



**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

**PROVISIONAL SUMMARY**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

R'000	Audited Year ended 30 June 2016	Restated* Year ended 30 June 2015
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>329 078</b>	<b>112 857</b>
Property, plant and equipment	251 317	59 487
Goodwill	28 561	25 461
Other financial assets	7 789	-
Intangible assets	28 333	25 788
Deferred taxation	13 078	2 121
<b>Current assets</b>	<b>109 869</b>	<b>142 942</b>
Inventories	9 093	6 587
Trade and other receivables	36 970	16 053
Other financial assets	6 477	3 382
Operating lease asset	2 381	185
Current tax receivable	2 104	1 450
Cash and cash equivalents	52 844	115 285
<b>Non-current assets held for sale</b>	<b>-</b>	<b>39 035</b>
<b>Total assets</b>	<b>438 947</b>	<b>294 834</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>199 191</b>	<b>207 501</b>
Stated capital	137 378	137 378
Share-based payment reserve	4 465	2 323
Foreign currency translation reserve	40 380	27 233
Retained earnings	16 968	40 567
<b>Non-controlling interest</b>	<b>44 300</b>	<b>19 562</b>
<b>Total equity</b>	<b>243 491</b>	<b>227 063</b>

<b>Non-current liabilities</b>	<b>112 660</b>	<b>25 809</b>
Other financial liabilities	71 169	14 152
Finance lease obligations	31 701	849
Operating lease liability	6 947	634
Provisions	2 013	1 993
Deferred taxation	830	8 181
<b>Current liabilities</b>	<b>82 796</b>	<b>41 962</b>
Other financial liabilities	9 240	5 597
Finance lease obligations	7 823	6 792
Trade and other payables	51 303	26 143
Provisions	3 688	779
Operating lease liabilities	1 175	41
Current tax payable	9 567	2 599
Bank overdraft	-	11
<b>Total equity and liabilities</b>	<b>438 947</b>	<b>294 834</b>

#### Notes to statement of financial position

Total number of shares in issue ('000)	221 615	221 615
Net asset value per share (cents)	109.87	102.46
Net tangible asset value per share (cents)	84.20	79.33

\* No third statement of financial position is presented as the restatement has no effect on the opening balances.

#### SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>R'000</b>	<b>Audited Year ended 30 June 2016</b>	<b>Restated Year ended 30 June 2015</b>
Revenue	241 192	180 144
Cost of sales	(118 430)	(80 529)
<b>Gross profit</b>	<b>122 762</b>	<b>99 615</b>
EBITDA (earnings before interest, impairment, tax, depreciation and amortisation)	(4 428)	37 898
Investment income	2 881	6 861
Depreciation and amortisation	(16 152)	(8 342)
Net finance costs	(4 531)	(1 805)
<b>(Loss) / profit before taxation</b>	<b>(22 230)</b>	<b>34 612</b>
Taxation	6 501	(10 773)
<b>(Loss) / profit for the year</b>	<b>(15 729)</b>	<b>23 839</b>
Other comprehensive (expense)/income for the year, net of tax	14 506	(897)
<b>Total comprehensive (loss) / income for the year</b>	<b>(1 223)</b>	<b>22 942</b>
<b>(Loss) / profit attributable to:</b>	<b>(15 729)</b>	<b>23 389</b>
Owners of the parent	(18 311)	17 487
Non-controlling interest	2 582	6 352
<b>Total comprehensive (loss) / income attributable to:</b>	<b>(1 223)</b>	<b>22 942</b>
Owners of the parent	(5 164)	16 590
Non-controlling interest	3 941	6 352
<b>Per share information:</b>		
Earnings per share (cents)	(8.26)	7.89

Diluted earnings per share (cents)	(8.25)	7.87
<b>Notes to the statement of comprehensive income</b>		
<b>Headline (loss) / earnings for the year attributable to ordinary shareholders:</b>		
Headline (loss) / earnings per share (cents)	(8.02)	4.00
Diluted headline (loss) / earnings per share (cents)	(8.00)	3.99
- Total number of shares in issue ('000)	221 615	221 615
- Weighted average number of shares ('000)	221 615	221 615
- Diluted weighted average number of shares ('000)	221 983	222 086
Reconciliation of headline earnings calculation:		
Earnings for the year attributable to ordinary shareholders	(18 311)	17 487
Net fair value gain on Investment properties	-	(15 417)
Loss on sale property, plant and equipment	1 181	223
Tax effects of adjustments	(375)	4 558
Non-controlling interest effects of adjustments	(262)	451
Headline (loss) / earnings for the year attributable to ordinary shareholders	(17 767)	7 302

