



**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

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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

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**GROUP OVERVIEW**

**NATURE OF THE BUSINESS**

Advanced Health is an important role player in day surgery across South Africa and Australia where private healthcare and same day surgery are currently in an exciting stage of development. Advanced Health has over the past number of years successfully positioned itself within each of its core market's existing healthcare systems, thereby responding to increasing demand for day surgery procedures.

**AUSTRALIA**

Presmed Australia ("PMA") is a private day hospital group founded in 1997 and since 2014 majority owned by Advanced Health with the remainder of the company being owned by the longstanding Australian management team, directors and a consortium of specialist doctors. PMA owns or co-owns ten (10) key operating facilities, which include day hospitals and consultation clinics, in partnership with the practicing doctors in those facilities. The facilities are located in and around the greater Sydney area, the Central Coast (both within New South Wales) and Tasmania. PMA's facilities specialise in a range of surgical disciplines being Ophthalmology, Ear Nose and Throat ("ENT"), Pain Management, Oral Maxillofacial surgery as well as other aligned surgery types.

In order to focus more strategically on developing and expanding its South African operations, Advanced Health has resolved to exit the Australia market and dispose of its equity interest within PMA. On the 23rd of December 2022 PresMed BidCo Pty Limited entered into a binding Share Sale Agreement to purchase 100% of PMA shares from Advanced Health and other PMA shareholders. PresMed BidCo Pty Limited is an entity owned by ICG Asia Pacific Fund IV (a USD 1.1 billion fund managed by London Stock Exchange listed Intermediate Capital Group plc ("ICG") and a consortium of management and medical shareholders ("Consortium"). Pursuant to the transaction, Advanced Health will dispose of 635,274 issued ordinary PMA shares, representing its entire equity interest, being 56.44% of PMA's shares for a total transaction consideration of AUD45.2 million (approximately ZAR522.0 million<sup>1</sup>) (the "Disposal").

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<sup>1</sup> Based on an Exchange Rate of AUD:ZAR = 11.5457 as at 22 December 2022 (date preceding the signature of the PMA transaction agreements) as included within AVL's JSE announcements

The Disposal was approved by Advanced Health shareholders at the General Meeting held on Tuesday 28 March 2023.

### **South Africa**

Management continues its focus on marketing strategies aimed at growing patient numbers and increasing earnings.

The directors will focus on turning the South African operations into a profitable business with the implementation of the following strategies:

- A strategic partnership with the medical specialists by selling shares in the South African operating hospitals.
- Proactively engaging funders during the tariff negotiations to ensure reasonable tariff increases are achieved. Advanced Health is a member of the DHASA (Day Hospital Association of SA) and the DHASA has been authorised to negotiate tariffs on behalf of its day hospital members with the medical aids. Advanced Health will utilise this unity to strengthen its already established relationship in the funder market and to channel more volumes to the Advanced Health group.
- Focusing on marketing strategies, which include engagement with doctors, recruiting new specialists, focus on service delivery differentiation that 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.

In South Africa, the demand for day hospitals continues to grow. Medical Schemes have embarked on channelling same day procedures to day hospitals as members who choose to undergo day surgical procedures in traditional hospitals, are paying additional co-payments. There has been a downgrade of members into lower medical aid options due to the unaffordability of private healthcare and Advanced Health is aligned to accept the majority of the low-cost medical options.

