

ADVANCED HEALTH LIMITED
(formerly AC Motor Group Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2013/059246/06)
("the Company" or "Advanced Health")
ISIN Code: ZAE000189049 JSE Code: AVL

ABRIDGED PROSPECTUS RELATING TO THE LISTING OF ADVANCED HEALTH

The board of directors of Advanced Health are pleased to announce the issue of a prospectus prepared and issued in terms of the Listings Requirements ("the Listings Requirements") of the Johannesburg Stock Exchange ("the JSE") and the Companies Act, 2008 (No. 71 of 2008), as amended ("the Act"), relating to an offer for subscription of Advanced Health ordinary shares by way of:

- an offer by the Company by way of a private placing and preferential offer for subscription ("Offer") of up to 80 000 000 ordinary no par value shares in the issued share capital of the Company at an issue price of R1.00 per ordinary share; and
- the subsequent listing of the ordinary shares of Advanced Health on the Alternative Exchange (Alt^X) of the JSE.

In the event of an over-subscription in terms of the Offer, the directors will adjust the allocation of applicants on an equitable basis in accordance with paragraph 5.18 of the JSE Listings Requirements. The shares offered in terms of the prospectus will rank *pari passu* with the existing ordinary shares in Advanced Health and will rank equally as to share in profits, dividends and distributions.

At the date of closing of the offer and assuming that the offer is fully subscribed, Advanced Health's share capital will comprise 1 000 000 000 authorised ordinary Shares of no par value and 210 831 414 issued ordinary Shares of no par value with stated capital of R210 831 414. There will be no convertible or redeemable Shares issued.

The offer is subject to a minimum subscription of R30 000 000, which needs to be raised by the issue of 30 000 000 Shares in terms of this prospectus in order to meet the condition for listing to raise R50 000 000 (of which R20 000 000 has already been raised) as set by the AltX Advisory Committee of the JSE as well as to achieve the spread requirements that at least 10% of the Shares are held by the public and there are at least 100 public shareholders as stipulated in the AltX Listings Requirements.

The offer has been partly underwritten in the amount of R20 000 000 by Eenhede Konsultante (Pty) Limited ("Eenhede Konsultante"), a company controlled by the founder and Chief Executive Officer of the Advanced Health group of companies, Mr Carl Grillenberger.

Subject to achieving the required spread of public shareholders in terms of the JSE Listings Requirements, being obtained pursuant to the offer, the JSE has granted Advanced a listing in respect of up to 210 831 414 ordinary Shares on the AltX under the abbreviated name "Advanced", share code "AVL" and ISIN ZAE000189049. It is anticipated that the listing of the Shares on AltX will become effective from the commencement of business on Friday, 25 April 2014.

Applications for ordinary Shares in Advanced Health must be for a minimum of 5 000 ordinary Shares at 100 cents per share, amounting to R5 000, and in multiples of 100 ordinary Shares thereafter. Fractions of Shares in Advanced Health will not be issued.

The shares in Advanced Health will only be tradable on the JSE in dematerialised form and, as such, all investors who elect to receive their ordinary shares in Advanced Health in certificated form, will have to dematerialise their certificated shares should they wish to trade therein.

An English copy of this prospectus, accompanied by the documents referred to under “Registration of Prospectus” in paragraph 4.2 of this prospectus, was registered by the Commissioner on 28 March 2014 in terms of Regulation 52(5) of the Companies Act, 2008 (No. 71 of 2008), as amended.

Background, incorporation and nature of business

Advanced Health was incorporated as a public company on 10 April 2013 as AC Motor Group Limited and remained dormant until it was decided to utilise the company as a holding company for Advanced Health. Eenhede Konsultante acquired control of AC Motor Group on 26 June 2013 in anticipation of injecting its controlling interests in Presmed Australia as well as eMalahleni Day Hospital and Medgate Day Clinic for purposes of listing on the JSE.

With effect from 27 January 2014, Advanced Health acquired the controlling interests in Presmed Australia as well as eMalahleni Day Hospital, Medgate Day Clinic and Advanced Health SA, essentially from the former controlling shareholder Eenhede Konsultante, which company remains as the controlling shareholder of the Advanced Health Group.

