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 2022

GROUP OVERVIEW

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 this environment, 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.

During the year PMA increased its shareholding in Metwest Surgical (Hereward) and Eye Centre (Kingham) (Collectively called Metwest) by 19% increasing the total shareholding to 57%. Metwest operates a day surgery and an ophthalmology practice in Western Sydney. As of the date of acquiring a 57% holding in the Metwest group of companies, PMA obtained control and derecognised the equity accounted investment.

During the year PMA acquired a 40% shareholding in Devonport group of companies (DEH) which operates a day surgery in Devonport, Tasmania.

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

IMPACT OF COVID-19

South Africa

In the 2022 financial year the effects of the COVID-19 pandemic were substantially less than what was experienced in the prior two financial years. All of the restrictive measures and lockdown regulations were lifted. The result thereof was a partial reverse of a positive impact caused by COVID-19 that was experienced in the 2021 financial year. In South Africa challenges such a load shedding had a twofold impact – additional cost and less efficiency.

Australia

During the 2022 financial period, the Australian healthcare sector was also impacted by the Delta and Omicron variants. The COVID-19 Delta strain hit Australia in the beginning of July 2021. There were several implications on the business with nation-wide lockdowns, patient hesitation and surgery cancellations occurred as well as Government imposed directive capping surgery throughput based on the low 8-week average prior to the lockdown up to 25 October 2021.

After the Omicron variant was picked up in South Africa on 24 November 2021, this quickly spread around the world. On 30 November 2021, the Australian National Cabinet met and released statements to try and combat this. The Australian Health Protection Principal Committee followed international developments closely and advised the Government on how to respond to the Omicron variant. Restrictions were put in place, which caused further patient hesitation and surgery cancellations. In addition, many staff and patients have contracted this strain, delaying surgery.

PMA Management recognised that these effects were largely temporary and a matter of timing, with the backlog starting to flow back into surgery through the day hospitals for the remaining part of the 2022 financial year.

FINANCIAL PERFOMANCE

OVERVIEW

The Group reported a profit of R31.6million (2021: R24.4million) before tax and R13.4million (2021: R0.6million) after tax. The results were driven by a good performance of the Australian segment which contributed R62.6million (2021: R62.5million) in profit after tax. South African operations continue to be in a loss situation, however the losses before tax have been reduced to R41.1million when compared to the prior period losses of R44.3million.

Australia

The Australian operations remain profitable, a profit after tax of R62.6million (2021: R62.5million) was reported for the year ended 30 June 2022. Included in the current year's profits was R17.7million gain on fair value on derecognition of Metwest as an associate. EBIDTA of R108.0million (2021: R133.6million) is R25.6million lower than the prior year. Factors influencing the profits of PMA included a decline in the number of theatre cases that were performed when compared to the prior year. This is because the backlog of patients that could not be operated in the period ending 30 June 2020 as per government COVID-19 restrictions, was included in the prior year results, causing a non-recurring increase in revenue for that period. This surge in theatre cases did not occur for the year ended the 30 June 2022.

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. Results from South African operations improved year on year with a loss after tax of R41.0million when compared to a loss after tax of R47.7million in the previous year. A profit before tax, interest, depreciation, amortization and impairment of R27.4million (R37.3million) was reported for the South African operations in the current year. The decrease in EBIDTA was as a result of a decrease in revenue when compared to the prior year.

Cash flow challenges continue to exist within the South African operations as a result of the ongoing losses within this business segment.

Soweto Day Hospital Proprietary Limited is classified and disclosed as a disposal group as was the case in the prior year. The company's creditors lodged a request for the company to be liquidated which was initially opposed by the landlord. The landlord subsequently withdrew its opposition to the liquidation and on 11 August 2022 a court order was issued whereby the company was formally placed in liquidation.

