



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

**REVIEWED CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2021**

GROUP OVERVIEW

NATURE OF THE BUSINESS

Advanced is an important role player in day surgery across South Africa and Australia. Private healthcare is currently in an exciting stage of development. Advanced is positioning itself within the existing healthcare system, filling a gap in the market for day surgery.

In Australia, the day hospital industry remains a strong and viable business sector in the healthcare system, with over 40% of the Australian population having private healthcare cover. Day hospitals remain the competitive option for private patients compared to overnight hospitals, with Presmed Australia ("PMA") positioning itself well in this industry.

In South Africa, medical schemes are aligning themselves to the day hospital model, and we are gradually seeing traction in them directing surgical procedures towards day hospitals as an alternative, more cost-effective option.

IMPACT OF COVID-19

South Africa

COVID 19 resulted in a change to the composition of cases in a more favorable direction within the South African operations. Some of the short-stay cases that were traditionally performed at acute facilities have been moved to day facilities, because of elective surgery being on hold for a longer period in the acute facility to accommodate COVID 19 patients in available beds. Revenue per case is indicative of this, which has increased by 24% year on year, whereas case numbers have increased by only 2%. A further indicator of a change of case mix is that theatre minutes per case has increased from 38 to 48 minutes.

Disciplines like Ear-Nose and Throat surgery and Ophthalmic surgery were negatively impacted by COVID 19 due to the nature of the procedures. The contribution to total revenue and cases have not completely returned to the same levels as pre-COVID 19, but contribution to total revenue has recovered to 5% (previously 6%). In the first 9 months of the previous financial year, Ophthalmology contributed 18% to total revenue and 14% to total cases. For the 12 months which ended 30 June 2021, it contributed 11% to total cases and 13% to total revenue.

Australia

Within the Australian operations, the impact of COVID 19 pandemic was also seen where in late March 2020, all non-urgent elective surgery was temporarily stopped by the Australian Government in an attempt to control the COVID 19 pandemic. At the end of April, this was allowed to increase using a staggered approach up to 75% by 30 June 2020, and back to 100% from July 2020. There was a catch up in the backlog of elective surgery cases in the months of July 2020 which resulted in an increase in revenue, after which elective surgery cases returned to normal levels.

Important factors that need to be taken into account, is the Australian Government's intervention by recognising the role private hospitals play in the economy of the country. In line with this, PMA secured a funding viability agreement with the Australian Commonwealth Government and New South Wales (NSW) Health to support the coordinated response to the public and private sectors during the COVID 19 pandemic, which assisted the viability of the hospitals and its staff to ensure that ongoing services were provided.

Proactive measures taken by the Australian Government with advice from leading health experts, as well as a largely abiding population, has assisted in controlling the pandemic within Australia, with limited impact on the supply chains and other business related issues. In order to ensure minimisation of risk, PMA was pro-active in pre-ordering additional surgical and medical stock from suppliers to safeguard that there would be limited effect in surgical operations taking place. Further planning has been put in place with regular PMA management meetings to strategise ways to ensure ongoing communications received from Australia Department of Health as to the preventative processes, are followed in all its day

hospitals. Part of this includes continuous communication with PMA surgeons and strategic planning with its Medical Advisory and Audit Committees.

FINANCIAL PERFORMANCE

OVERVIEW

The Group made a profit of R24.4m (2020: loss of R94.1m) before tax and R0.6m (2020: loss R133.8m) after tax. The results were driven by a strong performance of the Australia segment which contributed R62.5m (2020: R14.4m) in profit after tax. South African operations continue to be in a loss situation, however the losses after tax have been reduced by R84.7m when compared to the prior periods.

Australia

PMA produced excellent results in what has been a challenging year and reported a profit of R62.5million (2020: R14.4million) in the current year. The profits increased by more than 100% when compared to the prior year. The factors influencing the positive performance of PMA included the ongoing support from specialists and an increase in surgeries as a result of the backlog of patients that could not be operated in June 2020 as per government COVID-19 restrictions that were in place.