#### ABRIDGED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOW

<b>R'000</b>	<b>Audited Year ended 30 June 2016</b>	<b>Restated Year ended 30 June 2015</b>
Net cash flows from operating activities	4 334	26 333
Net cash flows from investing activities	(135 743)	(43 175)
Net cash flows from financing activities	62 407	(9 124)
<b>Net decrease in cash and cash equivalents</b>	<b>(69 002)</b>	<b>(25 966)</b>
Cash and cash equivalents at beginning of year	115 274	143 883
Effect of translation	6 572	(2 643)
<b>Cash and cash equivalents at end of year</b>	<b>52 844</b>	<b>115 274</b>

## SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Net stated capital	Revaluati on 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 30 June 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>
Restated profit for the year	-	-	-	-	17 487	6 352	23 839
Other comprehensive income for the year	-	3 167	-	(4 064)	-	-	(897)
Shares issued for acquisition of intangible assets	17 000	-	-	-	-	-	17 000
Share-based payment expense	-	-	1 037	-	-	-	1 037
Transfer of revaluation to retained earnings	-	(5 204)	-	-	5 204	-	-
Acquisition of subsidiary	-	-	-	-	-	273	273
Dividends declared	-	-	-	-	-	(2 525)	(2 525)
<b>Restated balance at 30 June 2015</b>	<b>137 378</b>	<b>-</b>	<b>2 323</b>	<b>27 233</b>	<b>40 567</b>	<b>19 562</b>	<b>227 063</b>
Loss for the year	-	-	-	-	(18 311)	2 582	(15 729)
Other comprehensive income for the year	-	-	-	13 147	-	1 359	14 506
Share-based payment expense	-	-	2 142	-	-	-	2 142
Change in interest in subsidiary	-	-	-	-	(5 288)	5 288	-
Issue of shares in subsidiary	-	-	-	-	-	17 076	17 076
Dividends declared	-	-	-	-	-	(1 567)	(1 567)
<b>Balance at 30 June 2016</b>	<b>137 378</b>	<b>-</b>	<b>4 465</b>	<b>40 380</b>	<b>16 968</b>	<b>44 300</b>	<b>243 491</b>

## NOTES TO THE AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

### BASIS OF PREPARATION

The summary audited consolidated financial statements are prepared in accordance with the Listings Requirements of the JSE Limited for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies and computations applied in the preparation of the summary consolidated financial statements from which the summary financial statements were derived are in terms of IFRS and are consistent with those accounting policies and computations applied in the preparation of the previous consolidated annual financial statements except for the restatement noted below.

The summary audited consolidated financial statements have been prepared under the supervision of CJPJ van Zyl CA (SA) in his capacity as Chief Financial Officer.

The summary audited consolidated financial statements for the year were authorised for issue by the directors on 30 August 2016.

The auditors, Mazars (Gauteng) Inc., have issued their unmodified opinion on the Group's annual financial statements for the year ended 30 June 2016. A copy of the auditor's report together with a copy of the audited financial statements is available for inspection at the Company's registered office.

These summary audited consolidated financial statements have been derived from the Group's annual financial statements. The contents of this announcement are extracted from audited information, although the announcement is not itself audited. The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

### STATED CAPITAL

The issued stated capital of Advanced Health is 221 614 801 shares amounting to R225 377 305 (2015: R225 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 2015	221 615	225 845
IFRS 3 reverse acquisition adjustments	-	(88 000)
Balance as at 30 June 2016	<b>221 615</b>	<b>137 378</b>