FINANCIAL RESULTS HIGHLIGHTS

- Revenue decreased to R664.8million (2021: R680.7million).
- EBITDA decreased to R134.3million (2021: R162.6million).
- Profit after tax for the year is reported at R13.4million (2021: R0.6million).
- Basic loss per share was reported at 4.04 cents (2021: 8.14 cents).
- Headline loss per share was reported at 5.89 cents (2021: 6.82 cents).

advanced health
Affordable Quality Care

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Reviewed 2022 R'000	Restated* 2021 R'000
Assets			
Non-current Assets			
Property, plant and equipment	5	**667 676**	566 676
Investment in associate	4	**42 611**	35 248
Goodwill	6	**86 410**	20 983
Intangible assets	8	**20 888**	16 817
Other financial assets	7	**9 743**	26 756
Deferred taxation	9	**50 195**	45 349
		877 523	**711 829**
Current assets			
Inventories		**20 478**	19 105
Trade and other receivables	10	**54 735**	69 219
Current tax receivable		**1 052**	23
Cash and cash equivalents	11	**129 741**	107 218
Other financial assets	7	**2 908**	-
Assets of disposal groups	3	**9 518**	**18 874**
		218 432	**214 439**
Total assets		**1 095 955**	**926 268**
Equity and liabilities			
Capital and reserves			
Stated capital		**271 377**	271 377
Accumulated loss*		**(294 793)**	(265 250)
Foreign currency translation reserve		**42 393**	37 090
Share-based payment reserve		**-**	1 283
Equity attributable to equity holders of parent		**18 977**	**44 500**
Non-controlling interest*	12	**214 188**	135 241
Total equity		**233 165**	**179 742**
Non-current liabilities			
Borrowings	13	**170 070**	147 575
Lease liabilities	14	**512 093**	413 413
Provisions		**1 261**	1 100
		683 424	**562 088**
Current liabilities			
Trade and other payables	15	**70 578**	59 218
Borrowings	13	**43 527**	45 005
Lease liabilities	14	**25 808**	18 451
Provisions		**14 290**	12 794
Current tax payable		**7 305**	16 167
Bank overdraft	11	**7 697**	11 417
Liabilities of disposal groups	3	**10 161**	**21 387**
		179 366	**184 439**
Total equity and liabilities		**1 095 955**	**926 268**

** The profit attributable to the non-controlling interest has been restated. The non-controlling interest calculation in the prior year contained an error- Only direct shareholding in Subsidiaries was used in performing the calculation as opposed to using both the direct and indirect shareholding. Refer to note 21 for further details. There is no 3rd SOFP presented as the error only impacts 2021.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	Reviewed 2022 R'000	Audited 2021 R'000
Revenue	16	**664 746**	680 675
Cost of sales		**(344 945)**	(348 408)
Gross profit		**319 801**	332 267
Other income	18	**7 834**	19 250
Movement in credit loss allowance		**(333)**	(446)
Other operating expenses		**(192 998)**	(188 455)
EBITDA#	19	**134 304**	162 616
Investment income		**475**	886
Depreciation and amortisation		**(71 647)**	(66 833)
Share of the profit from equity accounted investments	4	**9 405**	5 114
Fair value adjustment	19	**17 653**	-
Impairment loss	19	**(4 799)**	(9 889)
Finance costs	17	**(53 808)**	(67 543)
Profit before taxation		**31 583**	24 351
Taxation		**(18 141)**	(23 775)
Profit for the year	19	**13 442**	576
Other comprehensive income/ (expense) net of tax	19	**8 413**	(21 950)
Total comprehensive profit/(loss) for the year		**21 855**	(21 374)

	Note	Reviewed 2022 R'000	Restated* 2021 R'000
(Loss)/profit attributable to:			
Owners of the parent		**(20 138)**	(27 734)
Non-controlling interest		**33 580**	28 310
		13 442	576
Total comprehensive (loss)/profit attributable to:			
Owners of the parent		**(14 835)**	(43 284)
Non-controlling interest		**36 690**	21 910
		21 855	(21 374)
Earnings per share information:			
Loss and basic (loss) per share (cents)			
From continuing operations	20	**(4.04)**	(8.14)
			-

