


2015
INTEGRATED
ANNUAL
REPORT



AfroCentric
GROUP



Revenue up 7% to exceed R2 billion

Profit before tax up 13.4% to R279 million

Cash flow from operations up 24% to R397 million

YEAR IN REVIEW

Dividend up 11% to 20 cents per share

Level 2 B-BBEE status achieved for third successive year

Sanlam Limited acquires 28.7% shareholding in AfroCentric Healthcare Assets

Acquisition of healthcare assets from WAD Holdings, including Pharmacy Direct

Medscheme appointed as administrator and managed care provider to SA Police Medical Scheme (“Polmed”)

Year in review	Inside front cover
About this report.....	2

1

BUSINESS REVIEW

Business philosophy.....	6
Group profile.....	7
Group structure.....	8
Products and services.....	9
Business model and strategy.....	10
Material issues, risks and opportunities	12
Strategy.....	14

2

LEADERSHIP

Board of Directors	18
Chairperson's report.....	20
Executive Committee	24
Chief Executive Officer's report.....	26

3

FINANCIAL PERFORMANCE

Chief Financial Officer's report.....	30
Three-year summarised audited financial results	32

4

OPERATIONS REVIEW

Administration and managed care.....	38
Information technology.....	42
Africa	44

5

GOVERNANCE

Corporate governance report.....	48
Remuneration report.....	56
Social and Ethics Committee report	58

6

SHAREHOLDER INFORMATION

Shareholder analysis	66
Financial calendar	67
Notice of Annual General Meeting.....	68
Form of proxy	Attached
Appendix – Extract from Section 58 of the Companies Act.....	79
Annexure A: Memorandum of Incorporation amendment	80
Administration and contacts	Inside back cover

ABOUT THIS REPORT

AfroCentric Investment Corporation is pleased to present its Integrated Annual Report to shareholders for the 2015 financial year. This report addresses in a balanced way how the Group's vision of "facilitating the delivery of sustainable healthcare services" has and will hopefully continue to enhance value in the short, medium and long term.

The content of this year's report will align more closely with the guiding principles outlined in the Integrated Reporting Framework ("Framework") of the International Integrated Reporting Council ("IIRC"). This includes adopting a more intense future focus, outlining the nature of our business model in value creation and certain first-time disclosures of material issues, risks and opportunities.

The report will also focus on the needs and interests of shareholders. In addition, management recognises that a number of other stakeholders influence the Group's business. These include clients, employees, suppliers, service providers, government and regulators, and their needs are being addressed through other forms of communication.

REPORT SCOPE AND BOUNDARIES

The report covers the consolidated performance of the AfroCentric Group of companies and its subsidiaries ("the Group") for the financial year 1 July 2014 to 30 June 2015. There has been no material change in the scope of the report and all significant matters are reported on a like-for-like basis, with no material restatements.

The Group operates primarily in South Africa, but has an established presence in neighbouring African countries and Mauritius.

REPORTING PRINCIPLES

The Group Annual Financial Statements have been prepared according to International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Policies Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements. The Group has applied the King Code of Governance Principles ("King III") and also sought to align with best local reporting practices.

Summarised financial statements have been published in the Integrated Annual Report and the audited Group Annual Financial Statements are available on the Group's website, www.afrocentric.za.com, and from the Company Secretary on written request.

The Framework has introduced the concept of the six capitals of value creation on which a business depends for its success. These capitals comprise financial, manufactured, intellectual, human, social and relationship, and natural capital. These capitals are addressed throughout the report, although the Group has chosen not to apply this terminology or to structure the report according to the capitals, but will expand its reporting on these capitals in future years.

MATERIALITY

In line with the guiding principles of the IIRC Framework, materiality has been applied in determining the disclosure and content in the report. This ensures that the report remains concise and relevant to investors. As part of this process of determining materiality, management has identified the material issues that could impact positively or negatively on the Group's ability to create value and are likely to have a material impact on revenue and profitability.

EXTERNAL ASSURANCE

The content of the Integrated Annual Report has been reviewed by the Directors and management, but has not been externally assured as recommended by King III. External assurance of the Integrated Annual Report will be considered in future reporting periods.

The joint external auditors, SizweNtsalubaGobodo Inc. and PricewaterhouseCoopers Inc., have provided assurance on the Annual Financial Statements and expressed an unmodified audit opinion. This is confirmed in the Report of the Independent Auditors contained in the Annual Financial Statements.

APPROVAL OF THE REPORT

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Directors confirm they have collectively reviewed the content of the report and believe it addresses the material issues and is a fair presentation of the integrated performance of the Group. The Audit and Risk Committee, which has oversight responsibility for integrated reporting, recommended the report for approval by the Directors. The Board accordingly approved the 2015 Integrated Annual Report for release to shareholders in December 2015.



Dr Anna Mokgokong
Chairperson



Dewald Dempers
Group Chief Executive Officer





BUSINESS REVIEW

- 6 Business philosophy
- 7 Group profile
- 8 Group structure
- 9 Products and services
- 10 Business model and strategy
- 12 Material issues, risks and opportunities
- 14 Strategy

BUSINESS PHILOSOPHY

OUR VISION

To facilitate the delivery of sustainable healthcare services through world-class and professional programmes to optimise scale and revenue.

OUR MISSION

To efficiently and seamlessly apply our innovation and expertise to enhance the access to affordable, quality healthcare rendered to clients and qualifying members.

OUR PURPOSE

To promote a rational healthcare delivery system that focuses on quality while controlling unsustainable medical inflation, improving people's lives and the quality of care.



OUR STRATEGY

To strive for quality, affordable healthcare for everyone in our country is fundamental not only to our economic future, but also important to our nation. We use advanced and professional modes of administration to identify healthcare risks, procure effective care and healthcare services. We identify and prioritise health problems and confront them through planning, designing, implementing, monitoring and evaluating solutions and programmes.

OUR VALUES

- Mutual respect
- Accountability
- Empowerment
- Integrity
- Innovation
- Accessibility
- Commitment
- Efficiency
- Proactivity
- Professionalism

GROUP PROFILE

AfroCentric Investment Corporation Limited ("AfroCentric") is a black-owned, investment holding company which is substantially invested in healthcare. AfroCentric was established in 2008 and is listed in the healthcare sector on the JSE.

Through its operating subsidiaries, AfroCentric provides health administration and health risk management solutions to the healthcare funding industry. In addition, AfroCentric provides a range of complementary services to its traditional medical scheme clients as well as a portfolio of healthcare-related enterprises. These services include IT solutions, transactional switching and specialised disease management.

AfroCentric seeks to invest in related businesses that demonstrate prospects for growth, while contributing to the sustainable health and welfare of South African communities.

Medscheme is the Group's largest subsidiary and is one of South Africa's largest medical scheme administrators and managed care providers. Founded over four decades ago, Medscheme has more than 3.2 million lives under management through its 15 client medical schemes in South Africa. It is the largest black-owned medical scheme administrator, with a national footprint of 16 offices in all the major centres in South Africa, employing over 3 000 staff.

In striving to achieve its vision of "facilitating the delivery of sustainable healthcare services" AfroCentric continues to provide the healthcare sector with practical strategies for expanding the membership of its medical scheme clients, and new initiatives that promote more efficient and effective patient care and treatment management.

These new initiatives include:

- healthcare funding focused technology solutions through Helios IT Solutions;
- transactional and clinical data switching through Allegra (51% subsidiary);
- specialised disease management solutions through Aid for Aids Management Services; and
- acquiring the regional licence for the DBC back and neck rehabilitation programme.

AfroCentric acquired a 100% interest in Pharmacy Direct, a courier pharmacy; 100% of Curasana, a pharmaceutical wholesaler; and a 26% stake in Activo Health, a southern African distributor of generic medicines as well as complementary nutraceutical products effective 1 August 2015. These acquisitions should not only improve the Group's earnings, but will provide greater access to the wider healthcare delivery value chain and greater visibility in the relevant markets.

Sanlam Limited concluded its acquisition of a 28.7% stake in ACT Healthcare Assets, a wholly-owned subsidiary of the Group, subsequent to year-end. This strategic alliance with one of the country's foremost financial institutions will enhance the Group's marketing and distribution initiatives and position certain divisions within the Group on an improved growth path.

Growth and diversification outside South Africa has always been a strategic imperative. Medscheme has a presence in Botswana, Namibia, Swaziland, Kenya and Zimbabwe, and through its business process outsourcing centre in Mauritius provides services to several large European and UK-based health insurance companies.

AfroCentric was founded on the core philosophy of transformation and empowerment, and is one of very few black-owned and controlled companies on the JSE. As a level 2 B-BBEE-rated company it is also the most empowered health-related business on the JSE.

GROUP STRUCTURE



AfroCentric GROUP

AfroCentric is a black-owned, diversified investment holding company established in 2008 and listed on the JSE. AfroCentric has specifically invested in businesses that demonstrate favourable prospects for growth while actively contributing to the upliftment of South Africa's people in a meaningful and sustainable manner.



AfroCentric HEALTH

AfroCentric holds a majority equity stake in AfroCentric Health Limited ("AHL").



AfroCentric TECHNOLOGY



AfroCentric RESOURCES

PRODUCTS AND SERVICES



Further detail on the Group's products and services are covered in the operations review on pages 38 to 45.

BUSINESS MODEL AND STRATEGY

EXTERNAL ENVIRONMENT

Medical scheme affordability in South Africa

Medical schemes continue to be dependent on economic growth which is reflected in the levels of employment in the country, the extent to which remuneration levels impact affordability and employers' ability to fund benefits.

The costs of healthcare and the lack of meaningful growth in the industry are material issues for the AfroCentric Group which derives a significant portion of its revenues from medical schemes. Medical schemes' membership growth is limited by affordability and this issue needs to be addressed at various levels by the healthcare industry regulators.

A substantial portion of lower-income earners are therefore unable to afford medical scheme membership and remain dependent on State facilities which are under severe pressure. Low-contribution health insurance products that are covered by short and long-term insurance legislation, and are therefore not subject to this PMB restriction, have grown exponentially over the last few years.

Although generally a very limited substitute, the growth in health insurance products has impacted medical scheme membership and fragmented risk pools, with younger people opting for the lower-cost alternative, due to the fact that these health insurance products are not governed by the regulations and restrictions covered under the Medical Schemes Act.

It is expected that health insurance products will be clarified in terms of which products will be subject to long and short-term insurance legislation and which will be subject to the Medical Schemes Act.

Demarcation and the prescribed minimum benefits ("PMBs")

Contribution levels payable by members of medical schemes are linked to the underlying range of benefits. The regulated minimum benefit levels, the PMBs, are curative and not preventative in nature and stipulate largely hospital-based treatment. This means that the cost of medical scheme membership remains high as medical schemes have no option but to fully cover increasingly costly hospital-based treatment.

Regulation 8 to the Medical Schemes Act has been fuelling medical inflation by compelling medical schemes to pay all PMBs "in full" regardless of the appropriateness of the billed amount. Encouragingly, the Minister of Health has gazetted an amendment to Regulation 8 for comment that limits the amounts paid for PMBs to the 2006 National Health Reference Price List published by the Council for Medical Schemes ("CMS"), adjusted annually in accordance with the consumer price index ("CPI"). This is equivalent to many medical schemes' existing scheme rate.

Medical inflation

Medical scheme contribution increases are also driven by medical inflation, evident in the increase in medical treatment claims made against medical schemes.

The Competition Commission launched its market inquiry into the private healthcare sector during 2014. It is hoped that this inquiry will result in recommendations that will assist in combating the causes of rampant medical inflation. Medscheme has responded to the inquiry's call for submissions and has also provided additional information that was requested.

BUSINESS MODEL

Creating value for shareholders by creating value for our clients

CLIENTS

Currently includes medical schemes, health insurers and entities such as the Road Accident Fund

ACCESS TO QUALITY AND COST-EFFECTIVE HEALTHCARE

Providing access to the healthcare provider supply chain through both direct access (e.g. Pharmacy Direct, Activo, DBC) as well as extensive healthcare provider networks

Educating and empowering patients

Benefit utilisation management

Predictive modelling proactively identifying high and emerging risk beneficiaries for management

Alternative healthcare provider reimbursement models

Sophisticated treatment funding protocols and formularies

High-tech analysis and investigative fraud solutions

TRANSACTIONAL PROCESSING AND CLIENT SERVICE

Administration and managed care operations delivered in terms of service level agreements

Independent quality assurance

Voice of the customer surveys triggering root cause analysis for continuous improvement of customer service experience

ISO 9001 certification

Strong governance processes and robust internal audit processes in place

Leveraging innovation through technology

High-volume claims adjudication and assessment

Automated workflow processes

Bespoke administration, managed care and disability management systems

Financial and clinical data switching (Allegra)

Annual ISAE 3402 audit

PRODUCT INNOVATION AND DIVERSIFICATION

Expansion and diversification through strategic transactions

Leveraging growth through Sanlam product additions enhancing attractiveness (competitive environment) of current client offerings

Innovative and sustainable product development which incorporates the integration of financial services with the core medical scheme offerings

Healthcare funding thought leadership leading to cutting-edge developments

Actuarial services with a healthcare focus

Commitment to transformation and empowerment

Attraction and retention of scarce skills and capacity

Culture that optimises performance, learning and continuous improvement

Value-creating services attract volume-based fees

MATERIAL ISSUES, RISKS AND OPPORTUNITIES

Material issues

INCREASING HEALTHCARE COSTS AND IMPACT OF REGULATION



Why material?

Higher costs and regulatory issues impact on the long-term sustainability of the medical scheme clients from whom the Group generates the majority of its revenue.

LOW GROWTH IN MEDICAL AID SECTOR



As Medscheme's and Helios' fees are based on membership a lack of growth or loss in membership of medical schemes under management will limit the Group's growth and profitability.

EXPANSION AND DIVERSIFICATION THROUGH STRATEGIC TRANSACTIONS



It is a strategic imperative to diversify and expand into new markets through acquisition or through strategic transactions with financial services partners.

Risks

Unsustainably high medical costs will jeopardise the future of certain medical schemes which will impact negatively on revenue and profitability.

Inability to attract new members and retain existing customers in the increasingly competitive healthcare environment.

Growth will be limited if the Group does not diversify beyond its traditional medical scheme administration and health risk management business.

Opportunities

Ongoing management engagement with regulatory bodies on proposed regulation and legislation and favourable outcome of the Competition Commission's inquiry. Improved healthcare protocols continuously driving costs down.

Diversifying revenue streams to limit dependence on fee-based membership and maximising synergy opportunities through the relationship with Sanlam.

Leverage off the strategic partnership with Sanlam; extend delivery options in health risk management through the recently acquired Pharmacy Direct business; expand core competencies into different markets in South Africa and internationally.

LEVERAGING INNOVATION THROUGH TECHNOLOGY



The Group's operations are heavily reliant on its IT systems and infrastructure. Investing in technology to achieve greater cost efficiencies and to cater for technological innovation is critical for remaining competitive.

TRANSFORMATION AND EMPOWERMENT



A commitment to the country's transformation agenda, together with compliance with B-BBEE codes and legislation, is fundamental to the Group's sustainability and to remain competitive in the healthcare sector.

ATTRACTION AND RETENTION OF SCARCE SKILLS AND CAPACITY



Experienced and skilled employees are highly mobile, and in demand locally and internationally.

Material
issues

Why
material?

A failure to continually refresh technology platforms and software compromises the Group's ability to provide clients with a competitive service offering.

Ability to secure tenders could be compromised if the Group does not maintain and enhance its transformation credentials.

In a skills intensive business, key and scarce human resources are costly to replace and to become productive.

Risks

Technological innovations offer the opportunity to continually improve data mining, quality, efficiencies and service delivery capabilities for our clients.

Strong B-BBEE credentials will ensure favourable ratings for tenders for both public and private sector business, as well as demonstrating leadership as a South African Group.

Increase investment in human capital and through its empowerment positioning make the Group increasingly attractive to black professionals.

Opportunities

STRATEGY

GROUP PURPOSE

Making a difference in healthcare by controlling unsustainable medical inflation, improving quality of care and caring for the needy, and improving the lives of people.

