



**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 2015**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

R'000	Unaudited Six months 31 Dec 2015	Unaudited Six months 31 Dec 2014	Audited Year ended 30 June 2015
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>242 909</b>	<b>99 356</b>	<b>113 556</b>
Property, plant and equipment	182 340	60 961	59 487
Goodwill	28 054	27 412	25 461
Intangible assets	28 881	8 340	25 788
Deferred taxation	3 634	2 643	2 820
<b>Current assets</b>	<b>155 475</b>	<b>158 961</b>	<b>142 942</b>
Inventories	6 345	3 870	6 587
Trade and other receivables	22 487	13 937	16 053
Other financial assets	7 354	-	3 382
Operating lease asset	737	-	185
Current tax receivable	3 094	-	1 450
Cash and cash equivalents	115 458	141 154	115 285
<b>Non-current assets held for sale</b>	<b>-</b>	<b>-</b>	<b>36 703</b>
<b>Total assets</b>	<b>398 384</b>	<b>258 317</b>	<b>293 201</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>221 585</b>	<b>186 236</b>	<b>205 868</b>
Stated capital	137 378	136 844	137 378
Foreign currency translation reserve	46 243	22 557	27 233
Retained earnings	34 571	23 050	38 934
Revaluation reserve	-	2 037	-
Share-based payment reserve	3 393	1 748	2 323
<b>Non-controlling interest</b>	<b>48 784</b>	<b>18 536</b>	<b>19 562</b>
<b>Total equity</b>	<b>270 369</b>	<b>204 772</b>	<b>225 430</b>

<b>R'000</b>	<b>Unaudited Six months 31 Dec 2015</b>	<b>Unaudited Six months 31 Dec 2014</b>	<b>Audited Year ended 30 June 2015</b>
<b>Non-current liabilities</b>	<b>72 241</b>	<b>26 878</b>	<b>25 809</b>
Other financial liabilities	65 478	13 743	14 152
Finance lease obligations	381	6 748	849
Operating lease liability	1 560	-	634
Provisions	2 526	2 016	1 993
Deferred taxation	2 296	4 371	8 181
<b>Current liabilities</b>	<b>55 774</b>	<b>26 667</b>	<b>41 962</b>
Other financial liabilities	8 458	2 970	5 597
Finance lease obligations	1 682	5 174	6 792
Trade and other payables	37 291	10 045	26 143
Provisions	2 023	2 622	779
Operating lease liabilities	-	344	41
Current tax payable	6 320	5 512	2 599
Bank overdraft	-	-	11
<b>Total equity and liabilities</b>	<b>398 384</b>	<b>258 317</b>	<b>293 201</b>

#### Notes to statement of financial position

Total number of shares in issue ('000)	221 615	221 843	221 615
Net asset value per share (cents)	122.00	92.31	101.72
Net tangible asset value per share (cents)	96.31	76.19	78.60

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>R'000</b>	<b>Unaudited Six months 31 Dec 2015</b>	<b>Unaudited Six months 31 Dec 2014</b>	<b>Audited Year ended 30 June 2015</b>
Revenue	103 563	92 721	180 144
Cost of sales	(47 266)	(41 966)	(80 529)
<b>Gross profit</b>	<b>56 297</b>	<b>50 755</b>	<b>99 615</b>
EBITDA (earnings before interest, impairment, tax, depreciation and amortisation)	7 719	13 527	35 566
Investment income	2 107	3 088	6 861
Depreciation and amortisation	(5 461)	(3 981)	(8 342)
Net finance costs	(916)	(1 151)	(1 805)
<b>Profit before taxation</b>	<b>3 449</b>	<b>11 484</b>	<b>32 280</b>
Taxation	(1 067)	(3 235)	(10 074)
<b>Profit for the period</b>	<b>2 382</b>	<b>8 249</b>	<b>22 206</b>
Other comprehensive income/(expense) for the period, net of tax	24 411	(8 740)	(897)
<b>Total comprehensive income for the period</b>	<b>26 793</b>	<b>(491)</b>	<b>21 309</b>
Profit attributable to:			
Owners of the parent	925	5 174	15 854
Non-controlling interest	1 457	3 075	6 352

