

# AUDITED CONDENSED CONSOLIDATED GROUP RESULTS

FOR THE YEAR ENDED 30 JUNE 2009

## HEADLINES

- 368% increase in profit
- 72% increase in EPS
- 90% increase in diluted EPS

### CONDENSED CONSOLIDATED INCOME STATEMENT

	% increase	Audited 2009 R'000	Audited 2008 R'000
<b>Continuing operations</b>			
Revenue		519 867	-
Other income		8 325	-
Administration expenses		(478 916)	(1 366)
Net finance income		8 097	11 346
Finance income		17 794	11 406
Finance costs		(9 697)	(60)
Share of profit of associates		9 151	3 490
<b>Profit before tax</b>	394	66 524	13 470
Income tax expense		(13 607)	(2 660)
<b>Profit for the year from continuing operations</b>		52 917	10 810
Loss for the year from discontinued operations		(2 379)	-
<b>Profit for the year</b>	368	50 538	10 810
<b>Attributable to:</b>			
Equity holders of the Company	221	34 701	10 810
Minority interest		15 837	-
		50 538	10 810

### CONDENSED CONSOLIDATED BALANCE SHEET

	Audited 2009 R'000	Audited 2008 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	1 000 008	205 409
Property, plant and equipment	110 639	-
Intangible assets	600 151	-
Unlisted investments	280	-
Investment in associates	127 435	105 409
Investment in preference shares	100 000	100 000
Deferred income tax assets	61 503	-
<b>Current assets</b>	228 411	17 294
Trade and other receivables	156 215	6 872
Receivables from associates and joint venture	6 642	-
Cash and cash equivalents	65 554	10 422
Non-current assets held-for-sale	515 288	-
<b>Total assets</b>	1 743 707	222 703
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves	622 021	212 348
Issued capital	382 528	196 720
Contingent shares to be issued	188 540	-
Share based payment reserve	624	-
Distributable reserves	50 329	15 628
Minority interests	31 939	-
<b>Total equity</b>	653 960	212 348
<b>Non-current liabilities</b>	349 128	-
Deferred income tax liabilities	66 532	-
Borrowings	183 523	-
Provisions	55 875	-
Post-employment medical obligations	3 930	-
Accrual for straight lining of leases	39 268	-
<b>Current liabilities</b>	318 195	10 355
Borrowings	11 176	-
Provisions	71 784	-
Trade and other payables	102 385	3 733
Taxation	15 037	1 508
Bank overdraft	53 661	5 114
Employment benefit provisions	64 152	-
Non-current liabilities held-for-sale	422 424	-
<b>Total equity and liabilities</b>	1 743 707	222 703

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited 2009 R'000	Audited 2008 R'000
Balance at 30 June 2008	212 348	103 127
Issue of share capital	185 808	98 411
Contingent shares to be issued	188 540	-
Net profit for the year	50 538	10 810
Acquisition of subsidiary	17 953	-
Dividends paid	(1 851)	-
Revaluation of share based payment – equity settled	624	-
<b>Balance at 30 June 2009</b>	653 960	212 348

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Audited 2009 R'000	Audited 2008 R'000
Net cash generated from/(utilised) in operating activities	47 222	(8 112)
Net cash outflow from investing activities	(165 667)	(92 102)
Net cash inflow from financing activities	179 225	-
<b>Net cash flow from continuing operations</b>	60 780	(100 214)
<b>Net cash flow from discontinued operations</b>	9 951	-
Net increase/(decrease) in cash and cash equivalents	70 731	(100 214)
Cash and cash equivalents at beginning of year	5 308	105 522
<b>Cash and cash equivalents at end of year</b>	76 039	5 308
<b>Reconciled as follows:</b>		
Cash and cash equivalents on hand	65 554	10 422
Bank overdraft	(53 661)	(5 114)
Assets held for sale	64 146	-
	76 039	5 308

### RECONCILIATION OF HEADLINE EARNINGS AND EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	% increase	Audited 2009 R'000	Audited 2008 R'000
<b>Basic earnings</b>		34 701	10 810
<i>Adjusted by</i>			
- Loss from discontinued operations		(1 600)	-
- Impairment of goodwill		287	-
- Loss on disposal of property, plant and equipment		154	-
<b>Headline earnings</b>	210	33 542	10 810
Earnings per share (cents) attributable			
to ordinary shares	72	19,00	11,04
Diluted earnings per share (cents)	90	16,68	8,76
Headline earnings per share (cents) attributable			
to ordinary shares	66	18,37	11,04
Diluted headline earnings per share (cents)	84	16,12	8,76