GROUP STRATEGY

AfroCentric Investment Corporation aims to facilitate efficient healthcare that achieves best possible healthcare outcomes as well as best quality care of beneficiaries at an affordable cost within available resources. This would include the procurement of effective care and healthcare services.

STRATEGIC OBJECTIVES

Strategic objectives are developed to enable delivery of the Group's strategy through the operating companies of AfroCentric Health. These strategic objectives should be read in conjunction with the Business Model (page 11) and Material Issues, Risks and Opportunities (pages 12 and 13), and include:

- lowering the cost of healthcare delivery;
- diversifying our revenue sources;
- continuous customer service and process optimisation improvement;
- maximising growth opportunities; and
- transforming our culture to enhance and optimise performance, learning and innovation.

The Directors plan to extend reporting on the strategic objectives next year by including targets and metrics to enable shareholders to assess performance.

Lowering the cost of healthcare delivery

A key pillar of the Group's business model is to provide access to quality and cost-effective healthcare. This is driven by a health risk management strategy focused on population health management that includes population-based disease management in collaboration with healthcare professionals and beneficiaries, utilisation management interventions, strategic purchasing of healthcare services and contractual arrangements with healthcare professionals centred around effective co-ordination of care and reimbursement based on value.

Medscheme's international award-winning predictive modelling software analytics proactively identifies high-risk beneficiaries and those with emerging risk factors and considers demographics, medicine, family practitioner ("FP"), specialist and hospital utilisation patterns. Beneficiaries identified as high risk tend to have a high prevalence of asthma, cardiovascular conditions, allergies, diabetes (type I and II) and mental health conditions that impact on the

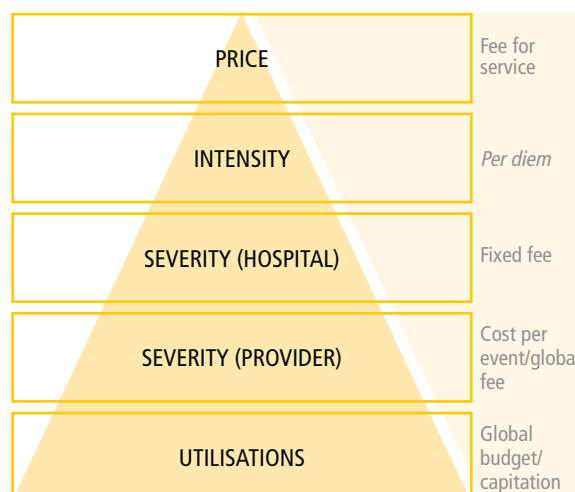
medical scheme's clinical and financial risk. Appropriate managed care and health coaching interventions are then proactively implemented according to the risk status of the beneficiary and managed via the beneficiary risk management programme with the aim of avoiding adverse health events at a later stage.

The strategic purchasing of healthcare includes the establishment of provider networks that comply with quality and cost-effective treatment protocols as well as the negotiation of a range of alternative reimbursement models ("ARMs") with providers of healthcare.

FPs are incentivised to manage care and thereby contain downstream costs. A pay-for-performance model ensures a higher in-network rate in exchange for compliance to contracted cost and quality criteria, and longer consultations are paid for in the case of identified high-risk beneficiaries. The best-performing FPs are paid an additional amount.

The cost effectiveness and quality of FPs' practising habits are monitored by a Medscheme-developed online profiling tool where FPs can view their performance relative to peers. Self-reviews are encouraged, however exceptions are followed up by an independent peer management programme. The peer review audit evaluates adherence to clinical guidelines, best practice and contracted criteria.

Industry-leading experience with ARMs has led to significant efficiencies achieved through aligning incentives between schemes and providers. Several hospital reimbursement models are in place, including fee-for-service, *per diem* arrangements, fixed and global fees. The objective is to ensure that the most appropriate level of risk is transferred through reimbursement. Note the illustration of how risk is transferred to providers with different reimbursement models.



An approach focused around co-ordination of care puts the family practitioner at the centre of the patient's treatment. Where care is fragmented and there is a lack of communication between the various healthcare providers treating the same patient, the risk of wastage and cost inefficiency is very high. A scientific study Medscheme conducted revealed that in the case of a high-risk beneficiary the saving in claims costs brought about by more effective co-ordination of care can be as much as 67%.

Specialist societies are actively consulted in addressing the issue of fragmentation of care and how the care pathway can be enhanced through greater interaction between specialist and FP, such as in the case of the treatment of high-risk beneficiaries with multiple chronic conditions. Hands-on care co-ordination ensures that beneficiaries requiring specialised treatment such as oncology receive personalised support and are not left to navigate the system themselves.

Diversifying our revenue sources

The acquisition of Pharmacy Direct and Curasana, as well as a stake in Activo Health, has signalled the Group's entry into the healthcare supply value chain and this will continue to be a focus for expansion.

The three-year contract secured with the Road Accident Fund to assist with claims management of personal claims is another area of diversification where we will continue to explore opportunities. Further opportunities for government contracts and related claims processing and adjudication business will be pursued.

Opportunities are being evaluated in new geographic markets in South East Asia and Europe to offer high-volume administration, IT systems or healthcare funding expertise.

Continuous customer service and process optimisation improvement

Following a period of cost containment the business is now committed to investing for long-term sustainable growth, with a strategic focus on the following:

- Capital expenditure of R200 million has been committed to enhance the information technology systems over a period of three years. This project is focused on building an information and communications technology ("ICT") platform that will enable the Group to achieve significant

cost efficiencies as well as react to opportunities as part of the growth strategy.

- Collaboration with Sanlam offers considerable opportunities to enhance the combined product offering of the medical schemes under the Group's management. A project to explore the integration of Medscheme's wellness offering with Sanlam's Reality rewards programme is under preparation.
- Strengthening and investing in operational areas including business development, innovation, health intelligence and strategy development.

Maximising growth opportunities

The Group aims to extract value from revenue diversification, acquisitions and strategic transactions as well as by growing the existing client base.

The prospects for complementary insurance products and a loyalty programme offered through the Sanlam relationship can enhance the attractiveness of medical schemes, benefiting both retention and membership growth. Unlocking this value is a key focus for the Group.

Synergies and value are being leveraged from Group subsidiaries acquired in recent years, such as Allegra, a transactional and clinical data switching company as well as the acquisition of the regional licence for Document Based Care ("DBC"), an effective back and neck rehabilitation programme. These acquisitions have now been positioned for further growth.

The recently acquired Insurance Fraud Manager ("IFM") reseller licence from FICO, a global analytics software company, offers significant benefits in fraud, waste and abuse detection and is being implemented for its first large client. The Group has a three-year healthcare industry exclusivity agreement for this product.

Transforming our culture to enhance and optimise performance, learning and innovation

Continuous improvement is part of the DNA of the Group and has been fostered for many years in the operational business units. The need for innovation has now grown beyond these areas and funding has been committed to a renewed focus on innovation to enhance thought leadership and to proactively identify trends and to unlock opportunities in these operations.



LEADERSHIP

- 18 Board of Directors
- 20 Chairperson's report
- 24 Executive Committee
- 26 Chief Executive Officer's report

BOARD OF DIRECTORS

Dr Anna Mokgokong

BSc, MBChB, DCom (hc)
Chairperson (Non-executive)



The former President of the SA Women Entrepreneurs Network ("SAWEN") and the International Women's Forum of SA ("IWFS"), Dr Anna Mokgokong is also a Board member for various listed and unlisted companies in South Africa and abroad. She is one of the founding members and Group Executive Chairperson of Community Investment Holdings, a leading black empowerment company. With a medical degree and Doctorate in Economics, she has served in both the academia and public sector and is a much sought-after public speaker with a keen interest in community development as well as women empowerment. She has also received numerous accolades and acknowledgements both locally and internationally.

Dewald Dempers

Group Chief Executive Officer



Dewald Dempers has a wealth of experience in the private and public healthcare industry. In 1989 he joined TPS Mutual Trust ("Medikredit") as a Trust Fund Accountant. He later joined Air Liquide as a National Asset Manager, before joining SAIMR as an Administration Manager, where he later became a Cost Accountant. A few years later Dewald co-founded the Executive Practice Management Services, a small network of General Practitioners and Optometry practices. After establishing a 24-hour emergency unit at a Pretoria-based private hospital, he co-founded the Executive Hospital Management Services, which later led to the founding of Community Hospital Group. After the disposal of the hospitals Dewald was appointed as CEO of AfroCentric Health Limited (previously Lethimvula Investment Limited) and in September 2012, appointed CEO of the AfroCentric Group. During his 25-year career he has gained experience in a wide range of healthcare services in private, state and academic environments including pharmacy, pathology, GPs and specialists, radiology, oncology, trauma and casualty, hospitals (private, state, PPP and academic) as well as healthcare funding industry.

Willem Britz

Executive Director



As one of the founding members of WAD Holdings, Willem Britz is an admitted attorney with a Bachelor of Commerce and BProc degrees. With 10 years' experience in Commercial Law he enjoyed working in an entrepreneurial environment and acted as an advisor in the medical aid industry. Realising the opportunities in the healthcare space, WAD's Directors started Pharmacy Direct, which was the start of WAD's tremendous success. Today Willem is a successful entrepreneur who has been involved in numerous business ventures ranging from mining to pharmaceutical, financial services, property and game breeding over the past 12 years. Willem joined the AfroCentric Group effective 1 August 2015.

Hannes Boonzaaier

CA (SA)
Group Chief Financial Officer



A qualified Chartered Accountant, Hannes completed his articles with KPMG in 1999. During his tenure with KPMG, he gained experience in valuations, due diligence reviews and commercial structuring of business transactions. He then joined Medscheme as a Financial Manager and over the past 12 years has been involved with Medscheme and the AfroCentric Group in various client operations. His experience at Medscheme includes the Head of Medical Scheme Finance, Claims Assessing, Broker commissions as well as the General Manager of Group Finance. His success in leading the financial team along with his knowledge of the business has resulted in his appointment as the AfroCentric Group CFO effective 1 August 2015.

Michael (Motty) Sacks

CA (SA)
Independent Non-executive Director
(Founder)



Motty Sacks is a qualified Chartered Accountant with an esteemed career in business. He was the co-founder of Netcare Limited and served as Chairman of the Board for 15 years until his retirement in 2011.

Motty was also a co-founder of Net 1 (Aplitec Limited) and served as its Non-executive Chairman. Motty has served as a Non-executive Director on several listed institutions, as well as serving as the Non-executive Chairman of Advtech Limited, South Africa's largest private education institution. Motty has also served as a Director of the International Association of Political Consultants, of which he has been a member since 1983. He is actively involved in black economic empowerment initiatives and serves on numerous Committees and trusts dedicated to supporting these objectives.

Meyer Kahn

BA (Law), MBA, DCom (hc), SOE
Independent Non-executive Director
(Founder)



Meyer Kahn retired as Chairman of SABMiller plc after a 46-year career with the Group. He has served on the Boards of 16 listed companies, as a trustee of numerous organisations and is a past-president of the South African Foundation. He has received a number of awards, amongst others, one of the five Top Businessmen (1983), Marketing Man of the Year (1987), Business Manager of the Year (1990), the Award for Business Excellence from the University of Witwatersrand Business School and has been honoured by the University of Pretoria as Professor Extraordinaire and awarded an honorary doctorate in commerce.

Joe Madungandaba

CPA (SA), MDP

Major shareholder (Non-executive Director)



Joe Madungandaba studied Commerce at the University of the North ("UN"), Cranfield School of Management (UK) and at the Wharton Business School (USA). He is a fellow of the Institute of Commercial and Financial Accountants of Southern Africa and he is a certified Public Accountant, and a Tax Practitioner.

He is the Group CEO of Community Investment Holdings and sits on all its subsidiaries' Boards. He is also a Non-executive Director of public listed companies, viz. Distell Limited, Jasco Limited and AfroCentric.

Joe Appelgryn

CA (SA)

Non-executive Director



Joe Appelgryn is a Chartered Accountant, having served articles at Ernst & Young, with experience in transaction advisory, capital-raising and business and project appraisals. He founded Sinergi Corporate Advisors in 2004 and has since led transactions for a range of businesses. His experience spans a range of industries focusing on the Healthcare industry. Prior to Sinergi, Joe worked at the Industrial Development Corporation of SA Ltd ("IDC") for eight years where he was active in the Wood and Paper Business Unit and in the establishment of the Healthcare and Education Business Unit. He has served on a number of Boards as Non-executive and as Acting Chairman, Vice-chairman and Trustee of Resolution Health Medical Scheme ("RHMS"). Joe was also a member of the RHMS's Audit and Risk Management Committees.

Dr N Brigalia Bam

Independent Non-executive Director



Dr Brigalia Bam is the Chancellor of Walter Sisulu University and Founder of the Women's Development Foundation for Social Development and Community Services. She was Chairperson of the Independent Electoral Commission from 1999 until her retirement in 2011.

She has previously served on a number of Boards and has received many awards for her achievements including but not limited to the Shoprite Checkers Women of the Year Lifetime Achievement Award, the Chancellors Medal awarded by the University of Pretoria, Grand Counsellor of the Baobab for Distinguished Service awarded by Former President Thabo Mbeki and honorary doctorates awarded by various universities.

Yasmin Masithela

LLB

Independent Non-executive Director



Yasmin Masithela is the current Head of Compliance for the Barclays Africa Group ("BAGL"), the former General Counsel for Wealth, Investment Management and Insurance ("WIMI") business of BAGL. She joined Absa in 2011.

Yasmin completed her articles with Webber Wentzel and was appointed as an associate in the Project Finance team, working on some of the first Project Finance and PPP projects in South Africa. She joined Siemens Limited in 2001 and would later head up the Projects and Export Finance Department.

In February 2005 she joined Phukubje Pierce Masithela as a partner responsible for General Corporate, Mergers and Acquisitions, Corporate and Project Finance practices in the firm. Yasmin has also held Non-executive directorship positions and holds a BA and LLB (UCT), Higher Diploma, Company Law (WITS) and LLM, Tax Law (WITS).

Garth Napier

MBA

Independent Non-executive Director



Garth Napier is currently a Chief Executive of the Discount Division at Edcon. He has a BCom degree from the University of Natal and a Masters in Business Administration from Harvard Business School. Garth has also filled senior positions at local and international companies in the fields of marketing and strategy over the last 10 years as well as being formerly employed at McKinsey & Company.

Lindani Dhlamini

BSc (Computer Science), CA (SA)

Independent Non-Executive Director



Lindani Dhlamini is a Chartered Accountant with over 20 years' experience. She is the co-founder and the Chief Executive Officer of SekelaXabiso as well as the Chairperson of SKX Financial Services.

As a seasoned entrepreneur and business leader through serving on various Boards such as the Industrial Development Corporation of SA, Old Mutual Investment Group SA, Old Mutual MS Life and Old Mutual Health, Lindani has achieved pioneer recognition through winning the Black Business Quarterly (BBQ) magazine's New Entrepreneur award in 2006. Lindani has led SekelaXabiso to be recognised by Impumelelo as one of South Africa's most empowered companies for two years in a row.

CHAIRPERSON'S REPORT



"Through consistent and committed effort of AfroCentric's management, the foundation phase for our longer-term expansion and development was completed during the 2014 financial year. We can proudly claim to have a sustainable, award-winning business ready to move into the next and more exciting growth phase, with new clients and eminent new partners/shareholders."

AfroCentric is committed to continuous innovation not only to become a leader in our sector, but to add value to our clients and members of the communities we serve."

Dear fellow shareholders

It is with a sense of great pride and indeed my special privilege to once again address this report to AfroCentric shareholders on the state of the Company's affairs for the year to June 2015. I will also share my impressions of the healthcare industry in general and the medical scheme administration sector in particular.

It is also my pleasure to give shareholders some perspective on the exciting corporate actions that were structurally completed by AfroCentric during the year under review, but only more recently received the required regulatory approvals.