### **FINANCIAL PERFORMANCE OVERVIEW**

The Advanced Health Group achieved a profit of R0.4 million (2021: R1.0 million) after tax. Australian operations which have been classified as a discontinued operation, reported a profit of R23.6 million (2021: R22.7 million). The losses reported by the South African operations increased by R1.2 million, from a loss of R21.9 million reported in December 2021 to R23.1 million reported in December 2022. The losses in the South African operations mainly contributed to the increase in finance costs (R4.1 million) in Advanced Health Ltd, the holding company of Advanced Health SA (Pty) Ltd, and its subsidiaries.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Note	Unaudited Six months 31 Dec 2022	Audited Year ended 30 June 2022	Unaudited Six months 31 Dec 2021
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>245 659</b>	<b>877 523</b>	<b>814 900</b>
Property, plant and equipment	4&6	197 053	667 676	628 316
Investment in Associate	4&7	-	42 611	208
Goodwill	4&8	-	86 410	73 619
Intangible assets	4&9	8 478	20 888	16 021
Other financial assets	4	-	9 743	47 616
Deferred taxation	4&10	40 128	50 195	49 120
<b>Current assets</b>		<b>853 366</b>	<b>218 432</b>	<b>176 536</b>
Inventories	4	9 114	20 478	21 106
Trade and other receivables	4&11	6 575	54 735	34 755
Current tax receivable	12	542	1 052	14
Other financial assets	4	-	2 908	-
Cash and cash equivalents	SOCF	2 730	129 741	101 899
Assets of disposal groups	4	834 405	9 518	18 762
<b>Total assets</b>		<b>1 099 025</b>	<b>1 095 955</b>	<b>991 436</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Stated capital		271 377	271 377	271 377
Accumulated loss		(306 853)	(294 793)	(269 652)
Foreign currency translation reserve		54 149	42 393	46 491
Share-based payment reserve		-	-	1 283
<b>Non-controlling interest</b>		<b>220 099</b>	<b>214 188</b>	<b>141 705</b>
<b>Total equity</b>		<b>238 772</b>	<b>233 165</b>	<b>191 204</b>
<b>Non-current liabilities</b>				
Borrowings	4&13	169 391	170 070	141 185
Lease liabilities	4&14	178 833	512 093	470 269
Provisions	4	-	1 261	1 180
<b>Current liabilities</b>		<b>512 029</b>	<b>179 366</b>	<b>187 598</b>
Borrowings	4&13	33 480	43 527	47 052
Lease liabilities	4&14	9 194	25 808	21 710
Trade and other payables	4	31 367	70 578	51 301
Provisions	4	-	14 290	13 138
Current tax payable	12	575	7 305	25 150
Bank overdraft	SOCF	704	7 697	7 158
Liability of disposal groups	4	436 709	10 161	22 089
<b>Total liabilities</b>		<b>860 253</b>	<b>862 790</b>	<b>800 232</b>
<b>Total equity and liabilities</b>		<b>1 099 025</b>	<b>1 095 955</b>	<b>991 436</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Note	Unaudited Six months 31 Dec 2022	Restated* Six months 31 Dec 2021	Restated* Year ended 30 June 2022
<b>Continuing operations</b>				
Revenue	16	126 603	103 930	219 053
Cost of sales	17	(66 790)	(58 589)	(124 643)
<b>Gross profit</b>	<b>17</b>	<b>59 813</b>	<b>45 341</b>	<b>94 410</b>
Movement in credit loss allowance		86	224	(333)
<b>EBITDA*</b>		<b>13 670</b>	<b>11 909</b>	<b>26 330</b>
Investment income		15	164	53
Depreciation and amortisation		(17 897)	(17 034)	(37 735)
Impairment		-	-	(1 784)
Finance costs	18	(22 212)	(19 720)	(38 980)
<b>Profit/ (loss) before taxation from continuing operations</b>		<b>(26 424)</b>	<b>(24 681)</b>	<b>52 116</b>
Taxation		3 287	2 795	2 918
<b>Profit / (loss) for the period from continuing operations</b>	<b>19</b>	<b>(23 137)</b>	<b>(21 886)</b>	<b>49 198</b>
<b>Discontinuing operations</b>				
Profit from discontinued operations	3	23 573	22 719	62 640
<b>Profit/ (loss) for the period</b>		<b>436</b>	<b>833</b>	<b>13 442</b>
<i>* Earnings before interest, impairment tax, depreciation and amortisation</i>				
<b>Other comprehensive income / expense</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Foreign currency translation differences from discontinued operations		16 271	14 138	8 413
<b>Total comprehensive profit / loss for the period</b>		<b>16 707</b>	<b>14 971</b>	<b>21 855</b>
<b>Profit / loss attributable to:</b>				
Owners of the parent – continuing operations		(20 846)	(16 429)	(65 855)
Owner of the parent – discontinued operations		8 786	2 402	45 717
Non-controlling interest		12 496	14 860	33 580
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent – continuing operations		(20 846)	(16 429)	(65 855)
Owners of the parent – discontinued operations		20 542	11 803	51 020
Non-controlling interest		17 011	19 597	36 690

\*Restated columns relates to the prior periods re-presented to reflect PMA as a discontinued operation.