### SHARE CAPITAL ANALYSIS

	Audited 2009 R'000	Audited 2008 R'000
Number of ordinary shares in issue	257 999 496	143 954 741
Number of preference shares in issue	16 638 000	16 638 000
Weighted average number of ordinary shares	182 627 122	97 958 163
Weighted average number of ordinary shares and potential ordinary shares	208 030 900	123 361 941

### SEGMENTAL ANALYSIS

	Audited 2009			Audited 2008		
	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit before tax R'000	Total assets R'000
Healthcare administration	519 867	47 172	1 413 722	-	-	-
Electronics	-	7 597	-	-	3 490	-
Treasury activities	-	13 437	110 344	-	11 406	116 210
Other – including inter-segment eliminations	-	(1 682)	219 641	-	(1 426)	106 493
	519 867	66 524	1 743 707	-	13 470	222 703

### INTRODUCTION

The Board of Directors have pleasure in presenting the audited results for the year ended 30 June 2009.

Against the background of a worldwide financial crisis, characterised by the failure of several key institutions and a decline in consumer wealth and economic activity, AfroCentric has made excellent progress. AfroCentric's cautious approach and the Board Investment Committee's strict compliance with its prescribed investment discipline has served the Company well in an extremely difficult and volatile market.

### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated group financial statements for the year ended 30 June 2009 are prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, the JSE Limited Listings Requirements and the South African Companies Act 61 of 1973 as amended. The condensed consolidated group financial statements are prepared on the historical cost basis and are consistent with the accounting policies applied for the year ended 30 June 2008 in terms of IFRS.

### NATURE OF BUSINESS

AfroCentric is a black owned investment holding company, its major investments being in private healthcare, electronics and the communications industries. AfroCentric also has an agreement of co-operation with Rio Tinto Plc for mineral prospecting and exploration projects. More recently AfroCentric concluded distribution agreements with Hanwha Corporation, one of the largest industrial institutions in South Korea. In addition to these activities, AfroCentric continued to manage its treasury funds.

During the year under review, AfroCentric acquired an initial 63,2% of the shares in Lethimvula Investments Limited ("Lethimvula"). Being an affected transaction as defined in the SRP Code on Takeovers and Mergers ("SRP Code") AfroCentric made an offer to the minority shareholders of Lethimvula in accordance with the SRP Code.

At 30 June 2009, AfroCentric owned 83,8% of Lethimvula and AfroCentric continues to engage those Lethimvula shareholders who offer their Lethimvula shares for sale. Lethimvula is an investment holding company with its principal asset being a 100% interest in Medscheme Limited, a multi-medical scheme administrator, serving Trustees and members of both open and determinate corporate medical schemes. Medscheme is the largest black owned medical scheme administrator in South Africa covering approximately 2 million lives in the private healthcare administration market. Since the aforesaid acquisition, Medscheme concluded agreements with Old Mutual, firstly to acquire their medical scheme administration business, secondly for the disposal to Old Mutual of Medscheme Life. In addition, reciprocal co-operation agreements were concluded between Old Mutual and Medscheme creating a framework for mutual co-operation.

### OPERATIONAL REVIEW

AfroCentric's investments in listed Jasco Electronics Holdings Limited ("Jasco") yielded attributable earnings for the year ended 30 June 2009 of R7,6 million (2008: R3,5 million), and preference dividends received of R11,4 million (2008: R1 million) a significant increase compared to last year but substantially due to last year's earnings being reported only for the month of June 2008. Jasco's various business units were severely affected by the economic downturn experienced during the past year, but given the infrastructural nature of Jasco's operations and investments, the improvement in commodity prices and the group's contractual relationships with Telkom and Eskom, a degree of cautious optimism prevails for the industry sector in general and the company in particular. The results of Jasco were released on SENS on 16 September 2009 and more information on Jasco's earnings and operations are available under JSE Code: JSC.