AfroCentric, as you will know, is a relatively new organisation, having been reconstituted as a BEE investment holding company in financial year 2008 through the WB Holdings Limited cash shell. The principal promoters of AfroCentric deliberately facilitated a majority black ownership component and this status has successfully continued, positioning AfroCentric as one of very few majority black-owned companies on the JSE and even one of very few majority black-owned companies of AfroCentric's size in South Africa.

What is perhaps more significant about our short history is that, given the general reluctance of South African banks to provide loans and/or equity capital to BEE companies, growth without funding was always going to be a major challenge. Funds that are made available are subject to the provision of security and, more often than not, the loan covenants include harsh performance-related conditions and profit warranties, with punitive dilution provisions for any breach and/or non-fulfilment.

In AfroCentric's case we were subjected to the same models of security, performance and warranty provisions, but through sheer perseverance and diligent application, we have now fortunately progressed beyond that risk milestone.

The lack of funding for black business in general, and the principle of onerous security and equity dilution, sadly remains an integral feature of BEE capital raising.

I am, however, pleased to report that through the consistent and committed effort of AfroCentric's management, the foundation phase for our longer-term expansion and development was completed during the 2014 financial year. Today, in presenting this 2015 Integrated Annual Report, we can proudly claim to have a sustainable, award-winning business, ready to move into the next and more exciting growth phase, with new clients and eminent new

partners/shareholders. For the first time we have a degree of independence, having approximately R1 billion in financial resources to expand our enterprise.

I believe we can now take our place alongside other traditional institutions in our industry, who have for many years enjoyed privileged access to funding and markets in a way far different and unequal, when compared to the challenges AfroCentric had and currently has to endure.

Shareholders will observe that while our profits in Rand terms have improved marginally, earnings per share have marginally declined. This is mainly due to the acquisition warranty undertakings in past years being linked to the suspensive equity dilutions referred to above, typically being based on profit warranties and net asset value thresholds being attained. This is the first annual reporting period for which the fully dilutive impact of the shares issued for the preference share redemptions and second tranche payments have been directly applied.

The private healthcare sector in South Africa plays an important role in providing and facilitating access to quality healthcare, a network of participants always sensitive of the need to extend quality health services to a broader market in the most affordable way possible.

Medical innovations and new technologies for better diagnosis, new age surgical and clinical techniques, case management and general patient care demand significant investment, not only for optimising treatment protocols, but also to achieve greater efficiencies in care and recovery, all in the interests of better affordability.

AfroCentric is itself investing significantly in these essential platforms for its healthcare-related services, intending to enhance claims accuracy, reduce abuse and fraud, and apply improved efficiencies for all episodes of care and management control, whether it be through the doctor, specialist, pharmacy, hospital or any other link in the chain of healthcare delivery. AfroCentric is committed to continuous innovation not only to become a leader in our sector, but to add value to our clients and members of the communities we serve.

The socio-economic imbalances in South Africa demand that greater attention is paid to the prospects for more inclusive access and hopefully the Competition Commission Inquiry will provide a more transparent understanding of the functionality and cost structures within the private healthcare sector, with substantiated evidence. There are real issues in the patterns of conduct and structural features within the healthcare sector

and hopefully the Inquiry will provide recommendations for an improved model of conduct and relationships that will benefit South African citizens in general and the national interest in particular. AfroCentric has made comprehensive submissions to the Inquiry Panel and we are committed to contributing positively to the process.

Our medical scheme administration and health risk management business, Medscheme, has made excellent progress over the years and has received several industry accolades. These include the recent Johns Hopkins University School of Public Health International award for the predictive modelling software developed for the high-risk beneficiary management programme.

In addition to Medscheme's organic growth, and expanded contracts being renewed by our major clients, it is with immense satisfaction that I report that Medscheme has recently been appointed as the administrator and managed care provider to the South African Police Medical Scheme ("Polmed"), one of the largest and most prestigious closed schemes in South Africa. We are indeed honoured to have been awarded this tender from January 2016 and look forward to providing the excellent services to the members and families of Polmed members for which we are now well known and recognised.

Notwithstanding our growth and progress, there is an old cliché that "if the playing fields are not level, the market is not free", which unfortunately applies within our sector of the industry. This is a material obstacle undermining a free market in the business of medical scheme administration and respectfully a material structural flaw which will hopefully be addressed and urgently remedied by the Healthcare Inquiry Panel.

Given the aforesaid circumstances, it was not unexpected to note in the latest Council for Medical Schemes Report that a significant percentage of medical scheme reserve levels have fallen below the prescribed minimums. The potential risk of further decline is one of the reasons for the growing consolidation in the industry, triggered substantially through an erosion of competition under the present discriminatory model of a "fixed" market. It is essential that the authorities apply similar rules for all medical scheme administrators and their clients, so that the playing fields are level for all parties.

Blacks and black business have been the victims of discrimination for far too long and it is time to put an end to the protected market imbalances, including the inconsistent rulings and decisions applied in the sector of our principal operations.

CHAIRPERSON'S REPORT continued

Shareholders will be aware that AfroCentric concluded agreements for the acquisition of various WAD Holdings businesses, the principal enterprise being Pharmacy Direct, a courier pharmacy. Pharmacy Direct is a designated service provider to a wide range of South African medical aid schemes. The business also supplies chronic medication under prescribed minimum benefits and normal chronic benefits to approximately 110 000 patients nationally. Pharmacy Direct was likewise awarded a tender to dispense chronic medication on behalf of the government to districts in five of the nine provinces.

We are particularly pleased to have the entrepreneurial team of Willem Britz and Antoine van Buuren join the Board of AfroCentric and AfroCentric Health respectively and we welcome them as shareholders, wishing them a long and successful relationship with the Group.

In addition to the WAD acquisition, I am equally delighted to report that agreement for the investment in ACT Healthcare Assets (Pty) Ltd ("AHA") by Sanlam Limited has also been concluded, with all of the regulatory requirements finally obtained. The commencement of this relationship is a proud moment for AfroCentric given that Sanlam is one of the largest financial services groups in South Africa and that they have chosen AfroCentric as the preferred partner for their more substantial re-entry into the healthcare space.

Given Sanlam's extensive local and global distribution network and its suite of financial products, the investment by Sanlam will likely accelerate the initiation of an appropriate platform for the joint pursuit and expansion of the Group's traditional activities.

I am particularly pleased to welcome Ian Kirk and Ahmed Banderker who will be joining the Board of AfroCentric, adding special lustre, experience and commercial wisdom to our deliberations (based on the Sanlam Acquisition Agreement).

AfroCentric will, as a deliberate pursuit, seek to foster partnerships with the government, to explore and implement solutions for wider healthcare access and affordability, not only for potential members of medical schemes, but for the community at large. Such community initiatives are not new at AfroCentric and our activities in corporate and social responsibility programmes are detailed in the report of our Social and Ethics Committee.

In conclusion, I thank our executive management, our staff, our clients, our service providers and all of the stakeholders of AfroCentric for their support and faith in the Group, their passion for our success and their continued respect, confidence and loyalty to the Company's business. My sincere thanks are also extended to the Board of Directors for their consistently wise and astute counsel and their instant availability to deal with Company affairs at all times.



Dr Anna Mokgokong
Chairperson



EXECUTIVE COMMITTEE

Antoine van Buuren

BCom, MBA

Chief Executive Officer: AfroCentric Health Group



Antoine entered the healthcare sector in 2004 when he jointly founded WAD Holdings. He is the CEO of WAD subsidiary companies Pharmacy Direct, a courier pharmacy business, and Curasana Wholesalers, a pharmaceutical wholesaler. Prior to founding WAD Holdings, he spent 15 years with Total both in South Africa and internationally, including holding general management positions responsible for logistics and retail. Antoine joined the AfroCentric Health Group effective 1 August 2015.

Kevin Aron

CA (SA), MBA

Chief Executive Officer, Medscheme



Kevin gained extensive financial, operational and executive management experience at SA Druggists, Healthcare Management Services, Medical Services Organisation and Investec in the early stages of his career. He joined Medscheme in 2001 where he has held various roles including Group Director of Sales and Marketing, Managing Director of Medscheme Health, Chief Operating Officer and Managing Director of Medscheme SA. Kevin was appointed to his current position in July 2014 and is responsible for Medscheme's local, African and international operations.

Anthony Pedersen

CA (SA)

Chief Operations Officer: Medscheme



Anthony served in various positions in the Momentum Group and in 2007 moved to Mauritius as general manager of Momentum Health with responsibility for establishing a new insurance business in that country. Anthony joined Medscheme in 2010 as Managing Director of Medscheme's international operations. He was appointed as Medscheme's Chief Operating Officer in November 2014 with responsibility for the South African operations, as well as his previous responsibilities including the Mauritian operations.

Vijay Pillay

BCom, MBA

Managing Director: Helios IT Solutions



After holding various IT positions at Transnet and Nedcor, Vijay was appointed Chief Information Officer of the home loans division of First National Bank. He also served as a member of the bank's Technology Advisory Board. In 2011 Vijay was appointed as Chief Information Officer of Medscheme. Shortly thereafter he was appointed Managing Director of Helios IT Solutions, a subsidiary of AfroCentric Health Group, where his focus is to establish and grow the ICT business as an independent company. He has been active in the ICT sector for 29 years.

Tim Rametse

Labour Law Certificate

Managing Director: Medscheme Africa



Tim worked at the Public Service Commission, National Sorghum Breweries and Pretoria Medical Brokers before being promoted from regional manager to Executive Director of the healthcare division of Thebe Investments. He served as Chief Operating Officer of Polmed before joining Medscheme in 2006 as general manager in the Bonitas Business Unit, and later Deputy Managing Director of Medscheme Health. In 2010 Tim assumed responsibility for Medscheme Africa where he is accountable for all Medscheme Africa subsidiaries and associates. He is also accountable for driving Medscheme's diversification and expansion strategies in the continent.

Aklaaq Mahmood

B.Acc.Sci. (UNISA), MBA (Stellenbosch)

Executive Director: Business Development



Aklaaq has a Bachelor of Accounting Science, as well as an MBA degree, and practiced as an accountant during the earlier part of his career. He has more than 15 years of healthcare experience which he began as a trustee of a medical scheme. He later served as deputy CEO of LA Health Medical Scheme where he was strategically involved in its amalgamation. Subsequently, he served as the Principal Officer and CEO of the Pro-Sano Medical Scheme until the end of December 2012. Among his achievements is the strategic and organic growth in LA Health and the turnaround of Pro-Sano, before the amalgamation with Bonitas Medical Fund on 1 January 2013. Aklaaq joined Medscheme in June 2013 and, as Executive Director of Business Development, is responsible for the growth and development of the service offering for the Group, AfroCentric Health.

Lee Callakoppen

BInfoSci, BSocSci (Hons)

Executive Director: Human Capital



Lee started his career in operational management in the retail sector before moving into human capital, holding positions in various industries ranging from retail to telecommunications and media. Lee was the human resources Executive for the Primedia Content division before joining Medscheme in 2007. As Executive Director: Human Capital, Lee is currently responsible for continually focusing on transforming the organisational culture to enhance performance, learning and innovation, and creating an enabling working environment.

Hannes Boonzaaier

CA (SA)

Executive Director: Finance



A qualified Chartered Accountant, Hannes completed his articles with KPMG in 1999. During his tenure with KPMG, he gained experience in valuations, due diligence reviews and commercial structuring of business transactions. He then joined Medscheme as a Financial Manager and over the past 12 years has been involved with Medscheme and the AfroCentric Group in various client operations. His experience at Medscheme includes the Head of Medical Scheme Finance, Claims Assessing, Broker commissions as well as the General Manager of Group Finance. His success in leading the financial team along with his knowledge of the business has resulted in his appointment as the AfroCentric Group CFO effective 1 August 2015.

Andy Mothibi

BProc, LLB, PGD Labour Law

*Cert Banking Law and Financial Markets,
Cert in Public Sector Governance*

Executive Director: Legal, Governance, Risk and Compliance



Andy has served in senior legal positions in both the public and private sectors. An admitted advocate of the High Court of South Africa, he served as a public prosecutor and magistrate before being appointed as Director of Employee Relations at the SA Revenue Service ("SARS"). He established the corporate legal services function for SARS and was later promoted to Chief Governance Officer at SARS. This was followed by senior compliance and risk positions at South African Airways, Nedbank and Standard Bank before being appointed to AfroCentric Health in October 2013. Andy is currently the Vice president of the Institute of Risk Management of South Africa ("IRMSA").

Grace Khoza

*London School of Economics –
Media Policy and Communications (Msc),
Rhodes University – BA Journalism (Hons),
GIBS – Leadership Management Certificate*

Executive Director: Corporate Affairs,
Communications and Transformation



Grace has a wealth of experience at executive level in both the Private and Public sector. Prior to joining AfroCentric Health Grace was the Public Relations and Marketing Manager at Bain Management Consulting. She also served as Head of Strategic Communications and Marketing within the Department of International Relations and Co-operation for a number of years, overseeing the communications, branding and marketing of the country across 126 embassies. Grace was appointed to her current position in August 2014.

CHIEF EXECUTIVE OFFICER'S REPORT

The 2015 financial year again provided AfroCentric investors with solid growth following a sound operational and financial performance. The capital injection of the Sanlam transaction and the Group's significant entry into the healthcare supply value chain through the WAD Holdings transaction positions the Group favourably to offer shareholders sustainable growth.



"Investment in the Group's growth prospects will include both capital expenditure and operational capacity building and areas such as business development, innovation, health intelligence and strategy development have also been earmarked for further investment."

"We will continue to make a difference in the lives of our scheme beneficiaries, our clients and all our stakeholders and our commitment to growth is resolute."

The Group's considerable core competencies also lend themselves to application in new markets. High-volume transactional processing capability coupled with healthcare funding expertise in managing healthcare costs is a potent combination. Local expansion into other social security markets as well as leveraging existing SADC operations to springboard services into the rest of Africa and offering advanced healthcare funding solutions ahead of many countries' cost containment curve, all offer tremendous scope for growth.

The following activities during the financial year merit further analysis and discussion.

SANLAM INVESTMENT

As shareholders are aware, AfroCentric has for some time now been searching for an insurance partner to complement its healthcare offering. The joint benefits of our earlier partnership with Old Mutual unfortunately did not materialise and Sanlam's exploration of partnerships with other players also did not yield meaningful traction in the healthcare sector.

Sanlam acquired a 28.7% stake in ACT Healthcare Assets, a wholly-owned subsidiary of AfroCentric Investment Corporation, and this strategic alliance offers significant benefits to both parties. Sanlam has sought a strong presence in healthcare benefits to ensure it can offer a comprehensive suite of wealth solutions while Medscheme required an insurance partner that offers complementary insurance solutions, a meaningful loyalty programme and a substantial distribution network.

We will focus on leveraging the synergies of the partnership and some of Medscheme's medical scheme clients have started to engage with Sanlam in exploring the opportunities this transaction brings to enhance the attractiveness of their offering to clients.

The alliance with Sanlam offers many advantages. Sanlam has over 3 million policy holders and Medscheme has more than 3.2 million lives under health administration. Opportunities include the mutual cross-selling of products, joint development of products leveraging expertise from both entities and to jointly explore global opportunities to bring healthcare funding solutions to new markets.

WAD HOLDINGS TRANSACTION

The AfroCentric Group has been evaluating opportunities to gain direct access to the healthcare supply chain. The acquisition of assets from WAD Holdings ensures the Group is now not only able to access the healthcare Rand, but is in a position to directly influence healthcare cost savings for client schemes. Through this transaction of R401 million the Group acquired 100% of Pharmacy Direct and Curasana, a courier pharmacy and pharmaceutical wholesaler and 26% of Activo Health, a distributor of generic medicines and complementary nutraceutical products. This deal was effective from 1 August 2015 following approval by the Competition Commission.

INVESTING FOR GROWTH

Emerging from a period of cost containment required by the profit warranties that was part and parcel of the acquisition of Lethimvula Investments Limited by AfroCentric Investment Corporation, AfroCentric now needs to intensify its focus on expansion.