PMA increased their investment in Metwest by 19% in November 2020 resulting in a total shareholding of 38%. PMA continues to be recognised as a key player within the industry, maintaining its position as the premium standard setter within the day hospital market, through the successful introduction of an In-House Ophthalmic Nurse Program, the Ophthalmologist Registrar Training Program, affiliation with the University of Sydney as a Teaching Hospital group and the retention of Chatswood Private Hospital as the only Australian private hospital member of the World Association of Eye Hospitals.

South Africa

Management continues its focus on marketing strategies aimed at growing patient numbers and increasing earnings. South African operations reported losses of R47.7million (2020: R132.4) in the current year. These losses were significantly lower than the losses that were reported for the same period in the prior year. Harbour Bay in Simonstown had commenced its operations in February 2020, in the 2021 financial year the entity traded for a full 12 months compared to the 5 months in the prior year. Vergelegen was sold in April 2021.

In the prior year the directors of the Group decided to dispose of four subsidiaries. The assets and liabilities attributable to these subsidiaries were classified as a disposal group as at 30 June 2020 and presented separately in the statement of financial position as disposal was expected to occur within 12 months. One facility (Advanced Vergelegen Surgical Centre Proprietary Limited) was sold during the year under review. Soweto Day Hospital Proprietary Limited is in the process of being liquidated and is still classified as a disposal group. The results of Advanced Harbour Bay Surgical Centre Proprietary Limited and Advanced East Rand Day hospital improved during the year under review and the intention is no longer to sell these facilities. Accordingly, the assets and liabilities of these entities were reclassified as they no longer form part of a disposal group.

FINANCIAL RESULTS HIGHLIGHTS

- Revenue increased to R680.7million (2020: R476.2million).
- EBITDA improved to R162.6million (2020: R54.5million).
- Taxation expense decreased to R23.8million (2020: R39.7million).
- Profit after tax for the year is reported at R0.6million (2020: (loss R133.8million)).
- Basic loss per share from was reported at (5.21) cents (2020: (51.08) cents).
- Headline loss per share from was reported at (2.10) cents (2020: (49.42) cents).

POST YEAR-END PERFORMANCE

Revenue that was reported for the 1st month of the 2022 financial year was lower than budget. The 3rd wave of COVID 19 had an impact in revenue in both South Africa and in Australia. Management's focus has been keeping up to date with daily government and medical expert advice, whilst simultaneously working with doctors and all other stakeholders, as well as ensuring that our facilities remained as safe as possible all the time.

The COVID 19 Delta strain has resulted in a reduction in patient numbers in July 2021 due to patient cancellations. Management expects that the same trends as last year where the cancelled cases will cause a backlog in surgeries in the upcoming months.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Reviewed 2021 R'000	Audited 2020 R'000
Assets			
Non-current Assets			
Property, plant and equipment	5	195 059	187 482
Right of use of asset	6	371 617	441 226
Investment in associate	4	35 248	-
Goodwill	7	20 983	28 958
Intangible assets	8	16 817	19 829
Other financial assets	9	26 756	41 937
Deferred taxation		45 349	45 332
		711 829	764 764
Current assets			
Inventories		19 105	15 153
Trade and other receivables	10	69 219	34 781
Current tax receivable		23	1 070
Cash and cash equivalents	11	107 218	59 777
Assets of disposal groups	3	18 874	202 705
		214 439	313 486
Total assets		926 268	1 078 250
Equity and liabilities			
Capital and reserves			
Stated capital	12	271 377	221 956
Accumulated loss		(255 270)	(237 150)
Foreign currency translation reserve		37 090	52 640
Share-based payment reserve		1 283	1 283
Equity attributable to equity holders of parent		54 480	38 729
Non-controlling interest	13	125 261	115 629
Total equity		179 741	154 358
Non-current liabilities			
Borrowings	14	147 575	150 792
Lease liabilities	6	399 463	437 125
Provisions		1 100	1 004
		548 138	588 921
Current liabilities			
Trade and other payables	15	59 218	62 070
Borrowings	14	45 005	30 837
Lease liabilities	6	32 401	30 549
Provisions	16	12 794	9 975
Current tax payable		16 167	1 651
Bank overdraft	11	11 417	3 126
Liabilities of disposal groups	3	21 387	196 763
		198 389	334 971
Total equity and liabilities		926 268	1 078 250

