Appendix 4E
RESULTS FOR ANNOUNCEMENT TO THE MARKET

The following information is provided to the ASX under listing rule 4.3A

Reporting period
Year ended 30 June 2022

Comparative period
Year ended 30 June 2021

Results from Continuing Operations	June 2022 $000	June 2021 $000	Change Increase/ (Decrease) %
Revenue from ordinary activities	184,158	177,996	3.5%
Operating EBITDA [1)]	41,126	48,023	(14.4%)
Profit from ordinary activities after tax attributable to members	10,968	12,028	(8.8%)
Profit for the year attributable to members of Capitol Health Ltd	10,732	11,972	(10.4%)

[1)] Operating EBITDA represents statutory net profit before the allocation of transaction costs, unrealised foreign exchange gain/(loss), revaluation/impairment charge, financial liabilities' movement in fair value, depreciation & amortisation, net finance costs and income tax expense.

Dividends and Distributions	Record Date	Payment Date	Amount per Security	Franked amount per Security
Final dividend	23 September 2022	21 October 2022	0.5 cents	100%
Interim dividend	4 March 2022	1 April 2022	0.5 cents	100%

No foreign conduit is attributable to the dividends.

Dividend Reinvestment Plan

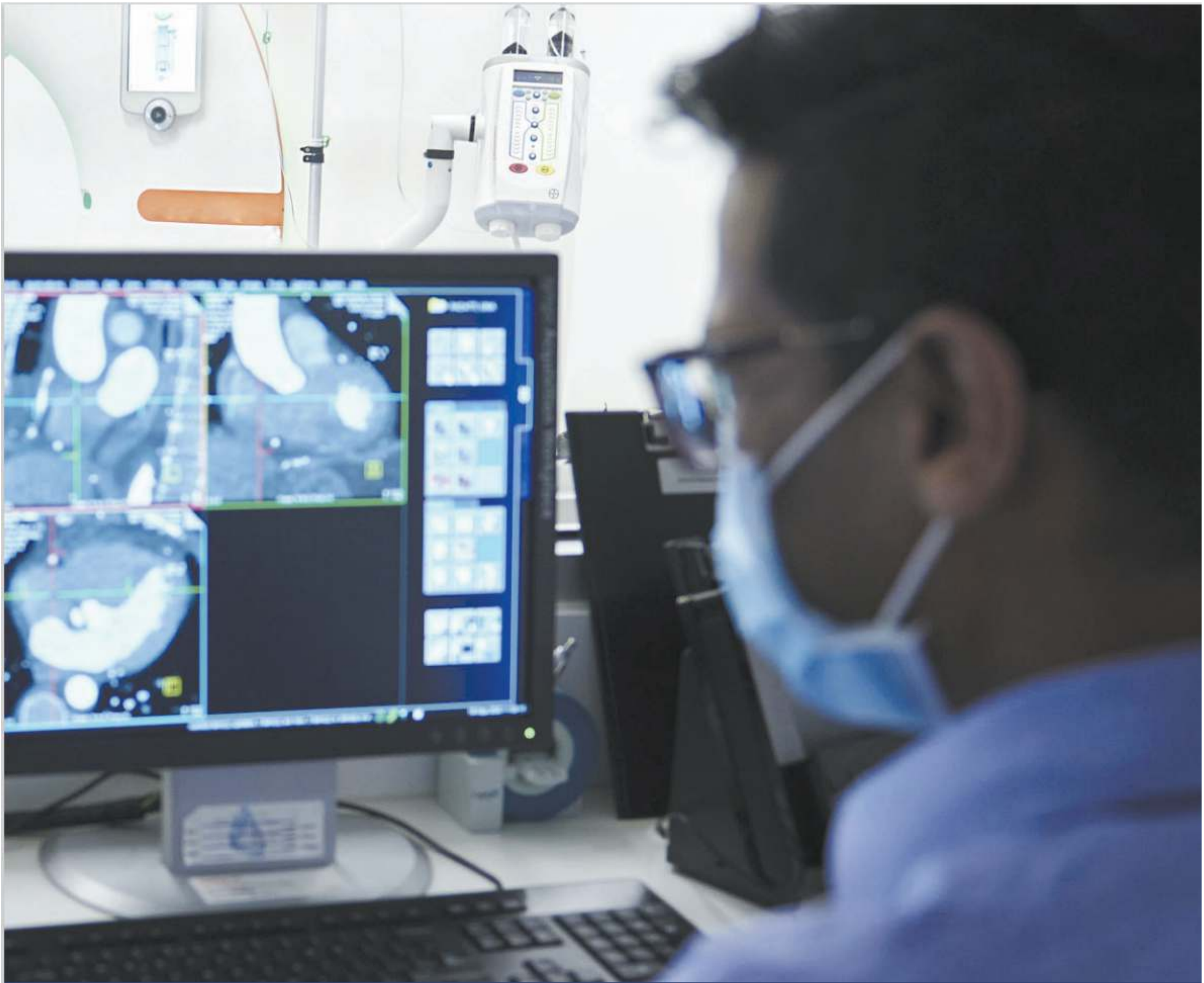
Capitol Health's dividend reinvestment plan is currently suspended and will not be offered to ordinary shareholders with the 2022 Final Dividend.

Net Tangible Asset Backing	June 2022	June 2021
Net tangible Assets per ordinary security (cents) (Calculated excluding intangible and right-of-use assets and liabilities)	2.8	2.2

Other Information Regarding the Accounts

Additional information supporting the ASX Appendix 4E disclosures can be found in the 2022 Annual Report as attached.

This Appendix 4E should be read in conjunction with the Director's Report and the audited Financial Report for the year ended 30 June 2022 and public announcements made by Capitol Health Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.



CAPITOL HEALTH
LIMITED

2022 Annual Report

ABN 84 117 391 812

Content

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 Nicole Sheffield	–	Non-Executive Director (ceased directorship 12 October 2021)
Ms Laura McBain	–	Non-Executive Director (appointed 1 July 2021)
Dr Kevin Shaw	–	Non-Executive Director (appointed 10 September 2021)

Company Secretary

Ms Melanie Leydin – Company Secretary

Principal Place of Business and Registered Office

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

Telephone: (61-3) 9348 3333
Facsimile: (61-3) 9646 2260

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: (61-3) 9415 5000 / 1300 787 272
Facsimile: (61-3) 9473 2500

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, I am pleased to present our 2022 Annual Report. The Company has been able to increase its revenue from $178.0 million in 2021 to $184.2 million in 2022 despite challenges faced. Highlights for the year ended 30 June 2022 included:

- Revenue up 3.5% to $184.2 million
- Operating EBITDA of $41.1 million
- Profit after tax of $11.0 million
- Earnings per share of 1.04 cents
- The Group's balance sheet remains sound with cash of $13.4 million and unused funding facilities of $116.2 million
- Fully franked dividends declared in FY22 totalling 1.0 cent per share

The COVID-19 pandemic continues to present very challenging conditions for the Company, and we are very proud that we were able to maintain the highest quality of care and safety for our patients, and that of our staff during this time. Despite the uncertainty of these unprecedented health and economic impacts that we are still experiencing, the Company has performed solidly during this period.

We are also pleased to see that everyone's effort in building, reinforcing, and implementing procedures and measures, via our strategic plan, has enabled the Company to navigate these short term challenges. . As outlined in our previous reports, the Company continues to give priority to the safety and wellbeing of our valued staff and patients.

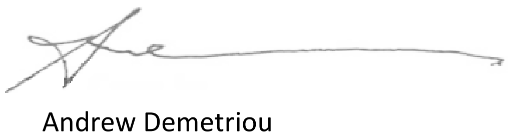
During the 2022 financial year and as part of its strategic expansion plan of high-quality community imaging centres, the Group has acquired Womens' Imaging, a dedicated diagnostic imaging clinic with a specialist focus on women's health in Hobart - Tasmania. This acquisition also further strengthens our expertise nationally.

We have further extended the capabilities of our Board through the appointment of Dr Kevin Shaw, a Radiologist with strong insights into the future challenges and opportunities within our industry and the broader health care environment.

On behalf of the Board, I would like to thank our radiologists and staff for their continued efforts and commitment to outstanding patient care particularly in these ongoing challenging times; our patients who used our services and the large group of referrers who continue to support our clinics. I would also like to thank my fellow Board members for their contribution to the Company.

Finally, I thank you, the shareholders of Capitol Health, for your continued support of the Company.

Regards



Andrew Demetriou
Chairman
Melbourne, Victoria
24 August 2022

Dear Shareholders,

The 2022 financial year was a challenge for Capitol Health (CAJ) given the constant disruption from the impacts of Covid19. I commend our Government Departments at all levels on their effort to keep Australians safe and health care services operational.

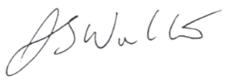
Our remarkable clinic staff continued to provide high quality and affordable imaging services to our community of referrers and patients, while management maintained a relentless focus on safeguarding staff safety and wellbeing.

Despite the COVID-19 challenge, that will pass in due course, it is pleasing to see growth in our revenue while maintaining a solid operating margin in the 12 months ended at 30 June 2022. Capitol Health increased its revenues by 3.5% from the 2021 financial year to $184.2 million and delivered an operating EBITDA of $41.1 million. Our margin for the yearwas 22.3% versus 23.7% in prior year, net of government Jobkeeper support.

Our strategic plan remains on track. Investment continues in people, systems and processes, removing complexity and manual practices to ensure Capitol Health has a scalable business model. We will continue implementing a standard operating model across the enterprise, optimising the utilisation of our fleet of medical equipment, and further uplifting our referrer and patient experience through the latest in technology. We still have many initiatives to implement to further improve the quality of our service offering and create shareholder value.

Our three greenfield initiatives in Victoria have opened and are meeting expectations. In addition, we acquired Women's Imaging, which operates a dedicated diagnostic imaging clinic with a specialist focus on women's health in Hobart, Tasmania. This acquisition is in line with the Company's growth strategy, adding to our Tasmanian geographical footprint, strengthening our Women's health offering, and providing organic growth plans for the years ahead.

Finally, I acknowledge, commend and thank our valued radiologists and staff, who have embraced change, met challenges head on, and together as one team have helped Capitol Health progress our transformational strategic plan.



Justin Walter
Managing Director & Chief Executive Officer
Melbourne, Victoria
24 August 2022

The Directors of Capitol Health Limited ("Capitol Health", "Company" or "Parent Entity") present their Report together with the Financial Statements of Capitol Health Limited and its controlled entities (the "Group") for the financial year ended 30 June 2022, 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 from 2003 until June 2014. He was the Managing Director of the Ruthinium Group, a dental implant business, and he currently remains a board member. Andrew has also served as Non-Executive Chairman of the Baxter Group, is a former Chairman of the Australian Multicultural Advisory Council and served 2 years on the Referendum Council on behalf of the Federal Government for Indigenous Recognition in the Constitution. He was also the Chairman of Board of Management, Cox Architecture until December 2020.

Mr Demetriou was a Director of Crown Resorts Limited (ASX: CWN) from 2015 to February 2021.

Mr Justin Walter

BN (Hons), MPH

Managing Director and Chief Executive Officer

Mr Walter has over thirty years' wealth of experience in healthcare across public and private hospitals, GP and allied health clinics, and consulting along with strong management and leadership skills. He was most recently Managing Director of ASX listed healthcare company Zenitas Healthcare, and has held senior roles managing hospitals for Healthscope, and Spotless Group's health sector.

Other than Zenitas Healthcare Ltd– appointed April 2016 resigned February 2019, Mr Walter has not served as a director of any other listed company in the past three 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 20 years and was Managing Partner of their National Corporate Group for 5 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 and is also a council member of Scotch College in Melbourne and a director of Diabetes Victoria.

Mr Loveridge was a director of Powerwrap Limited (ASX: PWL) – from 2017 to November 2020.

Directors (cont'd)

Ms Laura McBain
BCom

Non-Executive Director
(Appointed 1 July 2021)

Ms McBain joined Capitol Health with extensive leadership experience having held roles of CEO / General Manager at Bellamy's Australia Limited, Managing Director of Maggie Beer Holdings Limited and Non-Executive Director of Export Finance Australia. She is currently Interim Managing Director and CEO for Lark Distilling Ltd (ASX:LRK) and was a Non-executive Director from June 2020 to February 2022.

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

Ms McBain is a Non-Executive Director for Tasmanian Government entity Tasmanian Irrigation Pty Ltd.

Dr Kevin Shaw
MBBS, FRANZCR

Non-Executive Director
(Appointed 10 September 2021)

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 Associate 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.

Ms Nicole Sheffield,
MBA, BA LLB

Non-Executive Director
(23 December 2015 to 12 October 2021)

Ms Sheffield was appointed Managing Director, Wesfarmers OneDigital in November 2021 and leads the strategy and implementation of the Group-wide data and digital ecosystem. Before joining Wesfarmers, Ms Sheffield held several leadership roles including Executive General Manager, Community & Consumer at Australia Post where she led the Australia Post retail network of 4400 Post Offices and all digital channels and the customer contact centre. Previous roles include Chief Digital Officer and MD Digital Networks at News Corp Australia, overseeing digital strategy, audience and subscription growth and Chief Executive of NewsLifeMedia, leading the lifestyle publishing division.

Ms Sheffield is a regular speaker on business and media and is the President of the Australian Retailers Association Council and a Director of Chief Executive Women. She has also served as Chair of the Australian Broadcasting Corporation Advisory Council and as Chair of the Interactive Advertising Bureau Australia. Ms Sheffield holds a Bachelor of Arts/Bachelor of Laws from Macquarie University and a Master of Business from the University of Technology Sydney.