The Sanlam transaction has significantly strengthened our capital base and we will deploy these funds to grow capacity and to expand the business. This will include exploring acquisition opportunities locally and abroad which are aligned with the Group's core competencies and strategy. Our major shareholders are committed to foregoing short-term profits in favour of enhanced growth for the future.

Investment in the Group's growth prospects will include both capital expenditure and operational capacity building and areas such as business development, innovation, health intelligence and strategy development have also been earmarked for further investment. R200 million has also been committed to the first phase of refreshing the main IT system and infrastructure. This commitment will ensure the Group's ability to extract considerable cost efficiencies in the future.

REGULATORY IMBALANCE

The pressure to lower the costs of healthcare in the medical schemes industry is intense and has a direct bearing on the competitiveness of medical schemes. Regulatory developments such as the Minister of Health's stated intention to review the inflationary Regulation 8 that compels medical schemes to pay for prescribed minimum benefits in full is encouraging and most welcome, as is the Competition Commission's inquiry into the private healthcare sector.

However, a concerning practice has come to our attention. Contrary to the Competition Act, negotiations with hospital groups have taken place where a number of medical schemes have allowed their administrator to negotiate on their behalf

as a single unit. One of the schemes that participated in this arrangement offers industry unique scale, thereby allowing the other medical schemes, which are small by comparison, to benefit from their bulk or volume discounts.

We believe this constitutes collusive behaviour in terms of competition law and that it adversely distorts competition in the medical schemes industry. We understand that the administrator in question has also been marketing their ability to pass on this bulk discount capability when targeting schemes for selling their administration services.

This behaviour is detrimental to the medical schemes industry as a whole. Apart from the contravention, the distortion in private hospital pricing that it is creating is spurring an inflated rate of medical inflation for the rest of the medical schemes industry. All medical schemes, whether open to the public or closed for the benefit of employer groups, compete for medical services and this competition is especially serious in the instance of hospitals considering that they provide life-saving treatment and their costs constitute 39.1% of medical schemes' risk spend.

This breach of competition law impacts the sustainability of the medical schemes industry and AfroCentric Health has lodged a complaint with the Competition Tribunal which will now run its course.

RESOURCES AND TECHNOLOGY

The Group's investments in Rio Tinto and Jasco are not reflected in our segmental reporting this year as the Rio Tinto investment is considered dormant and the Jasco investment has been classified as an asset held for sale.

CONCLUSION

Medscheme continues to realise shareholder value as a substantial source of annuity income. Acquisitions and strategic transactions are gaining impetus and are expected to deliver considerable synergistic value in the short to medium term.

The consolidating healthcare environment remains challenging. Our Group's resilience has, however, been evident in its track record of growth despite complex legislative, economic and trading conditions.

We will continue to make a difference in the lives of our scheme beneficiaries, our clients and all our stakeholders and our commitment to growth is resolute.



Dewald Dempers
Group Chief Executive Officer



FINANCIAL PERFORMANCE

- 30 Chief Financial Officer's report
- 32 Three-year summarised audited financial results

CHIEF FINANCIAL OFFICER'S REPORT

The 2015 financial year could, in a sense, be analogous with Winston Churchill's famous comment, "Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."



"The Group is well capitalised and should continue to progress during the years ahead. The full benefits of the acquisitions and the more cost-effective operational costs arising from the economies of scale, substantially through the new IT platform, will likewise contribute to earnings in future financial years."

After a trend of impressive compounded Rand growth over the past five years since the acquisition of the Group's healthcare business in 2009, the warranty-related profit model on acquisition suspended the final determination of the number of "second tranche" shares to be issued, this co-inciding with the conversion conditions attaching to the Company's redeemable preference shares.

In the event, notwithstanding a continuing increase in Rand earnings, the year to 30 June 2015 is the first period of 12 months where the total number of ordinary shares in issue triggers a marginal dilution of earnings per share and headline earnings per share.

Growth in revenue and Rand profit does not simply arise from a larger client base and inflation-related administration fees, but is largely dependent on operational efficiencies in an environment of increasing scale with appropriate systems and IT capacity.

For example, the monthly increase in GEMS membership during our 2015 financial year, our new client appointments and the general organic growth in membership of other medical scheme clients, not unexpectedly, place strain on the Group's IT platform and capacity, demanding significant investment in IT capital expenditure, system capacity and more skilled people. These costs have increased by 15% in each of the past two financial years.

The Group's Nexus system is also in the process of being rewritten, adding greater flexibility and transaction efficiency to the Group, with significantly greater capacity to serve our clients' needs going forward. The Company is likely to spend in excess of R200 million on this project over the next two to three years.

The early expenditure demands in all of the aforesaid circumstances, without corresponding revenue, become somewhat burdensome during the early investment stages, having an adverse effect on profitability as the Company only becomes a late cycle beneficiary of such investment in future years.

Medscheme's health risk management division has received numerous accolades throughout the years for its innovative

solutions to “control” healthcare costs. To ensure that our medical schemes are more sustainable the Group has incurred substantial costs to improve our health analytical capability, our actuarial research, including our health supplier management capability. The benefits of these investments are also not realised in the short term, but add a feature of appeal to clients seeking services which preserve their resources.

Given the growth of our Company’s business over the past number of years and hopefully into the future, the pattern and nature of early non-productive expenditure and investment continues to be necessary. Given the continuing increase in lives under management, the enhanced capacity needs and particularly the early investment required for the Road Accident Fund contract, the impact of advance expenditure on profits was particularly relevant during the year under review.

In the 2015 published financial results we disclose a revised segmental analysis by reflecting the significant business segments of:

- Health Administration South Africa consisting of the administration of medical funds as well as the health risk management (clinical intervention) aspect of our operations;
- Health Administration Africa and International indicating the consolidated view of all our African subsidiaries and investments as well as our international business located in Mauritius; and
- the Information Technology business supporting both South Africa and Africa as well as a sizeable non-Medscheme client base using our IT solutions.

The administration business is more volume-based and with the improvement in technology and people-based processes, the margins in this business have been positive for the Group. The health risk management business does, however, require more specialised and skilled staff due to the healthcare burden on our clients, the scalability to volumes having not been as beneficial to the Group’s profitability as expected. Our strategy still remains that this element of the business is our key differentiator to other competitors and continued investment will be required going forward.

In reviewing the normalised profit before tax, the non-core business items, such as the Jasco losses and impairments as well as share-based payment expenses, must be ignored. Based on the core business performance depicted in the results at a glance, the profit before tax for 2015 increased by 13.4%.

Cash flow generation has yet again been very positive for the Group due to the relatively limited capital investment required. Accordingly, the dividend distribution to shareholders

is expected to grow. AfroCentric has also been able to utilise the cash received from the preference shares in Jasco to reduce the third-party loan to Absa by R90 million. As at year-end only R61 million medium-term debt remains outstanding to be settled before 31 December 2015, at which time the Group will be debt free.

GROWTH FOR THE FUTURE

The sustainability of the Group seems now to have been secured and we enter a period which, barring any unforeseen circumstances, could present the prospects for accelerated growth, based substantially on the following propositions:

- save for the shares issued for the WAD transactions and the investment by Sanlam in ACT Healthcare Assets for which an amount of R703 million will be received, the compounded dilutionary impact of prior issues of shares will no longer apply;
- the potential benefits arising through the past investment in IT and improved clinical capabilities; and
- the key strategic partnerships/investments with Sanlam and the Pharmacy Direct acquisition from WAD.

The Group has recently also been successful in being awarded the administration and Managed Care contracts for Polmed Medical Scheme, which could see an increase in revenue for the Group on an annualised basis (effective from 1 January 2016).

In summary, the Group is well capitalised and should continue to progress during the years ahead. The full benefits of the acquisitions and the more cost-effective operational costs arising from the economies of scale, substantially through the new IT platform, will likewise contribute to earnings in future financial years. The Group also has approximately R900 million for further acquisitions, consolidations and expansion from the Sanlam investment.

I would like to record my thanks to my colleagues in Group Finance for their commitment to their responsibilities, the timely completion of work required to present this Integrated Annual Report and generally for their continued co-operation on all finance related matters.



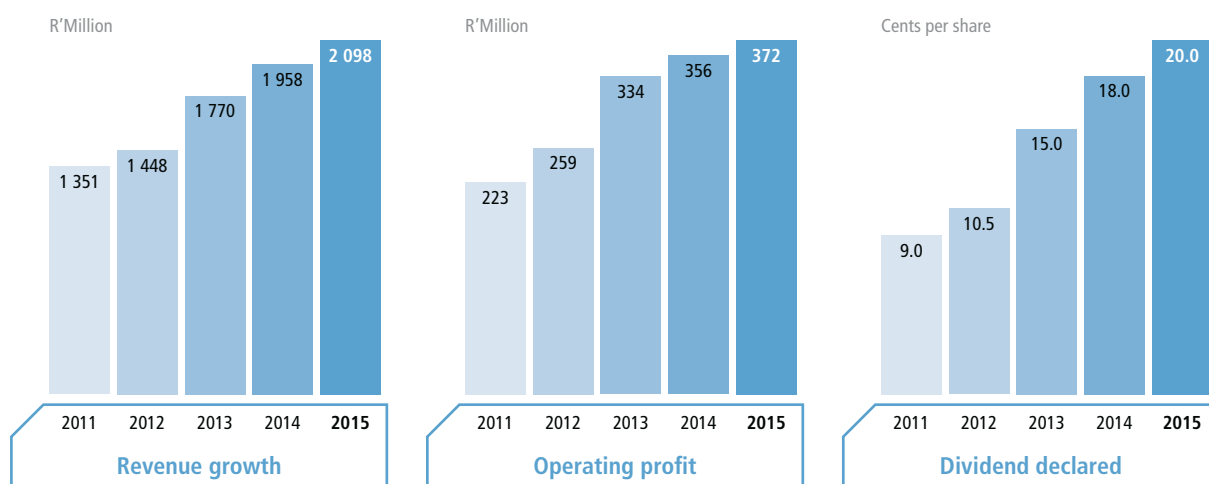
Hannes Boonzaaier
Chief Financial Officer

THREE-YEAR SUMMARISED AUDITED FINANCIAL RESULTS

for the years ended 30 June

KEY FEATURES

		2015	2014	2013	% change 2015/2014	% change 2014/2013
Revenue	(R'000)	2 098 312	1 958 260	1 770 330	7.2	10.6
Operating profit	(R'000)	372 072	356 357	333 657	4.4	6.8
Headline earnings	(R'000)	179 774	183 945	129 637	(2.3)	41.9
Cash generated from operations	(R'000)	396 996	321 044	340 413	23.7	(5.7)
Normalised headline earnings per share						
– Attributable to ordinary shares	(cents)	40.43	50.63	62.95	(20.1)	(19.6)
– Diluted earnings per share	(cents)	40.43	50.63	37.42	(20.1)	35.3
Statutory earnings per share						
– Basic	(cents)	33.08	40.00	60.75	(17.3)	(34.2)
– Diluted	(cents)	33.08	40.00	36.11	(17.3)	10.8
Statutory headline earnings per share						
– Basic	(cents)	38.43	47.83	48.15	(19.7)	(0.7)
– Diluted	(cents)	38.43	47.83	28.62	(19.7)	67.1
Dividends paid per ordinary share	(cents)	20.00	18.00	15.00		
Share price as at 30 June	(Rand)	5.60	4.45	3.90	25.8	14.1
Group membership		1 396 329	1 417 970	1 405 233		
Open schemes		366 998	368 411	368 832		
Closed schemes		111 328	112 990	119 854		
GEMS		665 303	683 712	673 966		
SADEC and other		252 700	252 857	242 581		



CONSOLIDATED PROFIT STATEMENT

	2015 R'000	2014 R'000	2013 R'000	% change 2015/2014	% change 2014/2013
Revenue	2 098 312	1 958 260	1 770 330	7.2	10.6
Operating costs	(1 726 240)	(1 601 903)	(1 436 673)		
Operating profit	372 072	356 357	333 657	4.4	6.8
Other income	–	–	2 307		
Net finance income	18 802	17 699	8 168		
Share of associate profits/(losses)	19 037	4 343	(21 477)		
Profit before impairment and amortisation	409 911	378 400	322 655	8.3	17.3
(Impairment)/reversal of impairment	(36 697)	3 720	7 253		
Fair value gain of investment	–	–	5 252		
Impairment of intangible asset	–	(40 620)	–		
Share-based payment expense	(9 395)	(10 765)	(39 868)		
Profit on sale of investment	–	–	51 014		
Depreciation	(35 727)	(40 475)	(37 251)		
Amortisation of intangible assets	(48 734)	(43 907)	(40 098)		
Profit before income tax	279 358	246 353	268 957	13.4	(8.4)

NORMALISED INCOME STATEMENT

	2015 R'000	2014 R'000	2013 R'000	% change 2015/2014	% change 2014/2013
Cash profits from core operations	409 911	378 900	322 655	8.3	17.3
Depreciation	(35 727)	(40 475)	(37 251)		
Amortisation of intangible assets	(48 734)	(43 907)	(40 098)		
Net profit before tax from core operations	325 450	294 018	245 306	10.7	19.9
Normalised effective tax charge (at 28%)	91 126	82 325	68 686		
Net profit after tax from core operations	239 324	211 693	176 620	10.7	19.9

Notes

1. The impairment of Jasco Electronics Holdings Limited for the 2015 year represents a once-off impairment which is not in the normal course of business.
2. The impairment of intangible asset for the 2014 year represents a once-off impairment which is not in the normal course of business.
3. The significant losses from Jasco for the 2013 year represents a once-off investment impairment which is not in the normal course of business.

THREE-YEAR SUMMARISED AUDITED FINANCIAL RESULTS continued

for the years ended 30 June

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	2015 R'000	2014 R'000	2013 R'000	% change 2015/2014	% change 2014/2013
Cash generated from operations	396 996	321 044	340 413		
Net finance income	18 802	17 699	8 168		
Distribution to shareholders	(145 445)	(84 501)	(33 196)		
Tax and other payments	(92 958)	(85 557)	(88 305)		
Net cash inflow in operating activities	177 395	168 685	227 080		
Net cash outflow from investing activities	(137 061)	(62 940)	(114 459)		
Net cash inflow from financing activities	(96 599)	(76 590)	3 780		
Effect of foreign exchange benefit	867	83	1 900		
Net increase in cash and cash equivalents	(55 398)	29 238	118 301		
Cash and cash equivalents at the beginning of the period	389 449	360 211	241 910		
Cash and cash equivalents at the end of the period	334 051	389 449	360 211	(14.2)	8.1

As capital expenditure is fairly low in this industry a high value is attached to the cash-generating abilities of the Group, which is clearly above market averages compared to other industries.

