



ABN 84 117 391 812

In accordance with Listing Rule 4.2A, the Interim Financial Report for the six months ended 31 December 2013 and ASX Appendix 4D – Half Year Report for the listed entity Capitol Health Limited (ASX: CAJ) follow this announcement. This information is to be read in conjunction with the annual report for the year ended 30 June 2013.

Authorised by:

A handwritten signature in black ink, appearing to read 'John Conidi', is written over a horizontal line.

John Conidi

Managing Director

Dated at Melbourne, Victoria this 12th day of February 2014

Appendix 4D
Half Year Report to the Australian Securities Exchange
Capitol Health Limited and Controlled Entities - ABN 84 117 391 812
Period ending 31 December 2013

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

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

Financial Period	6 Months ending 31 December 2013
Previous Corresponding Reporting Period	6 Months ending 31 December 2012

2 *Results for announcement to the market*

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

\$ Revenue from Ordinary Activities - current period	\$'000	43,326
\$ Revenue from Ordinary Activities - previous period	\$'000	28,500
\$ change in Revenue from Ordinary Activities	\$'000	14,826
% change from previous corresponding reporting period	% UP	52.0%

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

\$ Profit from ordinary activities after tax - current period	\$'000	3,023
\$ Profit from ordinary activities after tax - previous period	\$'000	1,442
\$ change in profit from ordinary activities after tax	\$'000	1,581
% change from previous corresponding reporting period	% UP	109.7%

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

\$ Net profit attributable to members - current period	\$'000	3,023
\$ Net profit attributable to members - previous period	\$'000	1,442
\$ change in net profit attributable to members	\$'000	1,581
% change from previous corresponding reporting period	% UP	109.7%

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

Final Dividend

A Final Dividend was declared for the 6 months ending 30 June 2013.

The Final Dividend was declared at an amount of \$0.003 (Point three of one cent) per security.

The Final Dividend was fully franked.

Interim Dividend

Subsequent to 31 December 2013, an Interim Dividend is declared for the 6 months ending 31 December 2013.

The Interim Dividend is declared at an amount of \$0.004 (Point four of one cent) per security.

The Interim Dividend is fully franked.

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

The Record Date for determining the entitlement to the Final Dividend was 27 September 2013.

The Record Date for determining the entitlement to the Interim Dividend is 28 March 2014.

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

Please refer to the attached Interim Report for the Period ending 31 December 2013.

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

Net tangible assets per security - cents	As at 31 December 2013	1.335
	As at 30 June 2013	0.901
Previous corresponding period - cents	As at 31 December 2012	0.675

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

None

including the following.

4.1 ***Name of the entity.***

Not Applicable

4.2 ***The date of the gain or loss of control.***

Not Applicable

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

Not Applicable

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Half Year Report to the Australian Securities Exchange
Capitol Health Limited and Controlled Entities - ABN 84 117 391 812
Period ending 31 December 2013

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

Final Dividend

The Directors declared a Final Dividend in relation to the half year ending 30 June 2013.

The individual dividend per share was \$0.003 (Point three of one cent) per share.

Total Final Dividend payable was \$1,291,296 based on 430,432,121 ordinary shares on issue as at 27 September 2013.

Final Dividend converted into ordinary shares under the DRP was \$136,669 for 367,672 shares at an issue price of \$0.372.

Record Date for the Final Dividend was 27 September 2013.

Payment Date of the Final Dividend was 25 October 2013.

There is no foreign sourced dividend or distribution applicable.

Interim Dividend

Subsequent to 31 December 2013 the Directors have declared an Interim Dividend in relation to the half year ended 31 December 2013.

The individual dividend per share is \$0.004 (Point four of one cent) per share.

Total Interim Dividend payable is \$1,723,199 based on 430,799,793 ordinary shares on issue as at 31 December 2013.

Record Date for the Interim Dividend is 28 March 2014.

Payment Date of the Interim Dividend is 24 April 2014.

There is no foreign sourced dividend or distribution applicable.

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

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

The last date for receipt of an election notice to participate in the dividend reinvestment plan in relation to the Interim Dividend declared for the half year ending 31 December 2013 is 11 April 2014.

Appendix 4D
Half Year Report to the Australian Securities Exchange
Capitol Health Limited and Controlled Entities - ABN 84 117 391 812
Period ending 31 December 2013

- 7** *Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and - where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.*

Not Applicable

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

Not Applicable

- 9** *For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.*

The attached accounts have been audited and are not subject to any dispute or qualification. The auditor has issued an unqualified opinion.