Company Secretary

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

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Ms Leydin is now Vistra Australia's Managing Director.

Ms Leydin has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary 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 (formerly Nomination and Remuneration Committee) and an Audit and Risk Committee. 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	Mr A Demetriou3)
Ms L McBain4)	Ms L McBain4)
Ms N Sheffield2)	Dr K Shaw1)

1) Appointed to the committee on 22 September 2021.
2) Committee member until 21 September 2021.
3) Committee member until 30 June 2021.
4) Appointed to the committee on 1 July 2021.

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		Audit & Risk Committee		People, Culture & Sustainability Committee	
Director	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr A Demetriou	11	11	-	-	6	6
Mr J Walter	11	11	-	-	-	-
Mr N Sheffield	3	3	1	1	2	2
Ms R Loveridge	11	11	4	4	6	6
Ms L McBain	11	11	4	4	4	4
Dr K Shaw	9	9	3	3	-	-

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	-	7,335,509
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, expect to continue in future years. The Company has a franking account balance of $4.8 million at 30 June 2022.

Dividends Declared on Ordinary Shares	Cents	$000
FY22 final dividend declared	0.5	5,211
Dividends accounted for in FY22		
FY22 interim dividend (declared and paid)	0.5	5,211
FY21 final dividend (declared and paid)	0.5	5,177

All dividends paid were fully franked.

Dividend Reinvestment Plan ("DRP")

Capitol Health operated a DRP in respect of the FY18 final dividend but suspended the operation of the DRP prior to the FY19 interim dividend. The DRP currently remains suspended.

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, during the period to 30 June 2022 it operated 63 clinics throughout Victoria, Tasmania, Western Australia and South Australia. While trading primarily under its flagship brand, Capital Radiology, it also trades as Imaging@Olympic Park, Radiology Tasmania, Fowler Simmons Radiology, Womens' Imaging and Direct Radiology.

As a community focused company our clinics are predominantly suburban rather than hospital based. This allows a priority to service our referrers and patients. Capitol Health provides a wide range of diagnostic imaging services with revenue primarily generated through X-Ray, Ultrasound, CT and MRI modalities. Our specialty services include a focus on womens 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 1.3 million examinations annually. Capitol Health both employs and contracts with over 800 people in the delivery of our services which includes approximately 100 specialist radiologists.

The operational focus of Capital 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.

Capitol Health also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the United States.

Operating and Financial Review (cont'd)

Financial Performance

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

Summary Income Statement	**2022** **$m**	2021 $m	Change %
Revenue from ordinary activities	**184.2**	178.0	3.5%
Profit before Depreciation and Amortisation, Finance Costs and Income Tax (EBITDA)	**39.9**	44.2	(9.7%)
Before allocation of:			
Transaction Costs	1.0	1.3	
Unrealised Foreign Exchange (Gain)/Loss	(1.8)	1.9	
Impairment of Financial Assets	2.1	0.7	
Fair value movement of other financial liabilities	(0.1)	(0.1)	
Operating EBITDA[1)]	**41.1**	48.0	(14.6%)
Operating Margin (Operating EBITDA/Revenue)	*22.3%*	*27.0%*	

[1)]Operating EBITDA is a non -IFRS measure and has not been subject to audit by the Group's external auditors.

In the year ended 30 June 2022, Capitol Health achieved revenue of $184.2 million by continuing the delivery of the 3-year strategic framework despite the ongoing challenges and disruptions driven by the COVID-19 pandemic. The focus on strategy allowed the business to open three additional greenfield clinics in Victoria and complete the acquisition with subsequent integration of Womens' Imaging.

The various state lockdowns across our operating locations, the 'pandemic code brown' in the Victorian hospital system and the restrictions on elective surgeries due to government directions, impacted diagnostic imaging volumes and the overall market demand. The Group experienced reduced clinic activity from mid December through to the end of June. Nevertheless, Capitol Health has continued to provide important healthcare services to the community while ensuring our people remain safe.

The focus on matching staffing levels to patient demand for services and operating cost control assisted in delivering an operating EBITDA at $41.1 million, which demonstrates the business resilience. The Group did not receive any Australian Government COVID–19 subsidies in 2022, in contrast to the JobKeeper support of $6.6 million received during the previous financial year.

Non-operating items included transaction costs related to business acquisitions, particularly in respect of Womens' Imaging. They also included an unrealised foreign exchange gain and an impairment of our investment in Enlitic.

Financial Highlights

Capitol Health achieved a statutory net profit after tax for the year ended 30 June 2022 of $11.0 million (2021: $12.0 million).

- Revenue from services provided increased 3.5% on the prior year to $184.2 million driven by the acquisition of Womens' Imaging, an increase in Medicare rebates for certain services and the opening of greenfield clinics in Victoria.

Operating and Financial Review (cont'd)

Financial Highlights (cont'd)

- Excluding revenue from the recent acquisition of Womens' Imaging, the Group would have delivered $182.6 million of revenue which is an increase of 2.6% year on year.
- Profit Before Finance Costs, Income Tax, Depreciation and Amortisation ("EBITDA") showed a decline of 9.7% to $39.9 million compared to $44.2 million in the prior year. It should be noted that the Group received $6.6 million of JobKeeper support in the prior year. The EBITDA result was supported by the full year benefit of the 2021 Direct Radiology acquisition, eight months of Womens' Imaging results, indexation of Medicare rebates for certain services and our greenfield clinics despite the ongoing challenges to operational activities from the pandemic.
- Operating EBITDA margin as a percentage of revenue was 22.3% compared to 27.0% in the previous year. This decline was driven by the variance in government funding when compared against the prior year and the impact of the pandemic on the availability of our clinic workforce. The Group focussed on cost control with the matching of staff levels and clinic operating hours to patient demand, however, Capitol Health experienced higher wage and salary costs in the form of personal (sick and carer's) leave and temporary staff. In addition the Group continued to invest in its corporate services through implementation of Transformation and Growth teams for scalability.
- Transaction costs remained consistent at $1.0 million compared to $1.3 million in the prior year. These were incurred mostly in respect of Womens' Imaging acquisition.
- An unrealised foreign exchange gain of $1.8 million was recognised in respect of foreign currency exchange movement (AUD: USD) related to the investment in unlisted entity Enlitic. The business also recognised an impairment for the same investment of $2.1 million driven by the volatility of interest rates and market conditions in the USA.
- The effective Income tax rate for the period was 31.2% compared to 38.1% in the prior period. The unrealised foreign exchange loss, impairment in financial assets and most transaction costs were not tax deductible.

Operational Highlights

Focus on growth

- The Group acquired 100% of the business and assets of Womens' Imaging which operates a dedicated diagnostic imaging clinic with a specialist focus on women's health in Hobart, Tasmania.The acquisition is aligned to the Group's strategic plan for long term organic growth and expanding its network of high-quality community imaging centres.
- The Group opened greenfield sites in Victoria at Pakenham, Knox, Melton, thereby adding 3 new clinics to the group portfolio.
- Government Medicare rebates increased by 0.9% across certain services only.
- Restructure of the Chief Operating Officer (COO) role to drive our focus on growth. This change resulted in the appointed of two senior managem
- ent roles Chief of Clinic Operations and Chief Commercial Officer.

Capital Expenditure

- The Group continues to invest in medical equipment to optimise asset utilisation and in support of our revenue growth. Capitol Health spent $13.2 million on plant and equipment as noted in our cash flow from investing activities.
- Capitol Health continues to evaluate clinic performance and opportunities to consolidate activities into larger clinics enabling better utilisation of equipment and our people.
- Unified patient information platform scoped and approved for implementation in the 2023 financial year.

Cash Flows

- Net cash flow from operations declined to $32.9 million compared to $40.9 million in the previous corresponding year. This was driven by JobKeeper support of $6.6 million received during the previous financial year and higher salary and wage costs in the current financial year.

Operating and Financial Review (cont'd)

Operational Highlights (cont'd)

Capital Management Initiatives

- In February 2022, Capitol Health repaid $10.0 million of borrowings from cash reserves.
- The Group renegotiated the bank facility in March 2022 consolidating the cash advance facility into a single limit up to $100.0 million for a period of 4 years. In the prior year, the group had cash advance facilities A and B with limits up to $60.0 million and $40.0 million, respectively. Further, the bank facility in relation to equipment leasing was also reduced from $10.0 million to $5.0 million.
- Net debt to last twelve months operating EBITDA is 0.1x as at 30 June 2022 (2021 0.2x) representing a strong balance sheet capacity for growth.
- Maintained the share buy-back programme however the programme was not utilised during the year.

Earnings Per Share

- Delivered Basic earnings per share of 1.04 cents in the 2022 financial year (2021: 1.17 cents).
- Delivered Diluted earnings per share of 1.01 cents in the 2022 financial year (2022: 1.13 cents).

Dividends

- During the 2022 financial year, an interim dividend of 0.5 cents per share (100% franked) was paid to the holders of ordinary shares.
- Fully franked dividends declared in respect of the 2022 financial year total 1.0 cent per share.

Strategy

Capitol Health continues the delivery of its 3-year strategic framework that management established during 2020. The strategy is articulated in the five key pillars:

First Choice Provider	• Emphasis on eReferral enabling acceptance of patient referrals electronically. • Implemented CRM systems in our qualitative and quantitative focussed support and optimisation of the patient/referrer experience. • Implementation of the standard operating model ('SOM') across all the Group operations.
Destination Employer	• Enhanced management team capability with the appointments of the Chief of Clinic Operations and the Chief Commercial Officer. • Strengthening of our organisation wide feedback and coaching framework. • Increased focus upon staff satisfaction and development via periodic surveys and action plans. • Refined our staff recruitment and retention approach in alignment with our culture and values.
Next-Generation Technology	• Completion 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	• Successfully managed the alignment of labour resources to demand for services at clinics. • Continued the optimisation of operational efficiencies through our cost-to-serve approach. • Implementation of a risk management system for incident reporting and management.
Values-based Communications	• Strengthening Capitol Health branding and reputation through strategic and values-centric communications with stakeholders. • Reinforce the business vision, purpose and pillars with stakeholders.

Operating and Financial Review (cont'd)

Likely Developments, Business Strategies and Prospects

Australia

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 complimented 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 delivering both a strong revenue and operating EBITDA driven by organic growth 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 continuing to carry 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 catalyse 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 engines of growth:

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.

Impact of Covid-19

- The Group operations may continue to be affected by the COVID-19 pandemic and resulting government, business and consumer actions.
- The Group is an important part of the healthcare system and is considered an essential service, but the spread of the virus may continue to disrupt our operating conditions. Management has put in place practices to manage these disruptions, protect our people and patients, recruit and retain staff and continue to play our role in the healthcare system.
- Global supply chains may continue to be affected and present a risk of lack of supply or higher costs for medical consumables, personal protective equipment, medical imaging machines or parts and information technology equipment. Lead times for delivery of such items may continue to be disrupted.

Aims and Actions

The Group will continue to monitor demand across the business and structure resources accordingly. Further, strict adherence to best-practice guidelines for a COVID-safe environment will continue in all our locations in support of the health, safety and wellbeing of our personnel and patients.

Material Business Risks (cont'd)

Impact of Covid-19 (cont'd)

The business is operating its purchasing of medical consumables, medical equipment and other supplies through application of longer lead times and increased stock levels.

Government Policy and Regulation

- 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 78% 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.

Strategic

- The business may fail to complete acquisitions or deliver upon subsequent integrations affecting the growth strategy of the Group.
- 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 aim to mitigate the strategic risks by:

- Using an acquisitions and integration framework to maximise the benefits of such transactions and engaging external advisors, where necessary.
- 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 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. We carefully analyse risks in our operational activities, seeking that the benefit of the risk control measures exceed the costs of these measures and further keeping up to date with industry events and best practice clinical outcomes.

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 make sure 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.

Material Business Risks (cont'd)

People

- Our people (employees and contractors) are critical for the delivery of diagnostic imaging to our clients in a community setting. Failure to recruit or retain suitable people with the right skills, competencies and behaviours will affect the provision of services.
- The risk of harm to our people through non-compliance with accepted OHS policy and practice.

Aims and Actions

We aim to mitigate these risks by:

- Applying and reinforcing our People framework, defined values and other people initiatives such as our grow, perform, succeed.
- 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.

Significant Changes in the State of Affairs

Acquisitions

On 29 November 2021, the Group acquired the business and assets of Womens' Imaging which operates a dedicated diagnostic imaging clinic with a specialist focus on women's health in Hobart, Tasmania.

The acquisition is aligned to the Group's strategic plan for long term organic growth and expanding its network of high-quality community imaging centres. The provisional goodwill of $0.28 million comprises the value of expected synergies arising from the acquisition.

The consideration for the acquisition amounted to $0.7 million funded from cash reserves. Transaction costs of the acquisition (included in cash flows from investing activities) amounted to $0.27 million.
Other significant changes in the State of Affairs of the Group were noted above in the Operating and Financial Review.

Events Subsequent to Balance Date

After 30 June 2022:

Acquisition of Future Medical Imaging Group Pty Ltd

On 24 August 2022, the Group signed a binding agreement to acquire 100% of the shares in Future Medical Imaging Group Pty Ltd which operates six dedicated diagnostic imaging clinics in Victoria. The acquisition is aligned to the Group's strategic plan for long term organic growth and expanding its network of high-quality community imaging centres.