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

** The profit attributable to the non-controlling calculation interest has been restated. The non-controlling interest calculation in the prior year contained an error- Only direct shareholding in the Subsidiaries was used in performing the calculation as opposed to using both the direct and indirect shareholding. Refer to note 21 for further details.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Net stated capital	Share based payment reserve	Foreign currency translation reserve	Accumulated loss	Attributable to equity holders	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
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)
Audited balance as at 30 June 2021	**271 377**	**1 283**	**37 090**	**(255 270)**	**54 480**	**125 261**	**179 742**
Prior year error*				(9 980)	**(9 980)**	9 980	-
Restated balance as at 30 June 2021	**271 377**	**1 283**	**37 090**	**(265 250)**	**44 500**	**135 241**	**179 742**
Profit for the year	-	-	-	(20 138)	**(20 138)**	33 580	13 442
Other comprehensive income	-	-	5 303	-	**5 303**	3 110	8 413
Total comprehensive loss for the year	**-**	**-**	**5 303**	**(20 138)**	**(14 835)**	**36 690**	**21 855**
Issue of shares – PMA **	-	-	-	-	-	38 388	38 388
Issue of shares – Marc***		(1 283)	-	(7 005)	**(8 288)**	8 288	-
Change in ownership interest	-	-	-	(2 400)	**(2 400)**	5 298	2 898
Acquisition of Metwest	-	-	-	-	-	8 894	8 894
Dividends ****	-	-	-	-	-	(18 611)	(18 611)
Reviewed balance as at 30 June 2022	**271 377**	**-**	**42 393**	**(294 793)**	**18 977**	**214 188**	**233 165**
Notes						**12**	

** The profit attributable to the non-controlling interest has been restated. The non-controlling interest calculation in the prior year contained an error- Only direct shareholding in Subsidiaries was used in performing the calculation as opposed to using both the direct and indirect shareholding. Refer to note 21 for further details.*

*** The amount relates to shares that have been issued in PMA amounting to AUD7.6million (R83.9million). Of the total amount – AUD3.5 million (R38.4 million) relates to the non-controlling interest.*

****Marc Resnik (director) exercised his share options and was issued with 76 672 new PMA shares, this equates to a 4.13% shareholding in PMA.*

***** Dividends were declared by the Australian Subsidiaries of the Group amounting to R18,6 million (2021: R10.7million).*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Reviewed 2022 R'000	Audited 2021 R'000
Cash flows from operating activities			
Cash generated from operations		**140 082**	111 752
Finance costs		**(211)**	-
Investment income		**473**	886
Taxation paid		**(35 178)**	(7 834)
Net cash inflow from operating activities		**105 166**	104 804
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	**(24 897)**	(12 332)
Proceeds on the sale of property, plant and equipment		**2 406**	85
Acquisition of intangible assets		**(74)**	-
Disposal of a subsidiary		**-**	16 475
Dividends received from associates		**9 799**	-
Step acquisition of Metwest	4 & 6	**(25 048)**	-
Acquisition of associate - Devonport	4	**(23 277)**	(15 725)
Financial assets received	7	**10 347**	-
Financial assets advanced		**(644)**	(5 122)
Net cash outflow from investing activities		**(51 384)**	(16 619)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	49 421
Proceeds from issue of shares - NCI	12	**41 286**	-
Proceeds from borrowings	13	**55 186**	20 000
Capital repayment of borrowings	13	**(52 888)**	(29 519)
Finance costs repayment on borrowings		**(14 740)**	(7 537)
Dividends paid		**(18 611)**	(10 654)
Capital repayment on lease liabilities		**(20 715)**	(16 013)
Finance costs repayment of lease liabilities	6	**(36 903)**	(49 214)
Net cash outflow from financing activities		**(47 385)**	(43 516)
Net increase/ (decrease) in cash and cash equivalents		**6 396**	44 669
Cash and cash equivalents at beginning of year		**95 801**	56 651
Cash and cash equivalents of acquired subsidiary	6	**15 529**	-
Cash and cash equivalents of disposal group		**-**	1 686
Effect of foreign currency translation		**4 318**	(7 205)
Cash and cash equivalents at end of year	9	**122 044**	95 801

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The reviewed condensed consolidated financial statements are prepared in accordance with the Listing Requirements of the JSE Limited for provisional reports and the requirements of the Companies Act. The JSE Listing 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 2022.