Presmed Australia was founded by PresMed Limited (now known as Life Healthcare Limited), together with key members of the PresMed Limited Management team a number of years ago and Eenhede Konsultante acquired Presmed Australia when control of Presmed Limited was sold to Afrox Healthcare in 1999. Presmed Australia accounts for more than 90% of the Advanced Health group at the Last Practicable Date. Thus the asset base and the management of the Group remains the same and Advanced Health has merely been interposed as the holding company for purposes of the listing on the JSE.

Carl Grillenberger was mainly involved in the property industry since the 1970's. During the early 1980's the South African property industry had to fend for its survival in an environment where the industry was plagued by interest rates well in excess of 20% per annum. At the time Grillenberger decided to visit the USA, where the property industry had to deal with similar interest rates. The main aim of Grillenberger's trip was to form an idea as to how he should re-position his property involvement given the high interest rates which the industry had to live with.

In Houston Texas, Grillenberger met a property developer who focussed on the development of medical centres and ambulatory surgery centres. This developer informed him that the advantage of an investment in healthcare properties is that people need healthcare whether the economy is depressed or flourishing. In Houston he learned that an investment in a well-planned medical facility can offer good returns over the long-term, irrespective of the state of the economy.

Back in South Africa he formed President Medical Investments Limited (“Presmed”) in 1983 and bought his first interest in the Witbank Day Clinic which is today known as the eMalahleni Day Hospital. In Witbank he learned all the important features associated with the management and growth of day clinics. By 1986 Grillenberger had invested most of his capital in three day clinics. Based on the advice obtained from Philip Jaffe, a practising chartered accountant from Johannesburg, he decided to list these clinics on the Development Capital Market of the JSE in 1988. Presmed Limited was the company used for this listing. In addition to day clinics Presmed also focussed on the development of private hospitals. Grillenberger's main passion however remained the development of day clinics.

During the early 1990's the main private hospital operators functioning in South Africa demonstrated concern about the competition coming from day clinics. As a result they implemented strategies in terms of which the medical scheme movement changed the tariff structure for hospitals and clinics in such a way that these were detrimental to day clinics.

Following this industry change, Grillenberger decided to take a two year sabbatical from his South African business involvements and moved to Sydney, Australia with the aim to develop clinics in Australia. Once the first Australian clinic was up and running Marc Resnik, who was at that time a director at Presmed,

joined him and took over the management of the Australian business. The group now manages and owns three day clinics in Australia.

Back in South Africa, Grillenberger merged Presmed Limited with Afrox Health Proprietary Limited. The merged entity is now known as Life Healthcare Limited.

During the years which followed, Grillenberger was restrained from the healthcare industry in South Africa as a result of a restraint of trade undertaking given by him to Afrox Health. During these years the South African Day Clinic Association, which was once chaired by Grillenberger, became defunct and the number of day clinics in operation dwindled.

During 2005 Life Healthcare terminated the lease agreement, which applied to the Medgate Day Clinic. Grillenberger saw this as an opportunity to get back into the South African Day clinic industry. A similar event happened in respect of the Witbank Day Clinic which was closed down by Life Health. Here it must be noted that the fee structure implemented by the South African medical scheme movement was such that it enhanced the admission of patients to hospitals and that day clinics were not rewarded on a fair and reasonable basis. Nothing was done to stimulate the development of day clinics. During 2009 Grillenberger refurbished and reopened the original Witbank Day Clinic under the name of eMalaheni Day Hospital.

During the middle of 2013 Discovery Health decided to implement a new compensation strategy in terms of which specialists, who treat a Discovery Medical Scheme member in a day clinic, will be paid a higher fee compared to the fee payable if the said patient is treated in a hospital. This was good news to Grillenberger who by now learned that more than 6,000 ambulatory surgery centres have been developed in the USA to attend to the short stay surgical requirements of United States citizens.

Shortly after the Discovery announcement, the management of the various clinics took a decision to merge the Australian clinics with those in South Africa and to form Advanced Health Limited. In addition to this the management of Advanced Health actively lobbied with other clinics in South Africa to get the defunct Day Clinic Association going again. This move has been received with overwhelming support from owners of clinics and should help the industry as a whole, to get a better foothold in the South Africa healthcare industry.