The fair value consideration is estimated to be $56.1 million prior to transaction costs and includes shares in Capitol Health of $6.3 million. The remaining cash consideration of $49.8 million will be funded through Capitol Health's existing balance sheet capacity and debt facilities.

The transaction is expected to be complete in Q2 FY23, subject to finalisation of customary closing conditions. The fair value of the assets acquired and liabilities assumed will be determined on the date that Capitol Health attains control of the business which is expected to be the completion date. The difference between the consideration and the fair value of the assets and liabilities will be recognised as goodwill.

Dividend

On 24 August 2022 the Company declared a final dividend for the full year ended 30 June 2022 of 0.5 cents per share (30 June 2021: 0.5 cents) with the maximum dividend payable of $5.2 million.

Coronavirus (Covid-19) pandemic

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Capitol Health at the reporting date. As new waves of the pandemic become known, the government continue to evolve their responses.
In consequence, Management recognises that it is difficult to reliably estimate with a reasonable degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, its future results and financial position.

Events Subsequent to Balance Date (cont'd)

Coronavirus (Covid-19) pandemic (cont'd)

Other than the above, there have been no other matters or circumstances occurring subsequent to the end of the 2022 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 both reporting date and the date of this report, there were 10,315,000 unissued ordinary shares of the Company under option and 7,335,509 performance rights on hand. Refer to the remuneration report for further details of the options outstanding 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 14,120,000 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.

Rounding of Amounts

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 29 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 6.1 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*.

The Directors are of the opinion that non-audit services are nil as disclosed in Note 6.1.

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 2022.

This report details the remuneration framework and outcomes for Capitol Health's Key Management Personnel (KMP). The remuneration framework aims to ensure that 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 2022 financial year has seen significant challenges for Capitol Health with the COVID-19 pandemic and ongoing market uncertainties resulting in temporary closure of a few clinics. The current conditions continue to affect our operations but our people, KMP and Directors have risen to this challenge and are continuously improving the systems in place to deliver and build shareholder value.

The Company continues to review its remuneration framework for all its staff, KMP and Directors to ensure that it maintains the ability to remunerate, attract and retain talent of high calibre. The Committee is pleased to confirm that for the 2022 financial year the KMP performed well against their non-financial performance metrics. However in a very difficult operating environment most financial metrics were not achieved and hence short term awards were well below maximum possible awards. Overall the Board felt that the KMP performed extremely well in a very difficult operating environment.

As the Company grows and we continue to implement our strategic plan, higher expectations have been placed on the KMP and it is very pleasing to note their passion and great performance on creating value for all stakeholders.

The Committee's overarching purpose remains unchanged, to ensure our remuneration structure and policies reward our people fairly and responsibly with a clear link to corporate and individual performance, aligning our remuneration outcomes with the delivery of medium to long-term value.

Regards

Andrew Demetriou
Chair of the People, Culture and Sustainability Committee
24 August 2022

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 2022.

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 2022.

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 N Sheffield	Non-Executive Director	Ceased directorship 12 October 2021
Ms L McBain	Non-Executive Director	Appointed 1 July 2021
Dr K Shaw	Non-Executive Director	Appointed 10 September 2021
Executive Director		
Mr J Walter	Managing Director & Chief Executive Officer (MD & CEO)	Full Financial Year
Senior Executive		
Mr G Hughes	Chief Operating Officer (COO)	Ceased employment 8 April 2022
Mr C Bremner	Chief Financial Officer (CFO)	Full Financial Year

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, 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.

1.3 Executive Component and Pay Mix

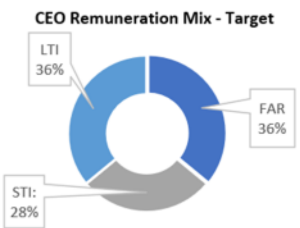
Capitol Health's executives are rewarded with a level and mix of remuneration appropriate to their position, responsibilities and performance at a level that is competitive, reasonable and appropriate, in order to attract and retain suitably skilled and experienced people and to align with the business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

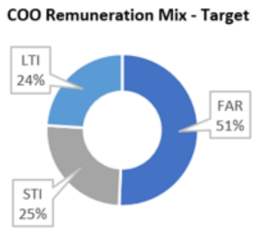
Executives receive fixed remuneration and variable remuneration consisting of short-term and long-term incentive opportunities. Executive remuneration levels, including the Managing Director and Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) are reviewed annually by the People, Culture & Sustainability Committee with reference to the remuneration guiding principles and market movements.

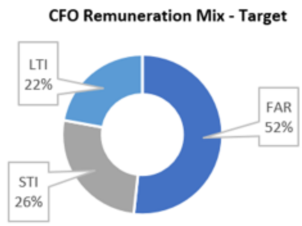
Fixed Remuneration	
Base salary + Superannuation + Benefits	
Variable Remuneration	
Short-Term Incentive Plan	Long-Term Incentive Plan
Cash or Equity	Options / Performance Rights

The charts below provide a summary of the structure of executive remuneration in place for the 2022 financial year:

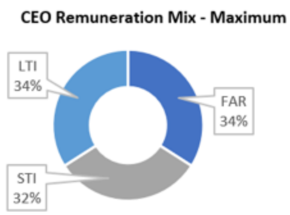
At-Target Mix[1)]

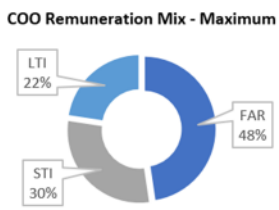


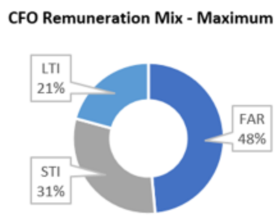




At-Maximum Mix [1)]







[1)] COO ceased employment in April 2022.

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.

1.3 Executive Component and Pay Mix (continued)

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.

Item	Detail				
Award Opportunity	KMP	Target Opportunity	Maximum Opportunity		
	CEO	75% of FAR	93.75% of FAR		
	CFO	50% of FAR	62.50% of FAR		
	COO[1)]	50% of FAR	62.50% of FAR		
Performance Measures and Weightings		Objective	CEO	CFO	COO[1)]
	Financial	Achievement of Group Operating EBITDA, revenue and NPAT targets drive returns for our shareholders	60%	60%	60%
	Projects	Focus on delivery of annual strategic objectives to deliver our long-term strategy	20%	32%	16%
	People	Our people are our most important asset, we work together with respect and nurture a culture of recognition, empathy and inclusion to become a destination employer	10%	4%	20%
	Quality & Safety	Focus on operational excellence and safety as the platform for organic growth	10%	4%	4%
	The CEO has additional general performance criteria as assessed by the Board that acts as gateway to the STI award around culture, leadership, stakeholder relations and strategy development. The above objectives have been chosen in support of achievement of the Capitol Health vision, aspirations, values and the strategic pillars of our business. Stretch performance targets of up to an additional 25% of STI have been set to focus the KMP on the Boards' expectations in support of driving shareholder value.				
Delivery	The STI Award is delivered annually in cash however the CEO has the option of taking up to 100% of the STI in equity.				

[1)] COO ceased employment in April 2022.

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 experience. The vesting and granting of the LTI is subject to set service and performance KPI.

Item	Detail		
Award Opportunity	KMP	Opportunity	Delivery
	CEO	100% of FAR	Performance Rights
	CFO [1)]	1,410,000 (fixed)	Options
	COO [2)]	1,500,000 (fixed)	Options

1.3 Executive Component and Pay Mix (continued)

Long Term Incentives (LTI) (continued)

<table>
<tr><th>Item</th><th>Detail</th></tr>
<tr><td>Options</td><td>Under the Plan KMP are invited by the Board to participate.
An exercise price is set based upon the 20-day volume weighted average price immediately prior to the beginning of the financial year.
Vesting conditions include remaining employed with the Company and any other Plan conditions as determined by the Board.
The vesting period commences upon the grant date of the options with 50% eligible at 24 months from grant date and 50% eligible at 36 months from grant date.
Expiry date of the options are 42 months from the grant date.</td></tr>
<tr><td>Performance Rights</td><td>Each Performance Right granted for no consideration is a right to acquire a share, 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.
Ongoing employment is also a vesting condition but with Board discretion as to treatment including with "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>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 will be calculated by reference to the volume weighted average price of Shares traded over the one month prior to the commencement of the Vesting 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>
Earnings Per Share (EPS) is determined by reference to the average growth in EPS over the three-year Performance Period.
EPS is calculated by taking the reported net profit after tax and dividing by the reported weighted average shares on issue during each year.
<table>
<tr><th>LTI for the 2020 financial year</th><th></th></tr>
<tr><td>EPS growth</td><td>% of Tranche 2 Performance Rights to vest</td></tr>
<tr><td><10%</td><td>No vesting</td></tr>
<tr><td>=10%</td><td>25% vesting</td></tr>
<tr><td>>10% to 29%</td><td>Pro-rata straight line vesting between 10% and 29%</td></tr>
<tr><td>≥30% growth</td><td>100% vesting</td></tr>
</table>
The 2021 financial year EPS LTI will exclude Enlitic's performance on the Group and transaction costs are to be included in year 1 and 2, but not to be included in year 3.</td></tr>
</table>

1.3 Executive Component and Pay Mix (continued)

Long Term Incentives (LTI) (continued)

<table>
<tr><th>Item</th><th>Detail</th></tr>
<tr><td>Performance Measures and Calculation of Awards (continued)</td><td>
<table>
<tr><td>LTI for the 2021 financial year</td><td></td></tr>
<tr><td>EPS growth</td><td>% of Tranche 2 Performance Rights to vest</td></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>
The 2022 financial year EPS LTI will exclude Enlitic's performance on the Group and transaction costs.
<table>
<tr><td>LTI for the 2022 financial year</td><td></td></tr>
<tr><td>EPS growth</td><td>% of Tranche 2 Performance Rights to vest</td></tr>
<tr><td><10%</td><td>No 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. Employment agreements currently grant each current KMP automatic and full vesting on change of control for both Options and Performance Rights where relevant.</td></tr>
</table>

1) CFO LTI will change to 55% of FAR delivered in performance rights from 1 July 2022.

2) COO ceased employment in April 2022.

1.4 Remuneration Governance

The Board established the People Culture and Sustainability Committee or PCSC (previously named the Nomination and Remuneration Committee) which 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 Chief Executive Officer 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, Chief Executive Officer and any direct reports of the Chief Executive Officer.

If necessary, the PCSC obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives for the Group.

The Capitol Health Short-term Incentive Scheme ('STI') governs the award of short-term incentive payments to eligible staff. The Capitol Health Long-term Incentive Scheme ('LTI') 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 our website.

2. Company Performance and Executive Remuneration Outcomes

2.1 Company Performance

The Group performed well for the financial year despite the disruption from normal operating conditions due to the COVID-19 pandemic and resulting government response. There were two lockdowns in our primary Victorian market in the first 6-months of the financial year which created a difficult operating environment for both staff and patients. This together with the 'pandemic code brown' in the Victorian hospital system caused a decrease in demand throughout the financial year.

Management focussed on the allocation of staffing resources to meet patient demand and on the ongoing control of operating costs. During the year ended 30 June 2022, there was no government subsidy (or grant) in support of the business.

Womens' Imaging was acquired on 29 November 2021 and Management carried out a successful integration. In addition, Management focussed on:

- Sustained market share growth
- Implementation of the national clinical governance framework
- Appointment of the Chief of Clinic Operations and the Chief Commercial Officer
- Accomplishment of the employee value proposition; and
- Commencement of a new national telephony system and call centre to improve patient and referrer experience.

The Group's operating revenue remained solid, reaching $184.2 million and represented a modest increase of 3.5% when compared to the preceding year. Our revenue from continuing operations is the effect of the full year benefit of the 2021 Direct Radiology acquisition, eight months of Womens' Imaging results, indexation of certain Medicare rebates and greenfield clinics.

The Group's Operating EBITDA declined overall from $48.0 million in 2021 to $41.1 million in 2022. In 2021 the Company received JobKeeper funding of $6.6 million whilst no such support was available to the Company in 2022. The Group net cash from operating activities continues to be affected by the ongoing impacts from the COVID-19 pandemic. Operating cash declined from $40.9 million to $32.9 million.

The Company declared dividends totalling 1.0 cent per share in respect of the year ended 30 June 2022. This included an interim dividend of 0.5 cents per share paid in April 2022. A final dividend of 0.5 cents per share has been declared and will be paid in October 2022.

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

	Units	**2022**	**2021**	**2020**	**2019***	**2018**
Net Profit/(Loss) for the financial year	$'000	10,968	12,028	1,088	24,307	(10,913)
Dividends Paid	$'000	10,388	10,258	7,719	7,129	3,210
Share Price at beginning of the financial year	cents	37.0	24.5	23.0	26.0	16.0
Share Price at end of the financial year	cents	28.0	37.0	24.5	23.0	26.0
Change in Share Price	cents	(9.0)	12.5	1.5	(3.0)	10.0
Earnings Per Share (Basic)	cents	1.04	1.17	0.11	3.09	(1.36)

*Restated to reflect adjustment made to certain amounts

2.2 Performance against STI measures

KMP of the Group are awarded STI payments or bonuses in accordance with their individual contracts. During the 2022 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.

2.2 Performance against STI measures (cont'd)

Achievement of the relevant performance conditions were assessed objectively by the People, Culture & Sustainability Committee and the Managing Director. 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.