ABN 84 117 391 812

CONSOLIDATED INTERIM FINANCIAL REPORT

For the Half-Year ended

31 December 2013

CAPITOL HEALTH LIMITED

ABN 84 117 391 812

CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Capitol Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2013 for Capitol Health Limited and its subsidiaries ("Group") and the auditor's review report thereon:

1. Directors

The Directors of the Company during the half-year and up to the date of this report are:

Name	Period of Directorship
Mr John Conidi <i>Managing Director</i>	Director since 30 August 2007
Mr Dominik Kucera <i>Executive Director</i>	Director since 31 July 2008
Mr Andrew Harrison <i>Non-Executive Director</i>	Director since 1 December 2005
Mr Steven Sewell <i>Non-Executive Director</i>	Director since 6 February 2008

2. Results

The profit for the Group for the half-year was \$3,022,682 (31 December 2012: \$1,441,718) after income tax expense of \$1,295,435 (31 December 2012: \$617,879).

3. Review of Activities

First half financial year 2013/14

The results for the first 6 months of financial year 2014 (FY14) have significantly exceeded those for the prior year comparative reporting period.

The Directors attribute the strong results to the recent MDI acquisition meeting expectations, general organic growth within the clinics which existed pre-acquisition that was approx. 2% above the notional average increase in Medicare benefits paid for diagnostic imaging over the prior period and an improved specific contribution from MRI services within the Group following the expansion of MRI referral capability to GP's from 1 November 2013.

The MRI demand from 1 November 2013 to 31 December 2013 does not appear to have been a substitution for other services offered by the Group, rather they appear to be at the expense of other providers.

DIRECTORS REPORT (cont'd)

3. Review of Activities (cont'd)

Second half financial year 2013/14

The Directors expect that the contribution from MRI will provide a strong uplift in second half performance, subject to the operating environment remaining stable.

The strength of the first half result has provided the Directors with the confidence to order another 5 MRI's, to be strategically located within the greater Melbourne metropolitan region. The aim of this expansion of MRI numbers is to maintain gap-paying services for patients whose MRI imaging requirements are not included in the MRI expansion program but are still attending Group clinics. As demand for Medicare-eligible service rises this acquisition program enables the Group to more effectively apportion patients to the most appropriate facility for their needs. The MRI acquisition program is expected to take approx 18 months to complete, with the first unit expected to be installed and functional by 30 June 2014.

The Group will also maintain its activities investigating possible acquisitions or other growth paths.

4. Events subsequent to balance date

Other than any matters described in this report and in Note 15 to the consolidated interim financial report, there has not arisen in the interval between the end of the half year period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

5. Auditor's independence declaration under Section 307C of the Corporations Act 2001

The auditor's declaration is set out on page 4 and forms part of the Directors' report for the half-year ended 31 December 2013.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



John Conidi

Managing Director

Dated at Melbourne, Victoria this 12th day of February 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Capitol Health Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM BIRD CAMERON PARTNERS



R B MIANO
Partner

Dated: 12 February 2014
Melbourne, Victoria

CAPITOL HEALTH LIMITED
ABN 84 117 391 812
CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2013

<i>Continuing Operations</i>	Note	2013	2012
		\$	\$
Revenue	5	42,541,948	28,223,143
Other Income	6	784,200	276,612
Employee & Contractor benefits expense		(24,953,804)	(16,800,451)
Equipment-related expense		(3,336,088)	(2,645,269)
Management fees		(430,636)	(369,337)
Occupancy expense		(3,048,108)	(1,867,541)
Consumables expense		(1,820,415)	(1,304,250)
Telecommunications expense		(712,068)	(594,799)
Computer IT & support expense		(574,882)	(295,062)
Insurance expense		(288,082)	(190,174)
Impairment of assets		(1,993)	(35,535)
Other expenses		(1,747,975)	(1,222,869)
Borrowing costs		(425,330)	(214,219)
Depreciation & amortisation expense		(1,668,650)	(900,652)
Profit before income tax		<u>4,318,117</u>	<u>2,059,597</u>
Income tax on continuing operations		(1,295,435)	(617,879)
Profit from continuing operations		<u>3,022,682</u>	<u>1,441,718</u>
Total comprehensive income for the period		<u>3,022,682</u>	<u>1,441,718</u>
Profit for the period attributable to owners of the parent		<u>3,022,682</u>	<u>1,441,718</u>
Total comprehensive income for the period attributable owners of the parent		<u>3,022,682</u>	<u>1,441,718</u>
Earnings per share (cents)			
Total basic earnings for the period		0.70	0.39
Total diluted earnings for the period		0.70	0.39