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

		Reviewed 2021 R'000	Audited 2020 R'000
	Note		
Revenue	17	680 675	476 220
Cost of sales	18	(348 408)	(261 629)
Gross profit		332 267	214 591
Other income		19 250	20 786
Movement in credit loss allowance		(446)	(3 968)
Other operating expenses		(188 455)	(180 911)
EBITDA*	17	162 616	54 466
Investment income		886	1 800
Depreciation and amortisation		(66 833)	(71 469)
Share of the profit from equity accounted investments	4	5 114	-
Impairment loss	21	(9 889)	(4 743)
Finance costs	19	(67 543)	(74 162)
Profit/(Loss) before taxation		24 351	(94 108)
Taxation	20	(23 775)	(39 733)
Profit/(Loss) for the year		576	(133 841)
Profit/(Loss) for the year	21	576	(133 841)
Other comprehensive income/ (expense) net of tax	21	(21 950)	31 240
Total comprehensive loss for the year		(21 374)	(102 601)
Loss attributable to:			
Owners of the parent		(17 754)	(147 107)
Non-controlling interest		18 330	13 266
		576	(133 841)
Total comprehensive loss attributable to:			
Owners of the parent		(33 304)	(126 575)
Non-controlling interest		11 930	23 974
		(21 374)	(102 601)
Earnings per share information:			
Loss and basic (loss) per share (cents)			
From continuing operations	22	(5,21)	(51.08)

* Earnings before interest, impairment, tax, depreciation and amortisation.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Net stated capital	Share based payment reserve	Foreign currency translation reserve	Accumulated loss	Attributable to equity holders of the parent	Non- controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Audited Balance at 30 June 2019	221 956	1 283	32 108	(109 529)	145,818	64 142	209 960
Loss for the year	-	-	-	(147 107)	(147 107)	13 266	(133 841)
Other comprehensive loss	-	-	20 532	-	20 532	10 708	31 240
Total comprehensive loss for the year			20 532	(147 107)	(126 575)	23 974	(102 601)
Change in interest in subsidiary**	-	-	-	(612)	(612)	612	-
Change in ownership interest	-	-	-	20 098	20 098	36 841	56 939
Dividends *	-	-	-	-	-	(10 187)	(10 187)
Issue of shares	-	-	-	-	-	247	247
Audited Balance at 30 June 2020	221 956	1 283	52 640	(237 150)	38 729	115 629	154 358
Profit for the year	-	-	-	(17 754)	(17 754)	18 330	576
Other comprehensive loss	-	-	(15 550)	-	(15 550)	(6 400)	(21 950)
Total comprehensive loss for the year			(15 550)	(17 754)	(33 304)	11 930	(21 374)
Issue of shares	49 421	-	-	-	49 421	-	49 421
Change in ownership interest\$	-	-	-	(366)	(366)	8 356	7 990
Dividends *	-	-	-	-	-	(10 654)	(10 654)
Reviewed balance as at 30 June 2021	271 377	1 283	37 090	(255 270)	54 480	125 261	179 741
Notes	12					13	

* Dividends were declared by the Subsidiaries of the Group amounting to R10,7 million (2020: R10,2million).

