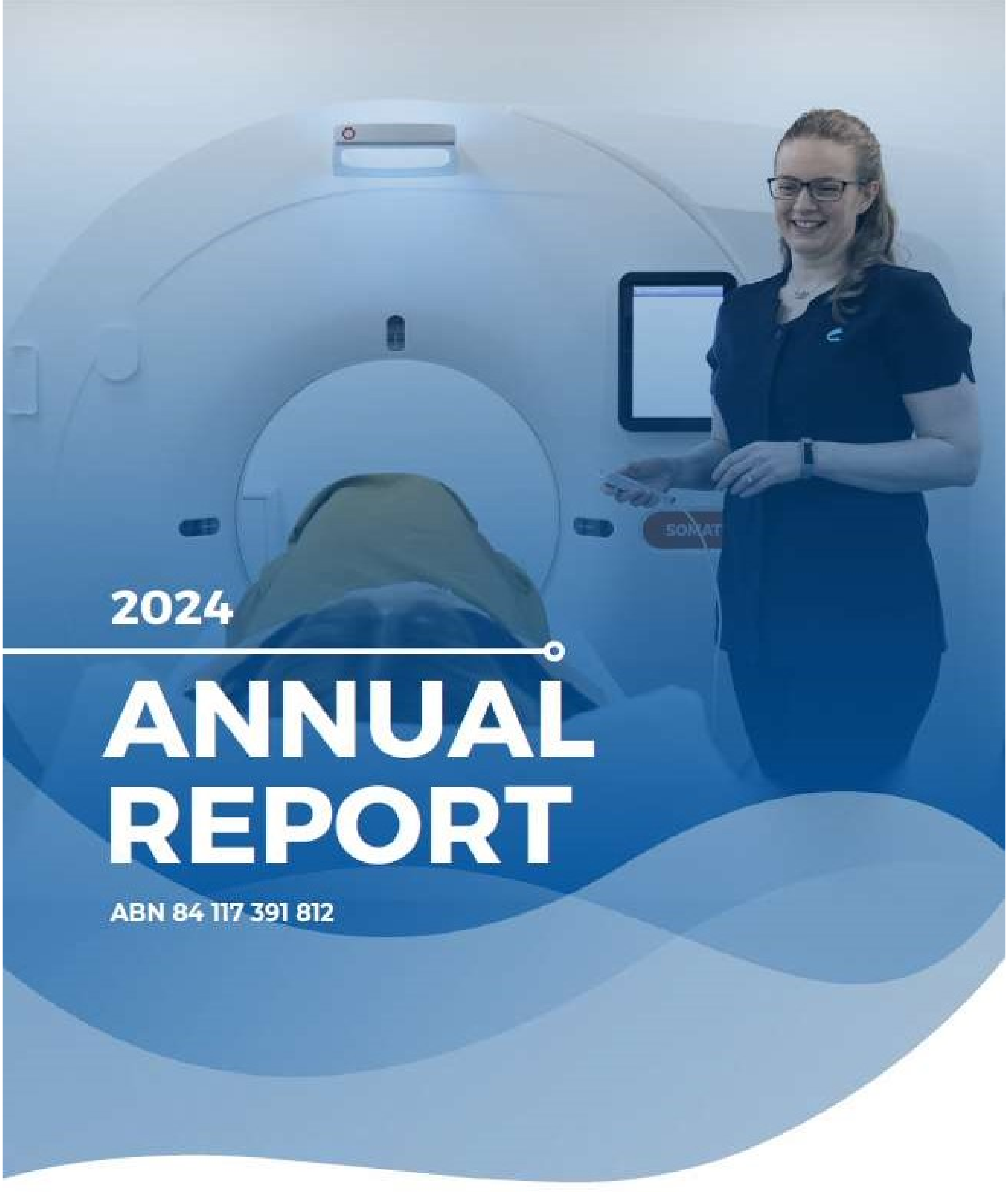


2024

ANNUAL REPORT

ABN 84 117 391 812

CAPITOL HEALTH LIMITED

Content

Corporate Directory

Directors

Mr Andrew Demetriou	–	Chairman and Non-Executive Director
Mr Justin Walter	–	Managing Director and Chief Executive Officer
Mr Richard Loveridge	–	Non-Executive Director
Ms Laura McBain	–	Non-Executive Director
Dr Kevin Shaw	–	Non-Executive Director

Company Secretary

Ms Melanie Leydin – Company Secretary

Principal Place of Business and Registered Office

Level 2, 288 Victoria Parade, East Melbourne, Victoria, 3002

Telephone: +61 (03) 9348 3333

Auditor

Deloitte Touche Tohmatsu
477 Collins Street, Melbourne, Victoria, 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067

Telephone: +61 (03) 9415 5000 / 1300 787 272

Stock Exchange

ASX Limited
Level 4, Rialto North Tower, 525 Collins Street, Melbourne, Victoria, 3000

ASX Code: CAJ

Dear Fellow Shareholders,

On behalf of the Board of Directors of Capitol Health Limited ("Capitol Health" or "the Company"), I am pleased to present our 2024 Annual Report.

FY24 has been another successful year for Capitol Health, which has been highlighted by strong revenue and operating EBITDA growth at an improved margin. Highlights for the year ended 30 June 2024 include:

- Total revenue of $234.8 million, an increase of 12.0% or $25.2 million on the previous corresponding period "(pcp")
- Organic revenue growth of 8.0% (excluding extra 4-months of revenue from FMIG in FY24)
- Operating EBITDA of $49.3 million, up 22.6% on pcp
- Net loss after tax of $14.8 million ($11.6 million loss pcp)
- Underlying net profit after tax ("NPAT") of $11.0 million ($8.8 million pcp)
- Strong balance sheet with cash at bank of $24.1 million and net operating leverage of 1.87x
- Announced proposed merger with Integral Diagnostics Limited ("Integral" or "IDX")

The Company continues to perform strongly. The Capitol Health team has also developed its next four-year strategic plan to deliver across FY25 – FY28. This plan will build on the successes delivered to date and further enhance Capitol Health's standing in the private diagnostic imaging sector.

On 17 June 2024 the Company announced that it had entered into a process and exclusivity deed in relation to a proposed merger with IDX. On 18 July 2024, following a confirmatory due diligence process, the Company announced that it had entered into a merger implementation deed ("MID") with IDX in relation to the proposed merger. The proposed merger remains subject to regulatory approvals, approval by Capitol shareholders and the court and other customary conditions. The Capitol Health Board of Directors unanimously recommend that Capitol shareholders vote in favour of the proposed merger at the scheme meeting, in the absence of a superior offer and subject to an independent expert concluding and continuing to conclude that the proposed merger is in the best interests of Capitol shareholders. If approved, the merger of Capitol Health and IDX will create the second-largest private diagnostic imaging provider in Australasia and largest pure-play ASX-listed diagnostic imaging company.

Capitol Health remains committed to its valued patients and referrers, its dedicated cohort of staff and clinicians, and its shareholders. The Company will continue to invest in new equipment and improve its service offerings to referrers and patients, capabilities and attractiveness for staff recruitment and retention.

On behalf of the Board, I would like to thank our valued radiologists, clinical specialists and staff for their continued efforts and commitment to outstanding patient care, our patients who put their trust in Capitol Health, and our extensive referrer network who continue to support our clinics. In particular, I would like to acknowledge the outstanding management and leadership provided by our Managing Director and CEO Justin Walter in delivering the Company's strategic plan, whilst also guiding the Company through several challenging years impacted by the Covid-19 pandemic and macro-economic headwinds. The Company is now positioned to deliver continued shareholder value, growth and development opportunities for our valued workforce, and continued quality clinical care to our patients and referrers through the proposed merger.

In addition, I would like to thank my fellow Board members and the executive leadership team for their valued contribution to the Company, and our shareholders for their continued support.

Regards

Andrew Demetriou
Chairman
Melbourne, Victoria
22 August 2024

Managing Director and Chief Executive Officer's Review

Dear Shareholders,

Over the last year the medical imaging industry has been slowly recovering from the longer-term impacts of the COVID-19 pandemic with all sector participants facing the common challenges of workplace disruptions, workforce shortages, higher cost-of-living conditions, and inflationary macro-economic pressures. Key market data has pointed to a gradual return to higher General Practitioner (GP) attendances, particularly in-person visits, and diagnostic imaging volumes. The Federal Government has recognised the importance of further supporting our GP network and increased GP bulk billing incentives from November 2023.

Given the market and economic challenges, the Capitol Health team's unwavering focus on delivering superior patient care and improving operating efficiencies has delivered a FY24 financial performance highlighted by strong revenue growth of 12.0% and operating EBITDA growth of 22.6% at an improved margin of 21.0%.

The continued investment in our strategic plan and service delivery has enhanced Capitol Health's recognition as a destination employer. During FY24 we were pleased to attract many new highly-skilled radiologists and clinical team members, and progressed a number of retention and training initiatives which will underpin our on-going patient care. Further, we launched important programs that will embed Capitol Health's values in our day-to-day operations, including our diversity and inclusion framework, and our environmental/social governance baselining.

FY24 was the final year of the transformational strategic plan launched at our Annual General Meeting in FY20. In the last four years the Company has re-set its vision, established and imbedded company values, enhanced its reputation for excellence in patient clinical care and established itself as a destination employer.

During that four-year period the Company has grown revenue and operating EBITDA by annual compound growth rates of 11% and 8% respectively, strengthened its balance sheet, and shifted towards large MRI comprehensive centres. This growth has been driven by both organic initiatives and strategic business acquisitions which have added scale, geographic diversification and expanded clinical capability to deliver excellent service to our patients and referrers.

Finally, the execution of this transformational strategy was only possible through the hard work and dedication of our loyal radiologists, clinic staff and support teams. Together with our Board of Directors, we have worked as one team to deliver value for our shareholders. It has culminated in the Company announcing on 17 July 2024 that it had entered into a merger implementation deed in relation to a proposed merger with IDX, and the merger remains subject to court, shareholder and regulatory approval. This is a significant milestone in our Company's trajectory, made possible by all our valued employees and contractors. Thank you to everyone who has played their role.

Regards

Justin Walter
Managing Director & Chief Executive Officer
Melbourne, Victoria
22 August 2024

The Directors of Capitol Health Limited ("Capitol Health", "Company" or "Parent Entity") present their Report together with the Financial Statements of Capitol Health and its controlled entities (the "Group") for the financial year ended 30 June 2024, and the auditor's report thereon.

Directors

The Directors of Capitol Health at any time during or since the end of the financial year are:

Mr Andrew Demetriou

Chairman and Non-Executive Director

Mr Demetriou was Chief Executive Officer of the Australian Football League. He was the Managing Director of the Ruthinium Group, a dental implant business, and he currently remains a Board member. Mr Demetriou has also served as Non-Executive Chairman of the Baxter Group, is a former Chairman of the Australian Multicultural Advisory Council and served two years on the Referendum Council on behalf of the Federal Government for Indigenous Recognition in the Constitution. Mr Demetriou was also the Chairman of Board of Management of Cox Architecture and a Director of Crown Resorts Limited.

Mr Justin Walter

BN (Hons), MPH

Managing Director and Chief Executive Officer

Mr Walter has a wealth of over thirty-five years experience in healthcare across public and private hospitals, GP and allied health clinics and consulting, along with strong management and leadership skills. Prior to joining Capitol Health, Mr Walter was Managing Director of ASX listed healthcare company Zenitas Healthcare and has held senior roles managing hospitals for Healthscope and Spotless Group's health business.

Other than Zenitas Healthcare Ltd, Mr Walter has not served as a director of any other listed company in the past five years.

Mr Richard Loveridge

BCom, LLB, Grad Dip App Fin

Non-Executive Director

Mr Loveridge served as a partner in the Corporate Group of Herbert Smith Freehills for more than twenty years and was Managing Partner of their National Corporate Group for five years. Mr Loveridge's experience includes capital raisings, mergers and acquisitions, joint ventures, shareholder agreements, company reorganisations and corporate head office and advisory matters.

Mr Loveridge holds a Bachelor of Commerce and a Bachelor of Laws from the University of Melbourne, along with Graduate Diploma in Applied Finance from the Securities Institute of Australia. He was admitted as a Barrister and Solicitor to the Supreme Court of Victoria in 1988. He is also a council member of Scotch College in Melbourne, Chairperson of Council of Ormond College (a residential college affiliated with the University of Melbourne) and Chairperson of Diabetes Victoria.

Mr Loveridge was also a director of Powerwrap Limited.

Ms Laura McBain
BCom

Non-Executive Director

Ms McBain has extensive leadership experience having held roles of Managing Director at Bellamy's Australia Limited, Managing Director of Maggie Beer Holdings Limited and Interim Managing Director of Lark Distilling Ltd. She is currently a Non-Executive Director of Lark Distilling Ltd and served as its Interim Managing Director and CEO.

Ms McBain was Telstra Tasmanian Businesswoman of the Year in 2013 and Telstra Australian Businesswoman of the Year for 2013 (Private and Corporate). She holds a Bachelor of Commerce, completed the Institute for Management Development Leadership Challenge in 2013 and completed the CEIBS-Wharton-IESE Business School Global CEO Program in 2017.

Ms McBain is a Non-Executive Director for the Tasmanian Government entity Tasmanian Irrigation Pty Ltd and Tasmanian Football Club AFL Limited. She was formerly a Director of Export Finance Australia.

Dr Kevin Shaw
MBBS, FRANZCR

Non-Executive Director

Dr Shaw is a highly qualified radiologist with subspecialty training in neuroradiology and musculoskeletal imaging. He is the current Director of Radiology at Barwon Health. He obtained his medical degree from Monash University in 2006 and completed his radiology training at Royal Melbourne Hospital.

Dr Shaw is a Clinical Professor at Deakin Medical School. He is a past examiner for the Royal Australian and New Zealand College of Radiologists ("RANZCR") and previously sat on the College's Anatomy Exam Review Panel. He has been an MRI Clinical Reviewer for the College since 2014. Dr Shaw currently sits on the Medical Advisory Committee, Technology/Clinical Practice Committee, and Mortality Committee at Barwon Health, as well as the Medical Imaging Advisory Board at Deakin University. He is a councillor for Australian Medical Association Victoria as the State Representative for RANZCR.

Company Secretary

Ms Melanie Leydin
BBus (Acc. Corp Law) CA
FGIA

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law (Swinburne University). She is a member of the Chartered Accountants Australia and New Zealand ("CAANZ"), Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin was the principal of Leydin Freyer from February 2000 to October 2021 until it was acquired by Vistra in November 2021. Ms Leydin is now Vistra Australia's Managing Director and Regional Managing Director. Vistra is a prominent provider of governance, compliance, finance and accounting solutions in the funds management, corporate, capital markets and private wealth sectors.

Ms Leydin has over thirty years' experience in the accounting profession and over twenty years' experience holding Board positions including Company Secretary and CFO of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings, and shareholder relations.

Directors' Meetings

Committee Membership

As at the date of the report, Capitol Health had a People, Culture & Sustainability Committee ("PCSC") and an Audit & Risk Committee ("ARC"). Members acting on the committees of the Board during the financial year were:

People, Culture & Sustainability Committee	Audit & Risk Committee
Mr A Demetriou (Chair)	Mr R Loveridge (Chair)
Mr R Loveridge	Ms L McBain
Ms L McBain	Dr K Shaw

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of Capitol Health during the financial year are:

	Board[1)]		Audit & Risk Committee		People, Culture & Sustainability Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr A Demetriou	17	17	-	-	4	4
Mr J Walter	17	17	-	-	-	-
Ms R Loveridge	17	17	4	4	4	4
Ms L McBain	17	17	4	4	4	4
Dr K Shaw	17	17	4	4	-	-

[1)]Board meetings include six single-purpose meetings held in respect of the proposed merger with IDX.

Interests in Shares and Performance Rights of the Company and Related Bodies Corporate

As at the date of this report, the interests of the Directors in the shares and performance rights of Capitol Health were:

Director	Ordinary Shares	Performance Rights
Mr A Demetriou	200,000	-
Mr R Loveridge	656,364	-
Mr J Walter	4,672,145	5,012,530
Ms L McBain	115,000	-

Dividends

Capitol Health has been paying dividends on a biannual basis since they were reinstated by the Board in 2018. The payment of dividends, while subject to corporate, legal and regulatory considerations, are expected to continue in future years. The Company has a franking account balance of $3.4 million on 30 June 2024.

Dividends Declared on Ordinary Shares	Cents	$000
Dividends accounted for in FY24		
FY24 interim dividend (declared and paid)	0.5	5,329
FY23 final dividend (declared and paid)	0.5	5,329

All dividends paid in the year were fully franked.

The FY24 final dividend is expected to be declared on 27 August 2024 in accordance with the MID. Refer Events Subsequent to Balance Date section.

Dividend Reinvestment Plan ("DRP")

The Capitol Health DRP was suspended prior to declaration of the 2019 financial year interim dividend. The DRP has remained suspended since that time and will not apply to the FY24 final dividend (if declared).

Operating and Financial Review

Principal Activities

Capitol Health Limited (ASX: CAJ) is a leading provider of diagnostic imaging modalities and related services to the Australian healthcare market. Headquartered in Melbourne, it operated 65 clinics throughout Victoria, Tasmania, Western Australia, and South Australia in the year ended 30 June 2024. While trading primarily under its flagship brand, Capital Radiology, it also trades as Imaging@Olympic Park, Radiology Tasmania, Fowler Simmons Radiology, Womens' Imaging, Direct Radiology and Future Medical Imaging Group ("FMIG").

As a community focused company our clinics are predominantly suburban rather than hospital based. This allows a priority of service to our referrers and patients. Capitol Health provides a wide range of diagnostic imaging services with revenue primarily generated through X-Ray, Ultrasound, Computed Tomography ("CT') and Magnetic Resonance Imaging ("MRI") modalities. Our specialty services include a focus on women's imaging, cardiac imaging and musculoskeletal imaging. Additional offerings include interventional radiology, nuclear medicine, mammography, bone densitometry, and other diagnostic imaging related services.

Our market position allows us to meet consumer demand from patients, general practitioners, allied health professionals and medical specialists by conducting more than 1.5 million examinations annually. Capitol Health both employs and contracts over 1,000 people in the delivery of our services which includes over 100 specialist radiologists.

The operational focus of Capitol Health continues to be on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Financial Performance

The summary income statement below outlines the consolidated operating results of the Group and reconciliation to its statutory results.