The reviewed condensed consolidated financial statements for the year were authorised for issue by the board of directors on 6 September 2022.

Going concern

Advanced Health draws attention to the fact that as at 30 June 2022, the Group had accumulated losses of R294.8 million (2021: R265.3million) after a profit of R13.4million (2021: R0.6million). The Group's current ratio is 1.27:1 (2021: 1.20:1). The South African operations within the Group however continued to incur significant losses R41.0million (2021: R47.7million) and had negative cashflows from operations taking into account lease payments. The current liabilities of the South Africa Operations exceed current assets by (R40.9million) (2021: R3.55million). These events and conditions indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 directors continuing to procure funding for the South African operations, either through a sale of strategic investments or by procuring funding through other options. As stated in note 23 inbound approaches were received from parties interested in a potential acquisition of shares that the group holds in PresMed Australia. A sub-committee has been appointed to evaluate these approaches.

Management has put into place different plans to turn the South African operations around. This includes:

- A strategic partnership with the medical specialists through the sale of shares in the South Africa operating hospitals.
- Proactively engaging funders during the tariff negotiations to ensure reasonable tariff increases are achieved. Advanced Health forms part of the DHASA (Day Hospital of South Africa) and the DHASA has been permitted to negotiate tariffs as a group with the medical schemes for 2023. Advanced Health will utilize this unity to strengthen its already established relationship in the funder market and to channel more volumes to the day hospital group.
- Focus on marketing strategies which include engagement with doctors, recruiting new specialists, focus on service delivery differentiation which includes excellent nursing care.
- A key focus in competitive pricing in both the private market as well as the low income medical schemes. The fee structure within Advanced Health is attractive to both the funders and private patients.

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 2022 R'000	Audited 2021 R'000
Revenue	**664 746**	**680 675**
South Africa	219 053	229 525
Australia	445 693	451 150
EBIDTA	**134 304**	**162 616**
South Africa	27 367	37 329
Australia	107 975	133 628
Corporate	(1 038)	(8 341)
Interest expense	**53 808**	**67 543**
South Africa	29 462	45 317
Australia	14 828	14 575
Corporate	9 518	7 652
Depreciation, amortisation	**71 647**	**68 815**
South Africa	37 282	36 462
Australia	33 912	31 749
Corporate	453	604
Profit/(Loss) after tax for the year	**13 442**	**576**
South Africa	(41 042)	(47 680)
Australia	62 640	62 514

Corporate	(8 156)	(14 258)
Segment assets	**1 095 955**	**926 268**
South Africa	296 772	361 896
Australia	794 815	557 804
Corporate	4 368	6 568
Segment liabilities	**862 788**	**746 527**
South Africa	284 644	307 000
Australia	422 562	337 356
Corporate	155 582	102 170

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

Soweto Day Hospital Proprietary Limited has applied to be liquidated and was already classified as a disposal group in the prior year. On 11 August 2022 a court order was received formally placing the company into liquidation.

	Reviewed 2022 R'000	Movements	Audited 2021 R'000
Assets			
Property, plant and equipment	9 160	(29)	9 189
Right of use of asset	-	(8 159)	8 159
Inventories	94	(409)	503
Trade and other receivables	264	(757)	1 021
Cash and Cash equivalents	-	(3)	3
Assets of disposal Groups	**9 518**	**(9 357)**	**18 875**
Liabilities			
Borrowings	3 454	(1 356)	4 810
Lease Liability	968	(13 877)	14 845
Trade and other payables	5 736	4 006	1 729
Tax payable	3	-	3
Liabilities of disposal Groups	**10 161**	**(11 227)**	**21 387**

The movements consist of transactions that happened during the year. The right of use asset was impaired in full and the lease liability was adjusted to reflect the discounted cashflows estimated until the company is liquidated.

4. INVESTMENT IN ASSOCIATE

Increase in shareholding in Metwest

During the year PMA increased their shareholding in Metwest by 19% resulting in a total holding of 57% in November 2021. The investment in Metwest was previously accounted for as an investment in an associate using the equity method. As of the date of acquiring a 57% holding in the Metwest group of companies, PMA obtained control and derecognised the equity accounted investment.