** The amount relates to shares that have been sold to doctors in the Doctors Investment companies.

\$ Refer to note 13 for details

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		Reviewed 2021 R'000	*Audited 2020 R'000
	Note		
Cash flows from operating activities			
Cash generated from operations	11	111 752	77 562
Investment income		886	1 800
Taxation paid		(7 834)	(10 731)
Net cash inflow/ (outflow) from operating activities		104 804	68 631
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(12 332)	(18 203)
Proceeds on the sale of property, plant and equipment	5	85	2 682
Acquisition of intangible assets		-	(509)
Sale of Vergelegen		16 475	-
Acquisition of Metwest associate	4	(15 725)	-
Net movement in financial assets	9	(5 122)	(3 402)
Net cash outflow from investing activities		(16 619)	(19 432)
Cash flows from financing activities			
Proceeds from issue of shares	12	49 421	247
Proceeds from borrowings	14	20 000	34 640
Capital repayment of borrowings	14	(29 519)	(46 561)
Finance costs repayment on borrowings		(7 537)	(9 967)
Sale of 25.1% shareholding in Presmed Australia	13	-	56 939
Dividends paid		(10 654)	(10 187)
Finance costs repayment on lease liabilities		(49 214)	(41 502)
Capital repayment of lease liabilities	6	(16 013)	(17 503)
Net cash (outflow)/ inflow from financing activities		(43 516)	(33 894)
Net increase/ (decrease) in cash and cash equivalents		44 669	15 305
Cash and cash equivalents at beginning of year		56 651	33 967
Cash and Cash equivalents of disposal group	3	1 686	(1 690)
Effect of foreign currency translation		(7 205)	9 069
Cash and cash equivalents at end of year	11	95 801	56 651

*Finance cost have been reclassified from operating activities to financing activities to correctly reflect the nature thereof.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The reviewed condensed 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. 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 Financial Pronouncements as issued by the Financial Reporting Standards Council 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 consolidated financial statements 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.

The reviewed condensed consolidated financial statements have been prepared under the supervision of SC Chonco in her capacity as the Chief Financial Officer.

The reviewed condensed consolidated financial statements have been reviewed by the Group's Auditors, Mazars who have issued an unmodified review opinion with an emphasis of matter paragraph included relating to the material uncertainty on Going Concern (refer below). The review report is available for inspection at the Group's registered office.

The board of directors of Advanced take full responsibility for the preparation of the reviewed condensed consolidated financial statements for the year ended 30 June 2021.

The reviewed condensed consolidated financial statements for the year were authorised for issue by the board of directors on 24 August 2021.

Going concern

Advanced Health draws attention to the fact that at 30 June 2021, the Group had accumulated losses of R255.3 million (2020: R237.2 million) after a profit of R0.6 million (2020: loss of R133.8 million). The Group's current ratio is 1.1:1 (2020: 0.8:1).

The reviewed condensed consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Group to continue as a going concern is dependent on the continuous improvement of operations, generation of positive cash flows and the ability of management to successfully manage COVID 19 effects.

2. SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by management in order to allocate resources to the segment and to assess its performance. The segments are based on the geographical location with corporate only relating to Advanced “the company”.

	Reviewed 2021 R'000	Audited 2020 R'000
Revenue	680 675	476 220
South Africa	229 525	176 965
Australia	451 150	299 255
Interest income	886	1 800
South Africa	192	573
Australia	694	743
Corporate	-	484
Interest expense	67 544	74 162
South Africa	45 317	49 001
Australia	14 575	14 355
Corporate	7 652	10 806
Depreciation, amortisation & impairment	76 722	76 212
South Africa	36 462	45 063
Australia	39 656	30 544
Corporate	604	605
Profit/(Loss) for the year	576	(133 841)
South Africa	(47 680)	(132 365)
Australia	62 514	14 354
Corporate	(14 258)	(15 830)
Segment assets	926 268	1 078 250
South Africa	361 896	538 609
Australia	557 804	533 945
Corporate	6 568	5 696
Segment liabilities	746 526	923 892
South Africa	307 000	473 549
Australia	337 356	353 238
Corporate	102 170	97 105

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.

3. DISPOSAL GROUPS

In the prior year the directors of the Group decided to dispose of four subsidiaries. The assets and liabilities attributable to these subsidiaries were classified as a disposal group as at 30 June 2020 and presented separately in the statement of financial position as disposal was expected to occur within 12 months. One facility (Advanced Vergelegen Surgical Centre Proprietary Limited) was sold during the year under review. Soweto Day Hospital Proprietary Limited is in the process of being liquidated and is still classified as a disposal group. The results of Advanced Harbour Bay Surgical Centre Proprietary Limited and Advanced East Rand Day hospital improved during the year under review and the intention is no longer to sell these facilities. Accordingly, the assets and liabilities of these entities were reclassified as they no longer form part of a disposal group.