Summary Income Statement	**2024 $m**	2023 $m	Change %
Revenue from ordinary activities	**234.8**	209.6	12.0
Loss after income tax	**(14.8)**	(11.6)	(27.6)
Add back significant items[1]:			
Transaction costs	2.8	1.6	
Unrealised foreign exchange loss/(gain)	0.1	(0.4)	
Movement in fair value of investments	0.6	17.6	
Impairment of non-current assets	2.3	2.1	
Movement in fair value of other financial liabilities	20.6	(0.3)	
Tax on significant items	(0.6)	(0.2)	
Underlying NPAT[2]	**11.0**	8.8	25.0
Add back:			
Depreciation and amortisation	27.0	24.9	
Net finance costs	7.4	5.1	
Income tax expense	3.9	1.4	
Operating EBITDA[2]	**49.3**	40.2	22.6
Operating margin (operating EBITDA/revenue)	*21.0%*	19.2%	

[1]Details on the nature of significant items are set out in set this Operating and Financial Review.

[2]Operating EBITDA and underlying NPAT are non-IFRS measures and have not been subject to audit by the Group's external auditors. Operating EBITDA is determined as profit before depreciation and amortisation, net finance costs, income tax and prior to significant non-operating items including changes in fair value of financial assets and liabilities, impairment of non-current assets, transaction and restructure costs, and unrealised foreign exchange gain/(loss). Underlying NPAT is statutory NPAT adjusted for significant non-operating items.

The operating results for FY24 reflect the continued delivery of initiatives aligned to the Group's strategic pillars.

The business was successful in growing revenue from ordinary activities to $234.8 million, representing a 12.0% increase on the pcp. Revenue growth was driven by the full year contribution of FMIG (acquired November 2022), indexation of Medicare benefits for most imaging services, opening of our new MRI-comprehensive clinic at Sunshine Private Hospital and the investment in additional and replaced MRI services. Organic revenue, which excludes the impact in FY24 of the extra four months from FMIG, was 8.0% on pcp.

Revenue for the year also reflected the closure of small unprofitable sites with activities consolidated into larger nearby clinics, and the cessation of low margin services.

Throughout the financial year diagnostic imaging industry volumes have improved with the Group continuing to provide important healthcare services to the communities in which we operate while ensuring our people are supported.

The Company's focus on driving profitable revenue growth through workforce planning, cross-geography service capability and operating efficiencies (procurement strategies and common work processes) has delivered operating EBITDA of $49.3 million at a margin of 21.0%. This represents a margin expansion of 1.8% on pcp which was achieved through increased scale, market-based remuneration structures and maintenance of a fit-for-purpose cost base.

Notwithstanding the ability of the business to deliver profitable revenue growth, it continued to experience challenges to its revenue and the provision of services due to unplanned staff absenteeism internally and across its referrer network (commonly experienced across the industry), constraints within GP networks due to patient access and cost, and availability of skilled clinical staff in certain locations.

The business has focused on improving its Operating EBITDA through prudent management of its fixed expenses and a strong focus on transitioning costs where possible to variable. Direct and indirect personnel costs are the largest cost category for the Group and is managed by maintaining market aligned remuneration structures which provide for base payments and variable components linked to revenue and other key operating metrics. During the year the Group experienced increased personnel costs due to variable remuneration linked to revenue growth, state government payroll tax and WorkCover surcharges, increased superannuation guarantee contributions, annual wage reviews and recruitment costs, especially in the area of specialist medical staff and support office functions.

The Company undertook a group-wide procurement review in the period and implemented several initiatives which delivered improved financial and service outcomes, and cost control processes for the business across certain cost categories. The full benefit of these initiatives will be evidenced in FY25 and future periods. Further, the business works collaboratively with its key suppliers and conducts regular market reviews and tender processes to ensure it receives economic value at or better than determined benchmarks.

The Group continues to deliver on its initiatives with additional service modalities at existing sites, ongoing alignment of labour resources to patient volumes, in-house training programs for radiologists and sonographers, and standard operating models across clinics. The Group's strategy is to grow both organically (greenfield and brownfield sites) and through acquisitions. FMIG was the most recent acquisition (November 2022) and the FY24 result reflects a full year contribution from that network of six acquired clinics.

In the year the Group made capital investments to replace four MRI scanners across our network at Dandenong (Vic), St Albans (Vic), Hobart (Tas) and Fowler Simmons Radiology (SA) clinics. This continued investment delivers an improved service offering, expansion of clinical capabilities and attractiveness for referrers, patients and our highly skilled radiologists and clinical teams.

Further, the Group sold its investment in Enlitic which realised cash proceeds of $1.3 million and a movement in fair value charge was recognised through profit and loss of $0.6 million. In addition, the Group realised $0.5 million cash proceeds on the sale of escrow shares relating to deferred consideration recognised on the acquisition of Direct Radiology as the vesting conditions for the release of the escrow shares were not satisfied.

The Group acquired the remaining 30% minority interest in a controlled entity, Lime Avenue Radiology Pty Ltd, during the period for a payment of $0.9 million.

During the year Group profit was impacted by certain significant items which are added back to determine operating EBITDA and underlying NPAT. These significant items comprised:

- Transaction costs and accelerated vesting of long-term incentive share-based payments of $2.8 million in relation to the proposed merger with IDX, business acquisition activity and costs associated with the implementation of the unified RIS project (FY23: $1.6 million predominantly related to FMIG acquisition)
- Impairment of assets $1.8 million (FY23: $2.1 million) in respect of certain clinics in Western Australia recognised in 1HFY24 and site closure of $0.4 million in 2HFY24
- Change in fair value of financial liabilities predominantly relating to proposed merger with IDX of $20.6 million (FY23: $0.3 million gain)
- Change in fair value of investment and other financial assets and liabilities $0.6 million (investment in Enlitic) (FY23: $17.6 million)
- Foreign exchange loss $0.1 million (FY23: $0.4 million gain)

Financial Highlights

Capitol Health delivered a statutory net loss after tax for the year ended 30 June 2024 of $14.8 million (2023: net loss $11.6 million). The current year loss included a change in fair value of certain financial liabilities predominantly due to the proposed merger with IDX which resulted in a charge to profit of $20.6 million. This charge to profit, and other significant non-operating items are excluded when assessing operating or underlying earnings of the business.

The Group reported strong operating financial performance in the year, which is highlighted by:

- Revenue of $234.8 million is an increase of $25.2 million or 12.0% on pcp driven by the full year contribution of FMIG, opening of a new clinic at Sunshine Private Hospital, the expansion of the Group's service offering through its existing clinic network and indexation of Medicare bulk bill rates (3.6% from 1 July 2023 and 0.5% from 1 November 2023).
- Organic revenue growth was 8.0% (after excluding the impact of extra 4-months revenue contribution from FMIG in FY24).
- Operating EBITDA of $49.3 million is $9.1 million or 22.6% up on pcp
- Operating EBITDA margin of 21.0% is up from 19.2% pcp
- Underlying NPAT of $11.0 million is 25.0% up on pcp
- Cash at bank at 30 June 2024 was $24.1 million
- Group net operating leverage was 1.87x

Other items that are reflected in the financial performance of the Group include:

- Consistent with the Group strategy the closure of small unprofitable clinics and cessation of low margin services resulted in a reduction of $1.0 million of revenue from the 2023 financial year.
- A Victorian clinic that was temporarily closed in February 2023 due to a fire in a neighbouring premise recommenced operations from September 2023. Recovery of the losses incurred by the clinic as a result of this insurable event have been recognised as miscellaneous income in the year .
- Increased labour costs were associated with higher Victorian payroll tax and WorkCover obligations due to state government surcharges, increased superannuation guarantee obligations, increased employee personal leave, increase in wages rates, ongoing workforce constraints, and temporary higher recruitment expenditure particularly associated with radiologists and support office staff.

Operational Highlights

Focus on growth

- Radiologist recruitment strengthened throughout the year with the successful implementation of our centralised talent acquisition framework which included additional talent acquisition roles and recruitment software.

Capital Expenditure

- The Group continues to invest in its fleet of medical equipment to constantly modernise the technology utilised in the business, increase its service offering to referrers and patients, and optimise asset utilisation. Capitol Health spent $17.7 million on plant and equipment and $1.3 million on information technology software projects as noted in our cash flow from investing activities.
- Capitol Health continues to evaluate clinic performance and service opportunities to consolidate activities into larger clinics enabling better utilisation of equipment and people, standardise service offering to referrers and patients, and to focus on activities that provide suitable operating margins.

Cash Flows

- Net cash flow from operations is $36.2 million compared to $37.4 million pcp.

Capital Management Initiatives

- During the financial year, Capitol Health increased its bank borrowings by $10.0 million which was used to finance investment in medical imaging equipment and greenfield site development in 1HFY24.
- Net operating leverage ratio at 30 June 2024 was 1.87x (30 June 2023: 1.4x) which provides a strong balance sheet to drive growth opportunities. Net operating leverage is measured as net debt to last twelve months operating EBITDA (pre-AASB16 *Leases*).
- Maintained the share buy-back programme however the programme was not utilised during the year.

Earnings Per Share

- Delivered basic negative earnings per share of (1.40) cents in the current year (2023 restated: (1.11) cents). Basic underlying earnings per share of 1.03 cents in the current year (2023: 0.83 cents)
- Delivered diluted negative earnings per share of (1.40) cents in the 2024 financial year (2023 restated: (1.11) cents). Diluted underlying earnings per share of 1.01 cents in the current year (2023: 0.81 cents)

Dividends

- During the 2024 financial year, an interim dividend of 0.5 cents per share (100% franked) was paid to the holders of ordinary shares.
- The FY24 final dividend is expected to be declared on 27 August 2024 in accordance with the MID. Refer Events Subsequent to Balance Date section.

Strategy

In FY24 Capitol Health completed the delivery of its strategic plan that was launched in FY20. The next four-year strategic plan is well progressed and will build on the foundational pillars which underpin the Company's operating model. Features of the new strategic plan include the expansion of clinics and modality services, planning and investment ahead of MRI deregulation changes and implementation of our environment, social and governance roadmap. As a recap, the five foundational pillars of our strategic plan and delivery through our operating model are:

First Choice Provider	• Digital technologies to provide solutions to make ways of working easier • CRM systems in our qualitative and quantitative focused supports and optimisation of the patient/referrer experience. • Standard operating model ("SOM") across all the Group operations to improve processes
Destination Employer	• Enhance management team capability with the appointments of key executive team members focussed on clinical care and commercial opportunities • Strengthened the organisation wide feedback and coaching framework • Implemented annual Group staff engagement survey and action plans • Refined our staff recruitment and retention approach in alignment with our culture and values
Next-Generation Technology	• Delivery of new telephony and data capabilities for our clinics nationally, including a call centre to improve patient bookings • Consolidated multiple physical data centres nationally to a single outsourced solution • Improved cyber-security protections across the national IT network
Operational Excellence	• Resource planning and management solutions to optimise workforce allocation to align with demand for services at clinics • Continued optimisation of operational efficiencies through our cost-to-serve approach • Implemented a risk management system for incident reporting and management
Values-based Communications	• Strengthened branding and reputation through strategic and values-centric communications with stakeholders • Reinforced the business vision, purpose and pillars with stakeholders

Developments, Business Strategies and Prospects

Australia

On 17 June 2024, the Group announced that it had entered into a process and exclusivity deed with Integral Diagnostics Limited (ASX: IDX), following IDX submitting a conditional, non-binding indicative merger proposal to acquire 100% of Capitol shares via a scheme of arrangement at an implied exchange ratio of 0.12849 IDX shares for every Capitol share. This is also detailed in Events Subsequent to Balance Date section.

The focus of the Group is to deliver organic growth by developing existing clinics and opening new clinics in strategic locations across the network. This growth will be complemented by targeted acquisitions and investment in people and systems for scalability.

International

Internationally, the Capitol Group has no plans for expansion and has previously exited all arrangements with its interests in Asia.

Going Forward

The Group continues to have a strong commitment to grow revenue and operating EBITDA driven by organic and inorganic growth initiatives, while looking after our people and our patients. We continue to look for market expansion opportunities via business acquisitions that are aligned with our goals and values while maintaining a strong financial position.

Further, we are committed to:

- Investment in the front end of our business via operational systems and optimisation of communications
- Implementation of the standard operating model to enhance scalability
- Improvement and control of the "cost-to-serve" of the business

Achieving our goals in the next financial year and in the future is based on the following growth strategies:

Organic	• Focus on "go to" market strategy to drive market share • Match patient demand to resourcing • Ongoing review of the business to improve efficiencies
Clinic upgrades	• Review and optimise our network of clinics • Brownfield redevelopment and upgrading of modalities
Acquisitions	• Locations that complement the network • Alignment with our Company Vision, Values and Strategy • Deliver value to shareholders • Clinic investment to drive organic growth • Capitalise on synergistic benefits
Technology Investment	• Referrer interface software and telehealth functionality • Unified patient information platform • Communications and data strategy

Material Business Risks

Capitol Health faces business risks that could adversely affect the achievement of its business strategies and financial prospects.

Legal and Regulatory

- The business is subject to high levels of compliance with relevant healthcare and diagnostic imaging legislation, regulation and industry codes and standards. This risk includes potential loss of industry licences or accreditation.
- The business operates in an environment of heavy revenue regulation with 74% of this bulk billed. If there is a shift in government policy or funding this could have a significant impact on the operating model.

Aims and Actions
We seek to mitigate compliance risks through adherence to internal policies and sound corporate governance principles. We also continuously explore diversification of our services offered and revenue reliance. Further, the Company engages with government either directly or via industry representative bodies to contribute to sector regulation and policy.

Strategic and Reputational

- The business may fail to complete acquisitions or deliver upon subsequent integrations affecting the growth strategy of the Group.
- In an inflationary environment the operating expenditure or the capital cost of asset purchases may increase resulting in reduced financial performance or returns on investments.
- There are risks associated with commercial decision making and execution of strategic initiatives including greenfield and brownfield investment opportunities.
- Building strong referrer relationships through the provision of precise and timely diagnostic imaging is important to levels of referrals that drive our business prospects.

Aims and Actions
We mitigate the strategic risks by:

- Using an acquisitions and integration framework to maximise the benefits of such transactions and engaging external advisors, where necessary.
- The business has in place systems of controls and review with regards to monitoring operating and capital expenditure, financial performance, and investment decisions.
- Minimising commercial decision-making risk through appropriate review, investment frameworks and the analysis of market data.
- Investing in positive referrer and patient experiences whilst utilising qualitative and quantitative research to inform referrer behaviour and preferences.

Clinical and Operational

- Adverse clinical events or poor quality of service delivery may impact patients and their medical outcomes.
- Clinics or medical equipment may not operate in the manner required or anticipated resulting in staff, patient or referrer dissatisfaction.

Aims and Actions

The business is committed to providing high-quality diagnostic imaging, interventions and reporting to its patients and referring doctors and maintains a clinical care compliance framework which includes dedicated roles, peer learning, quality compliance and incident reporting. We carefully analyse risks in our operational activities, seeking that the benefit is balanced against the costs and risk appetite whilst keeping up to date with industry events and best practice clinical outcomes. The Company protects its interests with medical indemnity and public liability insurance cover.

Information and Communication Technology

- The business may suffer from significant and malicious threats, misuse of information or from the non-availability of systems required to operate our information and communication assets for their intended purpose.
- The business may suffer from a failure to adopt or use technology that results in a poor competitive positioning and loss of patient referrals.

Aims and Actions

The Group fosters internal control processes to assist the development of robust technology systems and procedures. We also mitigate risks through a clear technology framework that involves the controlled adoption of innovative software and systems. The Group has assessed that its cyber security mitigation level is appropriate for its size and the nature of the industry in which it operates according to the Australian Signals Directorate "Essential Eight Maturity Model".

People

- Our people (employees and contractors) are critical for the delivery of diagnostic imaging services to our patients in a community setting. Failure to recruit or retain suitable people with the right skills, competencies and behaviours will affect the provision of services.
- People costs represent the largest expense within the business. These costs may increase in an inflationary environment or because of a change in contractual agreements with our employees and contractors.
- The risk of harm to our people through non-compliance with accepted occupational health and safety ("OHS") policy and practice.

Aims and Actions

We mitigate these risks by:

- Applying and reinforcing our People framework, defined values and other people initiatives such as our "grow, perform, succeed" program in support of our strategic goal of becoming a destination employer.
- Maintaining effective remuneration structures (both direct remuneration and indirect benefits) for our workforce which is benchmarked with competitors to attract and retain team members with the right skills and competencies.
- Being committed to provide a safe, flexible and respectful environment for employees and contractors free from all forms of discrimination, harassment, exploitation and bullying and where people are protected from physical or psychological harm.

Marketing and Innovation

- The Company embraces innovation and continuous improvement to grow the business and aims to remain current and engaged with our referrer and patient stakeholders by leveraging new technologies to drive efficiencies and improve the quality of reporting.
- The Company seeks to grow its market share whilst ensuring that service expectations of our referrers and patients are met. The Company recognises the value that marketing and innovation delivers in respect of pursuing our strategy as well as the communities and customers it serves.

Aims and Actions

We mitigate these risks by:

- Setting and measuring innovation deployment targets in risk mitigation measures.
- Maintaining up to date and relevant information on the Group's websites.
- Maintaining regular and measurable contact with our network of referrers.
- Measuring market share and growth rates against industry benchmarks.

Financial and Investment

- The Company assesses its financial risks both from a strategic and operational perspective and always requires a balance between adequate reserves and liquidity and understands that it is not always possible to eliminate all risks.
- The Company is committed to organic and acquisitive growth by investing in new assets and acquiring strategic businesses to expand and complement our clinic network. Risks such as under-performing investments compared to the business case can impact investors' returns, and the Company's performance and reputation in the longer term.

Aims and Actions

We mitigate these risks by:

- Managing associated balance sheet risks to an acceptable level through a framework of policies and financial controls, including compliance with prudent financial ratio metrics, setting and measuring performance through an annual three-way budget process, and working closely with our financiers.
- Maintenance and adherence to an established and proven investment principles framework for acquisitions which includes a range of multi-disciplinary workstreams and critical gateways. This framework includes due diligence activities and integration planning.
- Adherence to internal controls and good governance through the establishment of a Committee with a clear charter to govern capital allocation, setting of investment hurdles and compliance with delegated authority limits and guidelines.