Mr Walter (CEO) and Mr Bremner (CFO) achieved STI of $194,250 and $69,375, respectively in relation to their performance during the 2022 financial year. They performed well against their non-financial performance metrics but in a very difficult operating environment most financial metrics were not achieved and hence short term awards were well below maximum possible awards.

2.3 Performance against LTI measures

Long-term incentives ("LTI") 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 LTI are provided as options over ordinary shares or 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:

2022 Financial Year

- 1,984,127 Performance rights were issued to Mr J Walter on 16 November 2021. The Performance rights have a three-year performance period from 1 July 2021 to 30 June 2024. 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 $554,563 with Tranche 1 valued at $0.2140 and Tranche 2 at $0.3450 per performance right.
- 1,410,000 options were issued to Mr C Bremner on 8 November 2021. Tranche 1 (50%) of the options with an expiry date of 8 May 2025 are exercisable at $0.3511 upon satisfying 24 months of continuous service from the grant date. Tranche 2 (50%) of the options with an expiry date of 8 May 2025 are exercisable at $0.3511 upon satisfying 36 months of continuous service from the grant date. Total valuation on grant date of $158,498.
- 1,500,000 options issued to Mr G Hughes at an exercise price of $0.3511 on 30 November 2022 were forfeited following cessation of employment on 8 April 2022. A further 1,500,000 options issued to Mr G Hughes in 2021 also lapsed on cessation of employment.

2021 Financial Year

- 2,966,102 Performance rights were issued to Mr J Walter on 17 November 2020. The Performance rights have a three-year performance period from 1 July 2020 to 30 June 2023. 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 $480,509 with Tranche 1 valued at $0.084 and Tranche 2 at $0.240 per performance right.

2.4 Performance against LTI measures (cont'd)

- 1,000,000 options were issued to Mr C Bremner on 9 November 2020. Tranche 1 (50%) of the options with an expiry date of 9 May 2024 are exercisable at $0.2489 upon satisfying 24 months of continuous service from the grant date. Tranche 2 (50%) of the options with an expiry date of 9 May 2024 are exercisable at $0.2489 upon satisfying 36 months of continuous service from the grant date. Total valuation on grant date of $103,616.
- 1,500,000 options issued to Mr G Hughes on 17 July 2020 were forfeited following cessation of employment on 8 April 2022. Tranche 1 (50%) of the options with an expiry date of 17 January 2024 were exercisable at $0.2351 upon satisfying 24 months of continuous service from the grant date. Tranche 2 (50%) of the options with an expiry date of 17 January 2024 were exercisable at $0.2351 upon satisfying 36 months of continuous service from the grant date. Total valuation on grant date of $112,981.
- 1,500,000 options issued to Ms M Judkins at an exercise price of $0.2351 on 17 July 2020 forfeited following cessation of employment on 6 October 2020. In addition, a further 1,000,000 options issued to Ms Judkins in 2019 lapsed on cessation of employment.

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.

2.5 Remuneration Entitlements for the 2022 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			
Key Manager Name/Financial Year	**Salary & Fees**	**STI Cash Bonus [1)]**	**Other Benefits [2)]**	**Termination Benefits**	**Super-annuation Benefits**	**Long Service Leave**	**Options & Performance Rights**	**Total**	**Perform-ance Related**	**Share-Based Share of Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
2022										
Executive Director										
Mr J Walter	669,898	194,250	51,594	-	27,500	12,531	437,974	1,393,748	45.4%	31.4%
Senior Executives										
Mr G Hughes[3)]	304,041	-	48,491	291,710	19,124	(1,946)	(106,418)	555,002	(19.2%)	(19.2%)
Mr C Bremner	345,663	69,375	43,333	-	23,568	6,842	85,514	574,295	27.0%	14.9%
	1,319,602	**263,625**	**143,418**	**291,710**	**70,192**	**17,427**	**417,070**	**2,523,044**	**38.0%**	**14.0%**
2021										
Executive Director										
Mr J Walter	673,215	525,000	18,905	-	25,000	24,407	254,421	1,520,948	51.2%	16.7%
Senior Executives										
Mr G Hughes[3)]	368,121	200,000	30,167	-	21,694	6,941	44,882	671,805	36.5%	6.7%
Mr C Bremner[4)]	202,034	70,000	19,230	-	14,445	3,809	27,561	337,079	35.6%	8.2%
Ms M Judkins[5)]	110,709	-	21,449	262,073	11,864	(2,050)	(43,163)	360,882	(12.0%)	(12.0%)
	1,354,079	**795,000**	**89,751**	**262,073**	**73,003**	**33,107**	**283,701**	**2,890,715**	**37.3%**	**9.8%**

[1)] STI bonuses represent the annual entitlements at the end of the financial year and specifically allocated to the individual.
[2)] Other benefits comprise the movement in annual leave entitlement over the financial year.
[3)] Mr G Hughes commenced as COO on 1 July 2020 and ceased employment on 8 April 2022. All options granted were forfeited on cessation of employment.
[4)] Mr C Bremner commenced as CFO on 9 November 2020.
[5)] Ms M Judkins resigned on 6 October 2020 and all options granted were forfeited on that date.

2.6 Actual Remuneration Paid to Executives during the year ended on 30 June 2022

The actual remuneration of KMP for the 2022 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 2022 financial year but that relates to 2021.

	Fixed Remuneration[1] $	Termination Payments $	STI $	LTI Vested $	Total Actual Remuneration Earned $
Mr J Walter	697,398	-	525,000	-	1,222,398
Mr G Hughes	323,165	291,710	200,000	-	814,875
Mr C Bremner	369,231	-	70,000	-	439,231

1) Base salary plus superannuation.

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 $623,337 was paid in Non-Executive Director fees in 2022.

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 all committee meetings and receives an additional committee fee as the Chair of the People, Culture and Sustainability Committee in addition to the base fee as Chair of the Board. The fees for FY22 are shown below:

Board Fees	Chair	Member
Base fee	$250,000	$110,000
Board Committee Fees	**Chair**	**Member**
Audit and Risk	$15,000	-
People, Culture and 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 2022 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	Held at appointment/ resignation	Shares held at 30 June
2022					
Mr A Demetriou	200,000	-	-	-	200,000
Mr R Loveridge	656,364	-	-	-	656,364
Ms L McBain	115,000	-	-	-	115,000
2021					
Mr A Demetriou	200,000	-	-	-	200,000
Mr R Loveridge	656,364	-	-	-	656,364

3.4 Non-Executive Director Remuneration

Non- Executive Directors	Board & Committee Fees $	Superannuation $	Transition Fee $	Total $
2022				
Mr A Demetriou	265,000	-	-	265,000
Mr R Loveridge	113,636	11,364	-	125,000
Ms N Sheffield [1)]	31,538	3,154	-	34,692
Ms L McBain [2)]	110,000	-	-	110,000
Dr K Shaw [3)]	88,645	-	-	88,645
	608,819	14,518	-	623,337
2021				
Mr A Demetriou	265,000	-	-	265,000
Mr R Loveridge	114,155	10,845	-	125,000
Ms N Sheffield[1)]	100,457	9,543	-	110,000
	479,612	**20,388**	**-**	**500,000**

[1)]Ceased directorship 12 October 2021.
[2)]Appointed 1 July 2021.
[3)]Appointed 10 September 2021.

4. Additional Disclosures

4.1 KMP Shareholdings

Ordinary Shareholdings

No ordinary shares were held by KMP during the year ended 30 June 2022 (30 June 2021: nil).

Performance Rights

KMP	Performance Rights held at 1 July	Granted	Forfeited	Held at appointment/ resignation	Performance Rights held at 30 June
2022					
Mr J Walter	5,351,382	1,984,127	-	-	7,335,509
2021					
Mr J Walter	2,385,280	2,966,102	-	-	5,351,382

4. Additional Disclosures (con'td)

4.1 KMP Shareholdings (cont'd)

Options

KMP	Options held at 1 July	Granted	Forfeited	Held at appointment/ resignation	Options held at 30 June
2022					
Mr G Hughes[1)]	1,500,000	1,500,000	(3,000,000)	-	-
Mr C Bremner[2)]	1,000,000	1,410,000	-	-	2,410,000
2021					
Mr G Hughes[1)]	-	1,500,000	-	-	1,500,000
Mr C Bremner[2)]	-	1,000,000	-	-	1,000,000
Ms M Judkins[3)]	1,000,000	1,500,000	(2,500,000)	-	-

[1)]Mr G Hughes was appointed 1 July 2020 and ceased employment on 8 April 2022.

[2)]Mr C Bremner was appointed 9 November 2020.

[3)]Ms M Judkins ceased employment on 6 October 2020.

4.2 Executive Service Agreements

As at 30 June 2022, 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 C Bremner	Ongoing	3 months	3 months

4.2.1 Managing Director & Chief Executive Officer

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

- FAR of $700,000 per annum (inclusive of superannuation).
- Maximum STI of 93.75% of FAR subject to achievement of agreed key performance indicators aligned with shareholders' interests (decreased from 100% during the 2022 financial year).
- Eligibility to participate in LTI up to 100% of FAR in the form of performance rights vesting after 3 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 the 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 STI or 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 2022 was $25,321 excluding GST (2021: $29,600). 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 2022 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:

Justin Walter
Managing Director and Chief Executive Officer
Melbourne, Victoria
24 August 2022

Deloitte.

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24 August 2022

The Board of Directors
Capitol Health Limited
Level 2
288 Victoria Parade
EAST MELBOURNE VIC 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 financial year ended 30 June 2022, 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

Anneke du Toit
Partner
Chartered Accountants

Consolidated Statement of Comprehensive Income

For the Year ended 30 June 2022

	Notes	2022 $000	2021 $000
Continuing Operations			
Revenue	1.3	184,158	177,996
Wages, contractor costs and salaries	1.4	(114,610)	(102,009)
Occupancy costs		(4,742)	(4,988)
Medical equipment and consumable supplies		(10,184)	(10,036)
Service costs		(13,496)	(12,940)
Transaction and restructure costs		(1,000)	(1,266)
Unrealised foreign exchange gain/(loss)	1.4	1,782	(1,882)
Impairment of financial assets	1.4	(2,123)	(734)
Financial liabilities' movement in fair value	2.11	130	74
Earnings before Interest, Tax, Depreciation and Amortisation		**39,915**	**44,215**
Depreciation and amortisation	1.4	(21,060)	(21,396)
Earnings before Interest and Tax		**18,855**	**22,819**
Net finance costs	1.4	(2,906)	(3,378)
Profit before Income Tax		**15,949**	**19,441**
Income tax expense	1.5	(4,981)	(7,413)
Profit for the Year		**10,968**	**12,028**
Other Comprehensive Income			
Net gain/(loss) on interest rate derivative net of income tax	3.5	-	53
Other comprehensive income/(loss), net of income tax		**-**	**53**
Total Comprehensive Income for the year		**10,968**	**12,081**
Attributable to:			
Equity holders of Capitol Health Limited		**10,732**	11,972
Non-controlling interests		**236**	109
Total Comprehensive Income for the year		**10,968**	**12,081**
Basic Earnings per share (cents)	1.2	**1.04**	**1.17**
Diluted Earnings per share (cents)	1.2	**1.01**	**1.13**

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 2022

	Notes	2022 $000	2021 $000
Assets			
Cash and cash equivalents	2.1	13,384	21,749
Trade and other receivables	2.2	4,698	5,582
Investments		113	169
Other assets		736	683
Income tax receivable	1.5	1,176	-
Total Current Assets		**20,107**	**28,183**
Plant and equipment	2.3	44,464	41,075
Right-of-use assets	2.6	56,701	59,011
Intangible assets	2.4	125,111	126,035
Investments	2.5	19,181	19,522
Other receivables		294	180
Deferred tax asset	1.5	5,328	5,650
Total Non-Current Assets		**251,079**	**251,473**
Total Assets		**271,186**	**279,656**
Liabilities			
Trade and other payables	2.8	11,507	13,606
Lease liabilities	2.7	10,346	9,782
Employee benefit liabilities	2.10	11,685	12,239
Income tax liabilities	1.5	-	1,869
Total Current Liabilities		**33,538**	**37,496**
Borrowings	3.2	19,000	29,000
Lease liabilities	2.7	51,860	55,284
Other financial liabilities	2.11	3,771	5,081
Provisions	2.9	2,611	2,455
Employee benefit liabilities	2.10	437	781
Deferred tax liabilities	1.5	5,926	3,531
Total Non-Current Liabilities		**83,605**	**96,132**
Total Liabilities		**117,143**	**133,628**
Net Assets		**154,043**	**146,028**
Equity			
Issued capital	3.3	153,749	148,631
Reserves	3.5	1,048	98
Accumulated losses		(1,793)	(2,993)
Equity Attributable to the Owners of Capitol Health Limited		**153,004**	**145,736**
Non-controlling Interests		1,039	292
Total Equity		**154,043**	**146,028**