	Reviewed 2021 R'000	Other Movements during the year	Reclassification To operating assets	#Sale of Vergelegen	Audited 2020 R'000
Assets					
Property, plant and equipment	9 189	(1)	(25 213)	(11 714)	46 117
Right of use of asset	8 159	(22 378)	(73 998)	(31 441)	135 976
Intangible assets	-	(2 236)	(3 524)	(2 285)	8 045
Deferred taxation	-	(738)	(766)	(284)	1 788
Inventories	503	(177)	(1 521)	(948)	3 149
Trade and other receivables	1 021	(379)	(2 972)	(1 569)	5 940
Cash and Cash equivalents	3	(1)	(1 684)	(2)	1 690
Assets of disposal Groups	18 874	(25 910)	(109 678)	(48 245)	202 705
Liabilities					
Borrowings	4 810	(8 395)	(9 926)	(4 144)	27 275
Lease Liability	14 845	(21 914)	(81 035)	(37 254)	155 048
Trade and other payables	1 729	(1 868)	(7 620)	(2 439)	13 656
Tax payable	3	(781)	-	-	784
Liabilities of disposal Groups	21 387	(32 958)	(98 581)	(43 837)	196 763

The other movements consist of transactions that happened in Soweto Day Hospital Proprietary Limited during the year, including a lease modification that resulted in a reduction of the ROU asset and lease liability by R22.4million. A trading licence valued at R2.2million which was previously reported under intangible assets was impaired during the year.

#. In terms of the sales agreement, all property, plant and equipment, intangible assets and lease rights and liabilities were sold for R16.4million. The now dormant legal entity still forms part of the group.

4. INVESTMENT IN ASSOCIATE

During the year PMA increased their shareholding in Metwest by 19% resulting in a total holding of 38%. The investment in Metwest was previously carried at fair value. After acquiring the additional shares the group has significant influence over Metwest as defined in IAS28 and accordingly the investment is accounted for as an investment in an associate using the equity method.

	Reviewed 2021 R'000
Balance at the beginning of the period	-
Purchase of additional 19%.	15 728
Reclassification of investment previously accounted under IFRS 9	14 406
Equity accounts profits.	5 114
Balance at the end of the period	35 248

5. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred costs amounting to R12.3 million (2020: R18.2 million) for capital expenditure, a total of R9.5million (2020: R4.7 million) was incurred in Australia while R2.8 million (2020: R13.5 million) related to South Africa. Property, plant and equipment valued at R25.2million that was previously reported as part of the disposal groups was reclassified to PPE in the current year.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The group reviewed its lease contracts in March 2021. The majority of the group's facilities have a fixed 10 year lease period with a further 10 year extension option. The 10 year extension option was taken into account in the initial calculation of lease liabilities and right of use assets when IFRS16 became effective as it was reasonably certain that the entity would exercise this option at the end of the lease.

The directors no longer consider it reasonably certain that the entity will exercise some of the extension options on certain entities and accordingly the lease terms were amended. The change of the lease term resulted in a decrease of R92.8million of both right of use assets and lease liabilities.

IFRS 16 was amended to provide a practical expedient for lessee accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic. Advanced applied the practical expedient to all rent concessions that satisfied the criteria, the impact of this approach was immaterial.

7. GOODWILL

As at 30 June 2021, management decided to impair the full goodwill amounting to R5.7million (2020: R4.7 million for De la vie) relating to the Medgate cash generating unit as the recoverable amount was less than the carrying amount. Medgate performed substantially worse than forecasted in the year under review. Based on revised forecasts the company would only start generating profits in the 2025 financial year. The factors listed above triggered the impairment.

8. INTANGIBLE ASSETS

The trading licence for Soweto Private Hospital Proprietary Limited to a value of R2.2m was impaired in the current year as management's intention was to liquidate this business as at 30 June 2021.