Health and Safety

- The Company is committed to providing a safe, inclusive and respectful environment for all staff free from all forms of discrimination, harassment, exploitation and bullying and where people are protected from physical or psychological harm. The responsibility for maintaining a safe environment is a shared responsibility of all Group personnel.
- The Company has no tolerance for non-compliance with OHS policy and practice, and abuse and exploitation of any nature to persons that may lead to harm and bring disrepute.

Aims and Actions
We mitigate these risks by:

- Establishing clear, accessible policies and procedures that apply equally to all staff.
- Maintaining and continually enhancing a suite of health and safety measures that are regularly reported to executive management and the Board.
- Conducting mandatory training programs for all staff and building leadership capability via frontline leadership training for clinic supervisors and operational management. Mandatory training is also linked to performance measurements.
- An effective, dedicated health and safety role charged with ensuring compliance with the Company's policies, values and expected behaviours.

The Company recognises its responsibility and obligations with respect to its environment, social and governance ("ESG") framework, policies and practices. The Company has in place a number of protocols to manage potential climate related events which could impact our business operations and clinical care to our patients, as well as strategies to protect its financial interest.

The Company continues to develop its ESG strategy aligned with its purpose to be a patient-centred and community-focused healthcare provider that strives for excellence and operates with integrity. Capitol is committed to integrating sustainability into the way we do business each day. Our approach encompasses key areas identified through a sustainability materiality assessment completed during the year aligned with the recommendations of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). The Company is in the process of completing a Greenhouse Gas Emissions (GHG) baseline, as well as a climate risk assessment to comply with the incoming Australian Sustainability Reporting Standards. With reference to The United Nations Sustainable Development Goals, our ESG focus areas will concentrate on governance, community, our people and the environment.

Significant Changes in the State of Affairs

Proposed merger with Integral Diagnostics Limited
On 17 June 2024, the Group announced that it had entered into a process and exclusivity deed with IDX, following IDX submitting a conditional, non-binding indicative merger proposal to acquire 100% of Capitol shares via a scheme of arrangement at an implied exchange ratio of 0.12849 IDX shares for every Capitol share.

Events Subsequent to Balance Date

After 30 June 2024:
Options
On 8 July 2024 1,000,000 options were issued to a radiologist at an exercise price of $0.3171 each and expiring 10 January 2028 under the Group's Employee Incentive Plan Rules. The options will vest in three tranches subject to vesting conditions being met.

Joint Venture
On 5 August 2024, the Company entered into entered a joint venture agreement and property lease agreement to open a greenfield comprehensive MRI clinic in South Australia. The property lease is at market rate and is for an initial ten-year period with extension term options available. The joint venture agreement includes certain put and call options subject to specified criteria and timelines. The clinic is expected to open in August 2025.

Proposed merger with Integral Diagnostics Limited
On 18 July 2024, the Company announced that following completion of a two-way confirmatory due diligence process, it had agreed to enter into a binding MID with IDX, in relation to the proposal for IDX to acquire 100% of Capitol's issued shares via a scheme of arrangement on the same terms announced to the ASX on 17 June 2024. The proposed merger remains subject to regulatory approvals, approval by Capitol shareholders and the court and other customary conditions.

Dividend
The Company expects to declare a FY24 final dividend on 27 August 2024 in accordance with the MID.

Other than the above, there have been no other matters or circumstances occurring subsequent to the end of the 2024 financial year that have significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years.

Environmental Regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental obligations and is not aware of any breach of those environmental requirements as they apply to the Group.

Share Options

Unissued shares
At the date of this report, there were 5,012,530 performance rights on hand and nil unissued ordinary shares of the Company under option for Key Management Personnel ("KMP").

Option holders and performance rights holders do not have any right, by virtue of the option or the performance right, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options and rights
During the financial year a total of 2,286,865 performance rights were exercised. No options were exercised.

Indemnification and Insurance

Indemnification of Directors and Officers
To the extent permitted by law, the Company has agreed to indemnify its current Directors and Officers against all liabilities to another party (other than the Company or a related body corporate) that may arise from their position as Directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

Insurance premiums
The Company paid a premium during the year in respect of a Director and Officer liability insurance policy, insuring the Directors of the Company, Company Secretary, and all executive officers of the Group against a liability incurred as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Presentation Currency and Rounding

These financial statements are presented in Australian Dollars ($).

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32 of the financial report.

Non-Audit Services

Details of amounts paid or payable to the Company's auditor for non-audit services provided during the year by the auditor are outlined in Note 5.1 to the financial statements.

The Directors are satisfied that as the provision of non-audit services by the auditor was nil during the year (or by another person or firm on the auditor's behalf) this is compatible with the general standard of independence for auditors imposed by the *Corporations Act*.

Letter from the Chair of the People, Culture & Sustainability Committee

Dear Shareholder

On behalf of your Board of Directors, I am pleased to present the Remuneration Report for the financial year ended 30 June 2024.

This report details the remuneration framework and outcomes for Capitol Health's Key Management Personnel ("KMP"). The remuneration framework aims to ensure that the Total Remuneration Packages ("TRP") of our executive KMP are linked to shareholder value. The link is achieved through the variable elements of TRPs with potential short-term incentive ("STI") and long-term incentive ("LTI") awards being "at risk" and dependent upon performance.

The business performed strongly in FY24 and grew its total revenue to $234.8 million from $209.6 million in the previous corresponding period ("pcp"). Operating Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased to $49.3 million at a margin of 21.0% from $40.2 million and 19.2% respectively in pcp. These pleasing results would not have been possible without our dedicated and determined team of staff, radiologists, sonographers, radiographers, KMP and Directors.

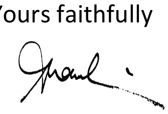
The Board recognises Capitol Health's strong culture and clear purpose as a competitive advantage and a key differentiator in attracting and retaining the best talent in the imaging industry. We also recognise the strategic value of a diverse workforce and inclusive workplace and have in place a framework which reinforces this commitment to our team, patients, referrers, suppliers and our communities. The framework is underpinned by a range of policies and programs including paid parental leave, recruitment and selection, performance and reward, and professional development. This framework is in line with recommendations of the Workplace Gender Equality Agency.

The Board remains committed to a remuneration framework designed to attract, motivate, and retain the best talent with capabilities that enable our strategic goals, and align it with our culture and behavioural expectations. The Board is committed to ensuring that our people are remunerated fairly, with alignment to current market rates, and responsibly with a clear link to corporate and individual performance. The remuneration framework is regularly reviewed to ensure that it continuously supports the business strategy and remains aligned with short-term and long-term value creation. The Company received a vote against its remuneration report at the FY24 annual general meeting. In response the Board undertook an independent external market review of the remuneration packages and structures of its Directors and Chief Executive Officer to ensure they remained in line with relevant practices and benchmarks.

Our focus as a Board is on balancing the delivery of returns to investors with long-term sustainable business performance. In determining the remuneration outcomes for the 2024 financial year, the Board took into consideration business progress and achievements against strategic priorities, the performance of management, as well as market conditions. The Committee is pleased to confirm that for the 2024 financial year the KMP performed well against their financial and non-financial performance metrics, and the Board thanks Justin Walter for his strong leadership and the management team for their continued commitment to deliver the Company's strategic objectives.

As the Company moves into the next phase of its strategic plan, the Board will continue to develop frameworks and programs to attract, retain, develop and reward talented individuals to build a stronger team. We will continue to ensure the Company's culture, values and frameworks provide a safe and welcoming workplace that embraces diversity and inclusion and delivers excellent clinical care to our patients.

Yours faithfully



Andrew Demetriou
Chair of the People, Culture & Sustainability Committee
22 August 2024

Remuneration Report (Audited)

This Remuneration Report forms part of the Directors' Report and outlines the remuneration framework and outcomes for Key Management Personnel ("KMP") for the year ended 30 June 2024.

The information provided has been prepared and audited in accordance with section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*. All contracts for KMP are denominated in Australian dollars and accordingly all figures in the Remuneration Report are presented in Australian dollars.

1. Remuneration Framework

1.1 Persons Covered by this Report

In this report, Key Management Personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly. The table below lists the KMP for the year ended 30 June 2024.

Name	Position	Period
Non-Executive Directors		
Mr A Demetriou	Chairman & Non-Executive Director	Full Financial Year
Mr R Loveridge	Non-Executive Director	Full Financial Year
Ms L McBain	Non-Executive Director	Full Financial Year
Dr K Shaw	Non-Executive Director	Full Financial Year
Executive Director		
Mr J Walter	Managing Director & Chief Executive Officer (MD & CEO)	Full Financial Year
Senior Executive		
Mr B Pentland	Chief Financial Officer (CFO)	Appointed 1 April 2024
Mr C Bremner	Chief Financial Officer (CFO)	Resigned 22 December 2023

1.2 Remuneration Policy

The objective of Capitol Health's remuneration structure is to ensure that all Directors and KMP are remunerated fairly and responsibly, at a level that is competitive and appropriate, and to attract and retain suitably skilled and experienced people. The remuneration structures are also designed to reward the achievement of strategic objectives in alignment with the broader outcome of creation of value for shareholders.

The remuneration strategy of the Company is based on the following principles, which determine the remuneration components, the mix and method of award.

ALIGNMENT

Remuneration that is designed to promote mutually beneficial outcomes, aligning Capitol Health, Executive, Board and Stakeholder interests.

SUSTAINABILITY

Remuneration that is market competitive which attracts and retains executives with capabilities and expertise to deliver our strategy.

RELEVANCE

Appropriate mix of fixed and at-risk components including short-term and long-term incentives which reflect a balance of financial and non-financial objectives relevant to Capitol Health and specific executive roles.

TRANSPARENCY

Remuneration outcomes that build a culture of achievement based on a set of clear objectives and expectations linked to Capitol Health's strategy.

Executive Component and Pay Mix

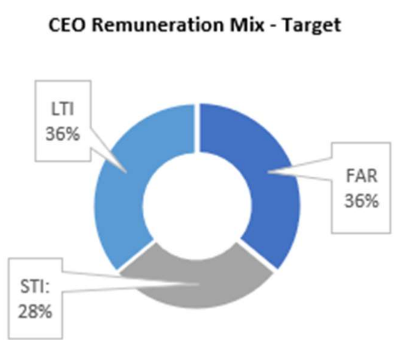
Capitol Health's executives are rewarded with a level and mix of remuneration appropriate to their position, responsibilities and performance at a level that is competitive, reasonable and appropriate, in order to attract and retain suitably skilled and experienced people and to align with the business strategy.

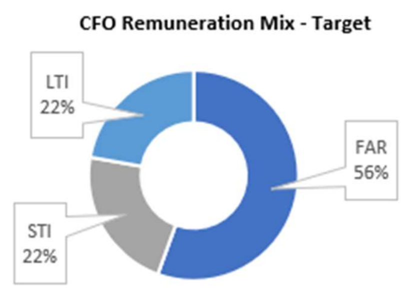
Executives receive fixed remuneration and variable remuneration consisting of STI and LTI opportunities. Executive remuneration levels, including the MD & CEO and CFO are reviewed annually by the People, Culture & Sustainability Committee with reference to the remuneration guiding principles and market movements.

Fixed Remuneration	
Base salary + Superannuation + Benefits	
Variable Remuneration	
Short-Term Incentive Plan	**Long-Term Incentive Plan**
Cash	Performance Rights / Options (previous period plans only)

The charts below provide a summary of the structure of executive remuneration in place for the 2024 financial year:

At-Target Mix





Fixed Annual Remuneration ("FAR")

The strategic intent of FAR is to attract and retain executives with the capability and experience to deliver the Company's strategy. The FAR is set in consideration of market relativities and benchmarking against a peer group of ASX-listed companies, appropriately reflecting responsibilities, qualifications, experience, and effectiveness.

Short Term Incentives ("STI")

The STI plan for KMP is designed as a performance incentive directed to the achievement of Board approved strategic objectives. The STI performance criteria is set by reference to financial metrics, non-financial metrics, strategic objectives and individual performance and effort relevant to the specific objective.

<table>
<tr><th>Item</th><th colspan="4">Detail</th></tr>
<tr><td rowspan="3">Award Opportunity</td><td>KMP</td><td colspan="3">Target Opportunity</td></tr>
<tr><td>CEO</td><td colspan="3">75% of FAR</td></tr>
<tr><td>CFO</td><td colspan="3">40% of FAR</td></tr>
<tr><td rowspan="6">Performance Measures and Weightings</td><td></td><td>Objective</td><td>CEO</td><td>CFO</td></tr>
<tr><td>Financial</td><td>Achievement of Group operating EBITDA, revenue and NPAT targets drive returns for our shareholders</td><td>60%</td><td>60%</td></tr>
<tr><td>Business Plan</td><td>Overall achievement of the Company's business plan</td><td>15%</td><td>28%</td></tr>
<tr><td>Leadership and Executive Team</td><td>Build and lead an engaged and high performing team through recruitment, restructure, training, and development, as appropriate, and ensuring that the Company has in place an appropriate succession plan for the executive team</td><td>10%</td><td>4%</td></tr>
<tr><td>Safety & Clinical Governance</td><td>Focus on operational excellence and safety as the platform for organic growth</td><td>15%</td><td>8%</td></tr>
<tr><td colspan="4">The CEO has additional general performance criteria as assessed by the Board that acts as gateway to the STI award around health and safety culture, organisation culture, stakeholder relations, board and key relations, strategy development and leadership of executive team.

The above objectives have been chosen in support of achievement of the Capitol Health vision, aspirations, values and the strategic pillars of our business.

The Board has discretion to waive (fully or partially) the CEO's KPIs, depending on extenuating circumstances or such other external factors outside the control of Management.</td></tr>
<tr><td>Delivery</td><td colspan="4">The STI Award is delivered annually in cash.</td></tr>
</table>

Long Term Incentives ("LTI")

The LTI plan for KMP is designed as a performance incentive to allow the Company to attract and retain talent and operates under the Capitol Health Limited Employee Incentive Plan ("Plan") which was approved by shareholders at the Annual General Meeting held on 16 November 2021. It is directed for alignment with the long-term business strategy and shareholders' expectations. The vesting and granting of the LTI is subject to set service and performance KPI.

<table>
<tr><th>Item</th><th colspan="3">Detail</th></tr>
<tr><td rowspan="3">Award Opportunity</td><td>KMP</td><td>Opportunity</td><td>Delivery</td></tr>
<tr><td>CEO</td><td>100% of FAR</td><td>Performance Rights</td></tr>
<tr><td>CFO</td><td>40% of FAR</td><td>Performance Rights</td></tr>
<tr><td>Options</td><td colspan="3">Options are no longer offered to KMP.</td></tr>
</table>

<table>
<tr>
<td>Performance Rights</td>
<td>
Each Performance Right granted for no consideration is a right to acquire a share in the Company, subject to the satisfaction of vesting conditions.
Performance rights are issued with a three-year performance period.
Tranche 1 (50%) and Tranche 2 (50%) of the Performance Rights will vest in accordance with the achievement of Total Shareholder Return (“TSR”) and Earnings per Share (“EPS”) growth for the relevant period respectively.
Vesting is subject to on-going employment, with Board discretion as to treatment including “good leaver” provisions.
Other aspects of Performance Rights include treatments in the event of a variation in capital or divestment, change of control and matters involving fraud, dishonesty, gross misconduct or breach of obligations.
Subject to Board discretion and dealing restrictions.
</td>
</tr>
<tr>
<td rowspan="2">Performance Measures and Calculation of Awards</td>
<td>
The achievement of the Total Shareholder Return (“TSR”) target is determined by reference to the increase in Capitol Health Limited (ASX: CAJ) share price plus dividends reinvested over the Vesting Period compared to a comparator group of companies as determined by the Board.
The share price baseline for the TSR calculation is calculated by reference to the volume weighted average price of Shares traded over the one month prior to the commencement of the Vesting Period.
Vesting is also conditional upon a minimum TSR increment of 10% being achieved over the period.
<table>
<tr><th>TSR performance vs comparator group</th><th>% of Tranche 1 Performance Rights to vest</th></tr>
<tr><td><50th Percentile</td><td>No vesting</td></tr>
<tr><td>≥50th Percentile to 74th Percentile</td><td>Pro-rata straight line vesting between 50% and 74%</td></tr>
<tr><td>≥75th Percentile</td><td>100% vesting</td></tr>
</table>
</td>
</tr>
<tr>
<td>
Earnings Per Share (“EPS”) is determined by reference to the average growth in EPS over the three-year Performance Period.
The EPS LTI calculation excludes Enlitic’s performance on the Group and transaction costs are to be included in year 1 and year 2, but not included in year 3.
EPS is calculated by taking the reported net profit after tax and dividing by the reported weighted average shares on issue during each year.
LTI for the 2024 financial year
<table>
<tr><th>EPS growth</th><th>% of Tranche 2 Performance Rights to vest</th></tr>
<tr><td><10%</td><td>No vesting</td></tr>
<tr><td>=10%</td><td>25% vesting</td></tr>
<tr><td>>10% to <45%</td><td>Pro-rata straight line vesting</td></tr>
<tr><td>≥45% growth</td><td>100% vesting</td></tr>
</table>
</td>
</tr>
<tr>
<td>Plan</td>
<td>Under the Capitol Health Limited Employee Incentive Plan (“Plan”) approved by shareholders the Board has the discretion to allow or prohibit automatic and full vesting on change of control.</td>
</tr>
</table>

1.4 Remuneration Governance

The PCSC has amongst its objectives to assist in ensuring the Company has appropriate remuneration policies and practices, including promotion of diversity, equity and inclusion to attract, retain and reward the Directors and the CEO who will pursue the Group's long-term growth and success.

The PCSC of Capitol Health is also responsible for considering and making recommendations to the Board regarding the remuneration framework for Directors and CEO. The CEO has been delegated the responsibility to determine his direct reports' remuneration, with the PCSC still retaining oversight on this matter.

Where appropriate, the PCSC obtains independent advice on benchmarking and the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives for the Group. The PCSC ensures that the remuneration structure adopted is aligned with market practices.

The Capitol Health STI plan governs the award of short-term incentive payments to eligible staff. The Capitol Health LTI plan governs the award of long-term incentives to eligible staff. Both STI and LTI have performance measures and objectives that are clearly defined and measurable.

All Directors and employees are subject to the Capitol Health Securities Trading Policy, a copy of which is available on the Company's website.

2. Company Performance and Executive Remuneration Outcomes

2.1 Company Performance

The Group continues to deliver on its initiatives with additional service modalities at existing sites, ongoing alignment of labour resources to patient volumes, in-house training programs for radiologists and sonographers, and standard operating models across clinics. The Group's strategy is to grow both organically (greenfield and brownfield sites) and through acquisitions. FMIG was the most recent acquisition (November 2022) and the FY24 result reflects a full year contribution from that network of six acquired clinics.