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS	2015 R'000	2014 R'000	2013 R'000	% change 2015/2014	% change 2014/2013
Number of ordinary shares in issue	467 855 101	467 855 101	270 010 639		
Number of preference shares in issue	–	–	16 638 000		
Weighted average number of ordinary shares	467 855 101	384 574 258	269 256 170		
Weighted average number of shares for diluted EPS	467 855 101	384 574 258	452 953 162		
Basic earnings	154 785	153 823	163 570		
Adjusted by:	36 883	37 135	(33 933)		
– Impairment of intangible assets	–	40 620	–		
– Adjustment of impairments recognised by associate	–	–	30 030		
– Fair value gain on investment	–	–	(5 252)		
– Reversal of impairment	36 697	(3 720)	(7 253)		
– Loss/(profit) on disposal of tangible assets	186	235	(440)		
– Loss/(profit) on disposal of assets	–	–	(51 014)		
– Fair value adjustments (other)	–	–	(4)		
Total tax effects of adjustments	(10 327)	(4 906)	–		
Total non-controlling interest effects of adjustments	(1 567)	(2 107)	–		
Headline earnings	179 774	183 945	129 637	(2.3)	41.9
Earnings per share					
– Attributable to ordinary shares (cents)	33.08	40.00	60.75	(17.3)	(34.2)
– Diluted earnings per share (cents)	33.08	40.00	36.11	(17.3)	10.8
Headline earnings per share					
– Attributable to ordinary shares (cents)	38.43	47.83	48.15	(19.7)	(0.7)
– Diluted earnings per share (cents)	38.43	47.83	28.62	(19.7)	67.1
Cash earnings per share					
– Attributable to ordinary shares (cents)	84.85	83.48	126.43	1.6	(34.0)
– Diluted earnings per share (cents)	84.85	83.48	75.15	1.6	11.1

	2015 R'000	2014 R'000	2013 R'000	% change 2015/2014	% change 2014/2013
Normalised earnings					
Basic earnings	154 785	153 823	163 570		
IFRS 2 add-back	9 395	10 765	39 868		
Normalised tax adjustment in 2012 (at 28%)					
Normalised basic earnings	164 180	164 588	203 438		
Adjusted by:					
– Impairment of intangible assets	–	40 620	–		
– Adjustment of impairments recognised by associate	–	–	30 030		
– Fair value gain on investment	–	–	(5 252)		
– Impairment/(reversal) of impairment	36 697	(3 720)	(7 253)		
– Loss/(profit) on disposal of assets	186	235	(440)		
– Loss/(profit) on disposal of assets	–	–	(51 014)		
– Fair value adjustments (other)	–	–	(4)		
– Total tax effects of adjustments	(10 327)	(4 906)	–		
– Total non-controlling interest effects of adjustments	(1 567)	(2 107)	–		
Normalised headline earnings	189 169	194 710	169 505	(2.9)	14.9
Weighted average number of ordinary shares	467 855 101	384 574 258	269 256 170	21.6	42.8
Weighted average number of shares for diluted EPS	467 855 101	384 574 258	452 953 162	21.6	(15.1)
Normalised headline earnings per share					
Attributable to ordinary shares (cents)	49.19	72.31	62.95		
Actual (cents)	40.43	50.63			
Dilutionary effect of additional shares (cents)	8.76	21.68			
Growth per annum (%)	(32)	15			
Diluted earnings per share (cents)	49.19	42.99	37.42		
Actual (cents)	40.43	50.63			
15% dilutionary effect of shares due to weighted periods used (cents)	8.76	(7.64)			
Growth per annum (%)	14	15			



OPERATIONS REVIEW

- 38 Administration and managed care
- 42 Information technology
- 44 Africa

ADMINISTRATION AND MANAGED CARE

MEDSCHEME SOUTH AFRICA

Medscheme has continued to demonstrate industry thought leadership and innovation, gaining international recognition for the development and implementation of a health management model that identifies and then manages a defined population in terms of health risk that transcends the traditional approach of managing individual medical conditions which has proven far less effective. Medscheme's considerable infrastructure and core competencies in administration and managed care services place it in a favourable position to pursue diversification opportunities for the Group. The Sanlam transaction holds many benefits for Medscheme and its clients. Unlocking value will be the key focus going forward.

ACHIEVEMENTS

Medscheme built on its achievement of being the inaugural winner of the Starfield award from the Johns Hopkins University's School of Public Health in 2014. Medscheme continued to be recognised for its groundbreaking work in developing predictive profiling methodologies to proactively identify those that will present with high and emerging health risk:

- Accenture Innovation Index Top Concept Awards in 2015 for work conducted to identify medical scheme beneficiaries with "emerging" health risk.
- Keynote speaker at the Johns Hopkins Adjusted Clinical Groups Case-Mix System ("ACG") Symposium in 2014 and 2015. Best healthcare paper presented at the 30th International Congress of Actuaries on "Insurability and Survival of Lives Living with HIV and Other Chronic Disease (with Munich Re and UCT).

Independent surveys have also recognised Medscheme's exceptional service:

- Medscheme dominated the 2014 PMR Awards with 14 awards, underlining our position as the country's foremost managed care provider.
- Medscheme administered schemes have ranked favourably in the top five positions on the Hellopeter website league tables for customer metrics on conversion of complaints to compliments (compliments ratio and complaints ratio).

REVIEW OF THE YEAR

Cost efficiencies

A key focus has been on creating internal operational efficiencies to manage the cost base. Projects which resulted in meaningful efficiencies included:

- Digital communications solutions such as Live Chat and mobile apps as well as utilisation of mobi-statements during the postal strike which resulted in considerable postal-related savings.
- Process management improvements including a review of hospital events with amended authorisations which resulted in a more streamlined process; standardisation of efficiency measurements across call centres and the introduction of a Medscheme standard that entitles switches to contract directly ensuring both quality claims transaction data and thereby reducing work.
- The level of many managed care interventions have been simplified and refined by the identification of points of meaningful intervention. Healthcare professionals have responded encouragingly to these reductions in administration burden and the refined interventions can now be used to drive greater accountability for monitoring and managing high risk and emerging risk patients being treated by the healthcare professional.

Population health management

Medscheme has evolved its managed care approach with the adoption of a progressive strategy based on an integrated population health management ("PHM") approach with the aim of achieving positive quality healthcare outcomes and at the same time ensuring a saving on downstream healthcare costs. This approach includes:

- population-based disease management in collaboration with healthcare professionals and beneficiaries;
- strategic purchasing of healthcare service; and
- contractual arrangements with family practitioners that prioritises care co-ordination.

The components of the PHM strategy are as follows:

- beneficiary and employee activation, to take personal responsibility for their health;



- partnerships between funders and providers of care recognising:
 - the co-ordination and leadership role of primary care practitioners; and
 - the importance of value-based contracting (strategic purchasing) of healthcare services;
- capacity expansion of care co-ordination initiatives by integrating disease and case management with network contract management and individual wellness interventions; and
- empowerment of employer groups to influence determinants of health within the workplace and community.

The point of departure for PHM is predictive modelling and Medscheme has developed robust methodologies and appropriate interventions. These focused and integrated interventions are explained by the illustration of the scheme beneficiary/employee population, based on morbidity risk, with the interventions and enabling technology, including the electronic health record ("EHR") used at each level.

The Medscheme holistic and integrated PHM solution provides:

- Personal wellness activism for all beneficiaries and employees. Customised interventions provide focus on the specific health and wellness needs of the different population groups, utilising innovative technology solutions, i.e. a scheme-branded personal health record and health portal.
- Employer participation is made possible through data integration, taking the Protection of Personal Information ("PoPI") legislation into account. The employer wellness product supports integration of holistic health and wellness interventions.
- Strategic provider relations include strategic purchasing and contractual arrangements to ensure that the practitioner co-ordinates care, supported by scheme-

branded medical health records integrated with the providers' existing practice management software.

- Managed care capacity to not only co-ordinate and integrate the above, but also integrate these with benefit risk management programmes that subscribe to the principles of exception management and member-centricity.
- Fraud, waste and abuse management is an important component.
- Dedicated actuarial, business (health) intelligence and clinical capacity that provides strategic support.

Research and development

Medscheme has significantly increased its investment in research and development in recent years to continue responding proactively to trends in the medical schemes industry:

- the **analytic capability** that has expanded with the addition of more than 25 skilled actuarial, statistical and technical resources, bringing the complement of specialists to approximately 70;
- investment in **advanced analytic technology** such as the Johns Hopkins Adjusted Clinical Grouper, FICO advanced provider and member fraud detection capability software, additional investment into SAS predictive analytics and Business Objects reporting tools;
- the **provider relations/strategic purchasing/provider strategy department** was increased from 16 to 29 people, comprising 17 senior professionals, to meet the needs for research into and development of new healthcare delivery models; and
- the **development of an electronic health record** has enhanced Medscheme's ability to research best practice and innovative solutions to improve managed care. Medscheme sourced a global team of experienced developers from four countries to ensure rapid execution of the system which went live in April 2015.

ADMINISTRATION AND MANAGED CARE continued

STRATEGIC OBJECTIVE	STRATEGY INTENT STATEMENT	PROGRESS TO DATE	FUTURE ACTIVITY
Growth	Achieve revenue growth in excess of CPI	<ul style="list-style-type: none"> Participated in several tenders representing material revenue growth opportunities Established dedicated business development and market intelligence capability with specific targets Secured FSP licence to actively sell medical scheme products Schemes engaged Sanlam to offer loyalty and integrated financial service products to compete more fiercely in open and closed scheme market Secured South African Police Service Medical Scheme (Polmed) administration and managed care contract effective January 2016 Secured South African Municipal Workers' Union National Medical Scheme (SAMWUMED) managed care contract effective August 2015 	<ul style="list-style-type: none"> Build on business development capability and drive activities to conclude deals Re-establish and strengthen relationships with corporate brokers Support open scheme growth strategies Leverage Sanlam transaction to offer clients competitive integrated product set to attract growth
Diversification	Achieve diversification through new products to existing clients and new products to new clients	<ul style="list-style-type: none"> Roll-out of document-based care ("DBC") back and neck rehabilitation programme to existing and new clients Renewal and expansion of Road Accident Fund ("RAF") contract FICO contract entered into with Bonitas 	<ul style="list-style-type: none"> Increase penetration of new product offerings (e.g. electronic health record, personal health record) to existing and new clients. Grow DBC clinic network to increase geographic coverage and volumes Promote FICO to existing and new clients Leverage existing infrastructure to secure identified diversification opportunities
Profitability	Maintain the current margin using increased productivity/efficiency to reinvest in capacity building	<ul style="list-style-type: none"> Various process efficiency projects have been successfully implemented using LEAN principles Use of technology to automate processes has been successfully employed, such as web-based preauthorisation, member self-help functionality on apps and the Internet 	<ul style="list-style-type: none"> Actively participate in the Fusion IT project to ensure that efficiency opportunities are identified and built into the new system Consider structural changes for greater economies of scale Continue to employ LEAN principles to explore further efficiencies in processes

STRATEGIC OBJECTIVE	STRATEGY INTENT STATEMENT	PROGRESS TO DATE	FUTURE ACTIVITY
Thought leadership	To position Medscheme as the thought leader in our sector	<ul style="list-style-type: none"> • Research conducted and presented to clients which demonstrate clear thought leadership particularly in the area of managed care • Presentations made in many industry forums, including the BHF and actuarial conferences • Significant support provided to the Competition Commission's health inquiry 	<ul style="list-style-type: none"> • Collaboration ties with Johns Hopkins University in the USA to be strengthened • Ongoing research in the Health Intelligence unit, enhancing the actuarial, clinical and business intelligence capabilities • Ongoing engagements with industry forums and regulators, supported by robust analyses and research. Further support to be provided to the Competition Commission's health inquiry • Enhancing technical marketing expertise to support growth initiatives
Innovation	To be an organisation which proactively pursues and implements innovative technologies, products and risk management solutions as a competitive advantage and to actively market our competencies	<ul style="list-style-type: none"> • A formal structure to pursue innovation established within business development area and senior Executives tasked to drive the cultural shift within the organisation • Various innovative technology solutions developed 	<ul style="list-style-type: none"> • Leverage innovations through Sanlam and WAD transactions. Actively work through the business development structure to pursue new innovative concepts that will position the organisation positively in this area • Leverage our managed care competencies to continue to innovate in the risk management area
Client-centricity	Develop products, processes, technologies and an organisational culture which supports a personalised experience for members and a superior experience for schemes, corporates, brokers, employees and other identified clients	<ul style="list-style-type: none"> • "Voice of the Customer", "Voice of the Employee" and other feedback activities have been increased and encouraging results have been received • New technologies such as "Live Chat", apps, web portals, PHR have been implemented • Client-centricity entrenched as a key performance measurement criteria at all levels within the organisation with linked remuneration scores 	<ul style="list-style-type: none"> • Implementation of broader client engagement strategy • Promotion of the use of implemented self-help technologies to a wider group of members • Further enhance business processes to improve client experience
Relationship management	Maintain and build brand awareness and loyalty by developing executive relationships with existing and new clients, the regulator and other key stakeholders	<ul style="list-style-type: none"> • Implemented robust fund management and clinical fund management infrastructure • Ongoing executive engagements with key stakeholders • Development of a documented retention plan for all key clients 	<ul style="list-style-type: none"> • Continue to provide strategic insight and support to clients to maintain position as their trusted business partner

INFORMATION TECHNOLOGY

HELIOS IT SOLUTIONS

Helios IT Solutions ("Helios") provides information communications technology ("ICT") solutions and services to strategic partners in the healthcare industry, including Medscheme and its partner medical schemes, in the areas of administration and managed care. The Company also licenses its systems to national and international partners to pursue a diversified revenue model.

ACHIEVEMENTS

Helios continued to grow its business by securing licence clients. Helios was awarded the managed care contract for SAMWUMED where implementation is being finalised.

REVIEW OF THE YEAR

Supporting the AfroCentric growth directive, Helios continues to provide and support innovative cost-effective solutions to its customer base in Africa. These include its Nexus stand-alone solution to CIMAS (Zimbabwe). Other Africa-based customers serviced by Helios include National Health Plan (Namibia) and Swazimed.

Helios has secured the exclusive reseller licence of a fraud, waste and abuse detection system, Insurance Fraud Manager, from US-based FICO for the South African healthcare industry. Helios has also partnered with AfroCentric's forensic services to offer customers an end-to-end solution. Helios has entered into a five-year partnership with a global software vendor, Atlantis Computing, to provide both software and support services across the South African market. The first SA deployment is within Helios. Atlantis software manages diverse IT infrastructure components and deploys software applications across that infrastructure to increase its efficient use.

Over the year in review, Helios achieved an average system uptime of 99.6% across all its systems. To manage system change effectively and efficiently a new service management tool was implemented, allowing seamless end-to-end administration of change requests. Cost efficiencies have been gained across infrastructure and network domains, via consolidation, resulting in cost reductions in Internet access and hosting fees.

As part of the Helios product evolution, the Fusion programme continues to gain momentum. Fusion involves a redesign and re-architecture of the main IT system, Nexus, including the optimisation of all business processes and is expected to yield considerable cost efficiencies for the Group. During the period the overall governance forums and processes have been established to manage the transformation programme. The First Phase of the Fusion project is expected to be completed by the end of 2017 and will be a key focus for Helios.

A continued drive within Helios is to comply with regulatory frameworks, especially the security of information. A major system enhancement enabling full International Standard on Assurance Engagements ("ISAE") 3402 compliance was completed across all systems for all local schemes.

As part of the product enhancements performed throughout the year Helios has delivered 34 project enhancements based on customer-driven requirements. In addition, Helios has completed two full disaster recovery ("DR") tests in the last 12 months to reassure customers that systems and applications are fault tolerant and processes are in place to manage their expectations and end user experience.



STRATEGIES	ACTIVITIES IN 2015	STRATEGIC OBJECTIVES FOR 2016
Create innovative solutions	<ul style="list-style-type: none"> Partnered with FICO, a global fraud and waste management system provider, to enhance Nexus product Design and test application programming interfaces ("APIs") to facilitate easier integration of Fusion and third-party systems to complement Helios' product 	<ul style="list-style-type: none"> Leverage FICO solution to expand the capability to other licence clients and Medscheme customers Roll out integration platform as a key enabler for Helios' digital strategy and Fusion
Deliver 100% uptime of critical systems	<ul style="list-style-type: none"> Upgrade infrastructure that is end of life or support Start to consolidate physical infrastructure into cloud environment 	<ul style="list-style-type: none"> Reduce probability of incidents and improve overall performance Progress with consolidation to reduce total cost of ownership as well as maintenance and support fees
Compliance to relevant practice, IT governance and controls frameworks	<ul style="list-style-type: none"> Develop solutions and mitigation mechanisms for all audit findings Implementation of a security information and event management solution to assist with compliance to the PoPI Act. Design an automated system audit trail to ensure full view of technical transactions Implement intrusion detection system to enhance reactive network and application security Implement disaster recovery plan and tests for all systems 	<ul style="list-style-type: none"> Implement mitigation processes to reduce repeat findings and ensure improved level of compliance to regulatory frameworks Obtain certification for PoPI compliance Mine the audit log data on a regular basis to proactively strengthen the system against attacks, as well as find any security gaps Use systems to become proactive in cyber security Redesign architecture based on lessons learned from DR tests
Drive customer-centricity	<ul style="list-style-type: none"> Roll out VoC surveys to collect customer feedback 	<ul style="list-style-type: none"> Leverage data collected by VoC to provide deeper insights into customer experience management
Pursue sustainable revenue growth	<ul style="list-style-type: none"> Continue to license Nexus as part of the Helios product catalogue Resell vendor solution already in use by Helios (these include Atlantis and desktop support services) 	<ul style="list-style-type: none"> Participate in tenders for closed and open schemes Foster business partnerships with suppliers to offer IT services cross-markets

AFRICA

AFROCENTRIC HEALTH SOLUTIONS

AfroCentric Health Solutions ("AHS") manages the Group's operations in the Southern African Development Community ("SADC") outside of South Africa and leads growth initiatives into the continent. AHS operates in:

- Namibia as Medscheme Namibia (Proprietary) Limited with a 74% shareholding;
- Zimbabwe as Medscheme Zimbabwe Private Limited, trading as Sovereign Health with a 51% shareholding; and
- Swaziland as Medscheme Administrators Swaziland (Proprietary) Limited with a 100% shareholding.