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

CAPITOL HEALTH LIMITED
 ABN 84 117 391 812
 CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		5,790,298	6,126,610
Trade and other receivables		2,500,452	2,196,480
Financial asset - held to maturity		491,032	487,860
Other assets		521,419	493,270
Total Current Assets		<u>9,303,201</u>	<u>9,304,220</u>
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment		16,642,468	15,259,876
Intangible assets	7	30,223,473	30,223,473
Deferred tax assets		1,701,149	2,130,940
Total Non-Current Assets		<u>48,567,090</u>	<u>47,614,289</u>
TOTAL ASSETS		<u>57,870,291</u>	<u>56,918,509</u>
<u>CURRENT LIABILITIES</u>			
Loans and borrowings		2,939,714	2,722,369
Trade and other payables		5,775,593	6,654,807
Employee benefits		1,755,961	1,769,498
Income tax liability		212,846	811,167
Total Current Liabilities		<u>10,684,114</u>	<u>11,957,841</u>
<u>NON-CURRENT LIABILITIES</u>			
Loans and borrowings		9,740,385	9,523,618
Employee benefits		785,197	644,509
Deferred tax liabilities		687,255	687,255
Total Non-Current Liabilities		<u>11,212,837</u>	<u>10,855,382</u>
TOTAL LIABILITIES		<u>21,896,951</u>	<u>22,813,223</u>
NET ASSETS		<u>35,973,340</u>	<u>34,105,286</u>
<u>EQUITY</u>			
Issued capital	8	31,337,408	31,200,739
Retained earnings		4,635,932	2,904,547
TOTAL EQUITY		<u>35,973,340</u>	<u>34,105,286</u>

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

CAPITOL HEALTH LIMITED
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CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2013

	Note	2013 \$	2012 \$
Cash flows (used in) from operating activities			
Cash receipts in the course of operations		43,200,826	28,451,040
Cash payments in the course of operations		(37,781,561)	(25,320,200)
Interest received	6	59,231	23,901
Interest paid		(425,330)	(214,219)
Net income tax paid		<u>(1,463,965)</u>	<u>(441,877)</u>
Net cash provided by operating activities		<u>3,589,201</u>	<u>2,498,645</u>
Cash flows (used in) from investing activities			
Proceeds from sale of non-current assets		-	70,000
Payments for non-current assets		(942,581)	(635,374)
Redemption of financial asset held to maturity		<u>-</u>	<u>336,000</u>
Net cash used in investing activities		<u>(942,581)</u>	<u>(229,374)</u>
Cash flows (used in) from financing activities			
Proceeds from the issue of share capital	8	-	719,500
Payment of share issue costs	8	-	(13,314)
Payment of dividend		(1,154,628)	(660,987)
Payment for leasing arrangements		(1,328,304)	(830,357)
Repayment of secured loans to external entities		<u>(500,000)</u>	<u>(600,783)</u>
Net cash used in financing activities		<u>(2,982,932)</u>	<u>(1,385,941)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(336,312)</u>	<u>883,330</u>
Cash and cash equivalents at 1 July		<u>6,126,610</u>	<u>1,702,104</u>
Cash and cash equivalents at period end		<u>5,790,298</u>	<u>2,585,434</u>

All amounts disclosed in the Statement of Cash Flows are inclusive of GST where applicable