Unaudited Six months 31 Dec 2022	Restated Six months 31 Dec 2021	Restated Year ended 30 June 2022
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<b>Per share information:</b>			
<b>Earnings/(loss) per share and diluted earnings/(loss) per share (cents)</b>			
• From continuing operations	(4,18)	(3,29)	(13,20)
• From discontinued operations	1,76	0,48	9,17

### Notes to the statement of comprehensive income

*All figures in R'000*

<b>Headline loss for the period attributable to ordinary shareholders from continuing operations:</b>			
Headline loss per share (cents)	(4,18)	(3,29)	(13,06)
Diluted headline loss per share (cents)	(4,18)	(3,29)	(13,06)
- Total number of shares in issue ('000)	498 784	498 784	498 784
- Weighted average number of shares ('000)	498 784	498 784	498 784
<i>Reconciliation of headline earnings calculation:</i>			
Loss for the period attributable to ordinary shareholders from continuing operations	(20 846)	(16 429)	(65 855)
<b>Adjusted for:</b>			
IAS 36 impairment	-	-	1 457
Loss on the disposal of plant and equipment	-	-	80
Gain on derecognition of Right of use assets and Lease liability	-	-	(830)
<b>Headline loss for the period attributable to ordinary shareholders from continuing operations</b>	<b>(20 846)</b>	<b>(16 429)</b>	<b>(65 148)</b>

<b>Notes to the statement of comprehensive income</b>			
<b>Headline loss for the period attributable to ordinary shareholders from discontinued operations:</b>			
Headline loss per share (cents)	4,12	2,37	10,23
Diluted headline loss per share (cents)	4,12	2,37	10,23
- Total number of shares in issue ('000)	498 784	498 784	498 784
- Weighted average number of shares ('000)	498 784	498 784	498 784
<i>Reconciliation of headline earnings calculation:</i>			
Loss for the period attributable to ordinary shareholders from discontinued operations	20 542	11 803	51 020
<b>Headline loss for the period attributable to ordinary shareholders from discontinued operations</b>	<b>20 542</b>	<b>11 803</b>	<b>51 020</b>