Minority interests include a 24% stake in Associate Fund Administrators (Botswana) (Proprietary) Limited and a 3% stake in AAR Insurance Holdings (Kenya) (largest health insurer in Kenya).

ACHIEVEMENTS

- Swazimed Medical Scheme, administered by Medscheme Swaziland, won the PMR Award for Best Medical Scheme in Swaziland based on product and pricing, customer care and social responsibility.
- Medscheme Namibia-administered fund, Namibia Health Plan, won a PMR Award for Best Customer Care for the fourth consecutive year.
- A major client of Medscheme Namibia grew members by 11% between July 2014 and June 2015. Breaking through the 25 000 membership ceiling this year, the fund achieved this milestone initially budgeted for 2016.
- AHS secured a contract extension with a key player in the Zimbabwean funding market. The fund is the third largest and has the fastest-growing membership in Zimbabwe.



STRATEGIES	ACTIVITIES IN 2015	STRATEGIC OBJECTIVES FOR 2016
Sustain current revenue streams	<ul style="list-style-type: none"> • Introduced localised hospital case management programme in Swaziland • Localised the Aid for Aids claims management in Swaziland in line with the commitment to transfer skills and empower the local team • Introduced beneficiary risk management in Namibia and expect preliminary outcomes early in 2017 	<ul style="list-style-type: none"> • Introduce centralised clinical fund management services for administered clients • Implement alternative reimbursement models and smart purchasing of services • Package and roll out financial services into funds under administration • Drive fund mergers to build capacity for efficiencies and critical mass for buying power • Package AfroCentric Health services to offer integrated products clients (switching solutions, chronic medicine management and chronic medicine distribution, and back pain management solutions)
Revenue diversification in current countries of operation	<ul style="list-style-type: none"> • Presented administration system solution to a large player in Botswana • Proposed a business process outsourcing solution to a major bank in Swaziland • Presented a closed scheme solution for the Armed Forces in Swaziland • Tendered for the Motor Vehicle Fund Administration management contract in Namibia • Tendered for the NamDep Fund Administration in Namibia 	<ul style="list-style-type: none"> • Spearhead vertical integration of health services in Zimbabwe, Namibia and Swaziland • Provide motor vehicle accident claims management solutions in the SADC region • Pursue partnerships with South African health service providers to offer integrated products and services to clients in the SADC region, West and East Africa
New revenue streams in new territories	<ul style="list-style-type: none"> • Acquired equity stake in AAR Insurance, a major East African regional insurer • Awarded the State-funded Teachers Health Fund through AfroCentric Health Solutions – Kenya • Finalising the acquisition of a major player in Zimbabwe • Initiated negotiations to acquire a stake in a major insurer in Ghana to gain entry into the country's health insurance market 	<ul style="list-style-type: none"> • Pursue partnerships with established local insurers to establish hubs to offer services and products in East and West Africa • Develop system suitable for health insurance administration in East and West Africa



GOVERNANCE

- 48 Corporate governance report
- 56 Remuneration report
- 58 Social and Ethics Committee report

CORPORATE GOVERNANCE REPORT

GOVERNANCE PHILOSOPHY AND APPROACH

The AfroCentric Group ("AfroCentric" or "the Group") is committed to sound and robust corporate governance standards and practices, compliance with legislation, regulation and governance principles, recognising the correlation between sound corporate governance and long-term sustainable performance. We believe that corporate governance is an integral element in improving efficiency and growth as well as enhancing investor development.

We also recognise that strategy, performance, sustainability and risk are inseparable. While carrying out the activities of

the Company, we are committed at all levels to the highest standards of governance while embedding a culture that values and rewards ethical standards and integrity as well as respect for others.

Management strives to create a culture of good governance across the business, based on the values of responsibility, accountability, integrity, ethics and respect. The philosophy that corporate governance is built on an ethical and value-based foundation permeates through all business activities and enables the business to achieve its objectives.

The following diagram presents a holistic view of our governance structures and processes:

SHAREHOLDERS AND STAKEHOLDERS

AFROCENTRIC BOARD OF DIRECTORS

Adds value through strategic leadership, guidance and ultimate oversight in ensuring a sustainable business that is accountable to shareholders and responsible to other stakeholders.

The Board manages corporate governance and the execution thereof through the various Committees.

These Committees monitor the proper operation of the structures and systems of the Company and report to the Board.



In assisting the Board in discharging its responsibilities, the Committees provide comprehensive reporting and recommendations, ensuring transparency and full disclosure. This also provides the Board with internal and external indicators that allow it to formulate relevant strategy and mitigate risk. (Please refer to pages 53 and 54 which sets out the specific Committees that have been delegated to an AHL level).

APPLICATION OF KING III PRINCIPLES

The Directors confirm that the Group has in all material respects applied the recommendations of the King Code of Governance Principles ("King III") during the year under review. As previously reported, where compliance with the recommendations is not being met the Directors adhered to the "apply or explain" principle on which the King code is based. Remedial action for non-application is being addressed and continuous improvement plans will ensure that the Group strives towards full compliance of the King III principles.

- Principle 2.16 states that the Board should elect a Chairman/Chairperson who is an independent Non-executive Director. The Board Chairperson is a Non-executive Director who is not independent. Despite this classification the Chairperson applies independence of mind in all matters under discussion. A lead independent Non-executive Director, Mr Garth Napier, serves on the Board in line with King III principle 2.16.3.
- Principle 2.18 recommends that the Board should comprise a majority of Non-executive Directors and that the majority of Non-executive Directors should be independent. In line with the recommendation of King III, AfroCentric has a unitary Board structure with two Executive Directors and eight Non-executive Directors, of which three were classified as independent as at year-end.

In assessing the independence of the Directors an independent legal opinion was received in July 2015 by which Messrs Motty Sacks and Meyer Kahn are now classified as independent Non-executive Directors. The Board Charter and Memorandum of Incorporation ensure that proper voting principles and processes are employed to enable a balance of power.

- Principle 9.3 states that sustainability reporting should be independently assured. Management has elected not to seek assurance on the Integrated Annual Report at this stage. This may be considered in subsequent years.

A schedule detailing the Group's application of each King III principle, as required in terms of the JSE Listings Requirements, is available on the Group's website.

COMPANY SECRETARY

The Board selects and appoints the Group Company Secretary and recognises this person's pivotal role in entrenching good corporate governance. All Directors have access to the advice and services of the Group Company Secretary. The Board has an established procedure for Directors to obtain independent professional advice at the Group's cost. The Group Company Secretary assists Directors, Board Committees and their members in obtaining professional advice.

Mr Wilbert Mhlanga resigned as Group Company Secretary on 31 January 2015. Ms Shireen Lutchan was appointed as the Group Company Secretary with effect from 1 March 2015.

The Company Secretary provides dedicated support to the Board, in particular the Non-executive Directors and is a point of reference and support for all Directors. The Company Secretary consults regularly with the Directors to ensure that they receive any necessary information. With the Board Chairperson, the Company Secretary will regularly review the Board's and Company's governance processes with a view to ensuring they are fit for purpose and recommend or develop initiatives to strengthen the governance of the Company.

As stipulated by the Listings Requirements, a detailed assessment was conducted by the Board Chairperson, who is satisfied with the competence, qualifications and experience of the Company Secretary. Ms Shireen Lutchan does not serve as a Director of the Board and the assessment confirmed her arm's length relationship.

BOARD OF DIRECTORS Functioning of the Board

The Directors aim to blend growth and efficiency with governance and ethics. The Board of Directors, guided by the mission statement, formulates strategies and policies which focus on optimising value for stakeholders, including consumers, shareholders and the society at large.

The Board exercises leadership and judgement in directing the Group to achieve sustainable growth and to act in the best interests of the business and its stakeholders. The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's businesses, it therefore determines the strategic objectives and policies of the Group to deliver such long-term value. In providing overall strategic direction, the Board ensures that management strikes an appropriate balance between promoting long-term growth and delivering short-term objective.

In the Board demonstrating ethical leadership and promoting the Company's vision, values, purpose, culture and behaviour, Directors act in a way they consider in good faith to promote the success of the Company for the benefit of the shareholders as a whole.

Formal terms of reference/Charter define the roles and responsibilities of the Board. The Board adheres to the fiduciary duties and duty of skill and care codified in the Companies Act. This is reflected in the conflicts of interest policy, which also applies to Directors. Declarations of interest are confirmed at each Board and Committee meeting and are recorded in the minutes.

CORPORATE GOVERNANCE REPORT

continued

Board meetings

The Board had four scheduled meetings during the year under review in addition to the Annual General Meeting ("AGM"). Special Board meetings are held as the need arises. Non-executive Directors have unfettered access to senior Executives in seeking explanation and clarification on matters prior to or following a Board meeting. This facilitates the Board's discussions and assist in reaching prompt and informed decisions.

Operational responsibility for the Group's subsidiary companies has been delegated to the individual Boards which are accountable to the main Board for the ongoing management of the businesses. Operational reports are presented to the Board, prompting interactive engagements at meetings.

Board composition

AfroCentric has a unitary Board structure with two Executive Directors (CEO and CFO) and eight Non-executive Directors. Three of the Non-executive Directors were classified as being independent as at the financial year-end.

Subsequent to the year under review the following changes were made to the Board, which are effective from 1 August 2015:

- Mr Wallace Holmes retired as an Executive Director and Group Chief Financial Officer.
- Mr Hannes Boonzaaier was appointed as an Executive Director and Group Chief Financial Officer.
- Mr Willem Britz was appointed as an Executive Director.

All Directors exercise independent judgement at Board level, which is in the interests of the Company and its stakeholders, which was also reaffirmed during the Board assessment process. The Non-executive Directors bring with them the rich experience, knowledge and practices followed in other companies resulting in imbibing the best practices in the industry.

As stated earlier, in assessing the status of the Directors, an independent legal opinion was received in July 2015. Messrs Motty Sacks and Meyer Kahn are now classified as independent Non-executive Directors.

The roles of the Board Chairperson, Dr Anna Mokgokong and the Chief Executive Officer ("CEO"), Mr Dewald Dempers, are separate and clearly defined. The Board Charter details the division of responsibilities between the Chairperson and the CEO. This helps to ensure a balance of power and authority to guarantee that no Director has unfettered powers.

As the Board Chairperson is not classified as independent, the Board has a lead independent Non-executive Director,

Mr Garth Napier. The lead independent Director serves as a liaison among Board members to ensure open and transparent Board relations.

Appointment and retirement of Directors

One-third of the Directors are required to retire by rotation at the AGM of shareholders and may offer themselves for re-election. Being eligible for re-election, Directors offer themselves for reappointment by the Board. Directors appointed during the year are required to have their appointments ratified at the following AGM. Consequently, Dr Brigalia Bam, Mr Meyer Kahn and Mr Motty Sacks will retire by rotation and offer themselves for reappointment.

Executive Directors have no fixed term of appointment and there is no prescribed retirement age for these Directors. Executive Directors retire in line with the Company's internal employment policies.

Board diversity

The Board believes in diversity and 50% of the Directors are from previously disadvantaged groups and 30% are female. The Chairperson is a black female. Gender and racial diversity are key factors in appointing Directors. AfroCentric recognises that a diverse Board is able to make decisions more effectively by reducing the risk of "groupthink", paying more attention to managing and controlling risks, as well as having a better understanding of the Company's customers.

Board evaluation

Board, Committee and individual Director evaluations are undertaken annually as recommended by King III. The Board evaluation includes an evaluation of the Board as a whole and of each Board Sub-committee, as well as of the Chairperson and each Director to review his/her ability to add value to the Board. This is done through self-assessments and peer review processes. In addition to the foregoing, the Remuneration Committee facilitates the evaluation of executive management.

The performance review of the Board conducted in the year under review indicated that the Board has sound corporate governance and is working well with executive management. The Board is well informed and attentive to key issues. The Board continues to focus on ensuring that the profile, skills set, diversification, qualifications and individual qualities of its Executive and Non-executive Directors serve the current and future needs of the business and the ever-changing environment in which it operates.

DIRECTORS' REMUNERATION

Non-executive Directors receive a fee for membership on the Board as well as that of Sub-committees on which they serve. The fee structure is based on an all-inclusive retainer structure.

Fees are determined by the Remuneration Committee and approved by the shareholders at the AGM. The remuneration of Executive Directors is determined by the Remuneration Committee in accordance with the Company's policy. Further information on Directors' remuneration appears on pages 56 and 57.

Board Committees

The Board has established and delegated specific roles and responsibilities to Sub-committees. Each Committee's roles, responsibilities and membership are in accordance with their terms of reference/Charter approved by the Board. The Directors have delegated specific responsibilities to Committees to assist the Boards of AfroCentric Investment Corporation Limited and the majority subsidiary, AfroCentric Health Limited, in meeting their oversight responsibilities. The delegation of authority does not absolve the Board and its Directors of their fiduciary duties and responsibilities. The Directors confirm that the Committees have functioned within their written Charters during the financial year.

AFROCENTRIC INVESTMENT CORPORATION LIMITED			AFROCENTRIC HEALTH LIMITED		
Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee	Combined Social and Ethics Committee	Risk Committee	Transformation Committee

As illustrated above, the combined Social and Ethics Committee operates at a company ("ACT") and at the AfroCentric Health Limited ("AHL") subsidiary levels. The Company has a 94.1% shareholding in the subsidiary company. The Risk and Transformation Committees do not operate at the company level. The Board relies on the Sub-committees of AHL and entrusts them to function and operate as intended whilst updating the Board as to any material matters.

Audit and Risk Committee

The Committee consists of two independent Non-executive Directors and one Non-executive Director, with Executive Directors as standing invitees to the Committee meetings. The Company is in the process of restructuring the constitution of this Committee in order to fully comply with the legislative and governance requirements. The Non-executive Director applies independence of mind to all matters. The Chairperson of the Board is not the Chairperson of the Audit and Risk Committee. The internal and external auditors have unrestricted access to the Chairperson of the Audit and Risk Committee. The full report of the Audit and Risk Committee is outlined on page 3 of the 2015 Annual Financial Statements.

Four meetings were held in the year under review.

Apart from the statutory duties of the Audit and Risk Committee as set out in the Companies Act and the provisions of the JSE Listings Requirements and King III principles, the duties of the Committee incorporated in the terms of reference/Charter also include the following:

- Examine and review the Group's financial statements and report on interim and final results, the accompanying message to stakeholders and any other announcements on the Company's results or other financial information to be made public.
- Oversee co-operation between internal and external auditors, and serve as a link between the Board and these functions.

- Oversee the external audit function.
- Approve the internal audit plan and qualifications of the internal auditors.
- Evaluate the qualification and independence of the external auditor.
- Approve external audit fees.
- Ensure effective internal financial controls are in place.
- Review the integrity of financial risk control systems and policies.
- During the year under review the Committee satisfied itself that the Finance Director possesses the appropriate level of expertise and experience to fulfil his responsibilities as Group Chief Financial Officer to the Board and the Company.

Both the Committee and the Board are satisfied that there is adequate segregation between the external and internal audit functions, and that the independence of the internal and external auditors is not in any way impaired or compromised.

Remuneration and Nominations Committee

The Committee is established to ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior Executives while complying with regulatory and governance principles. It has oversight regarding new Board appointments.