Total comprehensive income attributable to:			
Owners of the parent	19 935	(3 566)	14 957
Non-controlling interest	6 858	3 075	6 352

**Per share information:**

Earnings per share (cents)	0.42	2.33	7.15
Diluted earnings per share (cents)	0.42	2.33	7.14

**Notes to the statement of comprehensive income**

**Headline earnings for the period attributable to ordinary shareholders:**

Headline earnings per share (cents)	0.51	2.33	3.26
Diluted headline earnings per share (cents)	0.51	2.33	3.26
- Total number of shares in issue ('000)	221 615	221 843	221 615
- Diluted weighted average number of shares ('000)	222 164	221 843	222 086
Reconciliation of headline earnings calculation:			
Earnings for the period attributable to ordinary shareholders	925	5 174	15 854
Net fair value gain on Investment properties	-	-	(13 185)
Loss on sale property, plant and equipment	403	-	223
Tax effects of adjustments	(121)	-	3 889
Non-controlling-interest effects of adjustments	(79)	-	451
<b>Headline earnings for the period attributable to ordinary shareholders</b>	<b>1 128</b>	<b>5 174</b>	<b>7 232</b>

**ABRIDGED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

<b>R'000</b>	<b>Unaudited Six months 31 Dec 2015</b>	<b>Unaudited Six months 31 Dec 2014</b>	<b>Audited Year ended 30 June 2015</b>
Net cash flows from operating activities	18 589	6 515	26 333
Net cash flows from investing activities	(96 610)	(2 996)	(43 175)
Net cash flows from (used in) financing activities	66 719	(4 564)	(9 124)
Net decrease in cash and cash equivalents	(11 302)	(1 045)	(25 966)
Cash and cash equivalents at beginning of year	115 274	143 883	143 883
Effect of foreign difference on cash	11 486	(1 684)	(2 643)
<b>Cash and cash equivalents at end of year</b>	<b>115 458</b>	<b>141 154</b>	<b>115 274</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Net stated capital	Revaluation reserve	Share based payment reserve	Foreign currency translation reserve	Retained earnings	Non- controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance at 1 July 2014</b>	<b>120 378</b>	<b>2 037</b>	<b>1 286</b>	<b>31 297</b>	<b>17 876</b>	<b>15 462</b>	<b>188 336</b>
Profit for the year	-	-	-	-	5 174	3 075	8 249
Other comprehensive income for the year	-	-	-	(8 740)	-	-	(8 740)
Specific issue of shares	17 000	-	-	-	-	-	17 000
Capital raising fees	(535)	-	-	-	-	-	(535)
Share-based payment expense	-	-	462	-	-	-	462
<b>Balance at 31 December 2014</b>	<b>136 843</b>	<b>2 037</b>	<b>1 748</b>	<b>22 557</b>	<b>23 050</b>	<b>18 537</b>	<b>204 772</b>
Profit for the year	-	-	-	-	10 680	3 277	13 957
Other comprehensive income for the year	-	3 167	-	4 676	-	-	7 843
Share-based payment expense	-	-	575	-	-	-	575
Capital raising fees reversal	535	-	-	-	-	-	535
Transfer between reserve	-	(5 204)	-	-	5 204	-	-
Acquisition of subsidiary	-	-	-	-	-	273	273
Dividends	-	-	-	-	-	(2 525)	(2 525)
<b>Balance at 1 July 2015</b>	<b>137 378</b>	<b>-</b>	<b>2 323</b>	<b>27 233</b>	<b>38 934</b>	<b>19 562</b>	<b>225 430</b>
Profit for the year	-	-	-	-	925	1 457	2 382
Other comprehensive income for the year	-	-	-	19 010	-	5 401	24 411
Share-based payment expense	-	-	1 070	-	-	-	1 070
Share buy back	-	-	-	-	-	(936)	(936)
Change in subsidiary interest	-	-	-	-	(5 288)	5 288	-
Issue of shares in subsidiary	-	-	-	-	-	18 012	18 012
<b>Balance at 31 December 2015</b>	<b>137 378</b>	<b>-</b>	<b>3 393</b>	<b>46 243</b>	<b>34 571</b>	<b>48 784</b>	<b>270 369</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### BASIS OF PREPARATION

