

**ADVANCED HEALTH LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2013/059246/06)

("the Company" or "Advanced Health")

ISIN Code: ZAE000189049 JSE Code: AVL

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited	Unaudited	Audited
	Six months	Six months	Year ended
	31-Dec-14	31-Dec-13	30-June-14
	R'000	R'000	R'000
<b>ASSETS</b>			
Non-current assets	99 356	50 727	82 538
Property, plant and equipment	60 961	49 169	60 601
Goodwill	27 412	-	10 412
Intangible assets	8 340	335	7 992
Deferred taxation	2 643	1 223	3 533
Current assets	158 961	49 759	164 997
Inventories	3 870	2 990	3 820
Trade and other receivables	13 937	6 530	13 976
Other financial assets	-	-	3 318
Cash and cash equivalents	141 154	40 239	143 883
<b>Total assets</b>	<b>258 317</b>	<b>100 486</b>	<b>247 535</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves	186 236	41 680	172 874
Stated capital	136 844	467	120 378
Foreign currency translation reserve	22 557	26 237	31 297
Retained earnings	23 050	12 939	17 876
Revaluation reserve	2 037	2 037	2 037
Share-based payment reserve	1 748	-	1 286
Non-controlling interest	18 536	8,642	15 462
<b>Total equity</b>	<b>204 772</b>	<b>50 322</b>	<b>188 336</b>
Non-current liabilities	26 878	28 571	24 235
Other financial liabilities	13 743	15 669	14 512
Other loans	-	7 580	-
Finance lease obligations	6 748	3 260	3 971
Provisions	2 016	-	1 264
Deferred taxation	4 371	2 062	4 488
Current liabilities	26 667	21 593	34 964
Other financial liabilities	2 970	3 260	7 852
Finance lease obligations	5 174	4 265	7 796

Trade and other payables	10 045	11 016	13 541
Provisions	2 622	-	1 612
Operating lease liabilities	344	-	141
Current tax payable	5 512	3 052	4 023
Total equity and liabilities	258 317	100 486	247 535
Notes to statement of financial position			
Total number of shares in issue ('000)	221 843	90 467	211 615
Net asset value per share (cents)	92.31	55.62	89.00
Net tangible asset value per share (cents)	76.19	55.25	80.30

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	Unaudited	Audited
	Six months	Six months	Year ended
	31-Dec-14	31-Dec-13	30-June-14
	R'000	R'000	R'000
Revenue	92 721	74 677	155 791
Cost of sales	(41 966)	(37 089)	(71 443)
Gross profit	50 755	37 588	84 348
EBITDA (earnings before interest, impairment, tax, depreciation and amortisation)	13 527	15 162	31 758
Investment income	3 088	-	1 451
Depreciation and amortisation	(3 981)	(2 822)	(7 778)
Net finance costs	(1 151)	(1 015)	(2 101)
Profit before taxation	11 483	11 325	23 330
Taxation	(3 235)	(4 397)	(7 851)
Profit for the period	8 249	6 928	15 479
Other comprehensive (expense)/income for the period, net of tax	(8 740)	31	4 943
Total comprehensive (loss)/ income for the period	(491)	6 959	20 422
Profit attributable to:			
Owners of the parent	5 174	3 776	7 740
Non-controlling interest	3 075	3 152	7 739
Total comprehensive (expense)/ income attributable to:			
Owners of the parent	(3 566)	3 807	12 683
Non-controlling interest	3 075	3 152	7 739
Earnings per share (cents)	2.33	4.17	6.44
Diluted earnings per share (cents)	2.33	4.17	6.44
Notes to the statement of comprehensive income			
Headline earnings for the period attributable to ordinary shareholders:			
Headline earnings per share (cents)	2.33	4.17	6.44
Diluted headline earnings per share (cents)	2.33	4.17	6.44
- Total number of shares in issue('000)	221 843	90 467	211 615
- Weighted average number of shares ('000)	221 615	90 467	120 272
- Diluted weighted average number of shares ('000)	221 843	90 467	120 273
Reconciliation of headline earnings calculation:			

Earnings for the period attributable to ordinary shareholders	5 174	3 776	7 740
Headline earnings for the period attributable to ordinary shareholders	5 174	3 776	7 740