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Note	Unaudited Six months 31 Dec 2022	Unaudited Six months 31 Dec 2021	Audited Year ended 30 June 2022
<b>Cash flows from operating activities</b>				
Cash generated from operations		76 781	80 806	140 082
Finance costs		-	-	(211)
Investment income		460	501	473
Taxation paid		(13 174)	(2 162)	(35 178)
<b>Net cash inflow from operating activities</b>		<b>64 067</b>	<b>79 145</b>	<b>105 166</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	5	(16 611)	(10 746)	(24 897)
Proceeds on the sale of property, plant and equipment		-	-	2 406
Acquisition of intangible assets		-	-	(74)
Acquisition of Devonport		-	(13 432)	(23 277)
Dividends received from associates		3 251	-	9 799
Step acquisition of Metwest		-	(20 870)	(25 048)
Financial assets received		3 566	4 912	10 347
Financial assets advanced		-	-	(644)
<b>Net cash outflow from investing activities</b>		<b>(9 794)</b>	<b>(40 136)</b>	<b>(51 388)</b>
<b>Cash flows from financing activities</b>				
Issue of shares		4 643	-	41 286
Proceeds from borrowings	13	6 200	-	55 186
Repayment of borrowings	13	(21 291)	(8 029)	(52 888)
Finance costs on borrowings		(6 256)	-	(14 740)
Dividends paid – non-controlling interest		(15 743)	(11 065)	(18 611)
Finance costs on lease liabilities		(17 334)	(18 872)	(36 903)
Repayment of lease liabilities		(7 533)	(8 895)	(20 715)
<b>Net cash outflow from financing activities</b>		<b>(57 314)</b>	<b>(46 861)</b>	<b>(47 385)</b>
Net increase/ (decrease) in cash and cash equivalents		(3 041)	(7 852)	6 393
Cash and cash equivalents at beginning of period/year		122 044	95 801	95 801
Cash and cash equivalents of acquired subsidiary		-	-	15 529
Cash and Cash equivalents of disposal group	4	(122 383)	3	-
Effect of foreign currency translation		5 406	6 788	4 321
<b>Cash and cash equivalents at end of period/year</b>		<b>2 026</b>	<b>94 740</b>	<b>122 044</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Net stated capital	Share based payment reserve	Foreign currency translation	Accumulated loss	Non- controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Audited balance as at 30 June 2021</b>	<b>271 377</b>	<b>1 283</b>	<b>37 090</b>	<b>(265 250)</b>	<b>135 241</b>	<b>179 742</b>
Profit / (loss) for the for six months	-	-	-	(14 027)	14 860	833
Other comprehensive income	-	-	9 401	-	4 737	14 138
Dividends paid **	-	-	-	-	(11 065)	(11 065)
Change in ownership interest	-	-	-	(355)	7 912	7 557
<b>Unaudited Balance as at 31 December 2021</b>	<b>271 377</b>	<b>1 283</b>	<b>46 491</b>	<b>(279 632)</b>	<b>151 685</b>	<b>191 205</b>
Profit / (loss) for the period	-	-	-	(6 111)	18 720	12 609
Other comprehensive loss	-	-	(4 098)	-	(1 627)	(5 725)
Change of ownership	-	-	-	(2 045)	(2 614)	(4 659)
Acquisition of Metwest	-	-	-	-	8 894	8 894
Issue of shares in subsidiary	-	-	-	-	38 388	38 388
Issue of shares – Marc	-	(1 283)	-	(7 005)	8 288	-
Dividends paid	-	-	-	-	(7 546)	(7 546)
<b>Audited Balance as at 30 June 2022</b>	<b>271 377</b>	<b>-</b>	<b>42 393</b>	<b>(294 793)</b>	<b>214 188</b>	<b>233 165</b>
Profit / (loss) for the for six months	-	-	-	(12 060)	12 496	436
Other comprehensive income	-	-	11 756	-	4 515	16 271
Dividends paid **	-	-	-	-	(15 743)	(15 743)
Issue of shares in subsidiary	-	-	-	-	4 643	4 643
<b>Unaudited Balance as at 31 December 2022</b>	<b>271 377</b>	<b>-</b>	<b>54 149</b>	<b>(306 853)</b>	<b>220 099</b>	<b>238 772</b>
Notes	2					

\*\* Dividends were declared by the Australian Subsidiaries of the Group amounting to R15.7 million (2021: R11.1 million).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated results for the six months ended 31 December 2022 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 Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the unaudited condensed consolidated results for the period are in terms of IFRS and are materially consistent with the accounting policies applied in the preparation of the audited annual financial statements as at 30 June 2022.

The unaudited condensed consolidated interim financial statements are presented in South African Rands.

The unaudited condensed consolidated results for the six months ended 31 December 2022 have been prepared under the supervision of SC Chonco CA(SA) in her capacity as Chief Financial Officer.

The results were approved by the board of directors on and have not been reviewed or audited by the Group's external auditors Mazars.

### 2. STATED CAPITAL

The issued stated capital of Advanced Health is 498 784 580 shares amounting to R271 million (December 2021: 498 784 580 amounting to R271 million) being the legal entity listed on the JSE AltX.

#### Reconciliation of stated capital

	Shares '000	Stated capital R'000	Equity reserve* R'000	Group stated capital R'000
Balance as at 31 December 2021	498 784	359 844	(88 467)	271 377
Balance as at 1 July 2022	498 784	359 844	(88 467)	271 377
Balance as at 31 December 2022	<b>498 784</b>	<b>359 844</b>	<b>(88 467)</b>	<b>271 377</b>

\* The equity reserve arose in 2014 as a result of accounting for the reverse acquisition in terms of IFRS 3 Business Combination.