AfroCentric's investment in Lethimvula yielded earnings of R47,2 million (before tax) for the five month period ended 30 June 2009, these being substantially consistent with the earnings estimates and projections computed during the due diligence exercise. Medscheme is an impressive administration business, professionally and efficiently managed by a highly motivated, competent and experienced team of executives. The life assurance business was disposed of to Old Mutual during July 2009, and operational management will now focus its attention on its administration client base, including bedding down the Old Mutual acquisition, the Oxygen Medical Scheme recently won on tender and the tender award for the managed healthcare of the Government Employees Medical Scheme ("GEMS").

AfroCentric will continue to provide guidance and support for Medscheme's expanding operations including the necessary research and resources for appropriate structures and feasible solutions for the proposed National Health Insurance initiatives.

AfroCentric's exploration and prospecting relationship with Rio Tinto Plc continues in terms of the reciprocal strategic co-operation agreement. While a number of projects are at various stages of geophysical surveying and research, drilling programmes carried out during the year continue to be evaluated. Additional prospecting rights in the Northwest province were awarded to AfroCentric during the year and these will form part of an existing Rio Tinto project for further exploration.

### FINANCIAL RESULTS

AfroCentric's group earnings after tax increased 368% to R50,5 million (2008: R10,8 million). This increase arises substantially as a result of attributable earnings from associates and the consolidation of the income and earnings of Lethimvula for the five month period ended 30 June 2009. Earnings per share (EPS) increased 72% to 19,00 cents (2008: 11,04 cents) and diluted EPS increased 90% to 16,68 cents (2008: 8,76 cents). Headline earnings per share (HEPS) increased 66% to 18,37 cents (2008: 11,04 cents) and diluted HEPS increased 84% to 16,12 cents (2008: 8,76 cents).

In terms of the Lethimvula acquisition agreement, the vendors of shares in Lethimvula warranted profits after tax for the years ending 30 June 2011, 2012 and 2013 at an average of R180 million. Should such warranty be fulfilled and to the extent that AfroCentric owns 100% of Lethimvula, AfroCentric will implement the allotment to the vendors of "Contingent shares to be issued", the number not exceeding 138,5 million shares. The allotment of such shares will be reduced in terms of the formula, should the warranted profits not be attained. The accounting, the disclosures and the references hereto are provided in terms of IFRS 3.

### PROSPECTS

The Board of Directors are satisfied with the progress of AfroCentric for the year and the Company's sound platform for future earnings. Having regard to the current economic climate, the Board Investment Committee will continue to apply the rigid principles of its investment policy, regularly monitoring the progress of each enterprise and guiding and supporting management in each case on matters of strategy, new products and expansion. A regular deal flow continues to receive the attention of the Board Investment Committee and several propositions are currently being evaluated.

It is too early to judge whether the growth in earnings and profit warranty thresholds in the Lethimvula acquisition will be fulfilled, but given the five month performance of Lethimvula, and the new business growth disclosed herein, including the efficiencies of greater scale and specialisation, the Board is encouraged by the early and positive trend and direction. Absent some unexpected event or regulatory intervention, Lethimvula and its subsidiary, Medscheme, will become a leading enterprise in healthcare administration.

### SUBSEQUENT TO YEAR END EVENTS

AfroCentric signed a co-operation and distribution agreement with Hanwha Corporation on 1 September 2009. Hanwha is a global conglomerate headquartered in South Korea. This relationship will position AfroCentric as a facilitator for a wide range of consumer and industrial products, skills and services in the South African manufacturing, construction, finance, technology, and healthcare sectors. Several of Hanwha's products and services will be introduced to AfroCentric's associates and to enterprises with which AfroCentric has and will develop relationships.

### DIRECTORS

There were no changes in the constitution of the Board of Directors during the year under review.

### DIVIDENDS

No dividends were declared or paid during the year under review.

### AUDITOR'S REPORT

The Auditors, SizweNtsaluba VSP have issued an unqualified audit report and a copy is available for inspection at the Company's registered office.

By order of the Board

**MI Sacks CA(SA), AICPA(ISR)**

Company Secretary

Johannesburg  
29 September 2009

### Directors

NB Bam\* (Chairperson), NMJ Canca\*, MSV Gantsho\*  
JM Kahn\*\*, MI Sacks\*\*#, Prof DI Swartz\*, B Joffe\*\*

\*independent non-executive \*\*non-executive #company secretary

### Registered Office

PKF  
41 Wierda Road West  
Wierda Valley, Sandton, 2196

### Sponsor

Sasfin Capital  
(A division of Sasfin Bank Limited)