The existing management and directors of Advanced Health took a decision to have Advanced Health listed on the AltX division of the JSE. The board of directors of Advanced Health is confident that by listing the group sufficient equity funds can be generated to fund the future growth objectives of the Advanced Health group.

Prospects

The directors of the Company believe that the Group has excellent prospects based on the following:

- Solid reputation of directors and owners in their respective industries which includes the previous listing of Presmed Limited on the JSE in 1999;
- An impeccable, proven track record demonstrated by the successful building of a new day clinic group in both Australia and South Africa;
- Solid management that has grown the Advanced Health group to profitability and positive cash flow over the past number of years;
- A strong relationship built with strategic partners over many years;
- The size of the markets in both Australia and in South Africa and their growth potential, particularly the South African market which has less than 10% day clinics to hospitals compared to an approximate ratio of 50% in developed countries;
- Strong cash flows as demonstrated by the historical performance of Presmed Australia in particular;
- Anticipated support from medical schemes as indicated in recent news articles;

- Demand for cost effective healthcare services as indicated by the Government in South Africa in particular with the National Health Insurance initiatives; and
- The Competition Commission's investigation of the private healthcare industry in South Africa as announced in the news.

In addition, the Company has entered into an agreement whereby Advanced Health SA will hold 51% in a newly formed entity by the name of Soweto Private Hospital Proprietary Limited and the remaining 49% will be held by Dr Wilfred T Mthembu and Dr Legodi. This company will attend to the operational side of the business. The property identified for the development of the hospital building will be held outside the Advanced Health group and the building, once constructed, will be let to Soweto Private Hospital Proprietary Limited at a market related rental for a period of 10 years with an option to renew the lease for a further 10 year period.

Approval for the construction of the property has been recently approved and it is anticipated that construction of the Soweto hospital will be completed towards the end of March 2015. Thereafter, the installation of the operating theatre and other equipment is expected to be completed by June 2015.

In addition, the directors consider that the business prospects are sound based on the expected growth from a solid and established base, the planned expansion from the proceeds of the capital raising, as well as the probable introduction of the Governments National Health Insurance initiative in the medium to long term.

SUMMARY OF FORECAST FINANCIAL INFORMATION

The profit forecasts of Advanced Health for the years ending 30 June 2014 and 30 June 2015 respectively, the preparation of which is the responsibility of the directors of Advanced, are set out below. The accounting policies applied in arriving at the forecast incomes are consistent in all respects with IFRS and with those accounting policies to be applied by the Advanced Health group.

The following forecasts are based on assumptions outlined below and have been prepared in accordance with the JSE Listings Requirements.

The profit forecasts have been prepared for illustrative purposes only, to provide information on what the directors believe will be the results of Advanced for the years ending 30 June 2014 and 30 June 2015. The nature of the profit forecasts may not fairly present Advanced Health's financial position, changes in equity, and results of operations or cash flow information after the Offer. The forecast financial information has been prepared in accordance with paragraph 8.35 to 8.43 of the JSE Listing Requirements.

	30 June 2014	30 June 2015
	R	R
Revenue	154 927 872	203 045 409
Cost of Sales	-72 723 892	-91 076 207
Gross Profit	82 203,980	111 969 202
Other income	1 137	0
Operating Expenses	-56 198 952	-78 588 494
Operating profit/(loss)	26 006 165	33 380 708
Investment revenue	174 352	5 526 924
Finance Cost	-1 987 808	-2 276 198
Profit/(loss) participation	24 192 709	36 631 434
Profit Participation	-3 682 636	-4 516 639
Profit before taxation	20 510 073	32 114 795
Taxation	-5 497 196	-9 642 275
Profit after taxation	15 012 877	22 472 520
Other comprehensive income for the year	-	-

Total comprehensive income for the year	15 012 877	22 472 520
Profit attributable to:		
Equity holders of parent	7 536 464	14 111 184
Non-controlling interest	7 476 413	8 361 336
	15 012 877	22 472 520
Total comprehensive income attributable to:		
Owners of parent	7 536 464	14 111 184
Non-controlling interest	7 476 413	8 361 336
	15 012 877	22 472 520

Earnings per share

- Basic (cents per share)	6.09	6.71
- Diluted (cents per share)	3.09	6.71
Number of shares in issue	110 831 414	210 831 414
Fully diluted shares	210 831 414	210 831 414

Main Assumptions and comments on the forecast financial information

The forecast of the group is presented on a consolidated basis. The forecast includes both South African operations and Australian operations and is prepared on the assumption that there will be no significant circumstances which affect the group's operations which are outside of the control of the directors apart from market determined indicators such as foreign exchange, interest and inflation rates.