### 3. DISCONTINUED OPERATION

On 23 December 2022, the Group publicly announced that PresMed Bidco entered into the binding Share Sale Agreement to purchase 100% of the shares within PMA from Advanced Health and other PMA shareholders. On 31 December 2022, PMA was classified as a discontinued operation. The business of PMA represented the entirety of the Australian operating segment. With PMA being classified as a discontinued operation, the Australian segment is now presented as a discontinued operation in the segment note.

PMA was not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.



	Unaudited 31 Dec 2022 R'000	Unaudited 31 Dec 2021 R'000	Audited 30 June 2022 R'000
<b>Results of discontinued operation:</b>			
Revenue	267 841	217 214	445 693
Cost of sales	(135 852)	(109 397)	(220 302)
<b>Gross profit</b>	<b>131 989</b>	<b>107 817</b>	<b>225 391</b>
Other Income	5 973	2 897	3 672
Other operating expenses	(95 131)	(71 620)	(130 958)
Investment income	445	336	422
Finance costs	(9 600)	(7 163)	(14 828)
<b>Profit before tax</b>	<b>33 676</b>	<b>32 267</b>	<b>83 699</b>
Income tax	(10 103)	(9 548)	(21 059)
<b>Profit after tax</b>	<b>23 573</b>	<b>22 719</b>	<b>62 640</b>
<b>Cash flow from/ (used in) discontinued operations:</b>			
Net cash flow from operating activities	33 942	51 949	70 710
Net cash used in investing activities	(8 446)	(18 372)	(47 072)
Net cash used in financing activities	(37 261)	(22 034)	10 256
<b>Net cash flows for the period/year from discontinued operations</b>	<b>(11 765)</b>	<b>11 543</b>	<b>33 894</b>

#### 4. ASSETS AND LIABILITIES OF A DISPOSAL GROUP

The assets and liabilities attributable to PMA were classified as a disposal Group as at 31 December 2022 and presented separately in the statement of financial position as disposal was expected to occur within 12 months.

Soweto Day Hospital Proprietary Limited was already classified as a disposal Group as at 30 June 2022. On the 11<sup>th</sup> of August 2022, a court order was received formally placing Soweto Day Hospital into liquidation.

	Opening balance as at 1 July 2022	Movement relating to PMA disposal Group	Movement relating to Soweto	Closing balance as at 31 December 2022
<b>Assets</b>				
Property, plant and equipment	9 160	485 563	-	494 723
Intangible asset	-	11 741	-	11 741
Goodwill	-	90 179	-	90 179
Investment in associate	-	46 751	-	46 751
Deferred tax	-	14 562	-	14 562
Other financial assets	-	9 587	-	9 587
Inventories	94	13 963	(94)	13 963
Trade and other receivables	264	30 252	-	30 516
Cash and Cash equivalents	-	122 383	-	122 383
<b>Assets of disposal Groups</b>	<b>9 518</b>	<b>824 981</b>	<b>(94)</b>	<b>834 405</b>
<b>Liabilities</b>				
Borrowings	(3 454)	(5 048)	586	(7 916)
Lease Liabilities	(968)	(370 094)	968	(370 094)
Provisions	-	(23 898)	-	(23 898)
Trade and other payables	(5 736)	(23 960)	(1 055)	(30 751)
Tax payable	(3)	(4 047)	-	(4 050)
<b>Liabilities of disposal Groups</b>	<b>(10 161)</b>	<b>(427 047)</b>	<b>499</b>	<b>(436 709)</b>

The movement columns relate to the movement that took place between 30 June 2022 and 31 December 2022. PMA was not classified as a disposal Group as at 30 June 2022 and hence material movements on the Statement of Financial Position relate to the classification as a disposal Group for the period ending 31 December 2022.

## 5. SEGMENTAL REPORTING

Segment information is presented only at Group level, where it is most meaningful. The segments are based on the geographical location. Australian segment has been disclosed as discontinued operations and thus information disclosed as continuing operations relate to the South African segment. Refer to note 3 and note 4 for additional disclosure that relates to the Australian segment.