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 2022

	Notes	2022 $000	2021 $000
Operating Activities			
Receipts from customers		184,874	178,092
Payments to suppliers and employees		(143,800)	(126,380)
Interest received		32	13
Interest and other finance charges on borrowings		(1,077)	(1,405)
Interest on lease liabilities	2.7	(1,861)	(1,985)
Income tax (paid)/refunded		(5,308)	(7,444)
Net cash flows from operating activities	2.1	**32,860**	**40,891**
Investing Activities			
Purchase of plant and equipment		(13,168)	(8,217)
Payments for business acquisitions and investments	4.1	(700)	(11,861)
Payment of transaction costs		(1,000)	(1,266)
Net cash flows used in investing activities		**(14,868)**	**(21,344)**
Financing Activities			
Proceeds on exercise of options	3.3	4,270	393
Proceeds/(repayment) of secured loans		(10,000)	12,000
Payment of dividends	3.6	(10,388)	(14,135)
Payment of dividends to non-controlling interests		(209)	(118)
Cash payment of lease liabilities	2.7	(10,030)	(9,701)
Net cash flows used in financing activities		**(26,357)**	**(11,561)**
Net increase/(decrease) in cash and cash equivalents		**(8,365)**	**7,986**
Cash and cash equivalents at beginning of the year		21,749	13,763
Cash and cash equivalents at end of the year	2.1	**13,384**	**21,749**

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 2022

	Issued Capital $000	Reserves $000	Accumulated profit/ (losses) $000	Total $000	Non-controlling Interests $000	Total Equity $000
Balance at 1 July 2021	148,631	98	(2,993)	145,736	292	146,028
Profit for the year	-	-	10,732	10,732	236	10,970
Other Comprehensive Income for the year	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**10,732**	**10,732**	**236**	**10,970**
Transactions with Equity Holders						
Exercise of a put option	-	1,828	-	1,828	-	1,828
Exercise of options	4,270	-	-	4,270	-	4,270
Share issue costs (net of tax)	(18)	-	-	(18)	-	(18)
Conversion of issued options/rights	866	(866)	-	-	-	-
Options not exercised	-	(856)	856	-	-	-
Put option from sale/purchase	-	(420)	-	(420)	420	-
Shares transferred to third parties	-	-	-	-	298	298
Allocation of share-based employee costs	-	1,264	-	1,264	-	1,264
Dividend paid	-	-	(10,388)	(10,388)	(209)	(10,597)
Total Transactions with Equity Holders	**5,118**	**950**	**(9,532)**	**(3,464)**	**509**	**(2,955)**
Balance at 30 June 2022	**153,749**	**1,048**	**(1,793)**	**153,004**	**1,039**	**154,043**
Balance at 1 July 2020	**145,776**	**2,694**	**(4,654)**	**143,816**	**223**	**144,039**
Profit for the year	-	-	11,919	11,919	109	12,028
Other Comprehensive Loss for the year	-	53	-	53	-	53
Total Comprehensive Income	**-**	**53**	**11,919**	**11,972**	**109**	**12,081**
Transactions with Equity Holders						
Put option on acquisition	-	(1,457)	-	(1,457)	-	(1,457)
Exercise of options	393	-	-	393	-	393
Share issue costs (net of tax)	(94)	-	-	(94)	-	(94)
Conversion of issued options/rights	486	(486)	-	-	-	-
Shares released from Escrow	2,070	(2,070)	-	-	-	-
Shares transferred to third parties	-	-	-	-	78	78
Allocation of share-based employee costs	-	1,364	-	1,364	-	1,364
Dividend paid	-	-	(10,258)	(10,258)	(118)	(10,376)
Total Transactions with Equity Holders	**2,855**	**(2,649)**	**(10,258)**	**(10,052)**	**(40)**	**(10,092)**
Balance at 30 June 2021	**148,631**	**98**	**(2,993)**	**145,736**	**292**	**146,028**

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 2022 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 24 August 2022.

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 derivative financial instruments and debt and equity financial assets that have been measured at fair value.

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.

Going Concern

The financial statements have been prepared on a going concern basis. For the year ended 30 June 2022, the consolidated entity made a net profit after tax of $11.0 million (30 June 2021: $12.0 million) and had net current liabilities of $13.4 million (30 June 2021: $9.3 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 $116.2 million.

b) the consolidated entity generated net operating cash inflow for the year ended 30 June 2022 of $32.9 million (30 June 2021: $40.9 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.

Rounding of amounts

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.

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.

About this Report (cont'd)

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Capitol Health Limited and its subsidiaries as at 30 June 2022 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 a majority of 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.

Coronavirus (Covid-19) pandemic

The Group operations continue to be affected by the COVID-19 pandemic and resulting government actions during the year ended 30 June 2022. The Group prioritises the health, safety and wellbeing of our personnel and patients.

Judgement is exercised when considering the impact of the pandemic based on known information. This consideration extends to the nature of the services offered, patients, supply chain, staffing and geographic regions in which the Group operates. Consequently, some of our clinics were temporarily closed at various times throughout the 2022 financial year in accordance with government restrictions or when demand showed a significant decline. Furthermore, the pandemic caused challenges in the sourcing and allocation of human resources driven by ongoing personal (sick and carer's) leave requirements.

The COVID-19 pandemic represents a risk to the business, our society and the economy in Australia. The Group is an important part of the healthcare system and is considered an essential service, but the spread of the virus continued to disrupt our operating conditions. In the 2022 financial year we experienced two government lockdowns and a "pandemic code brown" in the hospital system in Victoria. There were also short circuit breaker lockdowns in Tasmania, South Australia and Western Australia upon opening of their domestic borders. The general spread of Covid-19 within the communities in which we operate has resulted in reduced ability of patients to access our services.

Global supply chains continue to be affected and may present a risk of higher costs for medical consumables, personal protective equipment, medical imaging machines or parts and information technology equipment. Lead times for delivery of such items continued to be disrupted.

Coronavirus (Covid-19) pandemic (cont'd)

Despite these challenges, the Group delivered a solid result demonstrating resilience with ongoing disruption.

The Group did not receive any Australian Government COVID-19 subsidies in contrast to the Jobkeeper support received during the previous financial year.

Throughout the report and when applicable in specific notes, a reference has been made to the pandemic effect on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently.

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 2022 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

	2022 $000	2021 $000
Revenue	184,158	177,996
Earnings before interest, tax, depreciation, and amortisation	39,915	44,215
Earnings before interest and tax	18,855	22,819

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:

	2022 $000	2021 $000
Profit for the year	10,968	12,028
Other comprehensive income	-	53
Non-controlling interest	(236)	(109)
Profit attributable to ordinary equity holders of Capitol Health Limited:	**10,732**	**11,972**
Weighted average ordinary shares used as the denominator in calculating:	**Number**	Number
Basic earnings	1,035,504,993	1,020,168,615
Effect of dilution from share options	24,612,249	32,758,616
Diluted earnings	1,060,117,242	1,052,927,231
	Cents	Cents
Earnings per share – Continuing operations[1)]:		
Basic	**1.04**	**1.17**
Diluted	**1.01**	**1.13**

[1)] On 1 February 2021 a total of 2,347,752 fully paid ordinary shares were issued to the vendors of Direct Radiology under voluntary escrow which are subject to a revenue target and ongoing employment until 31 August 2023. These shares have not been included in the above calculation of EPS. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of the authorisation of these financial statements.

Basic EPS is calculated by dividing the profit 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 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

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

	2022 $000	2021 $000
Major service category		
Diagnostic imaging services	184,085	177,916
Other operating revenue	73	80
	184,158	**177,996**

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	**2022 $000**	2021 $000
Wages, contractor costs and salaries[1)]	(98,766)	(87,497)
Employee leave entitlements	(8,322)	(7,811)
Superannuation expenses	(6,258)	(5,337)
Share-based employment expense	(1,264)	(1,364)
	(114,610)	**(102,009)**

[1)]Gross JobKeeper government assistance received of nil (2021: $6.6m) has been recorded as an offset to Wages, contractor costs and salaries.

Accounting policy for government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached obligations will be complied with. The Group has elected to present grants related to an expense item to be deducted over the periods which the related costs for which it is intended to compensate are expensed. The Group was eligible for the JobKeeper assistance programme until 30 September 2020 and has received nil payments in the year to 30 June 2022 (2021: $6.6m). Grants received in the year to 30 June 2021 has been recorded as an offset against employee expenses in the Statement of Comprehensive Income.

Depreciation and Amortisation	Note	**2022 $000**	2021 $000
Amortisation of right-of-use assets	2.6	(10,283)	(9,289)
Depreciation of plant and equipment	2.3	(9,419)	(10,395)
Amortisation of intangible assets	2.4	(1,200)	(1,213)
Amortisation - other		(158)	(499)
		(21,060)	**(21,396)**

1.4. Expenses (cont'd)

Impairment and other related items	Note	**2022 $000**	2021 $000
Impairment charge regarding unlisted investments	2.5	(2,123)	(734)
Unrealised foreign exchange gain/(loss)	2.5	1,782	(1,882)
		(341)	**(2,616)**

Finance costs	Note	**2022 $000**	2021 $000
Lease interest	2.7	(1,861)	(1,985)
Interest on borrowings		(1,069)	(1,277)
Interest income		32	13
Other interest and fees		(8)	(129)
		(2,906)	**(3,378)**

Accounting policy for borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.5. Taxation

Income tax expense	**2022 $000**	2021 $000
The major components of income tax expense are:		
Current income tax expense	(2,207)	(6,314)
Deferred income tax expense	(2,716)	(1,111)
Deferred tax asset related to unused franking credits	(326)	-
Current income tax benefit - prior year	268	12
Income tax expense reported in the Statement of Comprehensive Income	**(4,981)**	**(7,413)**

Reconciliation of income tax expense	**2022 $000**	2021 $000
Accounting profit before income tax from continuing operations	15,949	19,441
Prima facie income tax expense at 30% (2021: 30%)	(4,785)	(5,832)
Tax effect of permanent differences:		
Net capital costs	(109)	(124)
Impairment of unlisted investments, net of foreign exchange movements	(102)	(785)
Valuation of share options granted	(233)	(410)
Other items	248	(262)
Income tax expense attributable to profit from continuing operations and reported in the Statement of Comprehensive Income	**(4,981)**	**(7,413)**

1.5. Taxation (cont'd)

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	**2022 $000**	2021 $000
Income tax receivable	1,428	104
Income tax liability	(252)	(1,973)
Income tax receivable / (payable), net	1,176	(1,869)

Accounting policy for current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

	2022		2021	
Deferred tax assets and liabilities [1), 2)]	**Items at pre-tax $000**	**Items at post-tax $000**	Items at pre-tax $000	Items at post-tax $000
Deferred tax assets:				
Employee benefits	12,280	3,684	13,183	3,955
Other assets	708	212	290	87
Leases	315	94	211	63
Make good provision	723	217	722	217
Tax losses of subsidiary	563	169	145	43
Accrued expenses and other items	3,171	952	4,284	1,285
Total deferred tax assets	**17,760**	**5,328**	**18,835**	**5,650**
Deferred tax liabilities:				
Intangible assets	(4,821)	(1,446)	(6,036)	(1,811)
Plant and equipment	(14,349)	(4,305)	(5,314)	(1,594)
Prepayments	(35)	(10)	(73)	(22)
Leases	(513)	(154)	(3)	(1)
Other Items	(35)	(11)	(343)	(103)
Total deferred tax liabilities	**(19,753)**	**(5,926)**	**(11,769)**	**(3,531)**

1) The Group has no unrecognised temporary differences at 30 June 2022 (2021: Nil).

2) The Group has carried forward operating losses of $902,624 at 30 June 2022 (2021: $144,879) and a deferred tax asset has been recognised. The operating losses are expected to be available to offset against the future income subject to the Group continuing to meet statutory tests.
The Group has carried forward capital losses of $19,010,580 (2021: $18,897,000). 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.

1.5. Taxation (cont'd)

	2022 **$000**	2021 $000
Net deferred tax asset / (liability)	(598)	2,119
Movement represented by:		
Recognised in Statement of Comprehensive Income	(616)	2,403
Recognised in Business Acquisitions	18	(284)
Total net deferred tax asset	**(598)**	**2,119**

Key estimates and judgements - Taxation

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 12 – 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.

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 tax 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, Lime Avenue Radiology 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.

Australian Tax Consolidated Group (cont'd)

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.

Accounting policy for goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

	2022 $000	2021 $000
Cash at bank	13,366	21,733
Cash on hand	18	16
	13,384	**21,749**

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:

Reconciliation to net cash flows from operations:	**2022 $000**	2021 $000
Profit before income tax	**15,949**	**19,441**
Adjustments for non-cash income and expense items:		
Depreciation and amortisation	21,060	21,396
Impairment charge	2,123	734
Financial liabilities movement	(130)	(74)
Share-based payment expense	1,264	1,364
Unrealised foreign exchange loss/(gain)	(1,782)	1,882
Other non-cash expense	-	(490)
Working capital adjustments:		
Decrease / (Increase) in trade and other receivables	770	(89)
Decrease / (Increase) in other current net assets	(53)	(88)
Decrease / (Increase) in other non-current net assets	322	450
Increase/(Decrease) in trade payables	(2,211)	(3,365)
Increase/(Decrease) in lease liabilities	(2,860)	(2,725)
Increase/(Decrease) in employee benefit liabilities	(898)	1,340
Increase/(Decrease) in provisions	(693)	1,115
Net cash flows from operating activities	**32,860**	**40,891**

Accounting policy for cash and short-term deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Currently the Group has no short-term deposits on hand.