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2013

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance as at 30 June 2013	<u>31,200,739</u>	<u>2,904,547</u>	<u>34,105,286</u>
<i>Total recognised gains for the period</i>			
Profit for the period	-	3,022,682	3,022,682
Total comprehensive income	<u>-</u>	<u>3,022,682</u>	<u>3,022,682</u>
<i>Total transactions with equity holders in their capacity as equity holders</i>			
Shares issued through DRP	136,669	(136,669)	-
Dividends paid	-	(1,154,628)	(1,154,628)
Total transactions with equity holders	<u>136,669</u>	<u>(1,291,297)</u>	<u>(1,154,628)</u>
Balance as at 31 December 2013	<u>31,337,408</u>	<u>4,635,932</u>	<u>35,973,340</u>
 <u>PRIOR COMPARATIVE PERIOD</u>			
Balance as at 30 June 2012	<u>23,369,779</u>	<u>1,095,194</u>	<u>24,464,973</u>
<i>Total recognised gains for the period</i>			
Profit for the period	-	1,441,718	1,441,718
Total comprehensive income	<u>-</u>	<u>1,441,718</u>	<u>1,441,718</u>
<i>Total transactions with equity holders in their capacity as equity holders</i>			
Shares issued externally	719,501	-	719,501
Shares issued through DRP	83,174	(83,174)	-
Share issue costs (net of GST)	(13,314)	-	(13,314)
Dividends paid	-	(660,987)	(660,987)
Total transactions with equity holders	<u>789,361</u>	<u>(744,161)</u>	<u>45,200</u>
Balance as at 31 December 2012	<u>24,159,140</u>	<u>1,792,751</u>	<u>25,951,891</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Capitol Health Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at 30 June 2013 is available upon request from the Company's registered office or may be viewed on the Company's website; www.capitolhealth.com.au.

2. BASIS OF PREPARATION

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2013. It is also recommended that the consolidated interim financial report be considered together with any public announcements made by the Group during the six months ended 31 December 2013 in accordance with continuous disclosure obligations under the Corporations Act 2001 and ASX Listing Rules.

The same accounting policies and methods of computation have been followed in this interim financial report as compared to the most recent annual financial report.

This consolidated interim financial report was approved by the Directors on 5 February 2014.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. RESTATEMENT OF PRIOR FINANCIAL STATEMENTS

As advised in Note 8 e) of the 2013 Annual Report, the Company was investigating the potential utilisation of tax losses held within the acquired entities comprising the MDI acquisition in April 2013. The total tax losses held within the MDI entities at acquisition was \$3,111,784. Subsequent to issuing the Financial Report for the financial year ended 30 June 2013, management has determined that \$2,436,496 meets the appropriate statutory test(s) for utilisation by the Group, providing a tax benefit of \$730,949.

Further, a final review of the assets acquired through the MDI acquisition has resulted in a minor reduction of \$125,893 in the value of Plant and equipment at acquisition date.

Adjustments to the provisional amounts recognised at acquisition date combination had been completed as if the accounting for the business combination had been completed at April 2013. Accordingly the comparative information reported in the previous financial report has been revised and restated.

A summary of the changes to the carrying value of individual categories in the Consolidated Statement of Financial Position as at 30 June 2013 is as follows:

	30 June 2013 As reported	Re - classification	30 June 2013 As reported
	Prior Financial Report		Current Interim Financial Report
	\$	\$	\$
<u>NON-CURRENT ASSETS</u>			
Plant & equipment	15,385,769	(125,893)	15,259,876
Intangible assets	30,828,529	(605,056)	30,223,473
Deferred tax assets	1,701,149	429,791	2,130,940
Total Non-Current Assets	<u>47,915,447</u>	<u>(301,158)</u>	<u>47,614,289</u>
<u>CURRENT LIABILITIES</u>			
Loans and borrowings	2,722,369	-	2,722,369
Trade and other payables	6,654,807	-	6,654,807
Employee benefits	1,769,498	-	1,769,498
Income tax liability	1,112,325	(301,158)	811,167
Total Current Liabilities	<u>12,258,999</u>	<u>(301,158)</u>	<u>11,957,841</u>

The above review and adjustments neither impacted the opening Retained earnings nor the Comprehensive income for the financial year ended 30 June 2013.

CAPITOL HEALTH LIMITED
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CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

	2013	2012
	\$	\$
5. REVENUE		
Services rendered	<u>42,541,948</u>	<u>28,223,143</u>

6. OTHER INCOME

Interest Income	59,231	23,901
Other services	586,880	107,845
Miscellaneous Income	138,089	144,866
	<u>784,200</u>	<u>276,612</u>

31 December	30 June
2013	2013
\$	\$

7. INTANGIBLES

Goodwill arising through business combinations:

Balance at the beginning of the period	30,223,473	23,431,630
Additions	-	6,791,843
Balance at the end of the period	<u>30,223,473</u>	<u>30,223,473</u>

8. ISSUED CAPITAL

Issued capital

430,799,793 (30 June 2013: 430,432,121) fully paid ordinary shares	<u>31,337,408</u>	<u>31,200,739</u>
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The following movements in issued capital occurred during the period:

	31 December	31 December	30 June	30 June
	2013	2013	2013	2013
	Number of	\$	Number of	\$
	Shares		Shares	
Balance at 1 July	430,432,121	31,200,739	359,672,425	23,369,779
Issue of shares for acquisition	-	-	56,026,749	7,283,478
Share purchase plan	-	-	12,405,200	719,500
Dividend reinvestment plan	367,672	136,669	2,327,747	234,186
Share issue costs net of GST	-	-	-	(406,204)
Balance at end of period	<u>430,799,793</u>	<u>31,337,408</u>	<u>430,432,121</u>	<u>31,200,739</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

8. ISSUED CAPITAL (cont'd)

Issued capital (cont'd)

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

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

Options

Options granted during the period

No options were granted during the reporting period.

Unissued shares under option

At balance date, there were no unissued ordinary shares of the Company under option.

2013	2012
\$	\$

9. DIVIDENDS

Dividend Reinvestment Plan ("DRP")

The company's DRP is currently active and available to all shareholders.

Total dividends paid on ordinary shares during the period

Final dividend for the year ended 30 June 2013 of \$0.003 (2012: \$0.002) per share paid on 25 October 2013, fully franked;

Final dividend	<u>1,291,296</u>	<u>744,161</u>
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The final dividend was based on 430,432,121 ordinary shares on issue at record date. Dividend converted into ordinary shares under the DRP was \$136,669 for 367,672 shares at an issue price of \$0.372.

Dividends not recognised at period end

In addition to the above dividend, since the year end the Directors have declared an interim dividend of \$ 0.004 per share (2012: \$0.0025) fully franked (Refer to Note 15). The aggregate maximum amount of final dividend based on the ordinary shares on issue at the date of this report and to be paid out of retained profits at the of the year, subject to any DRP election, but not recognised as a liability is:

Interim dividend	<u>1,723,199</u>	<u>1,073,846</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

10. SEGMENT INFORMATION

The Group comprises the main business segment of the acquisition and operation of diagnostic imaging facilities. The diagnostic imaging segment operates from the single geographic segment of Australia. Given the data transmission infrastructure and techniques employed by the segment, further sub-division of the geographic area is deemed unnecessary. As the Group operates in a single business and geographic segment, no disclosure in this note is required.

11. BORROWINGS

No loan facility agreements were entered into within the reporting period other than finance or operating lease agreements for the acquisition or use of plant & equipment or premises.

12. ACQUISITION OF SUBSIDIARIES

There have been no acquisitions of subsidiaries or other corporate entities made within the reporting period. This is distinct from the acquisition of business operations from other entities.

13. SHARE-BASED PAYMENTS

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

As at 31 December 2013 there were no options issued, on issue, expired or exercised during the period (2012: Nil).

14. CONTINGENT LIABILITIES

Rental liabilities

The Group has an obligation to provide property rental guarantees when requested by the owners of rented premises which may be classified as a contingent liability unless supported by value for value specific deposits.

As at 31 December 2013 rental guarantees not supported by a dedicated deposit were \$439,733 (30 June 2013: \$Nil).

Credit Cards

The Group has a contingent liability for expenses incurred on Corporate Credit Cards that may not be recorded on banking statements at period end. The maximum extent of liability at 31 December 2013 is \$70,270 (30 June 2013: \$85,183).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

15. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date the Company declared an Interim Dividend for the half year ending 31 December 2013 of \$0.004 per share (2012: \$0.0025) with a maximum dividend payable, subject to elections under the Company's Dividend Reinvestment Plan, of \$1,723,199 (2012: \$1,073,846).

CAPITOL HEALTH LIMITED
ABN 84 117 391 812
CONSOLIDATED INTERIM FINANCIAL REPORT - 31 DECEMBER 2013

DIRECTORS DECLARATION

In the opinion of the directors of Capitol Health Limited:

(a) the financial statements and notes in the Directors Report, set out on pages 2 to 14, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2013 and of their performance, for the financial period ended on that date; and

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

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

Signed in accordance with a resolution of the directors:



John Conidi

Managing Director

Dated at Melbourne, Victoria this 12th day of February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CAPITOL HEALTH LIMITED

We have reviewed the accompanying half-year financial report of Capitol Health Limited ("the consolidated entity"), which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Capitol Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half- year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM BIRD CAMERON PARTNERS



R B MIANO

Partner

Dated: 12 February 2014
Melbourne, Victoria