Investment in Devonport

During the year PMA bought 40% shareholding in the Devonport group of companies. The total consideration paid was AUD3.5million (R38.5million). The Devonport group of companies operate a day surgery in Devonport, Tasmania.

	Other Reviewed 2022 R'000	Devonport Reviewed 2022 R'000	Metwest Reviewed 2022 R'000	Total Reviewed 2022 R'000
Balance at the beginning of the period	**194**	**-**	**34 940**	**35 134**
Purchase of 40% in Devonport	-	38 477*	-	38 477
Purchase of additional 19% in Metwest	-	-	25 048	25 048
Fair value adjustment of Metwest shareholding	-	-	17 653	17 653
Equity accounts profits	-	6 499	2 902	9 401
Dividends received	-	(3 354)	(6 245)	(9 599)
Reclassification of investment accounted under IFRS 3	-	-	(75 122)	(75 122)
Foreign exchange movement	8	787	824	1 619
Balance at the end of the period	**202**	**42 409**	**-**	**42 611**

**R15.2million was paid in the prior financial year and was recorded as a deposit which was disclosed under trade and other receivables.*

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including right of use assets, increased by R50.6million as a result of the Metwest acquisition. An Australian subsidiary – Epping Surgery Centre – entered into a new lease during the year under review which resulted in an increase of R60.3million to right of use assets.

6. GOODWILL

During November 2021, PMA increased its shareholding in the Metwest group of companies from 38% to 57%. As of the date of acquiring a 57% shareholding in Metwest, PMA obtained control and derecognised the equity accounted investment. This transaction led to the increase of goodwill by R63.3million.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:	
Cash paid for - 19% shareholding	25 048
Market value of the investment held as at 31 October 2021	50 074
Total	**75 122**

Recognised amounts of identifiable assets acquired and liabilities:

Cash	15 529
Trade and other receivables	1 074
Property, plant and equipment	6 910
Intangible assets	7 796
Deferred tax liabilities	(2 339)
Trade payables	(4 239)
Lease Liabilities	(4 049)
Net identifiable assets acquired	**20 680**

Goodwill:

Purchase consideration	75 122
Non-controlling interest – Proportionate share of net assets	8 894
Less net identifiable assets acquired	(20 680)
Goodwill arising on acquisition	**63 336**

Goodwill amounting to R63.3million arose due to the acquisition which is attributable to the doctors at the facilities and their influence / patient base.

From the date of acquisition, Metwest has contributed R38.1million of revenue and R8.5million to the net profit after tax of the Group.

7. OTHER FINANCIAL ASSETS

Other financial assets consist of various loan receivables. During the year under review an impairment loss of R3.0million was recognised on these loan receivables. The remainder of the movement relates to loan repayments that were received.

8. INTANGIBLE ASSETS

The increase in intangible assets year on year is primarily attributable to the Metwest acquisition.

9. DEFERRED TAX

Included in the deferred tax asset balance is deferred tax assets of R17.2million where the ability of the group to realise these deferred tax assets is dependent on the use of tax planning possibilities that are available to create sufficient taxable profits within the entities concerned. Tax planning opportunities involve significant judgements and estimates and are not without risk.

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased by R14.5million when compared to prior year. The decrease was mainly driven by a reclassification of the deposit of R15.2million made towards the purchase of 20% shareholding in the Devonport group of companies which was reclassified to investment in associates after the shares were issued in the current year. Refer to Note 4.

11. CASH AND CASH EQUIVALENTS

There has been an increase in cash and cash equivalents compared to the year ended 30 June 2021, mainly in PMA as a result of the share issue to the minority in PMA of R38.4million and increase in borrowings by R21.0million. The acquisition of Metwest increased cash and cash equivalents by R15.5million.

12. NON-CONTROLLING INTEREST

During the year ended the 30 June 2022 PMA issued shares to finance the strategy of expanding the business. This resulted in an increase in non-controlling interest of R38.4million. Marc Resnik (director), through his investment company Kinser Investments, exercised his outstanding share options and was issued with 76 672 new PMA shares. This represents a 4.13% of PMA shareholding, NC increased by R8.9million as a result of this transaction.