### SEGMENTAL REPORTING

#### Geographical Information

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

	Audited	Restated
	Year ended	Year ended
	30-June-16	30-June-15
	R'000	R'000
<b>REVENUE</b>	<b>241 192</b>	<b>180 144</b>
South Africa	39 579	26 446
Australia	200 740	183 011
Corporate	873	(29 313)
<b>INTEREST INCOME</b>	<b>2 881</b>	<b>6 861</b>
South Africa	98	57
Australia	414	909
Corporate	2 369	5 895
<b>INTEREST EXPENSE</b>	<b>4 531</b>	<b>1 805</b>
South Africa	1 886	95
Australia	2 645	1 710
Corporate	-	-
<b>DEPRECIATION &amp; AMORTISATION</b>	<b>16 152</b>	<b>8 342</b>
South Africa	6 118	1 899
Australia	8 988	5 608
Corporate	1 046	835
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>(15 729)</b>	<b>22 206</b>
South Africa	(20 498)	(754)
Australia	5 736	23 789
Corporate	(967)	(829)
<b>SEGMENT ASSETS</b>	<b>438 947</b>	<b>293 201</b>
South Africa	214 497	24 602
Australia	222 815	142 939
Corporate	1 635	125 660
<b>SEGMENT LIABILITIES</b>	<b>195 454</b>	<b>67 771</b>
South Africa	100 814	17 707
Australia	94 056	55 012
Corporate	584	(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.

#### 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

An investment property, being Presmed Australia's New South Wales' property, to CC No 1 Pty Ltd and CC No 2 (Pty) Ltd that was kept as an asset held for sale has been disposed of in the current financial year for a total consideration of AUD\$4,1 million.

## FINANCIAL LIABILITIES

Financial liabilities increased due to loans from financial institutions in both Australia and South Africa for the procurement of fixed assets.

## 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.

## RESTATEMENT OF FIGURES (2015)

The nature of the restatement relates to the accounting method used for investment property reflected under non-current assets held for sale, which included transaction costs to dispose of the investment property, which is not in accordance with the requirements of IFRS 5. The transaction costs for the year ended 30 June 2015 amounted to R2,3 million before taxation and R1,6 million after taxation.

The net fair value gain on investment properties was thus understated.

The restated information as compared to the previously published information has been set out below:

<b>R'000</b>	<b>Restated Year ended 30 June 2015</b>	<b>Previously Published Year ended 30 June 2015</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>112 857</b>	<b>113 556</b>
Deferred taxation	2 121	2 820
<b>Current assets</b>	<b>142 942</b>	<b>142 942</b>
<b>Non-current assets held for sale</b>	<b>39 035</b>	<b>36 703</b>
<b>Total assets</b>	<b>294 834</b>	<b>293 201</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>207 501</b>	<b>205 868</b>
Retained earnings	40 567	38 934
<b>Non-controlling interest</b>	<b>19 562</b>	<b>19 562</b>
<b>Total equity</b>	<b>227 063</b>	<b>225 430</b>
<b>Non-current liabilities</b>	<b>25 809</b>	<b>25 809</b>
<b>Current liabilities</b>	<b>41 962</b>	<b>41 962</b>
<b>Total equity and liabilities</b>	<b>294 834</b>	<b>293 201</b>

## Effect on the consolidated statement of comprehensive income

<b>R'000</b>	<b>Restated Year ended 30 June 2015</b>	<b>Previously Published Year ended 30 June 2015</b>
Revenue	180 144	180 144
Cost of sales	(80 529)	(80 529)
<b>Gross profit</b>	<b>99 615</b>	<b>99 615</b>
EBITDA (earnings before interest, impairment, tax, depreciation and amortisation)	37 898	35 566
<b>Profit before taxation</b>	<b>34 612</b>	<b>32 280</b>
Taxation	(10 773)	(10 074)
<b>Profit for the period</b>	<b>23 839</b>	<b>22 206</b>
<b>Total comprehensive income for the period</b>	<b>22 942</b>	<b>21 309</b>
Profit attributable to:		
Owners of the parent	17 487	15 854
Non-controlling interest	6 352	6 352
Total comprehensive income attributable to:		
Owners of the parent	16 590	14 957
Non-controlling interest	6 352	6 352

The restatement has no effect on the consolidated statement of cash flow for the financial year ending 30 June 2015.

## Effect on the earnings per share

	<b>Restated Year ended 30 June 2015</b>	<b>Previously Published Year ended 30 June 2015</b>
Earnings per share (cents)	7.89	7.15
Diluted earnings per share (cents)	7.87	7.14
Headline earnings per share (cents)	4.00	3.26
Diluted headline earnings per share (cents)	3.99	3.26

## EXCHANGE RATES

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

<b>Rand/Australian Dollar</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Closing rate	11.1343	9.4062
Average rate	10.5601	9.5515

## INVESTOR PRESENTATION

There will be an investor presentation on 31 August 2016 and the presentation will be available on the Company's website.