In terms of the King III requirements, the composition of the Committee is required to comprise a majority of independent Non-executive Directors. As at the position 30 June 2015, the Group did not comply with these requirements however subsequently this changed where a majority of the members are regarded as independent.

CORPORATE GOVERNANCE REPORT continued

Although this is a combined Committee, a process is in place to ensure the responsibilities for the nomination element are carried out. The Board Chairperson attends and chairs the meeting when discussing nomination matters. One meeting was held in the year under review.

The Committee has access to independent surveys and consultants. The Chairman reports to the main Board on the activities and recommendations made by the Committee. All minutes of the Committee are tabled at the Board meetings for noting. The duties and responsibilities as contained in the Charter include:

Remuneration

- Agree and develop the Company's general policy on executive and senior management and staff remuneration. This general policy will be advised to shareholders in order for such shareholders to pass a non-binding advisory vote on AfroCentric's annual remuneration policy.
- Determine specific remuneration packages for Executive Directors of the Company.
- Identify the criteria necessary to measure the performance of Executive Directors in discharging their functions and responsibilities.
- Review (at least annually) the terms and conditions of Executive Directors' service agreements, taking into account information from comparable companies, where relevant.

Nominations

- Formulate and adopt a clear, transparent process for the selection, nomination and appointment of Directors to the Board.
- Make recommendations to the Board on the appointment of new Executive and Non-executive Directors, including making recommendations on the composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board.
- Put in place succession plans, particularly for the Chairperson and the CEO positions.
- Liaise with the Board in relation to the preparation of the Committee's report to shareholders, as required.

Investment Committee

During the year under review the Investment Committee comprised three Non-executive Directors. The Investment Committee meets on an ad hoc basis, as required.

During the year under review the Committee held one meeting.

The Committee oversees the approval processes for investments. These are designed to ensure alignment with

the Group's agreed strategies and values. Risks are identified and evaluated, investments are fully optimised to produce the maximum shareholder value within an acceptable risk framework and appropriate risk management strategies are pursued.

The duties of the Investment Committee include:

- Considering commitments, acquisitions or disposals in the Group.
- Considering initial investments in the Group.
- Considering any other investment above R5 million. Smaller investments may be tabled at the Committee.
- Performing such other investment-related functions as may be delegated by the Board from time to time.
- Considering the viability of the capital project and/or acquisition and/or disposal and the effect it may have on the Group's cash flow, as well as whether it will align with the Group's overall strategy.
- Ensuring that due diligence procedures are followed when acquiring or disposing of assets.

Combined Social and Ethics Committee

The Social and Ethics Committee is constituted as a statutory committee for purposes as contained in Section 72 of the Companies Act. The Committee is governed by a Charter and monitors Group performance in terms of defined social and ethics performance indicators that have been formulated with reference to Regulation 43(5) of the Companies Act. This is further supported by a detailed work plan which guides the Committee on its mandate and responsibilities.

The Committee comprises of four independent Non-executive Directors. The Chairman of the Committee provides a report to the Board on its initiatives and mandate.

Two meetings were held in the year under review.

In response to the requirements of the Companies Act, the performance in the following areas was reviewed:

- Group policies (ethics, whistle-blowing, anti-corruption and procurement)
- Employment equity
- Socio-economic development
- Environmental impact
- B-BBEE

The Committee confirms that no material issues were identified during this review.

Board and Committee attendance

The table below illustrates the Directors' attendance at meetings for the year ended 30 June 2015.

Committee members' attendance	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee	Social and Ethics Committee
Number of meetings held	4	4	1	1	2
Chairperson					
ATM Mokgokong	4 [#]				
Deputy Chairman					
MJ Mandungandaba	4		1 [#]	1 [#]	
Independent Non-executive Directors					
Y Masithela	2	4 [#]			2
GL Napier	4	4			2 [#]
NB Bam	3				2
Non-executive Directors					
JG Appelgryn	4	4			
MI Sacks	4		1	0	
JM Kahn	4		1	1	
Executive Directors					
D Dempers	2				
WRC Holmes	4				

[#] Chair

Risk Committee

The main purpose of the Risk Committee is to assist the Board in ensuring that management has an effective risk management process that identifies and monitors the key risks facing the Group in an integrated and timely manner. Together with the Company's Risk Manager the Committee reviews any and all risks that could have a significant impact on the Company's business.

The Committee comprises two independent Non-executive Directors and one Executive Director.

The Risk Committee exists only at the AHL level as this is where the management of risks is required for the operating activities of the Group. Any significant risks identified by the AHL Risk Committee are escalated to the Audit Committee.

Four meetings were held in the year under review.

The duties of the Risk Committee are to:

- review the risk management reports with regards to the adequacy and overall effectiveness of the Company's risk management function and its implementation by

management. Review risk in its widest sense, including, but not limited to: technology risk; disaster recovery plan; operational risk; prudential risk; reputational risk; competitive risk; legal risk; compliance and control risk; concentration of risk across a portfolio's dimensions and asset valuation risk;

- review adequacy of insurance cover;
- review risk identification and measurement methodologies;
- monitor processes and procedures to deal with and review the disclosure of information to clients;
- formulate criteria for the appointment of a Risk Manager and terms of reference/Charter for the risk management functions; and
- monitor processes and procedures to deal with and review the disclosure of information to clients.

Risk management

The Group applies the "three lines of defence" governance model as its key principle of risk management. This model is designed to promote risk ownership, transparency,

CORPORATE GOVERNANCE REPORT

continued

accountability and consistency within the risk governance process through the clear identification and segregation of roles.

A staged approach is used for risk management at the operating company level. This allows time for the new practices introduced at each stage to become embedded in the business, providing a solid foundation on which to build.

A strategic risk assessment was conducted during the reporting period with the following outcomes:

- Revised risk register: The risk universe was reviewed and key risks identified and rerated.
- Risk taxonomy: A draft risk categorisation document has been defined to standardise the risk universe.
- Risk roadmap: A review of current and proposed risk management practices, including the different stages of risk management capability.

Transformation Committee

The Transformation Committee functions only at the AHL level as this is where the matters of transformation and BEE are required for the operating activities of the Group. The Committee is responsible for driving transformation and BEE compliance across the Group.

The Committee comprises ten members. Regular meetings were held in the year under review.

The duties of the Transformation Committee include:

- monitoring and reporting on performance against the B-BBEE scorecard;
- identifying any out-of-line situations, identifying the cause and agreeing on action plans to remedy the out-of-line situations;
- measuring performance against key competitors; and
- reporting on implemented initiatives, projects and their progress and whether the initiatives assist in achieving transformation objectives.

CONFLICTS OF INTERESTS

Directors are required to declare their personal financial interests, and those of related persons, annually, in terms of the Companies Act and the Memorandum of Incorporation.

Based on these declarations, Directors with material interests in any transactions with the Group during the financial period are disclosed in note 33 of the Annual Financial Statements and shareholding as per the Shareholder Analysis on page 66.

DEALINGS IN SECURITIES

Directors and officers are prohibited from dealing directly or indirectly in AfroCentric's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no Director or officer may trade in shares of the Company during a closed period, as determined by the Board in accordance with JSE Listings Requirements. The Group's closed periods are between the last day of the reporting period and the publication of the results, as well as during those periods when the Group trades under a caution. The Group Company Secretary regularly disseminates written notice to all Directors and executive management throughout the Group, highlighting the provisions of the Financial Markets Act and JSE Listings Requirements and informing them that dealing in AfroCentric shares during certain restricted periods may not be undertaken.

INTERNAL CONTROLS

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities and contain self-monitoring mechanisms. Both operational and executive management closely monitor the controls and actions taken to correct weaknesses, as they are identified. The Head of Group Finance reports directly to the Group Chief Financial Officer, who is responsible for the overall financial control and reporting.

Standards of disclosure increased significantly and internal governance structures and roles have been reviewed and improved, where necessary, to reflect best practices. This occurred at both Board and management levels.

The internal audit function is governed by an internal audit Charter which is approved by the Audit Committee and is reviewed annually. The head of internal audit reports at each Audit and Risk Committee meeting and has a direct reporting line to the Chairperson of the Audit and Risk Committee. The internal audit function operates independently of executive management and the head of internal audit is responsible for co-ordinating internal audit activities. For administrative purposes the head of internal audit also reports to the head of LGRC ("legal, governance, risk and compliance department").

In accordance with our core values AfroCentric's internal audit endeavours to comply with the highest professional standards of integrity, sound practice and transparency in order to build trust and maintain the interests of client schemes and shareholders at the forefront of our corporate agenda.

INFORMATION AND SECURITY GOVERNANCE

Information security (“Infosec”) and governance, risk and compliance (“GRC”) management

Within the ACT Group the AHL information security policy regulates the governance of all our clients’ information which is supported by the AHL enterprise risk management policy and framework which deals with risks and opportunities affecting value creation or preservation and is defined as follows with reference to COSO (“The Committee of Sponsoring Organisations of the Treadway Commission”).

“Enterprise risk management” is a process, effected by an entity’s Board of Directors, management and personnel, applied in strategy setting and across the operations of the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the entity’s objectives.”

The Group’s IT subsidiary, Helios IT Solutions, follows a three-tier risk-based approach to ensure that information security is properly governed and aligned to support business

requirements for IT governance, risk management, service delivery and compliance.

Strategic level	Sufficient direction at a strategic level to reduce the likelihood and impact of harm caused to the business as a result of a loss of confidentiality, integrity or availability of information.
Management level	IT risk management is an interactive and collaborative process which contributes to the improvement of IT security controls across the AfroCentric Group.
Technical level	Implementation and maintenance of IT operational and technical security controls that are required to protect the IT infrastructure and the information residing on information assets throughout the life cycle of an IT system and/or application to manage any possible risks.

The responsibility for the assurance of the effectiveness of the controls in place to govern the security of information within the AHL Group exists within the Audit and Risk and the AHL Committee’s portfolios.

REMUNERATION REPORT

REMUNERATION PHILOSOPHY AND PRINCIPLES

AfroCentric Group has adopted the total rewards strategy as the basis of its remuneration policy to attract, motivate and retain human capital. Remuneration is structured to support a culture of high performance and, more specifically, assists in driving employees to achieve both long and short-term goals to ensure the sustainability of the business.

The Group is committed to the consistent and equitable application of remuneration throughout the business, and to ensure that employees are appropriately remunerated for their contribution to the success of the business. To this end the Group follows a pay-for-performance methodology across both the bargaining unit and the non-bargaining unit.

The following core remuneration principles guide reward decisions, policies, processes and practices:

- External parity
- Internal parity
- Legal compliance
- Corporate values
- Compliance
- Accountability
- Differentiation
- Strategic alignment

Remuneration aims to support the retention of skills while also recognising maturing skills and building a pipeline for succession in business critical roles.

As part of the total rewards approach, non-financial forms of recognition are offered to achieve a balance between the tangible and intangible forms of reward to drive employee motivation and job satisfaction. A holistic integrated approach is adopted to remuneration which includes the following elements:

- Remuneration
- Benefits
- Work/life
- Performance recognition
- Development
- Career growth

Emphasis is placed on individuals and teams achieving the goals of both the short-term business plan and the Group's long-term sustainability, both being imperative to shareholder value creation.

REMUNERATION GOVERNANCE

The Board has delegated responsibility for overseeing the Group's remuneration practices to the Remuneration Committee ("the Committee") which comprises three Non-executive Directors. The overarching role of the Committee is to ensure alignment between the Group's strategies, human capital management and remuneration practices, in line with legislation, King III and the JSE Listings Requirements.

The principles, processes, governance and strategy pertaining to the total reward package are reviewed and benchmarked at least annually and adjusted, where necessary, to drive optimal performance.

Performance management

The remuneration of all employees is directly linked to performance indicators as approved annually by the Board. In addition to financial and operational targets, values-based indicators also form part of the Executive scorecard.

The Group's short-term incentive programmes are aimed at promoting particular behaviours, including risk management, customer service and quality management.

Remuneration structure

The Group's remuneration policy applies common principles and practices to all employees, including Executive Directors and other senior managers, although the structure and quantum of individual packages vary. Generally, employees are remunerated on a total guaranteed package approach – commonly referred to as fixed remuneration – which includes a combination of base remuneration and benefits.

The components of remuneration are as follows:

Guaranteed/ fixed remuneration	Base salary (cost to company): Aligns to market benchmark based on the scope and nature of the roles in the Company. Benefits: Health cover, retirement funding, insurance to cover life and disability.
Variable remuneration	Short-term incentives: Based on the achievement of annual performance goals relative to predetermined objectives to unlock sustainable shareholder value.
Other remuneration	Career and development opportunities initiatives: Employee wellness and recognition awards are benefits to supplement cash earnings to improve the employee's lifestyle and increase employees' economic value.

The total cost-to-company ("CTC") remuneration model has been adopted by AfroCentric, with guaranteed pay being the major component. This model ensures that remuneration costs are controlled and do not include open-ended liabilities where the cost of a benefit is determined either by levels of utilisation or by external pricing factors. CTC represents a generally accepted market practice for remunerating employees and accordingly allows for accurate and meaningful benchmarking of remuneration.

Salaries are reviewed annually in July subject to Company performance and increases will typically reflect the market benchmark increases, with individual increases varying according to an assessment of individual performance.

Remuneration of Executives is determined based on the level of accountability, complexity and nature of the role which is sized relative to the Group's turnover, market capitalisation, profitability, wage bill and number of employees, benchmarked to the external market.

Short-term and long-term incentives are an integral part of the Group's pay for performance remuneration structure which aim to align performance with the interests of shareholders. Incentives are entirely performance-based and discretionary.

The Management Short-term performance Incentive Scheme ("MSTPIS") aims to align management to the Group's strategy and key objectives as well as accelerating business and financial performance.

The scheme differentiates reward based on an individual's contribution and rewards top performers at a higher quantum than others, while motivating and retaining top performers.

Participants in the scheme are measured on the following performance criteria:

- earnings before interest and tax (EBIT) target;
- customer satisfaction targets as measured by the Voice of Customer surveys and service level agreement metrics;
- risk and audit ratings as measured by Audit and Risk Committees; and
- market share growth.

The Committee satisfies itself that the performance criteria used are relevant, stretching and designed to enhance shareholder value. The Committee approves annual management performance incentives.

Participants in the MSTIS qualified for on-target bonuses as follows:

DESIGNATION	ON-TARGET PERCENTAGE OF CTC
CEO	55%
MDs and CFO	45%
Executive Directors	40%
Executive managers	30%
General managers	30%
Senior managers	15%
Managers	15%

A total of R71.8 million (2014: R50.2 million) was paid out to employees in short-term incentives in the 2015 financial year.

During the financial year no allocations were made under this scheme.

Fees paid to Non-executive Directors are market-related and the Committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on Directors by new legislation and corporate governance principles.

The remuneration of Non-executive Directors is reviewed annually and recommended by the Committee for approval by shareholders at the Annual General Meeting.

The Chairperson's remuneration comprises a single composite fee which is approved annually in advance, to compensate her both for her services as a Director of AfroCentric Investment Corporation and AfroCentric Health. This includes her services as a Director on multiple Boards and Committees.

Cover fees for 2015

BOARD DIRECTOR RETAINER	ANNUAL R
Chairperson AfroCentric Health Limited	599 500
Member AHL	396 440
AfroCentric Investment Corporation Limited Chairperson	199 800
Members	190 800

All other members receive a fee per meeting attended and also dependent on the role fulfilled for the various Committees of the Board. At the Annual General Meeting in January 2015 a 10% increase in the Non-executive Directors' fees was approved.

SOCIAL AND ETHICS COMMITTEE REPORT

The Group's Social and Ethics Committee is constituted as a formal Committee of the Board in terms of the Companies Act. The Committee has an independent role and is governed by a formal Charter. This report is prepared in compliance with the requirements of the Companies Act.