9. OTHER FINANCIAL ASSETS

The significant decrease year on year primarily resulted due to the reclassification of the investment in Metwest to Investment in associates – Refer note 4 for additional details. The investment in Metwest was reflected in other financial assets in the prior year at a value of R15.9million.

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables increased by R34.4million when compared to prior year. The increase was mainly driven by the following:

- A reclassification of debtors of R5.9m that were reported under disposal groups in the prior year.
- an increase of R2.3m in trade debtors within the South African operations driven by higher revenue when compared to prior year.
- an increase of R8.7m in trade debtors within the Australia operations driven by higher revenue when compared to prior year.
- A deposit of R15.2million made to Devonport Eye Hospital Pty Ltd and Clearvis Pty Ltd relating to the purchase of a combined 20% interest in these hospitals. Refer to note 24 for further details.

11. CASH AND CASH EQUIVALENTS

There has been an increase in cash and cash equivalents compared to the year ended 30 June 2021 mainly as a result of the share issue in April 2021 through which cash of R49.4million was generated. Also boosting the cash flows was cash inflow of R16million that was received from the disposal of Vergelegen. Cash generated from operations increased when compared to prior periods mainly as a result of higher revenue.

12. SHARE CAPITAL

On 15 March 2021 the company invited its shareholders to subscribe to a rights issue of 279 416 667 ordinary shares at an issue price of 24 cents per share on the basis of 97.02357 shares for every 100 ordinary shares held. 210 796 147 ordinary shares were issued to the value of R50.6million, with issue costs of R1.2million incurred.

13. NON-CONTROLLING INTEREST

During the year ended the 30 June 2021 a portion of the loans held in PMA were converted into PMA ordinary shares. A total loan amount of AUD674 970 was converted to 24 607 PMA ordinary shares, issued at a share price of AUD27.43 per PMA share. The conversion diluted Advanced Health's current shareholding in PMA from 61.41% to 59.66%, a deemed disposal of 1.75% ("Deemed Disposal"). The share of profits by minorities was therefore increased by 1.75%

14. BORROWINGS

The movements in the current and non-current other financial liabilities are due to:

- Reclassification of assets and liabilities of disposal groups that were reported under IFRS 5 held for sale in the prior year of R22.4million.
- Conversion of loans to PMA ordinary shares of R8.0million, refer to note 13 above for further details.
- Settlement of the ABSA loan that was owed by Vergelegen of R5.0 million

15. TRADE AND OTHER PAYABLES

Trade and other payables decreased compared to the year ended 30 June 2020. An improved cash flow situation in South Africa has assisted in reducing the trade creditors balance that had accumulated over time.

16. PROVISIONS

During the year ended 30 June 2021 provisions increased by R2.9million when compared to the prior year the movement can be explained as follows:

	Reviewed	Audited
	2021	2020
	R'000	R'000
Non-current	1,000	1,004
Provision for long service leave	1,100	803
Provision for time in lieu	-	201
Current	12,795	9,976
Provision employment oncost	3,788	3,758
Provision for long service leave	2,121	2,383
Provision for profit participation	6,886	3,671
Provision for time in lieu	-	163

Provision for time in lieu was reclassified to trade and other payables.

17. REVENUE

For both South Africa and Australia, revenue was higher when compared to prior year. Group revenue increased by 43% when compared to prior year, from R476.2m that was reported in 2020 to R680.7m in 2021 financial year.

Rendering of services

Included in revenue from contracts with patients:

Theatre/accommodation fees/ facility fees

Equipment and fixed fees

576,872 392,012

12,794 21,384

589,666 413,396

Sale of goods

Included in revenue from sale of goods to patients:

Drug revenue and gases

91,293 62,824

Total revenue

680,959 476,220

18. COST OF SALES

The improvement in case mix resulted in the gross profit percentage increasing from 45% in 2020 to 49% in 2021.