2.2. Trade and other receivables

	2022 **$000**	2021 $000
Trade receivables[1)]	3,211	3,295
Allowance for expected credit loss	(148)	(159)
	3,063	3,136
Other receivables	1,635	2,446
	4,698	**5,582**

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

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

	2022 **$000**	2021 $000
Reconciliation of allowance for expected credit losses		
Balance 1 July	**159**	155
Provision for expected credit loss	39	42
Write- off	(50)	(38)
	148	**159**

Key estimates and 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 (i.e., bulk bill, third party and private patients).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate and based on management judgement. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions and included a review of the assessment of the expected impact of COVID-19 on expected loss rates from prior year. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Accounting policy for trade and other receivables

Trade and other receivables are amounts due from customers for services rendered. They are generally due for settlement withing 30-60 days and are therefore all classified as current. Trade receivables are initially recognised at the amount of the consideration that is unconditional. The Group holds these receivables to collect the contractual cash flows and thus subsequently measure these at amortised cost less any loss allowance. Due to the short-term nature of these receivables, their carrying amount is assumed to approximate fair value. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

2.3. Plant and equipment

	Leasehold Improvements 1)	Plant & Equipment 1)	Other Operating Assets	Assets Under Construction (AUC)	Total
	$000	$000	$000	$000	$000
At 1 July 2021 (net)	11,806	26,981	1,454	834	41,075
Additions	-	-	-	13,168	13,168
Transfers	1,079	12,665	96	(13,840)	-
Disposals	(326)	(589)	(4)	-	(919)
Acquisition of business or subsidiary	153	378	28	-	559
Depreciation for period	(1,415)	(7,483)	(521)	-	(9,419)
At 30 June 2022 (net)	**11,297**	**31,952**	**1,053**	**162**	**44,464**
At 30 June 2022					
Cost value	16,614	61,132	2,406	162	80,314
Accumulated depreciation	(5,317)	(29,180)	(1,353)	-	(35,850)
Total	**11,297**	**31,952**	**1,053**	**162**	**44,464**
At 1 July 2020 (net)	9,593	26,362	1,903	2,962	40,820
Additions	-	-	-	8,065	8,065
Transfers	2,137	7,399	657	(10,193)	-
Disposals	-	-	(802)	-	(802)
Acquisition of business or subsidiary	1,463	1,583	341	-	3,387
Depreciation for period	(1,387)	(8,363)	(645)	-	(10,395)
At 30 June 2021 (net)	**11,806**	**26,981**	**1,454**	**834**	**41,075**
At 30 June 2021					
Cost value	16,169	50,826	2,304	834	70,133
Accumulated depreciation	(4,363)	(23,845)	(850)	-	(29,058)
Total	**11,806**	**26,981**	**1,454**	**834**	**41,075**

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

Key estimates and 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.

Key estimates and 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.

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, the assets under construction 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]	TOTAL
	$000	$000	$000	$000
At 1 July 2021	117,778	1,258	6,999	126,035
Acquisition of entities and businesses (net) [1]	276	-	-	276
Amortisation charge	-	-	(1,200)	(1,200)
At 30 June 2022	**118,054**	**1,258**	**5,799**	**125,111**
Cost value	118,054	1,258	9,561	128,873
Accumulated amortisation & impairment	-	-	(3,762)	(3,762)
Total at 30 June 2022	**118,054**	**1,258**	**5,799**	**125,111**
At 1 July 2020	109,722	1,258	6,969	117,949
Acquisition of entities and businesses (net) [1]	7,871	-	1,243	9,114
Adjustment re prior year acquisitions	185	-	-	185
Amortisation charge	-	-	(1,213)	(1,213)
At 30 June 2021	**117,778**	**1,258**	**6,999**	**126,035**
Cost value	117,778	1,258	9,561	128,597
Accumulated amortisation & impairment	-	-	(2,562)	(2,562)
Total at 30 June 2021	**117,778**	**1,258**	**6,999**	**126,035**

[1] Details of the acquisition of entities and businesses is included in Section 4.

[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.

Key estimates and judgements – Impairment of Goodwill and other intangibles

Management consider that the Groups' operations have identifiable cash flows representing one group of CGUs. The recoverable amount of the group of cash generating units (CGUs) 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 the FY23 year and forecasts for a further 4 years which are extrapolated in perpetuity using a long-term average growth rate of 2% (2020: 2%) and terminal value growth rate of 2% (2021: 2.5%). The discount rate (pre-tax) used to determine recoverable amounts as at 30 June 2022 for the CGU was 11.4% (2021: 12.8%). The discount rate includes the current actual cost of debt and equity cost based on market comparatives which is lower 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. In the current period, Management's estimates and judgement also specifically considered the potential risks arising from the ongoing effect of the COVID-19 pandemic.

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, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Comprehensive Income in the period in which the expenditure is incurred.

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.

2.5. Investments

The Group has an investment in Enlitic Inc, a USA based healthcare IT private entity developing an expandable artificial intelligence framework, standardisation and interoperability artificial intelligence, and diagnostic real world evidence platform.

	2022 $000	2021 $000
Non-current		
Investment in unlisted entity	**19,181**	**19,522**
Movement in Investment in unlisted entity		
Fair value – opening balance	19,522	22,138
Investment during the year		-
Unrealised foreign exchange gain/(loss)	1,782	(1,882)
Impairment charge	(2,123)	(734)
Fair value – closing balance	**19,181**	**19,522**

Key estimates and judgements – 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 2022 and 2021 is based on an independent expert valuation report.

The fair value assessed at 30 June 2022 may be impacted by subsequent events that could have a material impact on this valuation.

Accounting policy for other financial assets

Financial assets at fair value through profit or loss in the Statement of Comprehensive Income include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Statement of Comprehensive Income.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in the Statement of Comprehensive Income when the right of payment has been established.

The Group does not have any other financial assets and accordingly does not have any financial assets treated at fair value through OCI, either with recycling or not, of cumulative gains and losses (debt instruments).

2.6. Right of use assets

	Property Leases $000	Equipment Leases $000	Total $000
At 1 July 2021	56,226	2,785	59,011
New leases entered during the period	2,699	1,038	3,737
Remeasured and modified leases	4,334	-	4,334
Terminated leases	(98)	-	(98)
Amortisation charge	(9,250)	(1,033)	(10,283)
At 30 June 2022	**53,911**	**2,790**	**56,701**
Cost value	78,859	4,509	83,368
Accumulated amortisation	(24,948)	(1,720)	(26,667)
Total at 30 June 2022	**53,911**	**2,790**	**56,701**

At 1 July 2020	53,211	1,518	54,729
New leases entered during the period	5,760	1,931	7,691
Leases acquired on acquisition	3,310	-	3,310
Remeasured and modified leases	3,156	84	3,240
Terminated leases	(647)	(23)	(670)
Amortisation charge	(8,564)	(725)	(9,289)
At 30 June 2021	**56,226**	**2,785**	**59,011**
Cost value	72,216	3,663	75,879
Accumulated amortisation	(15,990)	(878)	(16,868)
Total at 30 June 2021	**56,226**	**2,785**	**59,011**

2.7. Lease liability

	2022 $000	2021 $000
Lease Liabilities		
Current	10,346	9,782
Non-current	51,860	55,284
Lease liabilities	**62,206**	**65,066**

Maturity analysis

	2022 $000	2021 $000
Year 1	10,346	9,782
Year 2	12,204	12,776
Year 3	10,215	10,178
Year 4	9,210	9,025
Year 5	9,150	8,318
Onwards	11,081	14,987
	62,206	**65,066**

Lease liability	**Property Leases**	**Equipment Leases**	**Total**
	$000	$000	$000
At 1 July 2021	(58,337)	(6,729)	(65,066)
Interest expense	(1,613)	(248)	(1,861)
New leases entered during the period	(2,699)	(739)	(3,438)
Remeasured and modified leases	(3,851)	-	(3,851)
Terminated leases	119	-	119
Cash payments	9,498	2,393	11,891
At 30 June 2022	**(56,883)**	**(5,323)**	**(62,206)**
Current	(8,246)	(2,100)	(10,346)
Non-current	(48,637)	(3,223)	(51,860)
Total at 30 June 2022	**(56,883)**	**(5,323)**	**(62,206)**

At 1 July 2020	(54,803)	(7,539)	(62,342)
Interest expense	(1,661)	(324)	(1,985)
New leases entered during the period	(4,520)	(1,929)	(6,449)
Leases acquired on acquisition	(3,310)	-	(3,310)
Remeasured and modified leases	(3,231)	(84)	(3,315)
Terminated leases	675	13	688
Loss on modification / termination	(39)	-	(39)
Cash payments	8,552	3,134	11,686
At 30 June 2021	**(58,337)**	**(6,729)**	**(65,066)**
Current	(7,661)	(2,121)	(9,782)
Non-current	(50,676)	(4,608)	(55,284)
Total at 30 June 2021	**(58,337)**	**(6,729)**	**(65,066)**

Key estimates and 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 weighted average incremental borrowing rate ('IBR') used during the year ended 30 June 2022 was 2.6% (FY21: 2.3%).

Key estimates and 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.

Accounting policy for leases

Group as a lessee

The Group adopted AASB 16 Leases with effect from 1 July 2019 electing to use the modified retrospective approach on implementation where the right-of-use asset was deemed to be equivalent to the liability at transition with the cumulative impact of application recognised as at 1 July 2019.

AASB 16 distinguishes leases and service contracts based on whether an identified asset is controlled by a customer. Where there is an identified asset, a right-of-use asset and a corresponding liability have been recognised for all leases (ie. 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.

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

	2022 $000	2021 $000
Current		
Trade creditors	3,147	1,187
Other creditors and accruals	8,360	12,419
	11,507	**13,606**

Accounting policy for trade and other payables

Trade and other payables are carried at their principal amounts, are not discounted, and include GST. They represent amounts owed for goods and services provided to the Group prior to, but were not paid for, at the end of the financial year. The amounts are generally unsecured and are usually paid withing 30-60 days of recognition.

2.9. Provisions

	2022 $000	2021 $000
Non-current		
Lease property make good allowance	**2,611**	**2,455**

	2022 $000	2021 $000
Balance at 1 July	2,455	1,340
Additions	156	1,115
Balance at 30 June	**2,611**	**2,455**

Accounting policy for provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10. Employee Benefit Liabilities

	2022 $000	2021 $000
Current		
Annual leave	6,827	6,907
Long service leave	4,858	5,332
	11,685	**12,239**
Non-current		
Long service leave	437	781
	437	**781**

Key estimates and 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.

Accounting policy for employee benefit liabilities

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2.11. Other Financial Liabilities

	2022 **$000**	2021 $000
Non-current		
Other financial liabilities [1]	**3,771**	**5,081**

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

	2022 **$000**	2021 $000
Balance at 1 July	5,081	3,698
Acquired (paid)	(1,180)	1,457
Fair value movement	(130)	(74)
Balance at 30 June	**3,771**	**5,081**

Accounting policy for other financial liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

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. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current financial year.

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 2021 was extended to 4 September 2022. At that time, the maximum number of shares able to be bought back by the Company was increased to 53,065,707 within the '10/12 limit'. While not utilised during FY22 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 2022 it has the ability to buy-back 53,065,707 ordinary shares under that authority.

3.2. Borrowings

	2022 **$000**	2021 $000
Non-current		
Borrowings	19,000	29,000
	19,000	**29,000**

Utilisation of secured facilities	**Facility** $000	**Utilised** $000	**Available** $000
2022			
Secured bank loan[1)]	130,000	19,000	111,000
Equipment financing	5,000	1,947	3,053
Bank guarantee facility	4,000	1,895	2,105
At 30 June 2022	**139,000**	**22,842**	**116,158**
2021			
Secured bank loan[1)]	130,000	29,000	101,000
Equipment financing	10,000	2,845	7,155
Bank guarantee facility	4,000	1,373	2,627
At 30 June 2021	**144,000**	**33,218**	**110,782**

[1)]Includes $30 million Accordion facility

3.2. Borrowings (cont'd)

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

		Current		Non-current	
		2022	2021	**2022**	2021
	Note	**$000**	$000	**$000**	$000
Carrying amount at amortised cost:					
External bank borrowings	3.2	-	-	19,000	29,000
Lease liabilities	2.7	10,346	9,782	51,860	55,284
		10,346	**9,782**	**70,860**	**84,284**
Carrying amount at fair value:					
External bank borrowings	3.2	-	-	19,000	29,000
Lease liabilities	2.7	10,346	9,782	51,860	55,284
		10,346	**9,782**	**70,860**	**84,284**

Accounting policy for borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequently, measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Comprehensive Income over the term of the interest-bearing liability using the effective interest rate (EIR) method.

The carrying amount of the external borrowings is a reasonable approximation of the fair value.

Bank facility terms

Financial Year 2022

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 renegotiation of the facility is not considered substantial.

During the financial year 2022, the Group completed a payment of $10.0 million reducing the net borrowing outstanding balance at 30 June 2022 to $19.0 million.

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

- Cash advance facility limit up to $100.0 million for a period of 4 years.
- 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 1.5% during the year (2021: 2.3%).

Financial Year 2021

The Group's current loan facility with National Australia Bank commenced in May 2018 and was not due to mature until May 2023.

The bank facility totalling $144.0 million was made up of the following:

- Cash advance facility limit up to $60.0 million for a period of 2 years
- Cash advance facility limit up to $40.0 million for a period of 2 years
- Bank guarantee facilities with limit of $4.0 million
- Equipment leasing facilities with limit of $10.0 million
- Accordion facility of up to $30.0 million (uncommitted)

Defaults and breaches

The Group's financial covenants under the new loan facility remain unchanged at:

- Interest Cover Ratio of greater than or equal to 2.5 times: and
- Net Leverage Ratio of less than or equal to 2.5 times

The Group complied with all applicable financial covenant requirements throughout the financial year.