	Unaudited Six months Dec-22		Unaudited Six months Dec-21	
	R'000		R'000	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
<b>REVENUE</b>	<b>126 603</b>	<b>267 841</b>	<b>103 930</b>	<b>217 214</b>
South Africa	126 603	-	103 930	-
Australia	-	267 841	-	217 214
<b>EBITDA</b>	<b>13 670</b>	<b>54 404</b>	<b>11 909</b>	<b>51 745</b>
South Africa	17 346	-	15 082	-
Australia	-	54 404	-	51 745
Corporate	(3 676)	-	(3 173)	-
<b>INTEREST INCOME</b>	<b>15</b>	<b>445</b>	<b>165</b>	<b>336</b>
South Africa	15	-	165	-
Australia	-	445	-	336
<b>INTEREST EXPENSE</b>	<b>22 212</b>	<b>9 600</b>	<b>19 720</b>	<b>7 163</b>
South Africa	14 274	-	15 921	-
Australia	-	9 600	-	7 163
Corporate	7 938	-	3 799	-
<b>PROFIT / (LOSS) FOR THE PERIOD</b>	<b>(23 137)</b>	<b>23 573</b>	<b>(21 886)</b>	<b>22 719</b>
South Africa	(18 405)	-	(18 458)	-
Australia	-	23 573	-	22 719
Corporate	(4 732)	-	(3 428)	-
<b>SEGMENT ASSETS</b>	<b>274 044</b>	<b>824 981</b>	<b>344 294</b>	<b>647 142</b>
South Africa	266 441	-	336 436	-
Australia	-	824 981	-	647 142
Corporate	7 603	-	7 858	-
<b>SEGMENT LIABILITIES</b>	<b>433 206</b>	<b>427 047</b>	<b>387 775</b>	<b>412 455</b>
South Africa	263 302	-	287 592	-
Australia	-	427 047	-	412 455
Corporate	169 904	-	100 183	-

## **6. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 December 2022 the Group invested in capital expenditure amounting to R16.3 million, this investment was mainly in PMA. Included in the PPE movement is also the right of use asset from Sydney Pain Day Surgery amounting to R12.5 million. The rest of the movement in the PPE was mainly as a result of depreciation and changes in the exchange rate. The carrying amount of PPE for PMA was transferred to the assets of the disposal Group as at 31 December 2022.

## **7. INVESTMENT IN ASSOCIATE**

As of 31 December 2022, PMA segment was disclosed as a disposal Group and hence the full amount relating to Investment in Associate was classified as Assets in a disposal Group totalling R46.8 million. The rest of the movement relates to the increase due to earnings from associate and changes in the exchange rate.

## **8. GOODWILL**

The movement in goodwill relates to the transfer of an amount of R90.1 million that was classified as a disposal Group. The increase from R86.4 million to R90.1 million relates to the changes in exchange rate.

## **9. INTANGIBLE ASSETS**

The movement in intangible assets relates to amortisation expense for the period ended 31 December 2022 and changes in the exchange rate.

## **10. DEFERRED TAXATION**

The movement in deferred tax relates to:

- Increase in the losses in the South Africa with an increase in deferred tax of about R3.8 million.
- Classification of PMA as a disposal Group with a balance of R14.6 million.

## **11. TRADE AND OTHER RECEIVABLES**

Excluding the transfer of PMA as a disposal Group amounting to R30.3 million, trade and other receivables decreased by R19.3 million, and this is due to the increase in collections in both South Africa and Australia.

## **12. CURRENT TAX RECEIVABLE / PAYABLE**

The movement relates to tax paid amounting to R13.2 million – the amount was paid in Australia. The balance in PMA of R2.5 million was classified as a disposal Group as at the reporting date.

## **13. BORROWINGS**

Borrowings decreased when compared to the balance as at 30 June 2022 and this is mainly due to:

- Loan repayments within the SA environment amounting to R6.2 million.
- Loan repayments with the Australian environment amounting to R14.6 million.
- Receipt of Eenhede Konsultante Proprietary Limited “EK” loan in South Africa amounting to R6.2 million.
- Balance of Australian borrowings amounting to R5.0 million were reflected as a disposal Group as of 31 December 2022.