19. Finance costs

	Reviewed 2021 R	Audited 2020 R
Financial liabilities	18,329	22,764
Lease liabilities	49 214	51,398
	67,543	74,162

20. TAXATION

The effective rate in the current year was 97.63% compared to a negative 42.22% that was reported in the prior year. The negative effective tax rate in the prior year resulted from the impairment of deferred tax assets that were previously recognised. No deferred tax assets are recognised on tax losses for entities where taxable profits is uncertain over the next 5 years. This results in the effective tax rate being significant higher than the income tax rates in South Africa and Australia.

21. PROFIT/(LOSS) FOR THE YEAR

The Group reported a profit before tax of R24.4million (2020: Loss of R94.1million) for the year under review. This was driven by an exceptional performance in PMA where the profits increased by more than 100% when compared to the prior year. South Africa operations losses reduced significantly when compared to prior year, driven by growth in revenue and a reduced cost base.

Included in the profit and loss were impairments for the following:

- Impairment of goodwill relating to the acquisition of Medgate – R5.7 million.
- Impairment of other intangible assets relating to the acquisition of Medgate and EDH – R2 million.
- Impairment of EDH and Vergelegen assets – R0.7 million.
- Impairment of deferred tax assets relating to Medgate R2 million, EDH R1 million, East Rand R1 million, Soweto R1 million.
- Impairment of trading licence for Soweto Day Hospital Proprietary Limited – R2.2 million.

22. LOSS PER SHARE

Reconciliation between earnings and headline earnings is as follows:

	Reviewed 2021 R	Audited 2020 R
Loss per share	(5.21)	(51.08)
- From continuing operations	(5.21)	(51.08)
Diluted loss per share	(5.21)	(51.08)
- From continuing operations	(5.21)	(51.08)
Headline loss per share	(2.10)	(49.42)
- From continuing operations	(2.10)	(49.42)
Diluted headline loss per share	(2.10)	(49.42)
- From continuing operations	(2.10)	(49.42)

	Reviewed	Audited
	2021	2020
	R'000	R'000
Loss for the year attributable to equity holders of the parent used in calculating basic earnings per share	(17 754)	(147 107)
IAS 33 earnings		
Less: IAS 36 impairment	9 889	4 743
Less: IAS 16 loss on the disposal of plant and equipment	713	53
Loss for the year attributable to equity holders of the parent used in calculating headline earnings per share	(7 152)	(142 311)
Number of shares in issue ('000)	498 785	287 988
Weighted numbers of shares ('000)	340 687	287 988

23. EXCHANGE RATES

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

Rand/Australian Dollar	2021	2020
Closing rate	10.7778	11.9615
Average rate	11.4873	10.4887

24. EVENTS AFTER THE REPORTING DATE

On 7 July 2021, PMA acquired a 20% interest in the Devonport Eye Hospital Pty Ltd and Clearvis Pty Ltd for a total consideration combined transaction consideration of AUD 1 408 116.

An additional transaction consideration amount will be calculated based on the adjusted EBITDA of Devonport Eye Hospital Pty Ltd and Clearvis Pty Ltd, for the year ending 30 June 2021 and will be determined within three months after the 30 June 2021 financial accounts are finalised. The additional transaction consideration amount is not expected to exceed the initial payment amount.

25. DIVIDEND DECLARATION

No dividend is proposed or recommended for the financial year ended 30 June 2021 (2020: Rnil).

26. CHANGES TO DIRECTORS

There were no changes in the directors in the current year.

On behalf of the board

CA Grillenberger
Chairman
27 August 2021

GJ van Emmenis
Chief Executive Officer

SC Chonco
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

Executive directors

GJ van Emmenis (Chief Executive Officer)
MC Resnik# (Managing Director Australia)
D Goss-Ross (Alternate)
S Chonco (Chief Financial Officer)

Non-Executive Directors

CA Grillenberger (Chairman)
FA van Hoogstraten (Lead Independent)
PJ Jaffe #
CJPG van Zyl
Dr WT Mthembu
Dr J Oelofse
YJ Visser
Dr KE Legodi

Australian

Company Secretary: M Janse van Rensburg
Auditors: Mazars
Transfer Secretaries: JSE Investor Services

Date of announcement: 27 August 2021

Designated Advisor
Grindrod Bank Limited