The unaudited condensed consolidated results for the period ended 31 December 2015 have been prepared in accordance with, the requirements of the JSE Listing Requirements for interim reports, the requirements of Companies Act applicable to summary financial statements and the requirements of IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. The accounting policies applied in the preparation of the unaudited condensed consolidated results for the period were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous unaudited condensed consolidated results for the period and are presented in South African rand, which is the Group's functional and presentation currency.

There are no significant reportable matters arising since the end of the period under review.

The unaudited condensed consolidated results for the period ended 31 December 2015 have been prepared under the supervision of CJPG van Zyl CA (SA), in his capacity as Chief Financial Officer.

The results were approved by the board of directors on 23 February 2016 and have not been reviewed or audited by the Group's external auditors Mazars (Gauteng) Inc.

## STATED CAPITAL

The issued stated capital of Advanced Health is 221 614 801 shares amounting to R218 377 305 (December 2014: 211 842 749 amounting to R208 377 305) being the legal entity listed on the JSE AltX.

### Reconciliation of stated capital

	Shares '000	Share Value R'000
Balance as at 1 July 2014 (Legal entity)	221 615	208 378
IFRS 3 reverse acquisition adjustments	-	(88 000)
Share issued on 1 July 2015 to acquire intangible assets at R1.70	10 000	17 000
Consolidated share capital as at 1 July 2015	<b>221 615</b>	<b>137 378</b>
Balance as at 31 December 2015	<b>221 615</b>	<b>137 378</b>

## SEGMENTAL REPORTING

### Geographical Information

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

	Unaudited Six months 31-Dec-15 R'000	Unaudited Six months 31-Dec-14 R'000	Audited Year ended 30-June-15 R'000
REVENUE	103 563	92 721	180 144
South Africa	12 331	11 412	26 446
Australia	88 914	77 099	183 011
Corporate	2 318	4 210	(29 313)
INTEREST INCOME	2 107	3 088	6 861
South Africa	11	26	57
Australia	207	-	909
Corporate	1 889	3 062	5 895
INTEREST EXPENSE	916	1 151	1 805
South Africa	72	81	95
Australia	285	538	1 710
Corporate	559	532	-
DEPRECIATION & AMORTISATION	5 461	8 249	8 342
South Africa	1 633	406	1 899
Australia	3 378	6 697	5 608
Corporate	450	1 146	835
PROFIT/LOSS FOR THE YEAR	2 382	8 249	22 206

South Africa	(1 355)	406	(754)
Australia	7 247	6 697	23 789
Corporate	(3 510)	1 146	(829)
<b>SEGMENT ASSETS</b>	<b>398 384</b>	<b>258 317</b>	<b>293 201</b>
South Africa	94 793	52 460	24 602
Australia	198 817	115 450	142 939
Corporate	104 774	90 407	125 660
<b>SEGMENT LIABILITIES</b>	<b>128 015</b>	<b>53 545</b>	<b>67 771</b>
South Africa	26 978	2 206	17 707
Australia	68 500	26 290	55 012
Corporate	32 537	25 049	(4 948)

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. December 2014 was restated to be consistent with the Integrated Report.

#### **PLANT AND EQUIPMENT**

The increase in plant and equipment relate capital costs incurred to expand operations in relation specifically to the development of the new day clinics.

#### **ASSETS HELD FOR SALE**

The property that was kept as held for sale has subsequently been sold and the proceeds were received in September 2015.

#### **FINANCIAL LIABILITIES**

Financial liabilities increased due to loans from banks in both Australia and South Africa.