Key assumptions applied in preparing the forecast are listed below:

1. The South African operations consist of the following trading entities; eMalahleni Day Hospital, Medgate Day Hospital and Soweto Hospital (in June 2015).
2. The Australian operations consist of the following trading entities; Sydney Surgery Centre, Epping Surgery Centre and Central Coast Surgery Centre.
3. The South African operations are included in the consolidated forecast from 1 February 2014, due to the reverse acquisition in accordance with IFRS. The results for the South African operations that have been eliminated from the forecast for the full 12 month period ended 30 June 2014, being the results for the seven months ended 31 January 2014, are set out below:

	Medgate Day Clinic	eMalahleni Day Hospital	Total South Africa Results Eliminated
Revenue	4 231 468	7 263 775	11 495 242
Cost of Sales	935 081	1 696 443	2 631 524
Gross Profit	3 296 387	5 567 332	8 863 718
Operating Expenses	3 883 169	4 004 929	7 888 098
Operating profit/(loss)	-586 782	1 562 403	975 621
Investment revenue	44 101	0	44 101
Profit before taxation	-542 681	1 562 403	1 019 722
Taxation	-	437 473	437 473
Profit after taxation	-542 681	1 124 930	582 249

4. The number of shares in issue used to determine the earnings per share and diluted earnings per share is calculated on the premise that the shares issued to acquire the South African operations are issued on 1 February 2014, and that the fresh issue of 80 000 000 shares for cash takes place on 1 April 2014..

5. The exchange rate for conversation of Australian companies has been extrapolated directly from historical exchange rates over the past 3 years and has been used without any adjustments. Forecast exchange rate used is 9.81 in 2014 and 10.82 in 2015 based on a forward projection of continuing trends derived from the extrapolation model.
6. It is expected that inflation will be closer to the higher end of the targets set by the South African Reserve Bank of between 5% and 7%. An average inflation rate of 6.8% is assumed for South African operations. For Australian operations, the inflation rate is assumed to be 2, 7%.
7. Costs which have a direct relationship to revenue such as the cost of materials, laundry, catering and medical waste removal are assumed to continue to have such a direct relationship in line with historical trends.
8. A new eye surgery is expected to open at Medgate Day Clinic in the first quarter of 2014 and this is expected to contribute revenue of approximately R1 million and R4,5 million in the 2014 and 2015 financial years respectively.
9. The Soweto Hospital is expected to open in February 2015 and is expected to contribute revenue of approximately R3,2 million to the 2015 financial year.
10. Gross profit percentage is expected to be marginally higher than historical performance due to cost efficiencies that are anticipated from synergies to be realised from the expanding group structure.
11. For the Australian operations, it is estimated that on average fees will increase by 3% while patient numbers will increase by 5%. The fee increase is in line with Australian inflation figures and the patient growth is based on the expected growth in business.
12. Apart from the new eye surgery at Medgate Day Clinic and the Soweto Hospital which are new operations, the remainder of the South African operations should be in line with historical performance.
13. The Soweto Hospital will be financed by a loan from the Industrial Development Corporation of R8 million which will be expected to be repaid over 5 years at a fixed interest rate of 9%.
14. The Corporate tax rate used is 30% for the Australian operations and 28% for the South African operations.
15. All the cash raised from the fresh issue of shares will be placed into a fixed deposit savings account until needed and will attract an interest rate of 5.3% which is currently being achieved at Grindrod Bank Limited and will result in investment income of R5 300 000 over a twelve month period.
16. The major operating expenses with significant movement in the two years covered by the forecast are documented below:
 - a. Salaries and Wages: (Increase of 15.72%)
 - i. 2014 R40,844,759
 - ii. 2015 R47,267,557
 - iii. The increases are due to inflationary increases across the group, exchange rate increases for the Australian operations and additional payroll costs with former consultants now being permanently employed in the South African operations. In addition, the Soweto hospital is expected to open in the three months ending 30 June 2015.
 - b. Listing Fees
 - i. 2014 R1,100,000
 - ii. 2015 R275,000
 - iii. For 2014 these are costs incurred for the group to list on the AltX and in 2015 these are continuing JSE fees
 - c. Rent Paid
 - i. 2014 R5,909,118
 - ii. 2015 R9,892,108
 - iii. Includes additional rent payable for the new Soweto Hospital of R1,012,500 in 2015. Also, rent for all the South African operations are included for the full year.
 - d. Depreciation part of operating cost above
 - i. 2014 R6,692,0671
 - ii. 2015 R8,902,739
 - iii. The increase is due to depreciation on additions to property, plant and equipment, with the major addition being equipment for the Soweto Hospital
17. A segmental breakdown between the Australian and South African operations is set out below:

	2014			2015		
	AUS	SA		AUS	SA	
Revenue	147 175 377	7 752 495	154 927 872	170 577 722	32 467 687	203 045 409
COS	-70 769 490	-1 954 402	-72 723 892	-83 722 974	-7 353 233	-91 076 207
Gross Profit	76 405 887	5 798 093	82 203 980	86 854 748	25 114 454	111 969 202
Other income	0	0	0	0	0	0
Operating Expenses	-49 391 851	-6 807 101	-56 198 952	-56 490 140	-22 098 354	-78 588 494
Operating profit/(loss)	27 014 036	-1 009 008	26 005 028	30 364 608	3 016 100	33 380 708
Investment revenue	143 186	32 303	175 489	134 146	5 392 778	5 526 924
Finance Cost	-1 987 808	0	-1 987 808	-1 744 887	-531 311	-2 276 198
Profit/(loss) participation	25 169 414	-976 705	24 192 709	28 753 867	7 877 567	36 631 434
Profit Participation	-3 682 636	0	-3 682 636	-4 516 639	-	-4 516 639
Profit before taxation	21 486 778	-976 705	20 510 073	24 237 228	7 877 567	32 114 795
Taxation	-5 281 560	-215 636	-5 497 196	-6 588 411	-3 053 864	-9 642 275
Profit after taxation	16 205 218	-1 192 341	15 012 877	17 648 817	4 823 703	22 472 520
Other comprehensive income for the year						
Total comprehensive income for the year	16 205 218	-1 192 341	15 012 877	17 648 817	4 823 703	22 472 520
Profit attributable to:						
Equity holders of parent	8 728 805	-1 192 341	7 536 464	9 287 481	4 823 703	14 111 184
Non-controlling interest	7 476 413	0	7 476 413	8 361 336	0	8 361 336
	16 205 218	-1 192 341	15 012 877	17 648 817	4 823 703	22 472 520
Total comprehensive income attributable to:						
Owners of parent	8 728 805	-1 192 341	7 536 464	9 287 481	4 823 703	14 111 184
Non-controlling interest	7 476 413	0	7 476 413	8 361 336	0	8 361 336
	16 205 218	-1 192 341	15 012 877	17 648 817	4 823 703	22 472 520

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of the Company at the Last Practicable Date is as follows:

		R
Authorised share capital		
1 000 000 000 ordinary Shares of no par value		
Issued stated share capital		
130 831 414 ordinary Shares of no par value		130 831 414

The authorised and issued share capital of the Company on the date of listing, assuming that the Offer of 80 000 000 new Shares is fully subscribed (but before listing costs), will be as follows:

		R
Authorised share capital		
1 000 000 000 ordinary Shares of no par value		
Issued stated share capital		
210 831 414 ordinary Shares of no par value		210 831 414

Directors of Advanced Health

The full name, ages, addresses and occupations of the directors of Advanced Health are set out below:

Carl Grillenberger (70)

Nationality South African
Business address One Health, Ground Floor, Woodmead North Office Park, 54 Maxwell Drive Woodmead
Appointment date 14 June 2013
Qualifications B.Comm; CA (SA); MBA
Occupation Businessman
Position in Company Chief Executive Officer
Term of office No fixed term but subject to the provisions of the MOI and the Act

Cor Van Zyl (66)

Nationality South African
Business address One Health, Ground Floor, Woodmead North Office Park, 54 Maxwell Drive Woodmead
Appointment date 06 January 2014
Qualifications B.Comm (Hons) Acc, CTA, CA(SA), RA(SA)
Occupation Member of Boards
Position in Company Financial Director
Term of office No fixed term but subject to the provisions of the MOI and the Act