The Group performed well for the financial year in achieving revenue of $234.8 million which was driven by the full year contribution of FMIG, indexation of Medicare benefits for most imaging services, opening of our new MRI-comprehensive clinic at Sunshine Private Hospital and the investment in additional and replaced MRI services.

Revenue for the year also reflected the closure of small unprofitable sites with activities consolidated into larger nearby clinics, and the cessation of low margin services as contracts reach end date.

The Company's focus on driving profitable revenue growth through workforce planning, cross-geography service capability and operating efficiencies (procurement strategies and common work processes) has delivered operating EBITDA of $49.3 million at a margin of 21.0%. This represents margin expansion of 1.8% on pcp which was achieved through increased scale, market-based remuneration structures and maintenance of a fit-for-purpose cost base. Notwithstanding the ability of the business to deliver profitable revenue growth, it continued to experience challenges to its revenue and the provision of services due to unplanned staff absenteeism internally and across its referrer network (commonly experienced across the industry), constraints within GP networks due to patient access and cost, and availability of skilled clinical staff in certain locations.

The business has focused on improving its Operating EBITDA through prudent management of its fixed expenses and a strong focus on transitioning costs where possible to variable. Direct and indirect personnel costs are the largest cost category for the Group and is managed by maintaining market aligned remuneration structures which provide for base payments and variable components linked to revenue and other key operating metrics. During the year the Group experienced increased personnel costs due to variable remuneration linked to revenue growth, state government payroll tax and WorkCover surcharges, increased superannuation guarantee contributions, annual wage reviews and recruitment costs, especially in the area of specialist medical staff and support office functions.

The Group made capital investments to replace four MRI scanners across our network at Dandenong (Vic), St Albans (Vic), Hobart (Tas) and Fowler Simmons Radiology (SA) clinics. This continued investment delivers an improved service offering, expansion of clinical capabilities and attractiveness for referrers, patients and our highly skilled radiologists and clinical teams.

In the year the Group sold its investment in Enlitic which realised cash proceeds of $1.3 million and a movement in fair value charge was recognised through profit and loss of $0.6 million. In addition, the Group realised $0.5 million cash proceeds on the sale of escrow shares relating to deferred consideration recognised on the acquisition of Direct Radiology as the vesting conditions for the release of the escrow shares were not satisfied.

The Group acquired the remaining 30% minority interest in a controlled entity, Lime Avenue Radiology Pty Ltd, during the period for a payment of $0.9 million.

The Company declared dividends totalling 0.5 cent per share in respect of the year ended 30 June 2024, comprising a FY24 interim dividend of 0.5 cents per share paid in March 2024. The FY24 final dividend is expected to be declared on 27 August 2024.

The table below shows a summary of five-year results of Capitol Health.

	Units	**2024**	**2023 Restated**	**2022**	**2021**	**2020**
Net (loss)/profit for the financial year	$'000	(14,761)	(11,593)	10,968	12,028	1,088
Dividends paid	$'000	10,658	10,541	10,388	10,258	7,719
Share price at beginning of the financial year	cents	27.0	28.0	37.0	24.5	23.0
Share price at end of the financial year	cents	31.5	27.0	28.0	37.0	24.5
Change in share price	cents	4.5	(1.0)	(9.0)	12.5	1.5
Earnings/(Loss) per share (basic)	cents	(1.40)	(1.11)	1.04	1.17	0.11
Earnings/(Loss) loss per share (adjusted)[1)]	cents	(1.15)	0.69	1.13	1.52	0.59

[1)]EPS calculation has been adjusted for transaction costs and Enlitic movements in fair value.

2.2 Performance against STI measures

KMP of the Group are awarded STI payments or bonuses in accordance with their individual contracts. During the 2024 financial year the STI payments are dependent on the satisfaction of performance conditions that were chosen deliberately to align the targets and financial performance of the business.

Those performance conditions were aligned with the Group's short-term objectives and are also consistent with the long-term strategy of the Group with financial and operational targets.

Achievement of the relevant performance conditions were assessed objectively by the PCSC. STI payments are either payments made during the year or at the end of the financial year, are accrued, approved or specifically allocated to the individual.

The CEO achieved a STI payment of $438,000 in relation to his performance during the 2024 financial year. He performed well against both financial and non-financial performance metrics which is reflected in the STI payment at 80% of the maximum value.

2.3 Performance against LTI measures

LTIs may be provided to KMP via the Capitol Health Limited Employee Incentive Plan ("Plan") which was approved by shareholders at the Annual General Meeting held on 16 November 2021.

The key objectives of the Plan, consistent with the objectives of the remuneration review being undertaken by the Board, are to:

- Assist in the attraction, retention, and motivation of key employees as well as the broader Company workforce
- Reward key employees and other participants for strong individual and Company performance
- Align the interests of participating employees with those of Company shareholders by providing opportunities to build their equity holding in the Company and providing the ability to share in future growth in value

The LTIs are provided as performance rights of the Company to KMP based on their position within the Group. Vesting conditions may be imposed on any grants if considered appropriate, in accordance with the Plan's terms and conditions. As part of or under the rules of the Employee Incentive Plan, equity instrument movements are set out below:

2024 Financial Year

- 2,651,653 performance rights were issued to Mr J Walter on 15 November 2023. The performance rights have a three-year performance period from 1 July 2023 to 30 June 2026. Tranche 1 (50%) and Tranche 2 (50%) of the performance rights will vest in accordance with the achievement of TSR and EPS growth for the relevant period respectively. Total valuation on grant date of $336,760 with Tranche 1 valued at $0.0740 and Tranche 2 at $0.1800 per performance right.
- 1,984,127 performance rights issued to Mr J Walter on 16 November 2021 lapsed due to vesting conditions not likely to be met.
- 2,286,865 performance rights issued to Mr J Walter on 17 November 2020 vested and were converted to fully paid ordinary shares upon exercise on 28 August 2023. 679,237 performance rights lapsed due to vesting conditions not being met.
- 653,833 performance rights issued to Mr C Bremner on 15 November 2023 lapsed on 22 December 2023 following cessation of employment.
- 696,616 performance rights issued to Mr C Bremner on 15 November 2022 were forfeited on 22 December 2023 following cessation of employment.
- 705,000 options issued to Mr C Bremner at an exercise price of $0.3511 on 8 November 2021 were forfeited on 22 December 2023 following cessation of employment.

2023 Financial Year

- 2,360,877 performance rights were issued to Mr J Walter on 15 November 2022. The performance rights have a three-year performance period from 1 July 2022 to 30 June 2025. Tranche 1 (50%) and Tranche 2 (50%) of the performance rights will vest in accordance with the achievement of TSR and EPS growth for the relevant period respectively. Total valuation on grant date of $560,708 with Tranche 1 valued at $0.1720 and Tranche 2 at $0.3030 per performance right.
- 696,616 performance rights were issued to Mr C Bremner on 15 November 2022. The performance rights have a three-year performance period from 1 July 2022 to 30 June 2025. Tranche 1 (50%) and Tranche 2 (50%) of the performance rights will vest in accordance with the achievement of Total Shareholder Return ("TSR") and Earnings per Share ("EPS") growth for the relevant period respectively. Total valuation on grant date of $165,446 with Tranche 1 valued at $0.1740 and Tranche 2 at $0.3010 per performance right.

The rules of the Plan prohibit participants from entering transactions (whether using derivatives or otherwise) which limit the economic risk of participating in the scheme. The Plan rules provide that a participant must not enter any scheme, arrangement or agreement (including options and derivative products) under which the participant, in respect of awards that remain subject to the Rules:

- May alter the economic benefit to be derived from any such awards, irrespective of future changes in the market price of Shares; and/or
- Purports to mortgage, pledge, assign, encumber or create security over any interest in any such awards; and/or
- Sell, transfer, dispose of, swap, option, alienate the rights or obligations attaching to or otherwise deal with any such awards.

The Plan's rules further state that where a participant enters, or purports to enter, into any scheme, arrangement or agreement which breaches the above, the award immediately lapses.

2.4 Capitol's response to vote against its FY23 Remuneration Report at the 2023 AGM

At the 2023 AGM, Capitol received 425,571,571 (66.36% of votes cast) votes "For" and 215,745,697 (33.64% of votes cast) votes "Against" the remuneration report for the financial year ended 30 June 2023, resulting in a first vote against the remuneration report.

In response, the Board actively engaged with the top shareholders of the Company to better understand the reasons for the vote against. A specific concern was raised in respect of the TSR performance hurdles for the vesting of the LTI performance right. To provide comfort to all stakeholder groups, during the year the Board engaged an independent external party to perform a benchmarking review of the remuneration packages and structures of its Directors and Chief Executive Officer. Following that review, the Board is satisfied that those remuneration benefits and structures remain appropriate and in line with market practice. The results of this benchmarking exercise have been communicated to the concerned shareholder.

The Board would like to assure all stakeholders that the remuneration structure adopted by the Board continues to be, and is currently aligned, with market practices.

2.5 Remuneration Entitlements for the 2024 financial year

Details of the nature and amount of each major element of KMP remuneration is set out in the table below:

	Short-Term				Post-Employ	Long-term	Share-Based			
KMP/Financial Year	Salary & Fees $	STI Cash Bonus [1] $	Other Benefits [2] $	Special Fees[3] $	Super-annuation Benefits $	Long Service Leave $	Options & Performance Rights[4] $	Total $	Perform-ance Related %	Share-Based Share of Total %
2024										
Executive Director										
Mr J Walter	717,504	438,000	70,091	139,559	27,650	15,335	411,677	1,819,816	46.7%	22.6%
Senior Executives										
Mr B Pentland [5]	99,303	-	8,595	32,692	8,597	1,862	-	151,049	0%	0%
Mr C Bremner [6]	218,355	-	(21,942)	-	13,017	(17,394)	(208,346)	(16,310)	N/A	N/A
	1,035,162	**438,000**	**56,744**	**172,251**	**49,264**	**(197)**	**203,331**	**1,954,555**	32.8%	10.4%
2023										
Executive Director										
Mr J Walter	672,802	262,500	58,404	-	27,198	13,048	519,774	1,553,726	50.3%	33.5%
Senior Executives										
Mr C Bremner	349,708	93,750	43,062	-	25,292	6,742	136,316	654,870	35.1%	20.8%
	1,022,510	**356,250**	**101,466**	**-**	**52,490**	**19,790**	**656,090**	**2,208,596**	**45.8%**	**29.7%**

1) STI bonuses represent the annual entitlements at the end of the financial year and specifically allocated to the individual.

2) Other benefits comprise of movement in annual leave entitlement over the financial year.

3) Special fees are for additional work and responsibilities related to the proposed merger with IDX.

4) Share-based performance rights for Mr Walter includes the value of the accelerated vesting period for rights on issue to align with the timing of the proposed merger with IDX in accordance with the terms of the rights offers.

5) Mr B Pentland was appointed as CFO on 1 April 2024.

6) Mr C Bremner ceased employment on 22 December 2023. All options and performance rights granted were forfeited on cessation of employment.

2.6 Actual Remuneration Paid to Executives during the year ended on 30 June 2024

The actual remuneration paid to KMP for the 2024 financial year are set out in the table below. This provides shareholders with a view of the remuneration actually paid to executives for performance during the year and the value of LTI's that vested during the period. STI is the amounts paid during the 2024 financial year but that relates to the 2023 year.

	Fixed Remuneration[1] $	Termination Payments $	STI $	LTI Vested $	Total Actual Remuneration Paid $
Mr J Walter	743,558	-	262,500	423,453	1,429,511
Mr B Pentland[2]	90,958	-	-	-	90,958
Mr C Bremner[3]	339,962	-	93,750	-	433,712

[1] Base salary plus superannuation.
[2] Mr B Pentland was appointed as CFO on 1 April 2024.
[3] Mr C Bremner ceased employment on 22 December 2023. All options and performance rights granted were forfeited on cessation of employment.

3 Non-Executive Director Remuneration

3.1 Overview of Non-Executive Director Remuneration

Capitol Health's Non-Executive Director fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence, and objectivity. Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation. In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is clearly distinguished from that of executives.

3.2 Non-Executive Director Remuneration Outcomes

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. At the 2020 Annual General Meeting, shareholders approved a maximum aggregate remuneration of $750,000 per annum for Non-Executive Directors for the financial years from and for the year commencing 1 July 2020. A total of $610,000 was paid in Non-Executive Director fees (excluding special fees in relation to the proposed merger with IDX) in 2024.

The Capitol Health's Non-Executive Director fees cover all main board activities as well as membership of the two Board committees.

The Chair of the Board attends committee meetings and receives an additional committee fee as the Chair of the People, Culture & Sustainability Committee in addition to the base fee as Chair of the Board. The fees for the 2024 financial year are shown below:

Board Fees	**Chair**	**Member**
Base fee	$250,000	$110,000
Board Committee Fees	**Chair**	**Member**
Audit & Risk	$15,000	-
People, Culture & Sustainability	$15,000	-

All Non-Executive Directors enter into a service agreement with Capitol Health setting out the terms of their appointment as Directors including remuneration and the board policies relevant to the office of Director. Non-Executive Directors may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs. They do not participate in incentive plans or receive any retirement benefits other than statutory superannuation contributions, where applicable.

There was no increase in either the Board or Committee fees during the 2024 financial year.

3.3 Non-Executive Director Shareholdings

Ordinary shares

Non-Executive Director	Shares held at 1 July	Acquired during the year	Sold during the year	Shares held at 30 June
2024				
Mr A Demetriou	200,000	-	-	200,000
Mr R Loveridge	656,364	-	-	656,364
Ms L McBain	115,000	-	-	115,000
2023				
Mr A Demetriou	200,000	-	-	200,000
Mr R Loveridge	656,364	-	-	656,364
Ms L McBain	115,000	-	-	115,000

Non-Executive Director Remuneration

Non- Executive Directors[1)]	Board & Committee Fees $	Special Fees[2)] $	Superannuation $	Total $
2024				
Mr A Demetriou	265,000	93,750	-	358,750
Mr R Loveridge	112,593	18,860	14,242	145,695
Ms L McBain	110,000	20,625	-	130,625
Dr K Shaw	110,000	20,625	-	130,625
	597,593	153,860	14,242	765,695
2023				
Mr A Demetriou	265,000	-	-	265,000
Mr R Loveridge	113,122	-	11,878	125,000
Ms L McBain	110,000	-	-	110,000
Dr K Shaw	110,000	-	-	110,000
	598,122	-	11,878	610,000

[1)] Non-Executive Directors are paid via an associated entity or directly as an individual.

[2)] Special fees awarded for significant additional workload and commitment required in respect of the proposed merger with IDX.

4. Additional Disclosures

4.1 KMP Shareholdings

Ordinary Shareholdings

During fiscal year 2024, Mr J Walter converted 2,286,865 performance rights into ordinary shares related to his fiscal year 2021 LTI plan. No other ordinary shares were held by KMP during the year ended 30 June 2024 (30 June 2023: nil).

Performance Rights

KMP	Performance Rights held at 1 July	Granted	Forfeited	Converted	Performance Rights held at 30 June
2024					
Mr J Walter	7,311,106	2,651,653	(2,663,364)	(2,286,865)	5,012,530
Mr C Bremner[1)]	696,616	653,833	(1,350,449)	-	-
2023					
Mr J Walter	7,335,509	2,360,877	-	(2,385,280)	7,311,106
Mr C Bremner[1)]	-	696,616	-	-	696,616

Options

KMP	Options held at 1 July	Granted	Forfeited	Vested	Options held at 30 June
2024					
Mr C Bremner[1)]	2,410,000	-	(2,410,000)	-	-
2023					
Mr C Bremner[1)]	2,410,000	-	-	-	2,410,000

[1)] Mr C Bremner ceased employment on 22 December 2023. All options and performance rights granted were forfeited on cessation of employment.

4.2 Executive Service Agreements

As at 30 June 2024, the CEO and Senior Executives all have written agreements with the Company setting out the key terms of their employment. The major provisions of those agreements are set out below:

Name	Term of Agreement	Notice Period Provided by Company	Notice Period Provided by Executive
Mr J Walter	Ongoing	6 months	6 months
Mr B Pentland	Ongoing	6 months	6 months

4.2.1 Managing Director & Chief Executive Officer

Mr Walter was appointed Managing Director and Chief Executive Officer on 1 July 2019. Under the terms of the employment contract the CEO receives:

- FAR of $730,000 per annum (inclusive of superannuation)
- Target STI of 75% of FAR subject to achievement of agreed key performance indicators aligned with shareholders' interests
- Eligibility to participate in LTI up to 100% of FAR in the form of performance rights vesting after three years subject to achievement of appropriate service and performance hurdles and to receiving appropriate shareholder support
- Mr Walter's employment contract includes certain change of control provisions.

Mr Pentland was appointed Chief Finance Officer on 1 April 2024. Under the terms of the employment contract the CFO receives:

- FAR of $425,000 per annum (inclusive of superannuation)
- Target STI of 40% of FAR subject to achievement of agreed key performance indicators aligned with shareholders' interests
- Eligibility to participate in LTI up to 40% of FAR in the form of performance rights vesting after three years subject to achievement of appropriate service and performance hurdles and to receiving appropriate shareholder support.

4.3 Share Trading and Hedge Prohibition

Performance Rights and Options granted under Capitol Health's LTI plan must remain at risk until fully vested. This is consistent with Capitol Health's share trading policy that prohibits Directors and employees from engaging in:

- Short-term trading of any Capitol Health securities
- Buying or selling Capitol Health securities if they possess unpublished price sensitive information
- Trading in derivative products over Capitol Health's securities or entering transactions in products that limit the economic risk of their security holdings in Capitol Health.

4.4 Clawback Policy

In the event of serious misconduct or a material misstatement of Capitol Health's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested LTI.

4.5 Other Transactions and Balances with KMP and their Related Parties

During the financial year Mr Walter's spouse was engaged on commercial terms as a contractor within the business to provide specialist diagnostic technician services. The total amount payable for year ended 30 June 2024 was $89,101 excluding GST (2023: $53,470). There were no other transactions with Key Management Personnel or their related parties within the Group during the year.

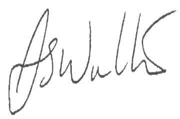
No loans have been made to KMP during the 2024 financial year.

This is the end of the audited Remuneration Report.