13. BORROWINGS

Borrowings increased by R21.0million in the 2022 financial year and this is mainly due to:

- Receipt of Eenhede Konsultante Proprietary Limited "EK" loan in South Africa amounting to R53.8million.
- Receipt of loan in Australia from Epping Property Trust amounting to R14.4million.
- Repayment of ABSA loans amounting to R14.3million.
- Repayment of EK loan in PMA amounting to R27.1million.

14. LEASE LIABILITIES

Lease liability increased as a result of the following:

- R50.6million from the Metwest acquisition.
- An Australian subsidiary – Epping Surgery Centre – entered into a new lease during the year under review which resulted in an increase of R60.3million to right of lease liability.

15. TRADE AND OTHER PAYABLES

Trade and other payables increased compared to the year ended 30 June 2021, partly influencing the increase is the Metwest acquisition as described in note 6. In the previous year Metwest was reported as an associate. Further influencing an increase in trade and other payables was an increase in trade creditors within the South African operations due to cash flow challenges.

16. REVENUE

For both South Africa and Australia, revenue was lower when compared to prior year. Overall the group revenue decreased by 2% when compared to prior year, from R680.7milion that was reported in 2021 to R664.8million in 2022 financial year. Specialists revenue is a new category of revenue arising from the Metwest entities which were not part of the consolidation in the prior year.

Rendering of services	2022	2021
Included in revenue from contracts with patients:		
Theatre/accommodation fees/ facility fees	555 027	574 321
Equipment and fixed fees	13 874	12 793
Specialists	11 438	-
	580 339	**587 114**
Sale of goods		
Included in revenue from sale of goods to patients:		
Drug revenue	**84 407**	**93 561**
Total revenue	**664 746**	**680 675**

Segmental view 2022

Rendering of services	SA	PMA	Total
Included in revenue from contracts with patients:			
Theatre/accommodation fees/ facility fees	129 881	425 146	555 027
Equipment and fixed fees	13 283	590	13 874
Specialists	-	11 438	11 438
	143 164	**437 174**	**580 339**
Sale of goods			
Included in revenue from sale of goods to patients:			
Drug revenue	75 889	8 518	84 407
Total revenue	**219 053**	**445 693**	**664 746**

Rendering of services	SA	PMA	Total
Included in revenue from contracts with patients:			
Theatre/accommodation fees/ facility fees	23%	77%	100%
Equipment and fixed fees	96%	4%	100%
Specialists	0%	100%	100%
	25%	**75%**	**100%**
Sale of goods			
Included in revenue from sale of goods to patients:			
Drug revenue	90%	10%	100%
Total revenue	**33%**	**67%**	**100%**

17. FINANCE COSTS

	Reviewed 2022 R	Audited 2021 R
Financial liabilities	16 694	18 329
Lease liabilities	36 903	49 214
Other	211	
	53 808	67 543

Included in the finance costs is interest to a related party – EK to a value of R9.4million (2021: R7.5million).

18. OTHER INCOME

Other income is R11.4million below prior year as a result of the following:

	2022 R	2021 R
Dividend income	-	1 881
Rental income	2 630	5 313
Australia COVID-19 relief funds	2 604	2 154
Employment Tax Incentive	-	6 352
Sundry income	2 600	3 550
	7 834	19 250

19. PROFIT/(LOSS) FOR THE YEAR

The Group reported a profit before tax of R31.6million (2021: R24.4million) for the year under review. Profit after tax of R13.4million reported in the current year is R12.8million better than the profit that was reported in the prior year.

Included in the profit before tax for the period:

- R17.7million gain on fair value on derecognition of Metwest as an associate calculated as follows:

Purchase consideration:	
Market value of the investment held as at 31 October 2021	50 074
Investment in associate held as at 31 October 2021 – 38% shareholding	(32 421)
Gain on re-measurement of the investment to fair value	**17 653**

Other comprehensive income of R8.4million consists of foreign exchange translation on the Australian subsidiary.