#### **ABRIDGED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Unaudited	Unaudited	Audited
	Six months	Six months	Year ended
	31-Dec-14	31-Dec-13	30-June-14
	R'000	R'000	R'000
Net cash flows from operating activities	6 515	15 727	33 249
Net cash flows from investing activities	(2 996)	(4 063)	(7 305)
Net cash flows from financing activities	(4 564)	(2 020)	92 930
Net increase/(decrease) in cash and cash equivalents	(1 045)	9 644	118 874
Effect of translation of foreign operations	(1 684)	1 639	(3 947)
Cash and cash equivalents at beginning of year	143 883	28 956	28 956
Cash and cash equivalents at end of year	141 154	40 239	143 883

#### **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Unaudited	Unaudited	Audited
	Six months	Six months	Year ended
	31-Dec-14	31-Dec-13	30-June-14
	R'000	R'000	R'000
Equity – opening balance	188 336	45 766	45 766
Profit for year	5 174	3 776	7 740
Non-controlling interest	3 075	3 152	7 739
Foreign currency translation reserve	(8 740)	31	4 943
Share issue for acquisition of subsidiaries	-	-	21 864
Specific issue of shares	17 000	-	20 000
General issue of shares	-	-	81 284
Capital raising fees	(535)	-	(3 237)
Share-based payment expense	462	-	3
Dividend paid to non-controlling interest	-	(2 166)	(2 166)
Change of interest in NCI	-	(237)	1 581
Increase in NCI on reverse acquisition	-	-	2 819
Equity – closing balance	204 772	50 322	188 336

## CONDENSED SEGMENTAL REPORTING

### Geographical Information

The group operates in two main regions, namely Australia and South Africa:

	Unaudited	Unaudited	Audited
	Six months	Six months	Year ended
	31-Dec-14	31-Dec-13	30-June-14
	R'000	R'000	R'000
REVENUE			
SOUTH AFRICA	13 001	-	7 259
External revenue	13 001	-	7 259
AUSTRALIA	79 720	74 677	148 532
External revenue	79 720	74 677	148 532
INTEREST INCOME	3 088	-	1 451
South Africa	3 088	-	1 451
Australia	-	-	-
INTEREST EXPENSE	(151)	(1 015)	(2 102)
South Africa	(81)	-	(198)
Australia	(1 070)	(1 015)	(1 904)
DEPRECIATION AND AMORTISATION	(3 981)	(2 822)	(7 778)
South Africa	(1 297)	-	(952)
Australia	(2 684)	(2 822)	(6 826)
PROFIT/(LOSS) FOR THE PERIOD BEFORE TAX	11 483	11 325	23 330
South Africa	1 199	-	(2 760)
Australia	10 284	11 325	26 090
SEGMENT ASSETS	258 317	100 486	247 535
South Africa	142 867	-	128 278
Australia	115 450	100 486	119 257
SEGMENT LIABILITIES	53 545	50 164	(59 200)
South Africa	5 144	-	(14 856)
Australia	48 401	50 164	(44 344)

The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with that in the statement of comprehensive income.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listing Requirements and the Companies Act, 2008 (No. 71 of 2008) as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, and are presented in South African Rand, which is the Group's functional and presentation currency.

The accounting policies are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those of the consolidated Annual Financial Statements at 30 June 2014.

The unaudited condensed consolidated interim financial statements have been internally prepared under the supervision of CJPJ van Zyl CA(SA), in his capacity as Chief Financial Officer.

The interim unaudited condensed consolidated financial statements have not been reviewed or audited by Mazars (Gauteng) Inc, the Group's external auditors.

### GOODWILL AND ISSUE OF SHARES

During the period under review the company entered into an agreement to develop five day hospitals, one in Gauteng and four in the Western Cape. Construction has commenced on some of these day clinics. The acquisition consideration was settled through the issue of 10 000 000 new shares at an issue price of R1.70 per share.

	<b>R'000</b>
Opening balance – 30 June 2014	10 412
Acquiring of new companies	17 000
Closing balance – 31 December 2014	27 412

### EXCHANGE RATES

The following exchange rates were used in foreign interest and foreign transactions during the periods:

<b>Rand/Australian Dollar</b>	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>	<b>30 June 2014</b>
Closing rate	9.4695	9.3055	9.9844
Average rate	9.7782	9.2929	9.5257

### COMMENTARY

#### HIGHLIGHTS

- Revenue is at R92.7 million
- Profit for the period before tax is R11.5 million
- Headline earnings of R5.2 million translating into diluted earnings per share of 2.33 cents

## **INTRODUCTION**

The directors of Advanced Health present the unaudited condensed consolidated interim results for the six months ended 31 December 2014 (“the period”), reflecting a satisfactory performance.