Corporate Governance

The Capitol Health Corporate Governance Statement can be found at www.capitolhealth.com.au/corporate-governance.

Signed in accordance with a resolution of the Directors (s298(2) of the *Corporations Act 2001 (Cth))*



Justin Walter
Managing Director and Chief Executive Officer
Melbourne, Victoria
22 August 2024

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22 August 2024

Board of Directors
Capitol Health Limited
288 Victoria Parade
Melbourne Victoria 3002

Dear Board Members,

Auditor's Independence Declaration to Capitol Health Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Capitol Health Limited.

As lead audit partner for the audit of the financial statements of Capitol Health Limited for the year ended 30 June 2024, 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.

Yours sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU

Jane Fisher
Partner
Chartered Accountants

Consolidated Statement of Comprehensive Income

For the Year ended 30 June 2024

	Notes	2024 $000	2023 Restated* $000
Continuing operations			
Revenue from contracts with customers	1.3	234,816	209,592
Wages, contractor costs and salaries	1.4	(148,772)	(134,595)
Occupancy costs		(6,572)	(6,516)
Medical equipment and consumable supplies		(14,238)	(13,010)
Service costs		(15,951)	(15,280)
Transaction and restructure costs		(2,802)	(1,619)
Unrealised foreign exchange (loss)/gain	1.4	(60)	350
Investments' movement in fair value	1.4	(572)	(17,581)
Impairment of other non-current assets	1.4	(2,261)	(2,086)
Financial liabilities' movement in fair value	1.4	(20,654)	293
Depreciation and amortisation	1.4	(27,062)	(24,887)
Net finance costs	1.4	(7,375)	(5,055)
Loss before income tax		**(11,503)**	(10,394)
Income tax expense	1.5	(3,258)	(1,199)
Loss for the year		**(14,761)**	(11,593)
Other comprehensive income			
Other comprehensive income/(loss), net of income tax		**-**	-
Total comprehensive loss for the year		**(14,761)**	(11,593)
Attributable to:			
Equity holders of Capitol Health Limited		**(14,853)**	(11,713)
Non-controlling interests		**92**	120
Total comprehensive loss for the year		**(14,761)**	(11,593)
Basic loss per share (cents)	1.2	**(1.40)**	(1.11)
Diluted loss per share (cents)	1.2	**(1.40)**	(1.11)

* Prior period comparative information has been restated

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 $000	2023 Restated* $000
Assets			
Cash and cash equivalents	2.1	24,050	19,118
Trade and other receivables	2.2	5,147	5,985
Investments		140	103
Other assets		2,049	2,261
Total current assets		**31,386**	**27,467**
Plant and equipment	2.3	60,697	58,333
Right-of-use assets	2.6	54,273	62,338
Intangible assets	2.4	172,991	173,996
Investments	2.5	-	1,950
Other receivables		137	216
Total non-current assets		**288,098**	**296,833**
Total assets		**319,484**	**324,300**
Liabilities			
Trade and other payables	2.8	22,718	24,365
Lease liabilities	2.7	11,223	11,774
Other financial liabilities	2.11	22,986	697
Employee benefit liabilities	2.10	11,869	12,423
Income tax liabilities	1.5	2,045	1,183
Total current liabilities		**70,841**	**50,442**
Borrowings	3.2	82,800	72,800
Lease liabilities	2.7	49,939	56,800
Other financial liabilities	2.11	276	2,782
Provisions	2.9	3,462	3,331
Employee benefit liabilities	2.10	516	401
Deferred tax liabilities[1)]	1.5	987	1,810
Total non-current liabilities		**137,980**	**137,924**
Total liabilities		**208,821**	**188,366**
Net assets		**110,663**	**135,934**
Equity			
Issued capital	3.3	161,138	160,165
Reserves	3.5	4,777	2,706
Accumulated losses		(55,005)	(27,926)
Equity attributable to the owners of Capitol Health Limited		**110,910**	**134,945**
Non-controlling interests		(247)	989
Total equity		**110,663**	**135,934**

[1)] Deferred tax assets and liabilities are presented net for the current and prior year.

* Prior period comparative information has been restated

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2024

	Notes	2024 $000	2023 Restated* $000
Operating activities			
Receipts from customers		235,575	208,381
Payments to suppliers and employees		(186,424)	(163,539)
Interest received		474	292
Interest and other finance charges on borrowings		(5,241)	(3,500)
Interest on lease liabilities	2.7	(2,141)	(1,847)
Income tax paid		(3,219)	(807)
Payment of transaction costs		(2,802)	(1,619)
Net operating cash flows	2.1	**36,222**	**37,361**
Investing activities			
Purchase of plant and equipment		(17,733)	(16,842)
Proceeds on sale of plant and equipment		43	-
Purchase of software		(1,300)	-
Payments for business acquisitions and investments		(871)	(45,776)
Proceeds on sale of investment	2.5	1,318	-
Net investing cash flows		**(18,543)**	**(62,618)**
Financing activities			
Proceeds from borrowings		10,000	53,800
Proceeds from issue of shares		518	-
Payment of dividends	3.6	(10,658)	(10,541)
Payment of dividends to non-controlling interests		(160)	(170)
Cash payment of lease liabilities	2.7	(12,447)	(12,098)
Net financing cash flows		**(12,747)**	**30,991**
Net increase in cash and cash equivalents		**4,932**	**5,734**
Cash and cash equivalents at beginning of the year		19,118	13,384
Cash and cash equivalents at end of the year	2.1	**24,050**	**19,118**

* Prior period comparative information has been restated

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2024

	Issued Capital $000	Reserves $000	Accumulated (losses) / profit $000	Total $000	Non-controlling Interests $000	Total Equity $000
1 July 2023 (previously reported)	**160,165**	**2,706**	**(25,778)**	**137,093**	**989**	**138,082**
Correction of prior period error*	**-**	**-**	**(2,148)**	**(2,148)**	-	**(2,148)**
Balance at 1 July 2023 (restated)	**160,165**	**2,706**	**(27,926)**	**134,945**	**989**	**135,934**
Profit/(loss) for the year	-	-	(14,853)	(14,853)	92	(14,761)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive income/(loss) for the year			**(14,853)**	**(14,853)**	**92**	**(14,761)**
Transactions with equity holders						
Conversion of performance rights	423	(423)	-	-	-	-
Sale of treasury shares	506	-	-	506	-	506
Share issue	50	-	-	50	-	50
Share issue costs (net of tax)	(6)	-	-	(6)	-	(6)
Exercise of options	-	1,186	(42)	1,144	(1,168)	(24)
Share-based payments	-	1,308	(1,526)	(218)	-	(218)
Dividend paid	-	-	(10,658)	(10,658)	(160)	(10,818)
Total transactions with equity holders	**973**	**2,071**	**(12,226)**	**(9,182)**	**(1,328)**	**(10,510)**
Balance at 30 June 2024	**161,138**	**4,777**	**(55,005)**	**110,910**	**(247)**	**110,663**

1 July 2022 (previously reported)	**153,749**	**1,048**	**(1,793)**	**153,004**	**1,039**	**154,043**
Correction of prior period error*	**-**	**-**	**(1,828)**	**(1,828)**	**-**	**(1,828)**
Balance at 1 July 2022 (restated)	**153,749**	**1,048**	**(3,621)**	**151,176**	**1,039**	**152,215**
Profit/(loss) for the year	-	-	(11,713)	(11,713)	120	(11,593)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	**-**	**-**	**(11,713)**	**(11,713)**	**120**	**(11,593)**
Transactions with equity holders						
Conversion of performance rights	434	(434)	-	-	-	-
Share issue costs (net of tax)	(18)	-	-	(18)	-	(18)
Share issue	6,000	-	-	6,000	-	6,000
Options not exercised	-	(324)	324	-	-	-
Share-based payments	-	2,416	(2,375)	41	-	41
Dividend paid	-	-	(10,541)	(10,541)	(170)	(10,711)
Total transactions with equity holders	**6,416**	**1,658**	**(12,592)**	**(4,518)**	**(170)**	**(4,688)**
Balance at 30 June 2023 (restated)	**160,165**	**2,706**	**(27,926)**	**134,945**	**989**	**135,934**

* Prior period comparative information has been restated

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

About this Report

Overview

Capitol Health Limited (the "Company" or "Capitol Health") is a company limited by shares which are publicly traded on the Australian Securities Exchange. The consolidated financial report of the Company for the year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the Group).

The Group is principally engaged in the provision of diagnostic imaging services. Further information of the nature of the operations and principal activities of the Group is provided in the Directors' Report.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 August 2024.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of preparation

The financial report has been prepared on a historical cost basis, except for equity financial assets that have been measured at fair value.

Going Concern

The financial statements have been prepared on a going concern basis. For the year ended 30 June 2024, the consolidated entity made a net loss after tax of $14.8 million (30 June 2023 restated net loss after tax: $11.6 million) and had net current liabilities of $39.5 million (30 June 2023 restated: $23.1 million).

The Directors have considered the following matters in determining the appropriateness of the going concern basis of preparation in the financial statements:

a) The consolidated entity has sufficient working capital to enable it to meet its objectives and financial obligations. Net unutilised available funding through its secured banking facilities totals $53.4 million.

b) The consolidated entity generated net operating cash inflow for the year ended 30 June 2024 of $36.2 million (30 June 2023: $37.4 million).

Accordingly, the consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In respect of the proposed merger with IDX, certain financial liabilities subject to fair value assessment as at 30 June 2024 would crystallise at the merger implementation date and require a cash payment. The Company maintains adequate cash reserves and undrawn debt facilities and expects to be able to pay these debts as and when they fall due.

Presentation Currency and Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the "rounding off". Amounts presented in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

The financial report is presented in Australian dollars and all balances and transactions included in the financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The functional and presentation currency of Capitol Health Limited and the Group is the Australian Dollar.

Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. Where applicable comparative amounts have been adjusted to conform to changes in presentation in the current year. In addition, where required, the Group presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Restatement of prior period

The financial statements have been restated for the following matters:

- During the reporting period the group finalised the execution of a lease for a new clinic, which the group obtained access to in January 2023. In finalising the lease agreement, the Group identified that it should have recognised the right-of-use asset and lease liability in the prior reporting period based on the agreements that existed between the Group and the lessor at the time of accessing the property. As a result, as at 30 June 2023, the right-of-use asset has been understated by $6.288 million, the lease liability understated by $6.326 million, trade and other payables by $0.260 million and provisions by $0.022 million. As a result, the loss for the year ended 30 June 2023 was understated by $0.320 million.
- The group has also restated accumulated losses and trade payables resulting from an error identified in the consolidation process arising in the year ended 30 June 2022. Trade payables had been understated by $1.828 million and accumulated losses understated by $1.828 million as at 30 June 2022 and at 30 June 2023.

Consequently, the group has restated the comparative period, and opening accumulated losses, as set out below.

Impact on Statement of Comprehensive Income	**As at 30 June 2023 figure* $000**	**Corrections $000**	**Restated 30 June 2023 figure $000**
Depreciation and amortisation	(24,747)	(140)	(24,887)
Net finance costs	(4,875)	(180)	(5,055)
Loss before income tax	**(10,074)**	**(320)**	**(10,394)**
Loss for the year after income tax	**(11,273)**	**(320)**	**(11,593)**
Total comprehensive loss for the year	**(11,273)**	**(320)**	**(11,593)**
Attributable to:			
Equity holders of Capitol Health Limited	(11,393)	(320)	(11,713)
Total comprehensive loss for the year	**(11,273)**	**(320)**	**(11,593)**
Basic loss per share (cents)	**(1.08)**	**(0.03)**	**(1.11)**
Diluted loss per share (cents)	**(1.08)**	**(0.03)**	**(1.11)**

Impact on Statement of Financial Position	As at 30 June 2023 figure* $000	Corrections $000	Restated 30 June 2023 figure $000
Right-of-use assets	56,050	6,288	62,338
Total non-current assets	**290,728**	**6,288**	**297,016**
Total assets	**318,195**	**6,288**	**324,483**
Trade and other payables	22,460	2,088	24,548
Lease liabilities – current	11,624	150	11,774
Total current liabilities	**48,387**	**2,238**	**50,625**
Lease liabilities – non-current	50,624	6,176	56,800
Provisions – non-current	3,309	22	3,331
Total non-current liabilities	**131,726**	**6,198**	**137,924**
Total liabilities	**180,113**	**8,436**	**188,549**
Net assets	**138,082**	**(2,148)**	**135,934**
Accumulated losses	(25,778)	(2,148)	(27,926)
Equity attributable to owners of Capitol Health Limited	**137,093**	**(2,148)**	**134,945**
Total equity	**138,082**	**(2,148)**	**135,934**

Impact on Statement of Changes in Equity	As at 30 June 2023 figure $000	Corrections $000	Restated 30 June 2023 figure $000
Accumulated losses 1 July 2022	(1,793)	(1,828)	(3,621)
Total attributable to Capitol Health Limited 1 July 2022	153,004	(1,828)	151,176
Total equity 1 July 2022	**154,043**	**(1,828)**	**152,215**
Accumulated losses 1 July 2023	(25,778)	(2,148)	(27,926)
Total attributable to Capitol Health Limited 1 July 2023	137,093	(2,148)	134,945
Total equity 1 July 2023	**138,082**	**(2,148)**	**135,934**

*During the year ended 30 June 2024 the group finalised the accounting for the acquisition of Future Medical Imaging Group, which was previously reported on a provisional basis in accordance with the groups accounting policies. The finalisation of the acquisition accounting gave rise to a decrease to deferred consideration of $183,000.

Therefore, balances as at 30 June 2023 have been adjusted to reflect the finalised accounting from the date of acquisition.

Material Accounting Policies

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Capitol Health Limited and its subsidiaries as at 30 June 2024 and the results of all subsidiaries for the year then ended. Subsidiaries are all those investees over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and could affect those returns through its power to direct the relevant activities of the investee.

Generally, there is a presumption that most voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in the Statement of Comprehensive Income. Any investment retained is recognised at fair value.

Significant accounting judgements and key sources of estimation uncertainty

Key sources and estimation uncertainty
Key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the respective notes for that account balance.

Key judgements in applying the Group's accounting policies
Critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements are included in the respective notes for that account balance.

Section 1 – Our performance

A key element of Capitol Health's strategy is to maximise long-term shareholder value. This section highlights the results and performance of the Group for the year ended 30 June 2024 with details of the key elements of the consolidated Statement of Comprehensive Income, earnings per share, accounting policies and key assumptions.

1.1. Group Results

	2024 **$000**	2023 Restated $000
Revenue from contracts with customers	234,816	209,592

1.2. Basic and diluted earnings per share ("EPS")

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2024 **$000**	2023 Restated $000
Loss for the year	(14,761)	(11,593)
Other comprehensive income	-	-
Non-controlling interest	(92)	(120)
Loss attributable to ordinary equity holders of Capitol Health Limited:	**(14,853)**	**(11,713)**
Weighted average ordinary shares used as the denominator in calculating:	**Number**	Number
Basic earnings	1,063,173,953	1,053,656,696
Effect of dilution from share options	-	-
Diluted earnings	1,063,173,953	1,053,656,696
	Cents[1)]	Cents Restated
Loss per share – continuing operations:		
Basic	**(1.40)**	(1.11)
Diluted	**(1.40)**	(1.11)

[1)]Negative consolidated earnings resulted in equivalent basic and diluted EPS.

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent (after adjusting for outstanding options) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potential dilutive ordinary shares into ordinary shares.

1.3. Revenue from contracts with customers

The Group solely operates within Australia and accordingly is only in one geographic market and only has one product and service category:

	2024 $000	2023 $000
Major service category		
Diagnostic imaging services	232,784	208,499
Other operating revenue	2,032	1,093
	234,816	**209,592**

Material accounting policy for revenue recognition

The Group provides diagnostic imaging services to the Australian healthcare market, through the operation of clinics in Victoria, Tasmania, Western Australia, and South Australia. Revenue from services provided is recognised when the service is rendered, and payment is either rebated via Medicare or payable on date of service.

As a health service provider, the Group does not have volume rebates, rights of return, warranties, or contracts with significant financing components.

1.4. Expenses

Employee benefits expenses	**2024 $000**	2023 $000
Wages, contractor costs and salaries	(129,133)	(115,448)
Employee leave entitlements	(9,859)	(9,124)
Superannuation expenses	(8,472)	(7,607)
Share-based employment expense	(1,308)	(2,416)
	(148,772)	**(134,595)**

Depreciation and amortisation	Note	**2024 $000**	2023 Restated $000
Amortisation of right-of-use assets	2.6	(12,150)	(11,558)
Depreciation of plant and equipment	2.3	(12,394)	(10,813)
Amortisation of intangible assets	2.4	(2,440)	(2,237)
Amortisation - other		(78)	(279)
		(27,062)	**(24,887)**

Movement in fair value of financial instruments	Note	**2024 $000**	2023 $000
Fair value movement regarding unlisted investments	2.5	(572)	(17,581)
Unrealised foreign exchange (loss)/gain	2.5	(60)	350
Fair value movement in other financial liabilities[1)]	2.11	(20,654)	293
		(21,286)	**(16,938)**

[1)] Refer to note 2.11 for disclosure on fair value movement

Impairment of other non-current assets	Note	**2024 $000**	2023 $000
Impairment – plant and equipment	2.3	(1,131)	(757)
Impairment – intangibles	2.4	(149)	-
Impairment – right-of-use assets	2.6	(981)	(1,329)
		(2,261)	**(2,086)**

Significant accounting judgements – Impairment of other non-current assets

The impairment recognised in the current period relates to:

Our operations in Western Australia. The Group is focused on continuing to improve the performance of our clinics in this region, however, their recent results and uncertainty arising from the current environment, has resulted in its right-of-use assets and plant and equipment being impaired. In determining the impairment charge, the Group calculated the recoverable amount of each clinic in the Western Australia region based on a discounted cash flow model. The recoverable amount of each clinic was determined using assumptions that reflect market conditions, industry trends and the Group's approved budget. The decrease in the recoverable amount of individual Western Australia clinics reflects general practitioner referrals, availability of staff and other economic trends such as the rise of interest rates. Details of impairment of are included in note 2.4.

The assessment of the recoverable amount represents management's best estimate, considering risks, uncertainties, and opportunities for improvement in each Western Australia clinic. Management will continue to monitor the regions operations against these estimates, and it is possible that future asset impairments may be required.