## **14. LEASE LIABILITY**

Lease liabilities movement when compared to the balance as at 30 June 2022 arises from:

- Recognition of lease liability for Sydney Pain Day Surgery amounting to R12.5 million.
- Balance of Australian lease liabilities amounting to R370.1 million were reflected as a disposal Group as of 31 December 2022.

## 15. RELATED PARTIES

During the six months ended 31 December 2022, certain subsidiaries, in the ordinary course of business, entered loans and transactions with related parties under terms that are no less favourable than those arranged with third parties.

## 16. REVENUE

The total Group revenue increased by 22% from R103.9 million to R126.6 million in the period under review from continuing operations.

	Dec 2022 R'000	Dec 2021 R'000
<b>Rendering of services</b>		
Included in revenue from contracts with patients:		
Theatre/accommodation fees/ facility fees	70 508	59 596
Equipment and fixed fees	7 411	6 157
	<b>77 919</b>	<b>65 753</b>
<b>Sale of goods</b>		
Included in revenue from sale of goods to patients:		
Drug revenue and gases	<b>48 684</b>	<b>38 177</b>
<b>Total revenue</b>	<b>126 603</b>	<b>103 930</b>

### Segmental view December 2022

Rendering of services	SA	Total
Included in revenue from contracts with patients:		
Theatre/accommodation fees/ facility fees	70 508	70 508
Equipment and fixed fees	7 411	7 411
Specialists		
	<b>77 919</b>	<b>77 919</b>
<b>Sale of goods</b>		
Included in revenue from sale of goods to patients:		
Drug revenue and gases	48 684	48 684
<b>Total revenue</b>	<b>126 603</b>	<b>126 603</b>

## 17. GROSS PROFIT

The Gross profit increased by 32% from R45.3 million to R59.8 million in the period under review from continuing operations. There was an 8% improvement in GP margin from 44% to 47% in the South African operations.

## 18. FINANCE COSTS

Finance costs increased when compared to the comparative period and this is due to a combination of the following:

- increase in SA prime rate. The EK loan interest rate is linked to the prime interest rate and hence increase in prime rates therefore means increase in interest rate.
- the additional loans obtained from EK from January 2022 to December 2022.

## 19. PROFIT AFTER TAXATION

The Group reported a loss amounting to R23.1 million from continuing operations (2021: loss of R21.9 million) for the six months under review. The increase in losses is coming from the increase in finance costs (R4.1 million) from the corporate company "AVL".

## EXCHANGE RATES

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

Rand/Australian Dollar	31 Dec 2022	31 Dec 2021	30 Jun 2022
Closing rate	11.7318	11.56180	11.2414
Average rate	11.6076	10.99582	10.7778

## DIVIDEND DECLARATION

No dividend is proposed or recommended for the six-months ended 31 December 2022.

## PROSPECTS

The remaining business of Advanced Health post the Disposal of PMA is expected to achieve its aim of turning profitable and growing its footprint of independent, quality, and cost-effective day-hospitals, to the benefit of patients, doctors and medical schemes.

The Disposal of PMA, which has the support of the Advanced Health board, provides the Advanced Health Group with an attractive opportunity to realise its entire investment in PMA for cash, in order to procure the funding required to support the South African operations. The Disposal proceeds will initially be applied to restructure the Advanced Health group balance sheet by settling outstanding credit facilities and to finance the working capital requirements of the remaining South African operations.

## CHANGES OF DIRECTORS

S Chonco submitted her resignation as from 31 March 2023 and M Stoltz was appointed as the interim CFO from 1 April 2023. There were no other changes to the board.

**On behalf of the board**

**CA Grillenberger**  
**Chairman**  
**3 April 2023**

**GJ van Emmenis**  
**Chief Executive Officer**

**S Chonco CA(SA)**  
**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**

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**

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

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# Australian

**Company Secretary:** M Janse van Rensburg  
**Auditors:** Mazars  
**Transfer Secretaries:** Link Market Services Proprietary Limited

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**Date of announcement: 3 April 2023**

**Designated Advisor**

Grindrod Bank Limited