Frans Van Hoogstraten (65)

Nationality South African
Business address One Health, Ground Floor, Woodmead North Office Park, 54 Maxwell Drive, Woodmead
Appointment date 06 January 2014
Qualifications Dip. Law (UCT)
Occupation Attorney
Position in Company Independent non-executive Chairman
Term of office No fixed term but subject to the provisions of the MOI and the Act

Philip Jack Jaffe (73)

Nationality Australian
Business address 810 Pacific Highway, Gordon, NSW 2072, Australia
Appointment date 06 January 2014
Qualifications B.Comm, CA(SA), HDip Tax, CA (Australia)
Occupation Chartered Accountant
Position in Company Independent Non-executive Director
Term of office No fixed term but subject to the provisions of the MOI and the Act

Marc Resnik (56)

Nationality Australian

Business address	810 Pacific Highway, Gordon, NSW 2072, Australia
Appointment date	06 January 2014
Qualifications	Dip Pharm (SA)
Occupation	Pharmacist and businessman
Position in Company	Managing Director of Presmed Australia
Term of office	No fixed term but subject to the provisions of the MOI and the Act

Wilfred T Mthembu (51)

Nationality	South African
Business Address	206 Jeppe Street, Marble Towers, Johannesburg
Appointment date	06 January 2014
Qualification	MBBCH, FCOPHTH
Occupation	Ophthalmologist
Position in company	Independent non-executive director
Term of office	No fixed term but subject to the provisions of the MOI and the Act

Alternate Director

Ysbrand Jacobus Visser (47)

Nationality	South African
Business address	2nd Floor, Bremer Building, 23 Donald Murray Avenue, Parkwes, Bloemfontein.
Appointment date	6 February 2014
Qualifications	BLC; LLB (University of Pretoria)
Occupation	Managing director of Cuny Group (Pty) Ltd
Position in Company	Alternate director to Phillip Jaffe
Term of office	No fixed term but subject to the provisions of the MOI and the Act

Abridged CVs of the Company's directors are set out in the Prospectus.

PURPOSE OF THE OFFER AND LISTING

The Company's capital structure and alterations to the share capital since incorporation and preceding the date of this Prospectus are set out in Annexure 9.

The directors have resolved, via the required resolutions, authorisations and approvals, to issue 80 000 000 ordinary shares of no par value at 100 cents per share in terms of the Offer.

The directors consider this price to be justified by the prospects of the Company and the Group.

The offer comprises an offer to the public to subscribe for 80 000 000 ordinary Shares at 100 cents per share.

Applications for the subscription may only be made on the forms which are enclosed with this Prospectus. Applications are irrevocable and may not be withdrawn once received by Advanced Health. Application forms must be completed in accordance with the provisions of this Prospectus and the instructions set out in the application form.

Applications must be for a minimum of 5 000 Shares and in multiples of 100 thereafter.

SALIENT DATES AND TIMES

	2014
Date on which the offer contemplated in this Prospectus will be open at 09h00 on	Monday, 31 March
Date on which the offer contemplated in this Prospectus will close at 12h00 on	Thursday, 17 April
Listing of securities on the JSE at the commencement of business on	Friday, 25 April

Shareholders wishing to subscribe for ordinary shares in dematerialized form must advise their Central Securities Depository Participant ("CSDP") or broker of their acceptance of the offer to subscribe for shares in the manner and within the cut-off time stipulated by their CSDP or broker.

Interested investors should contact Michelle Krastanov or Miller Moela of Arcay Moela Sponsors Proprietary Limited on 011 480 8500. A copy of the prospectus can be obtained from the registered office of the Company in Johannesburg and at the office of the Designated Advisor in Johannesburg or on the Company's website at www.advancedhealth.co.za.

1 April 2014

By order of the board
Johannesburg

Designated Advisor
Arcay Moela Sponsors

Attorney
Phatshoane Henney Inc.

Underwriter
Eenhede Konsultante (Edms) Bpk

Auditor, Reporting Accountants
Mazars (Gauteng) Incorporated

Transfer Secretary
Trifecta Capital Services