Finance costs	Note	**2024 $000**	2023 Restated $000
Lease interest	2.7	(2,141)	(1,847)
Interest on borrowings		(5,184)	(3,116)
Interest income		474	292
Other interest and fees		(524)	(384)
		(7,375)	**(5,055)**

1.5. Taxation

Income tax expense	**2024 $000**	2023 $000
The major components of income tax expense are:		
Current income tax expense	(4,110)	(3,181)
Deferred income tax benefit/(expense)	2,674	(1,219)
Deferred tax asset related to unused franking credits	(1,849)	3,201
Current income tax expense - prior year	27	-
Income tax expense reported in the Statement of Comprehensive Income	**(3,258)**	**(1,199)**

Reconciliation of income tax expense	**2024 $000**	2023 Restated $000
Loss profit before income tax from continuing operations	(11,503)	(10,394)
Prima facie income tax benefit at 30% (2023: 30%)	3,451	3,118
Tax effect of permanent differences:		
Net capital costs	(498)	(527)
Fair value movement of other financial liabilities	(6,196)	-
Fair value movement of unlisted investments, net of foreign exchange movements	(194)	(5,170)
Valuation of share options granted	88	(269)
Other items	91	1,649
Income tax expense attributable to profit from continuing operations and reported in the Statement of Comprehensive Income	**(3,258)**	**(1,199)**

Accounting policy for income tax expense or benefit

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by the changes in deferred taxes attributable to temporary differences, unused tax losses and the adjustment recognised in prior periods, when applicable.

Current income tax	**2024 $000**	2023 $000
Income tax receivable	1	177
Income tax payable	(2,046)	(1,360)
Net income tax payable	(2,045)	(1,183)

Deferred tax assets and liabilities [1) 2)]	**2024 Item $000**	**2024 At 30% $000**	2023 **Restated Item** $000	2023 **Restated At 30%** $000
Deferred tax assets:				
Employee benefits	14,229	4,269	12,815	3,845
Other assets	110	33	110	33
Leases	57,565	17,270	51,813	15,543
Make good provision	723	217	900	270
Tax losses of subsidiary	268	80	591	177
Tax losses of parent	4,516	1,355	11,011	3,303
Other items	3,172	950	3,536	1,062
Total deferred tax assets	**80,583**	**24,174**	**80,776**	**24,233**
Deferred tax liabilities:				
Intangible assets	(8,652)	(2,596)	(15,235)	(4,570)
Plant and equipment	(20,544)	(6,163)	(19,044)	(5,715)
Prepayments	(126)	(38)	(100)	(30)
Leases	(54,548)	(16,364)	(52,413)	(15,723)
Other Items	-	-	(17)	(5)
Total deferred tax liabilities	**(83,870)**	**(25,161)**	**(86,809)**	**(26,043)**

[1)] The Group has no unrecognised temporary differences at 30 June 2024 (2023: Nil).

[2)] The Group has carried forward operating losses of $4,516,114 at 30 June 2024 (2023: $12,136,122) and a deferred tax asset has been recognised.
The Group has carried forward capital losses of $31,996,675 (2023: $19,010,580). A deferred tax asset was not recognised for the loss. The capital losses are expected to be available to offset against future capital gains subject to the Group continuing to meet statutory tests.

[3)] Deferred tax assets and liabilities in relation to leases have been restated to reflect gross amounts recognised at initial recognition.

	2024 $000	2023 $000
Net deferred tax liability	(987)	(1,810)
Movement represented by:		
Recognised in Statement of Comprehensive Income	(987)	(1,365)
Recognised in business acquisitions	-	(445)
Total net deferred tax liability	**(987)**	**(1,810)**

Significant accounting judgements

The Group is subject to income tax in Australia. The calculation of the Groups' tax charge requires management to determine whether it is probable that there will be sufficient future taxable profits to recover deferred tax assets. *AASB Interpretation 23 – Uncertainty over Income Tax Treatment* addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of the recognition and measurement criteria in *AASB 112 – Income Taxes*. Judgements and assumptions are subject to risk and uncertainty, hence if the final tax determination or future actual results do not align with current judgements, this may have an impact on the carrying value of deferred tax balances and corresponding credits or charges to the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position.

Material accounting policy for deferred taxes

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities under financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses and offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case, the tax is also recognised directly in equity.

Australian Tax Consolidated Group

Capitol Health Limited and its 100% owned subsidiaries incorporated in Australia formed a tax group effective the year commencing 1 July 2005. Capitol Health Limited is the head entity of the tax consolidated group. The head entity recognises the current and deferred tax amounts of the subsidiaries of the tax group. Consistent with Interpretation 1052 Tax Consolidation Accounting a tax funding arrangement is in place between members of the Group under which payments to or from the head entity are recognised via an intercompany loan which is at call.

In the financial statements we have combined the tax obligations of the tax consolidated group together with the tax obligations of Adrad Investments SA Pty Ltd, Imaging @ Olympic Park Pty Ltd, Capital Radiology (Pakenham) Pty Ltd and Capital Heart Pty Ltd to arrive at the total tax position as disclosed in the financial statements.

The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated entity are recognised in the separate financial statements of the members of the tax-consolidated entity using the 'separate taxpayer within consolidated entity' approach by reference to the carrying amount of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its own current and deferred tax amounts, Capitol Health Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Section 2 – Our assets and liabilities

This section highlights our trade and other receivables in contrast with our trade and other payables incurred to support the Group's activities. Further, this section provides information on the assets used by the Group to generate operating profits and the liabilities incurred.

2.1. Cash and Cash Equivalents

	2024 **$000**	2023 $000
Cash at bank	24,032	19,100
Cash on hand	18	18
	24,050	**19,118**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2024	2023 Restated
Reconciliation to net cash flows from operations:	**$000**	$000
Loss before income tax	**(11,503)**	**(10,394)**
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	27,062	24,887
Movement in fair value of investments	572	17,581
Gain on disposal of plant and equipment	(478)	(825)
Impairment of non-current assets	2,261	2,086
Financial liabilities movement	20,654	(292)
Share-based payment expense	1,308	2,416
Unrealised foreign exchange loss/(gain)	60	(350)
Other non-cash expense	(210)	403
Working capital adjustments:		
(Increase)/Decrease in trade and other receivables	759	(899)
Increase in other net assets	(610)	(462)
Increase/(Decrease) in trade payables and other payables	(3,164)	4,939
Decrease in employee benefit liabilities	(439)	(1,053)
Decrease in provisions	(50)	(676)
Net cash flows from operating activities	**36,222**	**37,361**

2.2. Trade and other receivables

	2024 **$000**	2023 $000
Trade receivables[1)]	5,435	5,455
Allowance for expected credit loss	(868)	(427)
	4,567	**5,028**
Other receivables	580	957
	5,147	**5,985**

[1)] All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

	Less than 30 days overdue $000	More than 30 days but less than 60 days past due $000	More than 60 days but less than 90 days overdue $000	More than 90 days but less than 120 days overdue $000	More than 120 days overdue $000	Total $000
Expected loss rate	0.07%	0.57%	3.07%	10.57%	32.64%	58,333
Trade receivables	2,210	582	150	145	2,348	5,435
Loss allowance	(1)	(3)	(5)	(15)	(844)	(868)

The movement in the allowance for credit losses can be reconciled as follows:

	2024 $000	2023 $000
Reconciliation of allowance for expected credit losses		
Balance 1 July	427	148
Provision for expected credit loss	649	283
Write-off	(208)	(4)
	868	**427**

Significant accounting judgements - Expected credit losses ("ECL")

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings by customer type that have similar loss patterns.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate and based on management judgement.

2.3. Plant and equipment

	Leasehold Improve-ments [1)] $000	Plant & Equipment [1)] $000	Other Operating Assets $000	Assets Under Construction (AUC) $000	Total $000
At 1 July 2023 (net)	13,472	42,753	831	1,277	58,333
Additions	1,745	14,344	244	296	16,629
Reclass	-	1,197	-	(1,197)	-
Impairment	(269)	(862)	-	-	(1,131)
Disposals	-	(429)	(18)	(293)	(740)
Depreciation for period	(1,661)	(10,553)	(180)	-	(12,394)
At 30 June 2024 (net)	**13,287**	**46,450**	**877**	**83**	**60,697**
At 30 June 2024					
Cost value	22,057	95,518	1,599	1,280	120,454
Accumulated depreciation and impairment charge	(8,770)	(50,265)	(722)	-	(59,757)
Total	**13,287**	**45,253**	**877**	**1,280**	**60,697**

	Leasehold Improvements [1)]	Plant & Equipment [1)]	Other Operating Assets	Assets Under Construction (AUC)	Total
	$000	$000	$000	$000	$000
At 1 July 2022 (net)	11,297	31,952	1,053	162	44,464
Additions	3,042	14,510	289	1,115	18,956
Disposals	(13)	(402)	(774)	-	(1,189)
Acquisition of business or subsidiary	669	6,588	415	-	7,672
Depreciation for period	(1,523)	(9,138)	(152)	-	(10,813)
Impairment charge	-	(757)	-	-	(757)
At 30 June 2023 (net)	**13,472**	**42,753**	**831**	**1,277**	**58,333**
At 30 June 2023					
Cost value	20,312	81,603	1,373	1,277	104,565
Accumulated depreciation and impairment charge	(6,840)	(38,850)	(542)	-	(46,232)
Total	**13,472**	**42,753**	**831**	**1,277**	**58,333**

[1)] Plant & equipment and leasehold improvements have been pledged as security for the Company's other bank borrowings. Refer to note 3.2.

Significant accounting judgements – Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties, lease terms and turnover policies. In addition, the condition of the assets is assessed annually and considered against remaining useful life based on market and industry conditions. As conditions change in the radiology market, the Group adjusts the useful lives of their assets to reflect these changes. The residual values, useful lives and methods of depreciation of equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Significant accounting judgements – Recoverability of plant and equipment

The group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include performance, technology, social, economic, and political environments including future expectations. If an impairment trigger exists, the recoverable amount would be subject to an impairment assessment.

Material accounting policy for plant and equipment

Recognition and Measurement

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of Comprehensive Income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Assets under construction

Costs that are necessarily incurred whilst commissioning a new asset, in the period before they are capable of operating in the manner intended by management, are capitalised as assets under construction. Upon completion of the asset and all associated costs being recognised, they are transferred to the correct plant and equipment classification at which point it is accounted for in accordance with AASB 116.

Depreciation

Depreciation is recognised in Statement of Comprehensive Income on a diminishing-value or straight-line basis for each item of plant and equipment over their estimated useful lives as follows:

Leasehold improvements	3 to 10 years
Plant and equipment	3 to 15 years
Other operating assets	3 to 5 years

Leasehold improvements are depreciated over either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation methods, useful lives and residual values of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.4. Intangible assets

	Goodwill	**Brand Names**	**Referrer Relationships**[2)]	**Software**	**Total**
	$000	$000	$000	$000	$000
At 1 July 2023	157,112	4,029	12,217	638	173,996
Additions	-	-	-	1,584	1,584
Impairment	-	-	(140)	(9)	(149)
Amortisation charge	-	-	(2,119)	(321)	(2,440)
At 30 June 2024	**157,112**	**4,029**	**9,958**	**1,892**	**172,991**
Cost value	157,112	4,029	17,352	3,683	182,176
Accumulated amortisation and impairment	-	-	(7,394)	(1,791)	(9,185)
Total at 30 June 2024	**157,112**	**4,029**	**9,958**	**1,892**	**172,991**
At 1 July 2022	116,918	1,258	6,241	694	125,111
Acquisition of entities and businesses[1)]	40,194	2,771	7,791	366	51,122
Amortisation charge	-	-	(1,815)	(422)	(2,237)
At 30 June 2023	**157,112**	**4,029**	**12,217**	**638**	**173,996**
Cost value	157,112	4,029	17,352	2,099	180,733
Accumulated amortisation and impairment	-	-	(5,135)	(1,461)	(6,596)
Total at 30 June 2023	**157,112**	**4,029**	**12,217**	**638**	**173,996**

[1)] During the period ending 30 June 2024, the Group finalised the accounting for the acquisition of Future Medical Imaging group, which was previously reported on a provisional basis in accordance with the Groups accounting policies.

2) Relationships with referrers are capable of being separated or divided and are considered an asset within the radiology industry. The Referrer Relationships intangible asset reflects the revenue stream from referrers on forwarding patients to a clinic and reflect the relationships that the clinics and the Company's doctors and medical technicians have established with the referrers and the patients over time.

Significant accounting judgements – Impairment of Goodwill and other intangibles

Management consider that the Groups' operations have identifiable cash flows representing one cash generating units (CGU). The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections up to a period of 5 years.

The value in use calculation uses assumptions including cash flow projections based on the Board approved projection for fiscal year 2025 and forecasts for a further 4 years which are extrapolated using an average growth rate of 7.5% (2023: 6.68%) and terminal value growth rate of 2.5% (2023: 2.5%). The average growth rate is based on the expected Medicare indexation combined with the expected increase in volumes for the industry.

The discount rate (pre-tax) used to determine recoverable amounts as at 30 June 2024 for the CGU was 9.6% (2023: 9.2%). The discount rate includes the current actual cost of debt and equity cost based on market comparatives which is higher than prior year.

Management have used their current expectations and what is considered reasonably achievable when assigning values to key assumptions in their value in use model.

Material accounting policy for intangible assets

Goodwill

- Initially measured at cost, being the excess of the costs of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities, and contingent liabilities.
- Subsequently measured at cost less any accumulated impairment losses; and
- Reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the group of CGUs, to which the goodwill relates. When the recoverable amount is less than the carrying amount, an impairment loss is recognised.

Other intangible assets

- Other intangible assets such as referrer relationships and brand names are recognised on acquisition, where applicable.
- Referrer relationships are stated at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful life of eight years.
- Brand names are assessed as having an indefinite life and measured at cost less any accumulated impairment losses.

Internally generated intangibles are not capitalised, and the related expenditure is reflected in the Statement of Comprehensive Income in the period in which the expenditure is incurred.

Significant accounting estimates - annual impairment assessment for non-current assets

Impairment is determined by assessing the recoverable amount of the group of CGUs, to which the goodwill and all intangible assets with indefinite lives have been allocated as they are expected to benefit from the synergies of the business combination.

Sensitivity analysis indicates that no reasonably possible change in key assumptions would result in an impairment loss. Accordingly, the Group has concluded that no impairment is required based on current market and economic conditions and expected future performance.

Significant accounting estimates - Impairment of intangible assets

Assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets that have an indefinite useful live (including goodwill) or not yet ready for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

An impairment loss is recognised in the statement of comprehensive income for the amounts by which the asset's carrying amount exceeds its recoverable amount.

2.5. Investments

The Group had an investment in Enlitic Inc, a USA based healthcare IT entity developing healthcare capacity, efficiency, and workflow solutions powered by artificial intelligence. During the year, the group disposed all of its investment in Enlitic.

	2024 $000	2023 $000
Non-current		
Investment in unlisted entity	**-**	**1,950**
Movement in investment in unlisted entity		
Fair value – opening balance	1,950	19,181
Unrealised foreign exchange gain/(loss)	(60)	350
Disposal	(1,318)	-
Fair value movement	(572)	(17,581)
Fair value – closing balance	**-**	**1,950**

Material accounting policy for investment in unlisted entity

The investment is accounted at fair value through profit or loss in the Statement of Comprehensive Income under *AASB 9 – Financial Instruments* requirements because the Group does not have significant influence over the operations of the entity.

The measurement of the investment is categorised as a level 3 in the fair value measurement hierarchy which means that inputs are unobservable. Hence, the value of the Group's investment in Enlitic at 30 June 2023 is based on an independent expert valuation report.

2.6. Right-of-use assets

	Property Leases $000	Equipment Leases $000	Total $000
At 1 July 2023 (restated)	60,045	2,293	62,338
New leases entered during the period	-	846	846
Remeasured and modified leases	4,220	-	4,220
Impairment charge	(981)	-	(981)
Amortisation charge	(10,854)	(1,296)	(12,150)
At 30 June 2024	**52,430**	**1,843**	**54,273**
Cost value	99,769	5,689	105,458
Accumulated amortisation and impairment	(47,339)	(3,846)	(51,185)
Total at 30 June 2024	**52,430**	**1,843**	**54,273**
At 1 July 2022	53,911	2,790	56,701
New leases entered during the period (restated)	16,603	1,152	17,755
Remeasured and modified leases	1,199	(430)	769
Impairment charge	(1,329)	-	(1,329)
Amortisation charge (restated)	(10,339)	(1,219)	(11,558)
At 30 June 2023 (restated)	**60,045**	**2,293**	**62,338**
Cost value (restated)	95,549	4,843	100,392
Accumulated amortisation and impairment (restated)	(35,504)	(2,550)	(38,054)
Total at 30 June 2023 (restated)	**60,045**	**2,293**	**62,338**

2.7. Lease liability

	2024	2023 Restated
	$000	$000
Lease liabilities		
Current	11,223	11,774
Non-current	49,939	56,800
Lease liabilities	**61,162**	**68,574**

Undiscounted maturity analysis

	2024	2023 Restated
	$000	$000
Year 1	12,024	12,031
Year 2	11,264	12,157
Year 3	10,635	10,395
Year 4	9,615	9,824
Year 5	8,162	8,625
Onwards	26,762	25,747
	78,462	**78,779**

Lease liability	**Property Leases** $000	**Equipment Leases** $000	**Total** $000
At 1 July 2023 (restated)	(65,004)	(3,570)	(68,574)
Interest expense	(2,040)	(101)	(2,141)
New leases entered during the period	-	(846)	(846)
Remeasured and modified leases	(4,964)	-	(4,964)
Terminated leases	775	-	775
Cash payments	12,075	2,513	14,588
At 30 June 2024	**(59,158)**	**(2,004)**	**(61,162)**
Current	(9,892)	(1,331)	(11,223)
Non-current	(49,226)	(673)	(49,939)
Total at 30 June 2024	**(59,158)**	**(2,004)**	**(61,162)**
At 1 July 2022	(56,883)	(5,323)	(62,206)
Interest expense	(1,679)	(168)	(1,847)
New leases entered during the period (restated)	(16,320)	(1,152)	(17,472)
Remeasured and modified leases	(794)	(220)	(1,014)
Terminated leases	20	-	20
Cash payments	10,652	3,293	13,945
At 30 June 2023 (restated)	**(65,004)**	**(3,570)**	**(68,574)**
Current (restated)	(9,567)	(2,207)	(11,774)
Non-current (restated)	(55,437)	(1,363)	(56,800)
Total at 30 June 2023 (restated)	**(65,004)**	**(3,570)**	**(68,574)**

Significant accounting judgements – Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, and therefore it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR used by the Group reflects the interest rate the Group pays on its existing loan facilities at the date the lease was entered into. The Group’s average incremental borrowing rate (“IBR”) used at 30 June 2024 was 6.79% (FY23: 3.5%).