## **OVERVIEW**

In Australia, construction of the largest ophthalmic day hospital in the country has commenced. The six-theatre facility is scheduled for completion towards the end of 2015.

Sundry negotiations with different role players within the day hospital environment are ongoing and, if successful, will provide Presmed Australia with an improved coverage of specialised day hospitals in the greater Sydney area. The above initiatives will add further growth opportunities for the Australian subsidiaries.

The South African activities were focussed mainly on transactions to develop additional day hospitals, which will be achieved through negotiations with like-minded partners, as outlined in the pre-listing prospectus.

Management is confident that, by the end of June 2016, the South African subsidiary will be in control of at least nine day hospitals compared to the current two operational units.

Projects in the pipeline for South Africa include:

- Advanced Durbanville Surgical Centre (under construction, operational Q3 2015);
- Advanced Panorama Surgical Centre (under construction, operational Q1 2016);
- Advanced Soweto Day Hospital (under construction, operational Q1 2016);
- Advanced Knysna Surgical Centre (construction Q1 2015, operational Q1 2016);
- Advanced Waterkloof Somerset Surgical Centre (construction Q1 2015, operational Q1 2016);
- Advanced Worcester Surgical Centre (construction Q1 2015, operational Q1 2016)
- Advanced Groenkloof Surgical Centre (construction Q4 2015, operational Q1 2016)

The board remains committed to achieving the group’s long-term objective to implement and continuously refine a strategy which is focussed on the achievement of the business goals. Management is committed to growing the Company’s share in the short-procedure day-surgery market to become the Group of choice, offering cost-effective healthcare to the benefit of patients, surgeons and medical funds.

## **FINANCIAL RESULTS**

The Group’s revenue is up by 24.1% to R92.7 million from the comparable six month period in 2013. Approximately 86% of the revenue was generated in Australia and the balance in South Africa.

Profit after taxation attributable to the parent for the six months ended 31 December 2014, has increased to R5.2 million compared to R3.8 million for the period ended 31 December 2013.

However due to the increased number of shares in issue pursuant to the listing, the earnings per share and headline earnings per share are 2.33 cents for the six months ended 31 December 2014 (based on the weighted average number of shares 221 614 801) compared to earnings per share and headline earnings per share of 4.17 cents for the six months ended 31 December 2013 (based on the weighted average number of shares in issue of 90 467 000).

It should be noted that the R100 million cash raised in conjunction with the listing is held for future developments which will only start generating income for the group in the next financial year.

#### **DIVIDEND DECLARATION**

No dividend is proposed or recommended. The Board of Directors will consider the payment of dividends on an annual basis based in terms of the group policy of commencing dividend payments approximately three years after listing.

#### **PROSPECTS**

The prospects for the group remain positive, with the construction of new day clinics in both Australia and South Africa underway in line with expectations and plans of the Board.

#### **On behalf of the board**

**FA van Hoogstraten**  
**Chairman**  
**24 February 2015**

**CA Grillenberger**  
**Chief Executive Officer**

**CJPG van Zyl**  
**Chief Financial Officer**

#### **CORPORATE INFORMATION**

Advanced Health Limited  
(Incorporated in the Republic of South Africa)  
Registration number: 2013/059246/06  
ISIN: ZAE000189049 JSE Code: AVL

Registered Address:  
Crossway Office Park, Building 2  
Cnr Jean & Lenchen Avenue  
Centurion, 0046  
Postnet Suite 668, Private Bag X1  
Centurion, 0041

Transfer Secretaries: Trifecta Capital Services Proprietary Limited  
Designated Advisor: Arbor Capital Sponsors Proprietary Limited

Directors:

#### **Executive directors**

CA Grillenberger (Chief Executive Officer)  
CJPG van Zyl (Chief Financial Officer)  
MC Resnik# (Chief Operational Officer Australia)

#### **NON-EXECUTIVE DIRECTORS**

PJ Jaffe#  
FA van Hoogstraten (Chairman)  
WT Mthembu  
YJ Visser (alternate)  
J Oelofse

# Australian

Company Secretary: M Janse van Rensburg  
Auditors: Mazars (Gauteng) Inc.

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