## COMMENTARY

### HIGHLIGHTS

- The successful opening of 7 new facilities in South Africa.
- The completion of the largest ophthalmic and ENT day hospital in Australia.
- Revenue increased by 34% to R241,1 million.
- Patient numbers increased by 26%.



## **INTRODUCTION**

The Advanced Health philosophy is in line with the changes which are taking place in the hospital industry, where the move to compact and custom-designed short-procedure facilities are being accelerated by technology, the latest being the key-hole surgery, which complements modern anaesthesiological techniques in both South Africa and Australia.

## **FINANCIAL RESULTS**

Key performance indicators aptly reflect the state of business in the two operating regions. There has been good growth in both turnover and patients. Presmed Australia (PMA) operations contributed some 83% of income (2015: 87%). The shift in contribution is as a result of more South African day-hospitals becoming operational, in line with management intentions to target equal income from the two regions.

## **OVERVIEW**

PMA, in which Advanced Health holds a 94.65% interest, has had an exciting, yet challenging year.

In January 2016, PMA completed the planned build of the largest ophthalmic and ENT day hospital in Australia, the Chatswood Private Hospital (CPH), consisting of six theatres with femtosecond cataract laser procedure room, and four private-warded overnight beds. A strategic decision was taken to merge the recently acquired Sydney ENT Day Surgery Centre with Ophthalmic Surgery Centre (OSC), and move into CPH. It is recognised that the first few years of operation of a new facility will be challenging before the rewards of financial benefits materialise. The other PMA facilities of Central Coast Surgery Centre and Epping Surgery Centre continue to perform to expectations.

Management continues to evaluate additional day-hospital investment opportunities in the greater Sydney area and across Australia.

In South Africa, the aggressive expansion of the group's footprint continued and, shortly after year-end, the objective of having nine day hospitals operational was achieved four months ahead of target. A tenth hospital is scheduled for opening in eMalahleni in October 2016.

The nine day hospitals are:

- Advanced Medgate Day Hospital in Roodepoort;
- Advanced eMalahleni Day Hospital in eMalahleni;
- Advanced Durbanville Surgical Centre in Cape Town;
- Advanced Panorama Surgical Centre in Cape Town;
- Advanced Groenkloof Day Hospital in Pretoria;
- Advanced Soweto Eye Day Hospital in Soweto;
- Advanced Worcester Surgical Centre in the Worcester;
- Advanced Knysna Surgical Centre in Knysna; and
- Advanced Vergelegen Surgical Centre in Somerset West;

The strong growth prompted a strengthening of staff at central level, to continue meeting objectives in line with the growth in facilities and to realise long-term succession targets.

The success of the Advanced Health business model is based on strong day-hospital teams and partnerships with participating medical practitioners to ensure that medical and quality objectives are met. These teams are supported by an expert central team to ensure effective management, staffing and shared services such as information technology, marketing and administration. Properties are developed and owned by property developers, and tenure secured through a long-term lease agreement with Advanced Health.

## **DIVIDEND DECLARATION**

No dividend is proposed or recommended.

## PROSPECTS

Advanced Health is firmly on track to achieve its aim of growing its footprint of independent, quality and cost-effective day-hospitals, to the benefit of patients, doctors and medical schemes.

In South Africa two new day hospitals will open before the end of the 2017 calendar year. Other day hospitals are in various stages of construction or negotiation, signalling that Advanced Health is on track to achieve its objective of managing 20 day hospitals in South Africa and 6 in Australia by 2020 for which capital will be raised. Investors are reminded of the nature of the roll-out of day hospitals, namely that the initial building development of the hospital takes up to 18 months, depending on circumstances for the completion of the construction and the commissioning process. The day hospitals then require a settling-in period of up to 36 months before the envisaged financial advantages fully materialise.

### On behalf of the board

**FA van Hoogstraten**  
Chairman  
30 August 2016

**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:**  
Building 2, Walker Creek Office Park  
90 Florence Ribeiro Avenue  
Muckleneuk  
0002  
Postnet Suite 668, Private Bag X1  
The Willows, 0041

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#### Executive directors

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

#### Non-Executive Directors

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