3.3. Issued Capital

	2022 $000	2021 $000
Issued Capital [1]	**153,749**	**148,631**

	2022 Number of shares	**2022 $000**	2021 Number of shares	2021 $000
Balance at 1 July	1,028,097,512	148,631	1,015,695,881	145,776
Exercise of options	11,239,561	4,270	1,650,000	393
Conversion of options/performance rights	2,880,439	866	1,502,566	486
Shares issued on acquisition[1]	-	-	2,347,752	-
Shares transferred from Escrow [2]	-	-	6,901,313	2,070
Share issue costs (after tax)	-	(18)	-	(94)
	1,042,217,512	153,749	1,028,097,512	148,631
Less: Treasury shares [3]	(2,347,752)	-	(2,347,752)	-
Balance at 30 June	**1,039,869,760**	**153,749**	**1,025,749,760**	**148,631**

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

[2] In 2020 the company issued 6,901,313 shares as part of the acquisition of Fowler Simmons Radiology at a fair value of $2.1m. These shares were held in Escrow and included in the Share-Based Payments Reserve at 30 June 2020. The shares were released from Escrow in March 2021 and transferred from the Share-Based Payments Reserve to Issued Capital.

[3] In 2021 the company issued 2,347,752 shares as part of the Direct Radiology acquisition as deferred consideration. These shares are held in Escrow until August 2023 at which point, they will be released subject to a revenue target and ongoing employment. The fair value of these shares is treated as a post-employment cost and will be accumulated in the Share-Based Payments Reserve over this period.

Accounting policy for treasury shares

The Group's own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share-based payments 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).

Employee Incentive Option Plan (cont'd)

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:

	2022		2021	
Performance Rights[1)]	**Number**	**Weighted average exercise price (cents)**	Number	Weighted average exercise price (cents)
Balance at 1 July	5,351,382	-	4,080,342	-
Granted[2)]	1,984,127	-	2,966,102	-
Exercised[3)]	-	-	(1,502,566)	-
Forfeited	-	-	(192,496)	-
Balance at 30 June	**7,335,509**	**-**	**5,351,382**	**-**

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

[2)] During the financial years 2022 and 2021 1,984,127 and 2,966,102 performance rights (as disclosed in the remuneration report) were granted to Mr Walter and were approved at the Company's Annual General Meeting. Each performance right upon vesting is convertible into 1 fully paid ordinary share with no consideration payable subject to the terms of the Plan and various service and performance conditions. The number of performance rights that will vest is subject to his continuing employment. The ultimate exercising of the performance rights depends on two equally weighted conditions over a 3-year period, being total shareholders return on performance and growth in earnings per share.

[3)] On 31 August 2020, 1,502,566 performance rights granted to Mr Harrison in FY18 vested and were converted into 1,502,566 fully paid ordinary shares in accordance with the terms of the Plan, with 192,496 being forfeited.

	2022		2021	
Options [4)]	**Number**	**Weighted average exercise price (cents)**	Number	Weighted average exercise price (cents)
Balance at 1 July	35,092,105	30.94	29,400,000	28.96
Granted	3,765,000	35.11	12,492,105	31.76
Exercised	(14,120,000)	30.06	(1,650,000)	23.84
Forfeited	(14,422,105)	31.29	(5,150,000)	26.92
Balance at 30 June	**10,315,000**	**33.18**	**35,092,105**	**30.94**

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

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 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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 1.2).

3.5. Reserves

	Interest rate derivative $000	Share-based payment [1] $000	Other reserves [2] $000	Total $000
Balance at 1 July 2021	-	2,895	(2,887)	98
Issue of share options	-	1,264	-	1,264
Conversion of issued options/rights	-	(866)	-	(866)
Put options from sale/purchase	-	-	(420)	(420)
Options not exercised	-	(856)	-	(856)
Exercise of a put option	-	-	1,828	1,828
Movement for the financial year	-	(458)	1,408	950
Balance at 30 June 2022	**-**	**2,527**	**(1,479)**	**1,048**

	Interest rate derivative	Share-based payment [1]	Other reserves [2]	Total
Balance at 1 July 2020	(53)	2,107	640	2,694
Issue of share options	-	1,364	-	1,364
Conversion of issued options/rights	-	(486)	-	(486)
Put options from sale/purchase	-	-	(1,457)	(1,457)
Options not exercised	-	-	(2,070)	(2,070)
Interest rate derivative movement	53	-	-	53
Movement for the financial year	53	878	(3,527)	(2,596)
Balance at 30 June 2021	**-**	**2,985**	**(2,887)**	**98**

1) The share-based payments reserve is used to recognize 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 and call options in relation to non-controlling interest entities within the group.

Other Comprehensive Income (OCI) Items, net of tax:
The disaggregation of changes in OCI by each type of reserve in equity is shown below:

	Interest rate derivative $000	Options $000	Retained earnings $000	Total $000
Balance at 1 July 2021	-	-	-	-
Interest rate derivative movement	-	-	-	-
Balance at 30 June 2022	-	-	-	-

	Interest rate derivative $000	Options $000	Retained earnings $000	Total $000
Balance at 1 July 2020	(53)	-	-	(53)
Interest rate derivative movement	53	-	-	53
Balance at 30 June 2021	-	-	-	-

3.6. Dividends

Fully franked dividends were paid during the financial period as follows: [1), 2)]

	2022 $000	2021 $000
FY20 Interim Dividend paid 0.5 cents per share on 23 October 2020	-	3,877
FY20 Final Dividend paid 0.5 cents per share on 23 October 2020	-	5,121
FY21 Interim Dividend paid 0.5 cents per share on 1 April 2021	-	5,137
FY21 Final Dividend paid 0.5 cents per share on 22 October 2021	5,177	-
FY22 Interim Dividend paid 0.5 cents per share on 1 April 2022	5,211	-
	10,388	**14,135**

1) The dividend Reinvestment Plan (DRP) is currently suspended.

2) Since the end of the year the Directors have declared a final dividend of 0.5 cents per share in respect of FY22 which is not recognised as a liability at 30 June 2022.

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:

	2022 $000	2021 $000
Franking account balance at 30 June	**4,820**	**7,935**
Imputation debits that will arise from the refund of the current tax liability	(1,318)	(104)
Adjusted Franking account balance	**3,502**	**7,831**
Imputation debits that will arise from payment of dividend declared but not recognised in the financial statements	(2,233)	(2,203)
Adjusted Franking account balance after payment of unrecognised dividend amounts	**1,269**	**5,628**

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
2022						
Trade and other payables	-	11,507	-	-	11,507	11,507
Interest-bearing loans	1.5%	-	-	19,000	19,000	19,000
Lease liability	2.6%	2,587	7,759	51,860	62,206	62,206
		14,094	**7,759**	**70,860**	**92,713**	**92,713**

In $000	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	Total	Carrying amount
2021						
Trade and other payables	-	13,124	-	482	13,606	13,606
Interest-bearing loans	2.3%	-	-	29,000	29,000	29,000
Lease liability	3.3%	2,023	7,759	55,284	65,066	65,066
		15,147	**7,759**	**84,766**	**107,672**	**107,672**

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 and variable rate loans and borrowings. In July 2020, the bank waived its requirement under 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 2022, there were nil interest rate swaps covering outstanding debt (2021: nil).

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. Based on the 30 June 2022 valuation of the investment, a 1.0 cent movement in USD: AUD exchange rate results in +/-$0.3m unrealised foreign exchange gain or loss in the consolidated Statement of Comprehensive Income.

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 78% 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

From 1 July 2019 leased properties and facilities are treated under AASB 16 (refer note 2.7) and are included in the financial statements.

The company has the following capital expenditure commitments contracted for:

	2022 $000	2021 $000
Plant and equipment purchases	-	12

Commitments for 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 operational footprint

This section provides details of acquisitions which the Group has made in the financial year, as well as details of controlled entities.

The Group preliminarily accounted for the acquisition of the business and assets of Womens' Imaging and finalised the acquisition of the business and assets of Direct Radiology during the period.

At 30 June 2021 the Group provisionally accounted for goodwill of Direct Radiology of $7.9 million. At 30 June 2022, no completion adjustments were required in relation to this business acquisition.

There were no other new acquisitions during the period.

Date of acquisition	Business Name	State	Purchase consideration $000	Net Assets Acquired $000	Goodwill $000
29 November 2021	Womens' Imaging	Tasmania	700	424	276
1 February 2021	Direct Radiology	Victoria	11,861	3,989	7,871

4.1. Acquisitions

Acquisition in 2022 financial year

Acquisition of Womens' Imaging

On 29 November 2021, the Group acquired 100% of the business and assets of Womens' Imaging which operates a dedicated diagnostic imaging clinic with a specialist focus on women's health in Hobart, Tasmania.

The acquisition is aligned to the Group's strategic plan for long term organic growth and expanding its network of high-quality community imaging centres. The provisional goodwill of $0.28 million comprises the value of expected synergies arising from the acquisition.

The consideration for the acquisition amounted to $0.7 million funded from cash reserves. Transaction costs of the acquisition (included in cash flows from investing activities) amounted to $0.27 million.

The fair value of net assets acquired include the plant and equipment and other intangible assets comprising the referrer relationship independently valued at date of acquisition.

The fair value of the consideration transferred at acquisition date for Womens' Imaging was made up of the following components:

	$000
Payment for business and assets	700
Completion adjustment	-
	700
Assumed:	
- Recognition of net debtors/creditors	(4)
- Employee Entitlements	(188)
- Plant and Equipment	560
Recognition of Deferred Tax Asset	56
Goodwill	276
	700

Revenue and profit contribution from the date of acquisition to 30 June 2022:

From the date of acquisition, Womens' Imaging contributed $1.6 million of revenue for the Group. If the combination had taken place from the start of the financial year, revenue would have been approximately $2.7 million.

Acquisitions in 2021 financial year

Acquisition of Direct Radiology

On 1 February 2021, the Group acquired the business and assets of Direct Radiology which operates diagnostic imaging clinics in Fairfield, Monbulk and South Melbourne in Victoria. Direct Radiology is a general imaging provider with a full suite of imaging modalities up to MRI and a specialist focus on women's health.

The consideration for the acquisition amounted to $12.5 million with $11.9 million funded from cash reserves and existing bank debt facilities and $0.7 million in issued shares in the Company. The shares are to be held in voluntary escrow until 31 August 2023 and are subject to achieving a revenue target in FY23 and the ongoing employment of the vendors.

The fair value of net assets acquired include the plant and equipment and other intangible assets comprising the referrer relationship independently valued at date of acquisition. At 30 June 2021 the Group provisionally accounted for goodwill of $7.9 million. The fair value of the consideration transferred at acquisition date for Direct Radiology was made up of the following components:

	$000
Payment for business and assets	
Cash	12,000
Completion adjustment	(139)
	11,861
Assumed:	
- Recognition of net debtors/creditors	1
- Employee Entitlements	(229)
- Make Good Provision	(108)
- Plant and Equipment	3,387
Other intangible asset	
- Referrer Relationship	1,243
Recognition of Deferred Tax Asset	68
Recognition of Deferred Tax Liability	(372)
Goodwill	7,871
	11,861

As part of the Direct Radiology acquisition Capital Health issued 2,347,752 ordinary shares to the vendors. These shares will be held in escrow and released to the vendors in August 2023 subject to Direct Radiology achieving a revenue target for the year ended 30 June 2023 of $10.6 million and continued ongoing employment of the vendors. The acquisition was funded from cash reserves and existing bank debt facilities and the issue of shares in Capitol Health Limited. This is accounted for as a post-employment cost and not through goodwill.

Revenue and profit contribution to 30 June 2022:

Direct Radiology contributed $8.1 million of revenue for the Group.

4.2. Combinations for 2021 financial year

The Group finalised the accounting of the acquisition of Fowler Simmons Radiology during the half-year ended 31 December 2020.

Date of acquisition	Business Name	State	Purchase consideration $000	Net Assets Acquired $000	Goodwill $000
29 February 2020	Fowler Simmons Radiology	South Australia	16,620	2,260	14,360

The Group acquired 90% of the issued share capital of Adrad Investments SA Pty Ltd which in turn holds 100% interest in Adelaide Radiology Pty Ltd trading as Fowler Simmons Radiology. The fair value of net assets acquired include the plant and equipment and other intangible assets comprising the referrer relationship independently valued at date of acquisition. At 30 June 2020 the group provisionally accounted for goodwill of $14.5 million.

The fair value of the consideration transferred at acquisition date for FSR was made up of the following components:

	$000
Payment for 90% of the Issued Shares in the Entity	
Cash	13,961
Shares issued	2,070
Deferred and contingent consideration payable	1,382
Completion adjustment [1]	(793)
	16,620
Assumed:	
Net current assets acquired	472
-Employee Entitlements	(53)
-Make Good Provision	(54)
Other intangible assets	
- Referrer Relationship	2,476
- Brand Name	496
Recognition of Deferred Tax Asset	66
Recognition of Deferred Tax Liability	(892)
Goodwill	14,360
Non-controlling interest	(251)
	16,620

[1] The completion adjustment has been updated since 30 June 2020 to reflect the final acquisition accounting for Fowler Simmons Radiology.

Key estimates and judgements – Other intangible assets

Other intangible assets comprising the referrer relationship were independently valued at acquisition. 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 that is considered separable. This intangible asset is constantly evolving with new patients and referring medical professionals, and as a result it is amortised over 8 years.