20. LOSS PER SHARE

Reconciliation between earnings and headline earnings is as follows:

	Reviewed 2022 Cents	Restated* 2021 Cents
Loss per share	**(4.04)**	**(8.14)**
- From continuing operations	(4.04)	(8.14)
Diluted loss per share	**(4.04)**	**(8.14)**
- From continuing operations	(4.04)	(8.14)
Headline loss per share	**(5.89)**	**(6.82)**
- From continuing operations	(5.89)	(6.82)
Diluted headline loss per share	**(5.89)**	**(6.82)**
- From continuing operations	(5.89)	(6.82)

	Reviewed	Audited
	2022 R'000	**2021 R'000**
Loss for the year attributable to equity holders of the parent used in calculating basic earnings per share	(20 138)	(27 734)
IAS 33 earnings		
Add: Impairment	1 732	9 889
Derecognition of lease liability	(830)	(5 813)
Add: IAS 16 loss on the disposal of plant and equipment - Vergelegen	-	(2 375)
Less: Fair value adjustment on the Metwest acquisition	(9 963)	-
Add: IAS 16 loss on the disposal of plant and equipment	80	713
Tax effects of adjustments	(275)	2 093
Loss for the year attributable to equity holders of the parent used in calculating headline earnings per share	**(29 394)**	**(23 227)**
Number of shares in issue ('000)	**498 784**	**498 784**
Weighted numbers of shares ('000)	**498 784**	**340 543**

**refer to note 21*

21. PRIOR PERIOD ERROR

The non-controlling interest in the prior year contained an error. Only direct shareholding in Subsidiaries was used in performing the calculation as opposed to using both the direct and indirect shareholding. The correction of this error resulted in the following restatements:

	Jun'21 Audited R'000	Jun'21 The effect of Restatement R'000	Jun'21 Restated R'000
Statement of Comprehensive Income			
Profit/(Loss) attributable to:			
Owners of the parent	(17 754)	(9 980)	(27 734)
Non-controlling interest	18 330	9 980	28 310
	576	**-**	**576**
Total comprehensive loss attributable to:			
Owners of the parent	(33 304)	(9 980)	(43 284)
Non-controlling interest	11 930	9 980	21 910
	(21 374)	**-**	**(21 374)**
Loss per share			
Basic (cents per share)	(5,21)	(2,93)	(8,14)
Headline loss	(3,89)	(2,93)	(6,82)

Statement of Financial position	Jun'21 Audited R'000	Jun'21 The effect of Restatement R'000	Jun'21 Restated R'000
Retained Earnings	(255 270)	(9 980)	**(265 250)**
Non-controlling interest	125 261	9 980	**135 241**

22. EXCHANGE RATES

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

Rand/Australian Dollar	**2022**	**2021**
Closing rate	11.24142	10.7778
Average rate	11.03444	11.4873

23. EVENTS AFTER THE REPORTING DATE

The liquidation of Advanced Soweto Day Hospital was granted by the court on 11 August 2022, a liquidator has been appointed.

AVL received unsolicited approaches from several parties interested in a potential acquisition of its shares within PMA. On 15 June 2022 the board of directors appointed an internal sub-committee to conduct a strategic review of the Advanced Health group to assess options available to maximise shareholder value in

Advanced Health. An Australian advisory firm, Monash Advisory was appointed to advise and assist on the potential transaction. The recommendations of the sub-committee will be evaluated by the board.

24. DIVIDEND DECLARATION

No dividend is proposed or recommended for the financial year ended 30 June 2022 (2021: Rnil).

25. CHANGES TO DIRECTORS

During the period under review the following changes happened:
Dr J Oelofse's term ended – 12/11/2021
D Goss-Ross was appointed as a director, previously was an alternate director – 01/12/2021

On behalf of the board

CA Grillenberger	**GJ van Emmenis**	**SC Chonco**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**
06 September 2022		

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 (Managing Director South Africa)
S Chonco (Chief Financial Officer)

Non-Executive Directors
CA Grillenberger (Chairman)
FA van Hoogstraten (Lead Independent)
PJ Jaffe #
CJPG van Zyl
Dr WT Mthembu
YJ Visser
Dr KE Legodi

Australian

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

Date of announcement: ***08 September 2022***
Designated Advisor
Grindrod Bank Limited