#### **RELATED PARTIES**

During the year, certain subsidiaries, in the ordinary course of business, entered into loans and transactions with related parties under terms that are no less favourable than those arranged with third parties.

#### **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 2015</b>	<b>31 Dec 2014</b>	<b>30 June 2015</b>
Closing rate	11.2391	9.4695	9.4062
Average rate	9.8331	9.7782	9.5515

#### **COMMENTARY**

##### **INTRODUCTION**

The directors of Advanced Health present the unaudited condensed consolidated interim results for the six months ended 31 December 2015 ("the period") reflecting a satisfactory performance based on expectation.

## **FINANCIAL RESULTS**

Group turnover increased by 12% to R103.6 million with the cash generated from operations up to R18.6 million. The net asset value increased by 32% to 122.0 cents with the cash conversion rate increasing to 240%.

The Australian operations contributed some 86% of income (2014 : 87%). Presmed Australia, in which Advanced Health holds a 94.65% interest, once again reported a solid performance with a 12% growth in revenue on the back of a 39% increase in patient numbers.

## **OVERVIEW**

In Australia, the flagship, six-theatre Chatswood Private Hospital in Sydney opened a few days after the end of the reporting period, on 11 January 2016. This facility incorporates the merged Ophthalmic Surgery Centre and Sydney ENT & Facial Day Surgery Centre, making it the only dedicated EYE and ENT private hospital in Sydney. This new combined and enlarged entity, as well as the Central Coast Day Hospital and the Epping Surgery Centre, are supported by 83 accredited Ophthalmologists and ENT surgeons.

In South Africa the group embarked on an extensive expansion programme. The development of the new day hospitals in South Africa have a lead time of up to 18 months, depending on circumstances for the completion of the construction and the commissioning process. As stated before, investors should be aware that the new developments require a settling-in period before the envisaged financial advantages fully materialise.

The company commenced with the development of seven new day hospitals during the 2015 and 2016 financial years of which the first, Advanced Durbanville Surgical Centre, opened in August 2015.

Six day hospitals are scheduled for completion in the 2016 calendar year:

- Advanced Panorama Surgical Centre (operational in mid-January 2016);
- Advanced Groenkloof Day Hospital (operational in January 2016);
- Advanced Soweto Day Hospital (operational March 2016);
- Advanced Worcester Surgical Centre (operational April 2016);
- Advanced Knysna Surgical Centre (operational July 2016); and
- Advanced Vergelegen Surgical Centre (Somerset West) (operational July 2016).

The main focus of Advanced for the past year has been on the development of new facilities in line with its objective to manage and control 20 facilities by 2020. The management of Advanced is now focussing on the marketing and promotion of the newly developed facilities to maximise utilisation.

Advanced Health remains on the lookout for quality investments to grow its portfolios in Australia and South Africa.

## **DIVIDEND DECLARATION**

No dividend is proposed or recommended.

## **PROSPECTS**

The board remains committed to achieve the group's long-term objective of implementing and continuously refining a strategy which is focussed on the achievement of the business goals.

Management is committed to grow the group's footprint in the short-procedure day-surgery market to become the supplier of choice, offering cost-effective healthcare for the benefit of patients, surgeons and medical funds.

### On behalf of the board

**Mr FA van Hoogstraten**  
Chairman  
25 February 2016

**Mr CA Grillenberger**  
Chief Executive Officer

**Mr 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:**  
Building 2 Walker Creek Office Park  
90 Florence Ribeiro Avenue  
Pretoria 0002  
Postnet Suite 668, Private Bag X1  
Centurion, 0041

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#### Executive directors

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

#### Non-Executive Directors

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

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# Australian

**Company Secretary:** M Janse van Rensburg

**Auditors:** Mazars (Gauteng) Inc.

**Transfer Secretaries:** Trifecta Capital Services Proprietary Limited

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#### Designated Advisor

Arbor Capital Sponsors Proprietary Limited