Key estimates and judgements – Impairment testing of Cash-Generating Units (CGU) Containing Goodwill and Brand Names

In relation to impairment testing, all intangible assets with indefinite lives (goodwill and brand names) have been allocated to one Group of cash-generating units (CGU) as they are expected to benefit from the synergies of the business combination. In accordance with *AASB 136 Impairment of Assets*, the Group's operations have been tested for any potential impairment charge applicable to the Goodwill valuation carried in the accounts of the Group. Refer to note 2.4.

Accounting policy for business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred to the Statement of Comprehensive Income as transaction costs.

When the Group acquires a business, it assesses the acquired financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiror.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of Statement of Comprehensive Income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in Statement of Comprehensive Income. Contingent consideration to be paid to employees is treated as an employee expense.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Section 5 – Our group structure

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

5.1. Investment in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investment in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of all associates or joint ventures. Any change in Other Comprehensive Income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Comprehensive Income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it's carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Comprehensive Income.

5.2. Controlled Entities[4)]

	Country of Incorporation	Equity Interest 2022	Equity Interest 2021
Capital China Operations Pty Ltd	Australia	100%	100%
Capital 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%
Imaging @ Olympic Park Pty Ltd	Australia	100%	100%
Imaging @ Olympic Park Unit Trust	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%
Joremo Pty Ltd	Australia	100%	100%
Adrad Investments SA Pty Ltd[3)]	Australia	98%	90%
Lime Avenue Radiology Pty Ltd[1)]	Australia	70%	70%
Capital Heart Pty Ltd[1)]	Australia	55%	55%
Capital Radiology (Pakenham) Pty Ltd[1)]	Australia	70%	70%
CAJ Holdings Pte Ltd[2)]	Singapore	-	100%
CAJ Investments Pte Ltd[2)]	Singapore	-	100%

[1)]Entity incorporated during the year ended 30 June 2021.
[2)]Entity was deregistered during the year ended 30 June 2022.
[3)]Adrad Investments SA Pty Ltd wholly owns and controls Adelaide Radiology Pty Ltd. On the 2 March 2022, the Group acquired the 10% of non controlling interest and on the same day sold 2% to another party.
[4)]Capital Radology (EPH) Pty Ltd was incorporated and registered on 7 July 2022. The Group holds an equity interest of 70%.

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.

5.3. 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
Capital China Operations Pty Ltd
Capital China Radiology Pty Ltd
Capitol Global Pty Ltd
Capitol Investments Pty Ltd
Capital Radiology (NSW) Pty Ltd
Capital Radiology Pty Ltd
Capital Radiology WA Pty Ltd
Capitol Treasury Pty Ltd
Capitol Health Holdings Pty Limited
CHL Operations Pty Ltd
Diagnostic MRI Services Pty Limited
Eastern Radiology Services Pty Ltd
MDI Group Pty Ltd
MDI Manningham Pty Ltd
MDI Radiology Pty Ltd
Radiology One Pty Ltd
Radiology Tasmania Pty Ltd
Joremo 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 is 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:

	2022 **$000**	2021 $000
Statement of Comprehensive Income		
Revenue	157,350	155,049
Wages, contractor costs and salaries	(113,076)	(100,603)
Occupancy costs	(4,439)	(4,552)
Medical equipment and consumable supplies	(8,088)	(9,834)
Service costs	(369)	(1,482)
Transaction and restructure costs	(1,000)	(1,266)
Unrealised foreign exchange gain/(loss)	1,782	(1,882)
Impairment of financial assets	(2,123)	(734)
Financial liabilities' movement in fair value	130	74
Depreciation and amortisation	(19,843)	(20,784)
Net finance costs	(2,754)	(3,304)
Profit before Income Tax	**7,570**	**10,682**
Income tax expense	(2,467)	(4,794)
Profit for the Year	**5,103**	**5,888**

5.3. Deed of Cross Guarantee (continued)

Consolidated Statement of Financial Position of the Closed Group

	2022 $000	2021 $000
Statement of Financial Position		
Assets		
Cash and cash equivalents	12,744	21,509
Trade and other receivables	3,143	4,097
Intercompany receivables	1,198	-
Other financial assets	113	169
Other assets	736	713
Income tax receivable	1,317	-
Total Current Assets	**19,251**	**26,488**
Plant and equipment	39,770	38,773
Right-of-use assets	52,894	57,312
Intangible assets	105,367	109,099
Investment in entities	19,744	16,936
Other financial assets	19,181	19,522
Other receivables	254	131
Deferred tax asset	5,032	5,541
Total Non-Current Assets	**242,242**	**247,314**
Total Assets	**261,493**	**273,802**
Liabilities		
Trade and other payables	11,263	13,392
Intercompany payable	17,970	12,825
Lease liabilities	9,382	9,342
Employee benefit liabilities	11,604	12,152
Total Current Liabilities	**50,219**	**47,711**
Borrowings	19,000	29,000
Lease liabilities	48,221	53,304
Other financial liability	1,901	5,081
Provisions	2,557	2,401
Employee benefit liabilities	384	728
Deferred tax liability	5,302	3,282
Total Non-Current Liabilities	**77,365**	**93,796**
Total Liabilities	**127,584**	**141,507**
Net Assets	**133,909**	**132,295**
Equity		
Issued capital	145,987	148,631
Reserves	1,048	98
Accumulated losses	(13,126)	(9,858)
Equity Attributable to Closed Group	**133,909**	**132,295**

5.4. Parent Entity Disclosure

	2022 $000	2021 $000
Financial information		
Operating profit	15,565	11,484
Total Comprehensive Income	**15,565**	11,484
Total Net Assets	**151,503**	**140,258**
Issued capital	153,749	148,631
Reserves	1,048	98
Retained earnings	(3,294)	(8,471)
Total Equity	**151,503**	**140,258**
Guarantees	1,895	1,373

Guarantees

The parent entity has provided financial guarantees in respect of bank overdrafts, finance leases and loans of the subsidiaries totalling $1,895,248 (2021: $1,373,000), 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 5.3.

Other commitments

The parent entity has no commitments or contingent liabilities (2021: nil).

Section 6 – Other notes

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

6.1. Auditors Remuneration

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

	2022 **$**	2021 $
Audit and other services		
Audit and review of Group financial reports	258,500	260,000
Other services:		
Other corporate finance services	-	-
Total remuneration for audit and other services	**258,500**	**260,000**

The auditor of the Group is Deloitte Touche Tohmatsu.

6.2. Related Parties

Key management personnel remuneration

	2022 **$**	2021 $
Salaries and fees	1,933,739	1,833,691
STI cash bonus	263,625	795,000
Other short-term benefits	149,188	89,752
Termination payments	291,710	262,073
Post-employment benefits:		
Superannuation	87,520	93,391
Long term employee benefits	19,374	33,107
Share-based payments	523,487	283,701
	3,163,710	**3,390,715**

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 on pages 17 to 28.

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 2022 is $25,321 excluding GST (2021: $29,600).

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 7 – 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:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.
- Amendments to IFRS 3 Reference to the Conceptual Framework.
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use.
- Annual Improvements to IFRS Standards 2018-2020 Cycle, Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments and IFRS 16 Leases.
- Amendments to IAS 8 Definition of Accounting Estimates.
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

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. Overseas controlled entities did not trade during the period.

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., 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 2022:

Acquisition of Future Medical Imaging Group Pty Ltd

On 24 August 2022, the Group signed a binding agreement to acquire 100% of the shares in Future Medical Imaging Group Pty Ltd which operates six dedicated diagnostic imaging clinics in Victoria. The acquisition is aligned to the Group's strategic plan for long term organic growth and expanding its network of high-quality community imaging centres.

The fair value consideration is estimated to be $56.1 million prior to transaction costs and includes shares in Capitol Health of $6.3 million. The remaining cash consideration of $49.8 million will be funded through Capitol Health's existing balance sheet capacity and debt facilities.

The transaction is expected to be complete in Q2 FY23, subject to finalisation of customary closing conditions. The fair value of the assets acquired and liabilities assumed will be determined on the date that Capitol Health attains control of the business which is expected to be the completion date. The difference between the consideration and the fair value of the assets and liabilities will be recognised as goodwill.

Dividend

On 24 August 2022 the Company declared a final dividend for the full year ended 30 June 2022 of 0.5 cents per share (30 June 2021: 0.5 cents) with the maximum dividend payable of $5.2 million.

Coronavirus (Covid-19) pandemic

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Capitol Health at the reporting date. As new waves of the pandemic become known, the government continue to evolve their responses.
In consequence, Management recognises that it is difficult to reliably estimate with a reasonable degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, its future results and financial position.

Other than the above, there have been no other matters or circumstances occurring subsequent to the end of the 2022 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.

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 2022 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*;

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

(c) 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

(d) 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 2022.

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
24 August 2022

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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 2022, 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 a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
(ii) 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 and 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Enlitic Valuation The Group holds an investment in the USA based unlisted company Enlitic Inc ('Enlitic') with a carrying value of $19.2m as at 30 June 2022 ($19.5m at 30 June 2021) as disclosed in Note 2.5. The Group continues to account for the investment at fair value through profit and loss. Given the complexity of the fair value calculation which includes judgements in respect to revenue growth and the discount rate, as well as the valuation methodology used, we consider this to be a key audit matter.	Our procedures included, but were not limited to: ▪ Reading the independent valuation report issued by Andersen Valuation Service Group, including assessing the experience and qualifications of the independent experts used by management ▪ Engaging our internal valuation specialists to assess the appropriateness of the revenue growth and discount rate, as well as the methodology used in the valuation of Enlitic ▪ Verifying the Group's ownership in Enlitic at 30 June 2022 as per share register and certificates held ▪ Recalculating the value of the Group's investment based on the valuation report, and the year exchange rate. We have also assessed the appropriateness of the disclosures in Note 2.5 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 2022 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 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 financial report that gives a true and fair view 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.

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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's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

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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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 28 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Capitol Health Limited, for the year ended 30 June 2022, 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

Anneke du Toit
Partner
Chartered Accountants
Melbourne, 24 August 2022

Details of Shares, Performance Rights and Options as at 10 August 2022:

Top Holders

The 20 largest holders of each Fully Paid Ordinary Shares as at 10 August were:

Fully Paid Ordinary Shares

Name	No. of Shares	%
NATIONAL NOMINEES LIMITED	189,652,769	18.20
CITICORP NOMINEES PTY LIMITED	186,184,849	17.86
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	114,552,552	10.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	111,261,912	10.68
BNP PARIBAS NOMS PTY LTD <DRP>	69,381,435	6.66
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	32,064,575	3.08
IDINOC PTY LTD <J & R CONIDI FAMILY A/C>	27,477,886	2.64
BUTTONWOOD NOMINEES PTY LTD	15,830,771	1.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	13,128,447	1.26
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	12,511,051	1.20
NICK CONIDI PTY LTD <CONIDI FAMILY A/C>	11,764,740	1.13
GIA CHAU PTY LTD	10,800,000	1.04
SMKA SUPER PTY LTD <SK SUPER FUND A/C>	7,001,313	0.67
MR NICOLA CONIDI + MRS GIANNINA CONIDI <NICK & JAN CONIDI S/F A/C>	6,160,486	0.59
TELEAH PTY LTD <JR SAUVEY SUPER FUND A/C>	4,177,946	0.40
STELHAVEN SMSF PTY LTD <STELHAVEN SUPER FUND A/C>	3,920,843	0.38
MR WAYNE DAVID MCGREGOR	3,549,249	0.34
DR JEFFREY ERIC DALE CHICK + DR PAMELA HAZEL CHICK	3,350,000	0.32
JULSAN PTY LTD <PONTE SUPER FUND A/C>	3,133,740	0.30
UBS NOMINEES PTY LTD	2,537,127	0.24
	828,441,691	**79.49**

Distribution Schedules

A distribution of each class of equity security as at 10 August 2022:

Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Shares
1 - 1,000	432	115,906	0.01
1,001 - 5,000	1,259	3,794,450	0.36
5,001 - 10,000	786	6,306,481	0.61
10,001 - 100,000	2,255	82,637,752	7.93
100,001 Over	486	949,362,923	91.09
	5,218	**1,042,217,512**	**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	1	7,335,509	100.00
	1	**7,335,509**	**100.00**

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

Range	Total holders	No. of Performance Rights	% Units
100,001 Over	10	10,315,000	100.00
	10	**10,315,000**	**100.00**

Escrowed Securities

As at 10 August 2022, a total of 2,347,752 Fully Paid Ordinary Shares are currently subject to voluntary escrow until 31 August 2023.

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
Washington H. Soul Pattinson and Company Limited (WHSP)	108,880,365	10.45
National Nominees Ltd ACF Australian Ethical Investment Limited	97,184,196	9.32
Wilson Asset Management Group	81,765,372	7.85
Paradice Investment Management Pty Ltd	70,251,763	6.74
Pengana Capital Ltd (and its related entities)	54,985,019	5.28

Unmarketable Parcels

Holdings less than a marketable parcel of ordinary shares (being 1,613 at $0.3100 per share as at 10 August 2022):

Fully Paid Ordinary Shares	Holders	No. of shares	% issued capital
Holdings less than a marketable parcel	616	364,257	0.03

Voting Rights

The voting rights attaching 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 has a current on-market buy-back with ability to acquire up to 53,065,707 ordinary shares over a 12-month period to 4 September 2022.

Additional Shareholder Information

The 2022 Annual General Meeting will be held on Wednesday, 15 November 2022 at 11.30am (AEDT).

In accordance with clause 13.3 of the Company's constitution, the Closing Date for Nomination of Director is Monday, 24 October 2022.

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