Significant accounting judgements – Extension options

The Property leases in relation to the medical imaging clinics and offices contain extension options exercisable by the Group for periods up to 6 months before the end of the non-cancellable contract period. The extension options held are exercisable only by the Group and not by the lessors. The Group determines the lease term as the non-cancellable term of the lease together with the period covered, where applicable, by one additional lease extension term. This allows for flexibility in terms of the continued business operations at that site on a commercial basis. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control.

The Group also leases diagnostic imaging equipment. On average, these leases typically run for a period of 5 to 7 years and do not have options to extend or vary lease terms.

Material accounting policy for leases

Group as a lessee

AASB 16 distinguishes leases and service contracts based on whether a customer controls an identified asset. Where there is an identified asset, a right-of-use asset and a corresponding liability have been recognised for all leases (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.8. Trade and other payables

	2024	2023 Restated
	$000	$000
Current		
Trade creditors	9,217	10,358
Other creditors and accruals	13,501	14,007
	22,718	**24,365**

2.9. Provisions

	2024	2023 Restated
	$000	$000
Non-current		
Lease property make good allowance	3,123	3,166
Insurance provision	339	165
	3,462	**3,331**

	2024	2023 Restated
	$000	$000
Balance at 1 July 2023	3,331	2,611
Additions	181	720
Payments	(50)	-
Balance at 30 June 2024	**3,462**	**3,331**

2.10. Employee Benefit Liabilities

	2024 **$000**	2023 $000
Current		
Annual leave	6,829	7,026
Long service leave	5,040	5,397
	11,869	**12,423**
Non-current		
Long service leave	516	401
	516	**401**

Significant accounting judgements – Long service leave

The calculation of long service leave has been based on estimates and judgements made by management. These estimates mainly relate to employee retention rates, salary increases and discount rates. Should any of these estimates or judgements significantly change this could have a material effect on the amount recognised.

2.11. Other Financial Liabilities

	2024 **$000**	2023 $000
Current		
Other financial liabilities [1]	22,986	697
Non-current		
Other financial liabilities [1]	276	2,782
	23,262	**3,479**

[1] Other financial liabilities, in respect of put options of non-wholly owned entities, have been valued at fair value through the profit or loss in accordance with *AASB 132 - Financial Instruments: Presentation*.

	2024 **$000**	2023 $000
Balance at 1 July 2023	3,479	3,772
Amounts paid	(871)	-
Fair value movement	20,654	(293)
Balance at 30 June 2024	**23,262**	**3,479**

The movement in the fair value of financial liabilities is in respect of change of control clauses in certain agreements with holders of equity interests in Group controlled subsidiary entities. The financial liabilities have been revalued to recognise their respective fair values at 30 June 2024 and is measured based on expected future cash flows and the probability that the merger with IDX will complete within the next twelve months.

Accounting policy for other financial liabilities recognised in a business combination

A financial liability recognised in a business combination is initially measured at its fair value.

Section 3 – Our financing and capital structure

This section contains details of the way the business is financed including details around debt and equity, the key financial risks that Capitol Health faces and how they are managed, and accounting policies and key assumptions relevant to borrowings and equity.

3.1. Capital Management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

In order to achieve this overall objective, Group's capital management, amongst other things aims to ensure that it meets its financial covenants attached to the interest-bearing loans and borrowings that defined the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call loans and borrowings. The group met all its financial covenants as at 30 June 2024.

In addition, as part of its on-going capital management program, Capitol Health operates an on-market share buy-back arrangement that was first announced on 18 August 2017 and in August 2023 was extended to 4 September 2024. At that time, the maximum number of shares able to be bought back by the Company was increased to 56,608,209 within the '10/12 limit'. While not utilised during the 2024 financial year the buy-back scheme remains important to the Group to maintain the maximum amount of flexibility regarding its capital management strategies to enhance value for shareholders and at 30 June 2024 it has the ability to buy-back 56,608,209 ordinary shares over a 12-month period to 4 September 2024.

3.2. Borrowings

	2024 $000	2023 $000
Non-current		
Borrowings	82,800	72,800
	82,800	**72,800**

Utilisation of secured facilities	**Facility** $000	**Utilised** $000	**Available** $000
2024			
Secured bank loan[1)]	130,000	82,800	47,200
Equipment financing	5,000	135	4,865
Bank guarantee facility	4,000	2,706	1,294
At 30 June 2024	**139,000**	**85,641**	**53,359**
2023			
Secured bank loan[1)]	130,000	72,800	57,200
Equipment financing	5,000	1,237	3,763
Bank guarantee facility	4,000	2,540	1,460
At 30 June 2023	**139,000**	**76,577**	**62,423**

[1)]Includes $30.0 million Accordion facility. Access to Accordion facility is subject to credit and pricing approval

Borrowings include the following financial liabilities secured by leasehold improvements and equipment owned by the Company:

		Current		Non-current	
		2024	2023	**2024**	2023
	Note	**$000**	$000	**$000**	$000
Carrying amount at amortised cost[1]:					
External bank borrowings	3.2	-	-	82,800	72,800
Lease liabilities	2.7	11,223	11,774	49,939	56,800
		11,223	**11,774**	**132,739**	**129,600**

[1)]Carrying amount of these financial liabilities approximates fair value

Bank facility terms

Financial Year 2024

The Group's current loan facility with National Australia Bank commenced on 31 March 2022 and it is not due to mature until May 2026.

The bank facility totalling $139.0 million is made up as follows:

- Cash advance facility limit up to $100.0 million
- Bank guarantee facilities with a limit of $4.0 million
- Equipment leasing facilities with limit of $5.0 million
- Accordion facility of up to $30.0 million (uncommitted)

Current interest rates are variable and average 5.65% during the year (2023: 4.2%).

Financial Year 2023

During the financial year 2023, the Group increased its borrowings outstanding by $53.8 million in support of the acquisition of Future Medical Imaging Group and operating cash requirements such that the total borrowings at 30 June 2023 was $72.8 million.

The bank facility totalling $139.0 million is made up as follows:

- Cash advance facility limit up to $100.0 million
- Bank guarantee facilities with a limit of $4.0 million
- Equipment leasing facilities with limit of $5.0 million
- Accordion facility of up to $30.0 million (uncommitted)

Current interest rates are variable and average 4.2% during the year (2022: 1.5%).

The Group complied with all applicable financial covenant requirements as at 30 June 2024.

3.3. Issued Capital

	2024 $000	2023 $000
Issued Capital [1]	**161,138**	**160,165**

	2024 Number of shares	2024 $000	2023 Number of shares	2023 $000
Balance at 1 July 2023	1,060,564,472	160,165	1,042,217,512	153,749
Exercise of options	238,095	50	-	-
Conversion of options/performance rights	2,286,865	423	2,385,280	434
Shares issued on acquisition[1]	-	-	18,919,746	6,000
Conversion of treasury share	-	506	-	-
Share issue costs (after tax)	-	(6)	-	(18)
	1,063,089,432	161,138	1,063,522,538	160,165
Less: Treasury shares [2]	-	-	(2,347,752)	-
Less: Treasury shares [3]	(610,314)	-	(610,314)	-
Balance at 30 June 2024	**1,062,479,118**	**161,138**	**1,060,564,472**	**160,165**

[1] The company does not have authorised capital or par value in respect of its issued shares.

[2] In the fiscal year 2021 the Group allocated 2,347,752 shares as deferred consideration in connection with the acquisition of Direct Radiology. These shares were held in Escrow with a scheduled release date until August 2023 at which point, they were not released due to no-fulfillment of revenue targets and ongoing employment conditions. Subsequently, the related expense was reversed in the prior year when it was determined the conditions would not be met. These shares were sold with net proceeds totalling $500,000.

[3] A total of 610,314 fully ordinary shares were issued in association with the acquisition of Future Medical Imaging Group which remain in escrow for up to 24 months. The fair value of these shares is treated as a post-employment cost and will be accumulated in the Share-Based Payment Reserve

3.4. Performance Rights and Options

Employee Incentive Option Plan

Capitol Health Limited operates an incentive plan known as the Capitol Health Limited Employee Incentive Plan ("Plan") which was approved by shareholders at the annual general meeting held on 16 November 2021. The Plan enables the Company to grant equity awards to eligible participants, in the form of performance rights and/or options (together, "Awards") over Company shares.

The maximum number of awards that can be granted under the Plan is determined by the Board in its discretion and in accordance with the Plan and applicable law. Awards issued under the Plan can be satisfied by the issue of new shares by the Parent Entity or by purchasing shares on-market for allocation to participating individuals upon vesting of awards in future years. Each option under the Plan is convertible to one ordinary share. The exercise price of the options is determined by the Board in its absolute discretion, subject to any minimum price specified in the Listing Rules of the ASX. All unvested Awards lapse on the earlier of the date specified by the Board, breach of certain restrictions on transfer and hedging of awards, failure to satisfy the Conditions of the Award, 15 years from the grant date or generally on resignation or termination for cause (including gross misconduct). Where the recipient of the Award ceases employment for any other reason prior to the end of the relevant performance period, the participant's unvested Awards will continue "on-foot" and will be tested at the end of the applicable performance period, vesting only to the extent that any performance conditions have been satisfied (ignoring any service-related conditions).

The Board has a broad discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Awards may vest and be exercised either at cessation or at the end of the original performance period, or that some or all of the Awards will lapse). In making this determination, the Board may have regard to any factors the Board considers relevant, including the performance period elapsed and the extent to which the vesting conditions have been satisfied.

There are no voting or dividend rights attaching to unvested Awards. Voting rights will be attached to the ordinary shares when Awards vest.

The tables below summarise the number of performance rights and options that were outstanding, their weighted average exercise price as well as the movements during the year:

Performance Rights[1]	**2024**		2023	
	Number	**Weighted average exercise price (cents)**	Number	Weighted average exercise price (cents)
Balance at 1 July 2023	8,440,269	-	7,335,509	-
Granted	4,237,198	-	3,490,040	-
Exercised	(2,286,865)	-	(2,385,280)	-
Forfeited	(4,230,087)		-	-
Balance at 30 June 2024	**6,160,515**	**-**	**8,440,269**	**-**

[1] Shares issued on exercise of performance rights pursuant to the Plan rank equally with all other shares on issue.

Options[2]	**2024**		2023	
	Number	**Weighted average exercise price (cents)**	Number	Weighted average exercise price (cents)
Balance at 1 July 2023	10,315,000	33.18	10,315,000	33.18
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(5,410,000)	34.40	-	-
Balance at 30 June 2024	**4,905,000**	**31.83**	**10,315,000**	**33.18**

[2] Share options granted under the Plan carry no rights to dividends and no voting rights.

Material accounting policy for performance rights and options

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, which depends on the terms and conditions of the instrument. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for Senior Executive Plan ("SEP").

That cost is recognised in employee benefits expense (Note 1.4), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Comprehensive Income.

3.5. Reserves

	Share-based payment [1)] $000	Other reserves [2)] $000	Total $000
Balance at 1 July 2023	**4,185**	**(1,479)**	**2,706**
Share based payment expense	1,308	-	1,308
Conversion of performance rights	(423)	-	(423)
Options not exercised	-	1,186	1,186
Movement for the financial year	885	1,186	2,071
Balance at 30 June 2024	**5,070**	**(293)**	**4,777**

	Share-based payment [1)] $000	Other reserves [2)] $000	Total $000
Balance at 1 July 2022	2,527	(1,479)	1,048
Share based payment expense	2,092	-	2,092
Conversion of performance rights	(434)	-	(434)
Movement for the financial year	1,658	-	1,658
Balance at 30 June 2023	**4,185**	**(1,479)**	**2,706**

1) The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.
2) Other reserves represent put options in relation to non-controlling interest entities within the group.

3.6. Dividends

Fully franked dividends were paid during the financial period as follows: [1)]

	2024 $000	2023 $000
FY22 Final Dividend paid 0.5 cents per share on 20 October 2022	-	5,223
FY23 Interim Dividend paid 0.5 cents per share on 31 March 2023	-	5,318
FY23 Final Dividend paid 0.5 cents per share on 20 October 2023	5,329	-
FY24 Interim Dividend paid 0.5 cents per share on 2 April 2024	5,329	-
	10,658	**10,541**

[1)] The Dividend Reinvestment Plan ("DRP") is currently suspended and will not apply to the FY24 final dividend (if declared).

Accounting policy for dividends

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

The Group has the following imputation credits:	**2024** **$000**	2023 Restated $000
Franking account balance at 30 June 2024	**3,381**	**5,424**
Imputation credits that will arise from the payment of the current tax liability	-	506
Adjusted franking account balance	**3,381**	**5,930**
Imputation debits that will arise from payment of dividend declared but not recognised in the financial statements	**-**	(2,279)
Adjusted franking account balance after payment of unrecognised dividend amounts	**-**	**3,651**

The FY24 final dividend is expected to be declared on 27 August 2024 in accordance with the Merger Implementation Deed. Refer to Events Subsequent to Balance Date section.

3.7. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the Group is not able to pay its debts as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are included in note 3.2.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The contractual maturity is based on the earliest date on which the Group may be required to pay:

In $000	**Weighted average effective interest rate**	**Less than 3 months**	**3 months to 1 year**	**1-5 years**	**Total**	**Carrying amount**
2024						
Trade and other payables	-	22,718	-	-	22,718	22,718
Interest-bearing loans	5.65%	1,170	3,510	87,087	91,767	82,800
Lease liability[1)]	6.70%	153	11,871	66,438	78,462	61,162
Other financial liabilities	-	-	22,986	276	23,262	23,262
		24,041	**38,367**	**153,801**	**216,209**	**189,942**

In $000	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	Total	Carrying amount
2023						
Trade and other payables	-	22,460	-	-	22,460	22,460
Interest-bearing loans (restated)	4.2%	764	2,292	78,662	81,718	72,800
Lease liability (restated)[1)]	3.5%	3,007	9,024	66,748	78,779	68,574
Other financial liabilities	-	-	697	2,782	3,479	3,479
		26,231	**12,031**	**148,192**	**186,436**	**167,313**

[1)] Refer to details on Note 2.7

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a portfolio of fixed but predominantly variable rate loans and borrowings. In July 2020, the bank waived its requirement under the Group's loan facility to use interest rate swaps. An interest rate swap provides that the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount are paid at specified intervals. At 30 June 2024, there were nil interest rate swaps covering outstanding debt (2023: nil).

Based on the borrowings balance at 30 June 2024 of $82.8 million, a 50 bps movement in interest rates would result in a change in interest expense of $0.4 million per annum.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its investment in an unlisted investment.

The Group does not hedge its exposure to fluctuations on the translation into Australian dollars of this investment as the unlisted investment is not regularly traded and management assesses the foreign exchange risk as low over the longer term.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. However, as 74% of the Group's business relates to bulk billed procedures that are reimbursed directly by the government, we assess the overall credit risk exposure as low.

3.8. Commitments

The company has the following capital expenditure commitments contracted for:

	2024	2023
	$000	$000
Plant and equipment purchases	6,359	6,424

Accounting policy capital expenditure commitments

Commitments for future capital commitments arise from contracts. These commitments are disclosed at their nominal value and are exclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Commitments for future capital expenditure include costs associated with the fit-out and refurbishment of certain clinics and related plant and equipment.

3.9. Contingencies

The Group has an obligation to provide rental property guarantees when requested by landlords of the rental premises. These are classified as a contingent liability unless supported by value for value specific deposits.

Section 4 – Our group structure

This section includes details of the way the business is structured including details of controlled entities and changes to the Group's structure during the year and the financial impact of those changes.

4.1. Controlled Entities

	Country of Incorporation	Equity Interest 2024	2023
Capitol China Operations Pty Ltd	Australia	100%	100%
Capitol China Radiology Pty Ltd	Australia	100%	100%
Capitol Global Pty Ltd	Australia	100%	100%
Capitol Investments Pty Ltd	Australia	100%	100%
Capital Radiology (NSW) Pty Ltd	Australia	100%	100%
Capital Radiology Pty Ltd	Australia	100%	100%
Capital Radiology WA Pty Ltd	Australia	100%	100%
Capitol Treasury Pty Ltd	Australia	100%	100%
Capitol Health Holdings Pty Limited	Australia	100%	100%
CHL Operations Pty Ltd	Australia	100%	100%
Diagnostic MRI Services Pty Limited	Australia	100%	100%
Diagnostic MRI Services Unit Trust	Australia	100%	100%
Eastern Radiology Services Pty Ltd	Australia	100%	100%
Eastern Radiology Services Unit Trust	Australia	100%	100%
Future Medical Imaging Group Pty Ltd	Australia	100%	100%
Imaging @ Olympic Park Pty Ltd[1)]	Australia	100%	100%
Imaging @ Olympic Park Unit Trust	Australia	100%	100%
Joremo Pty Ltd	Australia	100%	100%
MDI Group Pty Ltd	Australia	100%	100%
MDI Manningham Pty Ltd	Australia	100%	100%
MDI Radiology Pty Ltd	Australia	100%	100%
Radiology One Pty Ltd	Australia	100%	100%
Radiology Tasmania Pty Ltd	Australia	100%	100%
Lime Avenue Radiology Pty Ltd[2)]	Australia	100%	70%
Adrad Investments SA Pty Ltd[3)]	Australia	98%	98%
Adrad Radiology Pty Ltd[3)]	Australia	98%	98%
Capital Radiology (Pakenham) Pty Ltd	Australia	70%	70%
Capital Radiology (EPH) Pty Ltd	Australia	70%	70%
Capital Heart Pty Ltd	Australia	55%	55%

1) An existing shareholder of Imaging @ Olympic Park Pty Ltd, holding Class B shares, possesses entitlement to an equivalent of a 25% equity stake in the entity.
2) On 10 November 2023, the Group acquired the remaining 30% of Lime Avenue Radiology Pty Ltd.
3) Adrad Investments SA Pty Ltd wholly owns and controls Adelaide Radiology Pty Ltd.

All wholly owned entities in the table above form a single tax consolidated group.

In the financial statements of the Company investments in subsidiaries are measured at cost. All entity interests held are fully paid ordinary shares or units except for those as noted above.

4.2. Deed of Cross Guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others, also referred to as the Closed Group:

Capitol Health Limited	Capitol Health Holdings Pty	MDI Radiology Pty Ltd
Capitol Global Pty Ltd	CHL Operations Pty Ltd	Radiology One Pty Ltd
Capital Radiology (NSW) Pty Ltd	Diagnostic MRI Services Pty Limited	Radiology Tasmania Pty Ltd
Capital Radiology Pty Ltd	Eastern Radiology Services Pty Ltd	Joremo Pty Ltd
Capital Radiology WA Pty Ltd	MDI Group Pty Ltd	Future Medical Imaging Group Pty Ltd
Capitol Treasury Pty Ltd	MDI Manningham Pty Ltd	

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*, relief has been granted to the wholly owned entities as listed above, from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, these entities entered into a deed of cross guarantee on 4 June 2021.The effect of the deed is that Capitol Health Limited has guaranteed to pay any deficiency in the event of winding up of any other closed group entity if they do not meet their obligations under the terms of loans, leases or other liabilities subject to the guarantee. The other closed group entities have also given a similar guarantee should Capitol Health Limited be wound up or fail to meet its obligations under the terms of loans, leases or other liabilities subject to the guarantee.

The consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position of the Closed Group are:

Statement of Comprehensive Income	**2024**	2023 Restated
	$000	$000
Revenue	199,011	176,128
Wages, contractor costs and salaries	(134,643)	(120,549)
Occupancy costs	(5,922)	(5,696)
Medical equipment and consumable supplies	(11,833)	(9,710)
Service costs	(13,540)	(12,698)
Transaction and restructure costs	(2,802)	(1,619)
Unrealised foreign exchange gain	(60)	350
Investments' movement in fair value	(572)	(17,581)
Impairment of other non-current assets	(1,830)	(2,086)
Financial liabilities' movement in fair value	(20,654)	293
Depreciation and amortisation	(25,448)	(23,129)
Net finance costs	(7,478)	(4,934)
Loss before income tax	**(25,771)**	**(21,231)**
Income tax expense	925	2,021
Loss for the year	**(24,846)**	**(19,210)**

Consolidated Statement of Financial Position of the Closed Group

Statement of Financial Position	**2024**	2023
		Restated
	$000	$000
Assets		
Cash and cash equivalents	22,514	17,639
Trade and other receivables	2,366	3,919
Intercompany receivables	179	919
Other financial assets	140	103
Other assets	1,936	2,203
Income tax receivable	-	-
Total current assets	**27,135**	**24,783**
Plant and equipment	55,528	53,323
Right-of-use assets	52,280	59,148
Intangible assets	155,295	156,262
Investment in entities	17,696	17,916
Other financial assets	-	1,950
Other receivables	119	187
Deferred tax asset	6,816	8,475
Total non-current assets	**287,734**	**297,261**
Total assets	**314,869**	**322,044**
Liabilities		
Trade and other payables	21,343	25,699
Intercompany payable	9,875	20,922
Lease liabilities	10,439	10,857
Other financial liability	22,986	0
Employee benefit liabilities	11,869	12,356
Income tax liability	165	144
Total current liabilities	**76,677**	**69,978**
Borrowings	82,800	72,800
Lease liabilities	48,319	53,917
Other financial liability	276	3,478
Provisions	3,019	3,074
Employee benefit liabilities	516	401
Deferred tax liability	7,366	9,919
Total non-current liabilities	**142,296**	**143,589**
Total liabilities	**218,973**	**213,567**
Net assets	**95,896**	**108,477**
Equity		
Issued capital	153,376	152,421
Reserves	4,309	2,491
Accumulated losses	(61,789)	(46,435)
Equity attributable to closed group	**95,896**	**108,477**

4.3. Parent Entity Disclosure

	2024 $000	2023 $000
Financial information		
Operating loss	(14,188)	(8,352)
Total comprehensive loss	**(14,188)**	**(8,352)**
Total net assets	**97,685**	**130,145**
Issued capital	161,138	160,165
Reserves	4,777	2,706
Accumulated losses	(68,230)	(32,726)
Total equity	**97,685**	**130,145**
Guarantees	2,706	2,540

Guarantees

The parent entity has provided financial guarantees in respect of lease agreements of the subsidiaries totalling $2,706,441 (2023: $2,540,396), secured by a first registered charge over the assets of the entity.

The parent entity is party to the deed of cross guarantee as listed in Note 5.2.

Other commitments

The parent entity has no commitments or contingent liabilities (2023: nil).

Section 5 – Other notes

This section contains other notes that are considered relevant to understanding the Group's financial performance or position.

5.1. Auditors Remuneration

The following total remuneration, which was received, or is due and receivable, by the auditor of the company in respect of:

	2024 **$**	2023 $
Audit and other services		
Audit and review of Group financial reports	307,000	273,300
Other services:		
Other audit services		-
Total remuneration for audit and other services	**307,000**	**273,300**

The auditor of the Group is Deloitte Touche Tohmatsu.

5.2. Related Parties

Key management personnel remuneration

	2024 **$**	2023 $
Salaries and fees	1,632,755	1,620,632
STI cash bonus	438,000	356,250
Other short-term benefits	56,744	101,466
Special fees[1)]	326,111	-
Post-employment benefits:		
Superannuation	63,506	64,368
Long term employee benefits	(197)	19,790
Share-based payments	(208,346)	656,090
	2,308,573	**2,818,596**

[1)] Special fees awarded for significant additional workload and commitment required in respect of the proposed merger with IDX.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to the key management personnel including Directors.

Information regarding individual key management personnel compensation as required by Corporation Regulations 2M.3.03 are provided in the Remuneration Report as part of the Directors' Report.

Other key management personnel transactions with the Company or its subsidiaries

The Board's directive is that the terms and conditions of such transactions are to be no more favourable to the supplier than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. Transactions of this nature are expected to meet the allowable criteria as stated in Chapter 2E of the *Corporations Act*. Any known or intended transactions of this type are expected to be disclosed to the Board.

During the financial year Mr Walter's spouse was engaged as a contractor within the business to provide specialist diagnostic technician services. This arrangement has been notified to the Board and is on commercial terms. The total amount payable for the year ended 30 June 2024 is $89,101 excluding GST (2023: $53,470).

During the year, rent payments were made to employee and contractor doctors as landlords of clinics used by the Group. These arrangements have been notified to the Board and are on commercial terms. There were no other such transactions.

Section 6 – Other disclosures

This section contains additional information required to comply with accounting standards, the *Corporations Act 2001* and other pronouncements.

New Accounting Standards and Interpretations Applied for the Current Year

The Group has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards Issued but not yet Adopted

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- AASB 18 Presentation and Disclosure in Financial Statements (effective to financial periods beginning on or after 1 January 2027)
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective to financial periods beginning on or after 1 January 2025)
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current liabilities with Covenants (effective to financial periods beginning on or after 1 January 2024)
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements (effective to financial periods beginning on or after 1 January 2024)
- AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments (effective to financial periods beginning on or after 1 January 2026)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

New Sustainability Reporting Standards

In June 2023 the International Sustainability Standards Board ("ISSB") published two sustainability reporting standards in response to the demand for better information about sustainability related matters.

The standards issued were:

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary user of general-purpose financial reports in making decisions relating to providing resources to the entity.
- IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring, and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The Australian climate related financial disclosures requirements are still being finalised; however, disclosures are expected to be closely aligned with the ISSB Standards, with Australian equivalents to be set by the Australian Accounting Standards Board ("AASB") considering Australian-specific requirements. Based on the current proposals, the climate related disclosure requirements are expected to first apply to the Group for the financial year ending 30 June 2027. Whilst there are currently no mandatory climate related reporting requirements, the Group has commenced the assessment of the impact for future reporting periods.

Current and Non-current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is classified as current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Segment Information

The Group has one business segment which is the operation of diagnostic imaging facilities in Australia. Senior management and the Capitol Board regularly review the Group's operating results to allocate resources and assess/review the Group's performance as a whole. As the Group operates in a single business and geographic segment no further disclosures are required.

Fair Value Measurement

Financial instruments such as derivatives, and non-financial assets such as investment in unlisted entities, are measured at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group applies valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities the entity can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment in unlisted entities and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually with selection criteria including market knowledge, reputation, independence and whether professional standards are maintained.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates, and assumption: notes 2.2, 2.3, 2.4, 2.5, 3.2 and 3.7.
- Quantitative disclosures of fair value measurement hierarchy: Section 7
- Investment in non-listed equity shares: note 2.5.

Events Subsequent to Balance Date

After 30 June 2024:

Options

On 8 July 2024, 1,000,000 options were issued to a radiologist at an exercise price of $0.3171 each and expiring 10 January 2028 under the Group's Employee Incentive Plan Rules. The options will vest in 3 tranches, as outlined below, subject to vesting conditions being met.

Proposed Merger

On 18 July 2024, the Company announced that following completion of a two-way confirmatory due diligence process, it had agreed to enter into a binding MID with IDX, in relation to the proposal for IDX to acquire 100% of Capitol's issued shares via a scheme of arrangement on the same terms announced to the ASX on 17 June 2024. The proposed merger remains subject to regulatory approvals, approval by Capitol shareholders and the court and other customary conditions.

Joint Venture

On 5 August 2024, the Company entered into entered a joint venture agreement and property lease agreement to open a greenfield comprehensive MRI clinic in South Australia. The property lease is at market rate and is for an initial ten year period with extension term options available. The JV agreement includes certain put and call options subject to specified criteria and timelines. The clinic is expected to open in August 2025.

Dividend

The Company expects to declare a FY24 final dividend on 27 August 2024 in accordance with the MID.

Other than the above, there have been no other matters or circumstances occurring subsequent to the end of the 2024 financial year that have significantly affected or may significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent financial years.

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001.* It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Name of Entity	Type of Entity	Trustee, Partner or Participant in Joint Venture	Country of Incorporation	Share Capital	Tax residency
Capitol China Operations Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capitol China Radiology Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capitol Global Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capitol Investments Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capital Radiology (NSW) Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capital Radiology Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capital Radiology WA Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capitol Treasury Pty Ltd	Body Corporate	-	Australia	100%	Australia
Capitol Health Holdings Pty Limited	Body Corporate	-	Australia	100%	Australia
CHL Operations Pty Ltd	Body Corporate	-	Australia	100%	Australia
Diagnostic MRI Services Pty Limited	Body Corporate	Trustee	Australia	100%	Australia
Diagnostic MRI Services Unit Trust	Trust	-	Australia	100%	Australia
Eastern Radiology Services Pty Ltd	Body Corporate	Trustee	Australia	100%	Australia
Eastern Radiology Services Unit Trust	Trust	-	Australia	100%	Australia
Future Medical Imaging Group Pty Ltd	Body Corporate	-	Australia	100%	Australia
Imaging @ Olympic Park Pty Ltd	Body Corporate	-	Australia	100%	Australia
Imaging @ Olympic Park Unit Trust	Trust	Trustee	Australia	100%	Australia
Joremo Pty Ltd	Body Corporate	-	Australia	100%	Australia
MDI Group Pty Ltd	Body Corporate	-	Australia	100%	Australia
MDI Manningham Pty Ltd	Body Corporate	-	Australia	100%	Australia
MDI Radiology Pty Ltd	Body Corporate	-	Australia	100%	Australia
Radiology One Pty Ltd	Body Corporate	-	Australia	100%	Australia
Radiology Tasmania Pty Ltd	Body Corporate	-	Australia	100%	Australia
Lime Avenue Radiology Pty Ltd	Body Corporate	-	Australia	100%	Australia
Adrad Investments SA Pty Ltd	Body Corporate	Joint Venture	Australia	98%	Australia
Adelaide Radiology Pty Ltd	Body Corporate	Joint Venture	Australia	98%	Australia
Capital Radiology (Pakenham) Pty Ltd	Body Corporate	Joint Venture	Australia	70%	Australia
Capital Radiology (EPH) Pty Ltd	Body Corporate	Joint Venture	Australia	70%	Australia
Capital Heart Pty Ltd	Body Corporate	Joint Venture	Australia	55%	Australia

Directors' Declaration

In the opinion of the Directors of Capitol Health Limited:

(a) the attached consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards as disclosed in the General Information note; and

(c) the information disclosed in the consolidated entity disclosure statement is true and correct; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(e) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group will be able to meet any obligations or liabilities which they are, or may become, subject by virtue of the Deed of Cross Guarantee pursuant to ASIC Corporations (Wholly owned Companies) Instruments 2016/785.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5)(a) of the Corporations Act 2001.

Justin Walter
Managing Director
Melbourne, Victoria
22 August 2024

Deloitte.

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Independent Auditor's Report to the members of Capitol Health Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Capitol Health Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the consolidated entity disclosure Statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Financial liabilities at fair value through profit or loss The Group has financial liabilities recognised at fair value through the profit or loss valued at \$23.3m as at 30 June 2024 (\$3.5m at 30 June 2023). The liabilities are in respect of arrangements arising from past clinic acquisitions and associated amending agreements entered into during the year. The financial liabilities have been revalued to recognise their respective fair values at 30 June 2024 and were measured based on expected future cash flows, which incorporated an assumption around the probability that the merger with IDX will complete within the next twelve months. Given the complexity of the accounting treatment and fair value calculation, we consider this to be a key audit matter.	Our procedures included, but were not limited to: ▪ Obtaining and reviewing management's calculation to determine the fair value of the financial liabilities. ▪ In conjunction with our internal valuation specialists: - assessing the reasonableness of key valuation model inputs; - considering management's judgement and estimates related to the valuation; - assessing the calculation against relevant agreements between the Group and equity participants; - testing the mathematical accuracy of the models; and ▪ Assessing the accounting treatment of the relevant agreements. We have also assessed the adequacy of the disclosures in Note 2.11 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 30 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Capitol Health Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Jane Fisher
Partner
Chartered Accountants

Melbourne, 22 August 2024

Details of Shares, Performance Rights and Options as at 31 July 2024:

Top Holders

The 20 largest holders of each Fully Paid Ordinary Shares as at 31 July were:

Fully Paid Ordinary Shares

Name	No. of Shares	*% Holding*
CITICORP NOMINEES PTY LIMITED	212,185,340	19.90
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	195,778,253	18.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	98,584,446	9.25
NATIONAL NOMINEES LIMITED	91,231,348	8.56
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	49,500,000	4.64
UBS NOMINEES PTY LTD	33,795,456	3.17
IDINOC PTY LTD <J & R CONIDI FAMILY A/C>	27,477,886	2.58
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	27,249,341	2.56
BUTTONWOOD NOMINEES PTY LTD	15,852,979	1.49
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	12,026,578	1.13
NICK CONIDI PTY LTD <CONIDI FAMILY A/C>	11,029,711	1.03
GIA CHAU PTY LTD	9,800,000	0.92
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	8,156,145	0.77
BNP PARIBAS NOMS PTY LTD	7,670,881	0.72
MR NICOLA CONIDI + MRS GIANNINA CONIDI <NICK & JAN CONIDI S/F A/C>	6,160,486	0.58
MICROEQUITIES ASSET MANAGEMENT PTY LTD <MICROEQTS NANOCAP NO 12 A/C>	5,113,640	0.48
BLUE BAY HEALTHCARE PTY LTD <JUZINTA FAMILY A/C>	4,672,145	0.44
ILINA-TARANTO HOLDINGS PTY LTD <ILINA TARANTO FAMILY A/C>	4,577,358	0.43
NYGUPTA PTY LTD <GUPTA FAMILY A/C>	4,577,358	0.43
PCJL PTY LTD <PCJL FAMILY A/C>	4,577,358	0.43
TOMANDTAR NOMINEES PTY LTD <DOBROTWIR FAMILY A/C>	4,577,358	0.43
	834,594,067	**78.29**

Distribution Schedules

A distribution of each class of equity security as at 31 July 2024:

Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Shares
1 - 1,000	387	93,995	0.01
1,001 - 5,000	1,157	3,502,032	0.33
5,001 - 10,000	701	5,723,857	0.54
10,001 - 100,000	2,082	77,539,411	7.27
100,001 Over	513	979,188,203	91.85
	4,840	**1,066,047,498**	**100.00**

Unlisted Performance Rights – Issued under Capitol Health Limited's Employee Incentive Plan

Range	Total holders	No. of Performance Rights	% Units
100,001 Over	3	8,360,916	100.00
	3	**8,360,916**	**100.00**

Unlisted Options – Issued under Capitol Health Limited's Employee Incentive Plan

Range	Total holders	No. of Options	% Units
100,001 Over	7	5,905,000	100.00
	7	**5,905,000**	**100.00**

Escrowed Securities

As at 31 July 2024, a total of 12,511,446 Fully Paid Ordinary Shares were subject to voluntary escrow, details of which being as follows:

Escrowed Securities	Date that escrow period ends
12,206,288 Fully Paid Ordinary Shares	14 September 2024
305,158 Fully Paid Ordinary Shares	4 November 2024

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial Shareholder	No. of shares	% issued capital
National Nominees Ltd ACF Australian Ethical Investment Limited	99,875,482	9.37
Wilson Asset Management Group	118,945,809	11.16
Washington H. Soul Pattinson and Company Limited (WHSP) and BRICKWORKS LIMITED and its subsidiaries via WHSP	60,522,584	5.68
1851 Capital Pty Ltd	74,799,170	7.03
Microequities Asset Management Pty Ltd	53,469,261	5.02

Unmarketable Parcels

Holdings less than a marketable parcel of ordinary shares (being 1,667 at $0.30 per share as at 31 July 2024):

Fully Paid Ordinary Shares	Holders	No. of shares
Holdings less than a marketable parcel	544	312,472

Voting Rights

The voting rights attached to fully paid ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unlisted Options and Performance Rights do not carry any voting rights.

On-Market Buy Back

The Company had, over the last 12 months, a current on-market buy-back with the ability to acquire up to 56,608,209 ordinary shares. The Company has finalised and closed the on-market buy-back on 22 August 2024 and lodged an Appendix 3F, as required by the ASX Listing Rules, on the same day.

Corporate Governance Statement

The Company's 2024 Corporate Governance Statement was released to the ASX on 22 August 2024 and is available at https://www.capitolhealth.com.au/investors/corporate-governance.

Annual General Meeting

The 2024 Annual General Meeting has not been scheduled as at the date of this report.

The Company will advise the market of the meeting details along with the Closing Date for the Nomination of Director when available.

The Capitol Health Community