ROLE OF THE COMMITTEE

The Social and Ethics Committee acts in terms of the delegated authority of the Board and assists the Directors in monitoring the Group's activities in terms of legislation, regulation and codes of best practices relating to:

- Group policies (ethics, whistle-blowing, anti-corruption and procurement)
- Employment equity
- Socio-economic development
- Environmental impact
- B-BBEE impact on the Group and measures taken to comply with legislation
- International labour organisation

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the Committee are as follows:

- to monitor the Company's activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety;
- to ensure appropriate short and long-term targets are set by management;
- to monitor progress on strategic empowerment and performance against targets;
- to monitor changes in the application and interpretation of empowerment charters and codes; and
- to monitor functions required in terms of the Companies Act and its regulations.

COMPOSITION AND FUNCTIONING

The Committee comprises:

- Mr Garth Napier (ACT Chairman)
- Ms Mpho Mashigo (AHL Chairperson)
- Ms Yasmin Masithela
- Dr Brigalia Bam

The effectiveness of the Committee is assessed as part of the annual Board and Committee self-evaluation process.

Biographical details of the Committee members appear on page 19. Fees paid to the Committee members for 2015 and the proposed fees for 2016 are disclosed in the Remuneration Report on page 57.

ACTIVITIES OF THE COMMITTEE

The Committee met twice during the year and performed the following activities:

- reviewed the Committee's terms of reference;
- monitored social and economic development in terms of the goals and purposes of:
 - the principles set out in the United Nations Global Compact;
 - Employment Equity Act;
 - preferential procurement;
 - Broad-based Black Economic Empowerment Act;
 - procurement policies; and
 - safety policies;
- reviewed the Company's contribution to the development of communities in which it operates;
- reviewed the Company's philosophy and performance in respect of social investment (sponsorships, donations and charitable giving);
- report internally on ethics performance to the Company;
- reporting on and disclosing the Company's ethics performance; and
- changes in legislation and compliance thereof.

The Group's progress on empowerment and transformation, environmental management and stakeholder engagement is covered below.

EMPOWERMENT AND TRANSFORMATION

AfroCentric Health Limited ("AHL"), under the stewardship of AfroCentric Investment Corporation, is committed to driving transformation and in particular to broad-based black economic empowerment ("B-BBEE"). This is clearly demonstrated by the Group's majority black shareholding and significant black women shareholding.

In the past three B-BBEE verification exercises AHL has maintained a level 2 contributor status, achieving an impressive 89.01 out of 100 points in the 2014 B-BBEE verification.

AHL has continued to review and realign its policies and business strategy with the evolving transformation legislation to ensure that the Group's contribution remain relevant and meaningful to the country's overall transformation.

A strong governance structure, led by the Board's Social and Ethics Committee, driven by the internal Transformation Steering Committee and supported by the employment equity forum is constantly tracked and monitored and out-of-line situations are addressed timeously.

B-BBEE performance

AHL has maintained a strong performance and averaged 90 points in the past four verifications.



Figure 1: AHL B-BBEE performance

The table below depicts the scores by the different elements for the past four verification periods.

	Total available points	AfroCentric Health scores			
		2014	2013	2012	2011
Ownership	20.00	22.00	22.00	22.00	20.00
Management control	10.00	9.00	8.55	8.17	8.63
Employment equity	15.00	11.09	11.10	10.13	10.60
Skills development	15.00	11.27	13.74	13.57	5.42
Preferential procurement	20.00	19.76	19.12	17.43	18.14
Enterprise development	15.00	10.98	11.56	14.49	12.54
Socio-economic development	5.00	5.00	5.00	5.00	5.00
Total	100	89.01	91.07	91.29	80.33
BEE contributor status		Level 2	Level 2	Level 2	Level 3

Figure 2: Scores by elements

Ownership

The Group's black shareholding at year-end was 54.41%, with shares held by black women totalling 13.84%. This contributed to the Group achieving 22 points for this element in the B-BBEE scorecard.

Management control

The management control element of the scorecard measures the composition of the Board of Directors, Group Executive Committee and top management, where 45% are black people and 33% black women. 60% of top management positions are held by black people and 10% by black women, leading to the Group achieving 9 out the available 11 points for this element.

Employment equity

The Group achieved a score of 11.09 out of 15 points owing to the significant representation of black women in the different occupational levels. However, the need to ensure upward mobility for women in junior management remains, and leadership development and mentorship programmes have been implemented to upskill women across the different levels of management.

A pilot project was launched which included a campaign to encourage existing employees to declare their disabilities as well as providing support for management and employees working in teams that include people with disabilities. This project has resulted in an increase in the number of employees declaring their disability to management, with the Company now aiming to accommodate these employees in the best way possible.

SOCIAL AND ETHICS COMMITTEE REPORT continued

Employee profile

As a company that operates in the diverse South African economy it is imperative to have a diverse company profile, with specific focus on black people and black women.

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	1	2	4	1	0	0	1	0	0	11
Senior management	3	1	4	16	3	3	2	9	0	0	41
Professionally qualified and experienced specialists and mid-management	30	15	32	54	26	30	34	125	3	0	349
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	239	177	76	76	594	528	144	423	2	1	2 260
Semi-skilled and discretionary decision-making	15	4	4	1	54	19	3	20	0	0	120
Unskilled and defined decision-making	8	3	0	1	8	1	1	0	0	0	22
Total permanent	297	201	118	152	686	581	184	578	5	1	2 803
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	297	201	118	152	686	581	184	578	5	1	2 803

Figure 3: Workplace profile

Skills development

The Company is committed to investing in the skills and training of its workforce as this improves the quality of service delivered and results in a qualified workforce. The Group invested R17 million in the training of black employees in the last verification period.

Learnership and internship programmes provided over 80 unemployed youth with training and mentoring while exposing them to the work environment, increasing their level of employability.

Preferential procurement

Large enterprises like the AfroCentric Group have a critical role to play by acquiring services from small, medium and micro enterprises ("SMMEs"), which contributes to the sustainability of these businesses as well as indirectly contributing to job creation and economic growth. Policies have been implemented to increase spend with B-BBEE compliant suppliers as well as those who are black owned and black women owned. As a result the Group has achieved 19.76 out of the available 20 points.

Enterprise development

Implementing and driving initiatives that are aimed at growing SMMEs into self-sustaining entities through skills development and the provision of professional services is the responsibility of the private sector in conjunction with government. This is especially true in the South African context where small

businesses make a significant contribution to job creation while at the same time being the first ones to experience the negative impact of economic downturn.

A total of R11.3 million was invested in enterprise development.

The revised B-BBEE codes make it mandatory for companies to focus on enterprise development initiatives and investment into suppliers. AHL has initiated a process to evaluate the needs of suppliers and to commit resources to the support and development of these suppliers.

Socio-economic development

AHL has always been committed to making a difference in the communities in which it operates. The Group aims to make contributions that will have a sustainable impact on the beneficiaries and aims to establish long-term relationships with the organisations that are sponsored.

Recent socio-economic development initiatives include:

Public Health Enhancement Fund ("PHEF")

AfroCentric is one of the founder members of the PHEF, an initiative led by the Minister of Health. Since the fund's inception in 2012 the Group has committed and contributed the equivalent of 75% of the annual CSI budget to this fund. The projects funded from these pooled resources drive the achievement of the key objectives of the Minister of Health's 10-point plan on health.

World Eyesight Day

In alliance with World Eyesight Day, AHL teamed up with the South African Optometrist Association to provide eye screening services to schoolchildren from Diepsloot. The services included screening for potential sight problems as well as eye diseases, and also funded spectacles.

Assistance to African countries

As a healthcare company AfroCentric appreciates its responsibility to assist African companies, as was the case with the Ebola outbreak in the west African countries of Liberia, Sierra Leone and Guinea. AHL made a contribution to the South African Government's initiative to aid the affected countries by contributing scooters fitted with pillion boxes for transporting treatment and medical samples to reach remote villages in these countries.

Revised B-BBEE Codes and transformation legislation

In compliance with the evolution of the transformation-related legislation (including the revised B-BBEE Codes and amended Employment Equity Act), the Group has embarked on a process to realign its internal processes and policies to the new requirements.

EMPLOYEE WELLNESS PROGRAMME

The Group employee wellness programme ("EWP") provides independent, confidential, professional counselling and advisory services to permanent and non-permanent employees and their direct household dependants. The programme continues to be highly valued by employees and line managers as evidenced by the high rate achieved during the 2015 employee satisfaction survey. The programme utilisation rate of 39% remains highest compared to the consumer services sector. In 2015 over 1 437 employees completed wellness screenings, which included blood pressure, glucose, cholesterol, body mass index and HIV tests on the wellness days which are held nationally across head office, distribution centres and stores.

TRANSFORMATION

It is the duty of every company operating in South Africa, especially corporates like AfroCentric Health to incorporate the country's economic transformation agenda into their business strategy. It is imperative that companies seek out opportunities to support existing government initiatives aimed at driving economic transformation within their operations and, more importantly, contribute to the upliftment of the communities in which we operate.

While compliance with transformation-related legislation remains important, as AfroCentric Health our focus is beyond

compliance, but in ensuring that our initiatives reflect the true spirit of economic transformation which will result in meaningful and sustainable economic transformation for the beneficiaries of the Company's initiatives.

Transformation Steering Committee

Transformation and B-BBEE remain the key focus of the AHL Transformation Steering Committee which comprises members of the Executive Committee and business unit leaders. The individual members are allocated responsibility for various aspects of transformation, making them accountable for the Group's overall performance as well as performance in the areas of the business that they are directly responsible for. In this way, transformation becomes a collective responsibility of members of the Company's Executive Committee and the business unit leaders.

AHL has embarked on a process of structural changes resulting from new business transactions with WAD and Sanlam. This, coupled with the evolving transformation landscape (framed by the introduction of the revised B-BBEE Codes and amended Employment Equity Act, amongst others) has made it necessary for AHL to revise its overall transformation strategy going forward.

Key to this is ensuring that our internal policies are aligned to the new requirements while implementing measures to ensure that the necessary changes are implemented in a way that will not compromise the state of transformation within the Company.

Transformation initiatives

Our Transformation policy is aligned with our vision. AfroCentric Health's approach is to apply our knowledge, expertise and resources to help solve the critical issues facing the healthcare industry in South Africa. We therefore actively support and promote government's 10-point programme for healthcare by investing in projects that support the plan.

The focus of AfroCentric Health's socio-economic development ("SED"), and enterprise and supplier development ("ESD") projects is therefore to support the revitalisation of public health facilities, support AHL suppliers and to address the severe shortage of medical personnel in our country.

Enterprise development

Contributions are made for the development, sustainability, financial and operational independence of the beneficiaries. Priority is being given to existing beneficiaries for grant allocation according to transformation-focused criteria, with emphasis placed on the size of the Company as well as ownership. A total amount of R8 000 000 has been allocated to the following enterprises:

SOCIAL AND ETHICS COMMITTEE REPORT

continued

Eluthandweni Maternity Clinic

This is a non-profit hospital aimed at providing quality healthcare and maternity facilities in Gauteng's East Rand. AfroCentric is assisting Eluthandweni to upgrade the clinic's facilities by providing funds to purchase an incubator, suction machines, emergency cupboard and delivery trays. Renovations and extension to the clinic will also be occurring.

A'Dare Women's Wellness Centre

This Company focuses on preventative healthcare, wellness and lifestyle solutions through health screening and consultations, education and lifestyle support to young women and girls in Mabopane and outlying areas. AfroCentric is assisting A'Dare with funds to build infrastructure for office space, purchase equipment and electronics such as laptops, blood pressure machines and a Welch Allyn Illuminator. Working capital/inputs as well as medical consumables and software licence fees are also made available for paying for training, including conferences. Technical assistance includes software customisation and administrative support.

Xenia Information Technologies

This is an information technology consulting, services, and business process outsourcing organisation operating out of the East Rand. AfroCentric is providing Xenia with funding to help lease office space, purchase hardware/automation/equipment such as laptops, software tools, a VPN server, interactive whiteboard and E-board multi, and working material.

Supplier development

Contributions have been made for the development, sustainability, financial and operational independence of the beneficiaries. We targeted seven black-owned EME or QSE suppliers from our supply chain who meet the criteria for grant allocation and a total amount of R5 260 000 was spent on them to increase capacity on their businesses and provide them with financial and operational sustainability.

These suppliers have also been enrolled in the AfroCentric health supplier development mentoring programme.

Products and services of chosen suppliers include outdoor and innovative marketing, placement programmes, wellness promotions and providing professional trainings. Our relationship with the developing suppliers will have a positive impact on the service these beneficiaries will provide to AHL and the communities in which they operate.

Socio-economic development Public Health Enhancement Fund

AfroCentric is one of the founder members of the PHEF, an initiative led by the Minister of Health. Since the fund's inception in 2012 the Group has committed and contributed the equivalent of 75% of the annual CSI budget to this fund. The projects funded from these pooled resources drive the achievement of the key objectives of the Minister of Health's 10-point plan on health.

World Eyesight Day

In alliance with World Eyesight Day, AHL teamed up with the South African Optometrist Association to provide eye screening services to schoolchildren from Diepsloot. The services included screening for potential sight problems as well as eye diseases, and also funded spectacles.

Assistance to African countries

As a healthcare company AfroCentric appreciates its responsibility to assist African companies, as was the case with the Ebola outbreak in the West African countries of Liberia, Sierra Leone and Guinea. AHL made a contribution to the South African Government's initiative to aid the affected countries by contributing scooters fitted with pillion boxes for transporting treatment and medical samples to reach remote villages in these countries.

Revised B-BBEE Codes and Transformation legislation

In compliance with the evolution of the transformation-related legislation (including the revised B-BBEE Codes and amended Employment Equity Act), the Group has embarked on a process to realign its internal processes and policies to the new requirements.

Social Compact Forum

Medscheme is a signatory to the Social Compact Forum launched by the Minister of Health, Dr Aaron Motsoaledi, on 8 November 2012.

The forum is a groundbreaking initiative through which government aims to guide discussions between the public and private healthcare sectors, with a view to developing solutions to major challenges facing the industry. The forum comprises government representatives as well as leading private healthcare companies represented by their CEOs and senior Executives.

One of the key features of forum is the establishment of a public health enhancement fund ("PHEF"). The fund is expected to provide funding to support government to:

- expand the intake of medical students;
- support postgraduate students pursuing health-related studies;
- build additional capacity in the management of Tuberculosis ("TB"), specialised disease; and
- provide support to the newly established Leadership and Management Academy for Health.

Charlotte Maxeke Johannesburg Hospital School

Johannesburg Hospital School caters for learners from Grades R to 12 who are admitted to hospital for extended treatment. The school makes it possible for learners to receive medical treatment without interrupting their education.

AfroCentric Health has funded a complete refurbishment and equipping of the school and will also be sponsoring the installation of a custom-designed playground equipment, which will provide a safe environment for children with impaired immune systems.

Home of Hope for Girls

AfroCentric Health is committed to giving back to communities and lending a helping hand. Home of Hope provides shelter and creates an opportunity for sustained physical, educational and holistic well-being for exploited girls in Hillbrow and Berea, and solace for all children in the surrounding community.

AfroCentric is in the process of donating to Home of Hope for all their educational needs and extramural activities hoping to help nurture and educate the girls.

AfroCentric has invested R2 630 000 on socio-economic development.





SHAREHOLDER INFORMATION

- 66 Shareholder analysis
- 67 Financial calendar
- 68 Notice of Annual General Meeting
Form of proxy
- 79 Appendix – Extract from Section 58 of the Companies Act
- 80 Annexure A: Memorandum of Incorporation amendment
- IBC Administration and contacts

SHAREHOLDER ANALYSIS

ORDINARY SHAREHOLDERS	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
Shareholder spread				
1 – 10 000 shares	3 701	66.62	13 625 281	2.91
10 001 – 25 000 shares	1 067	19.21	17 773 903	3.80
25 001 – 50 000 shares	433	7.79	15 497 027	3.31
50 001 – 100 000 shares	169	3.04	12 633 566	2.70
100 001 – 500 000 shares	133	2.39	27 787 959	5.94
500 001 – 1 000 000 shares	14	0.26	10 188 511	2.18
1 000 001 shares and over	38	0.69	370 348 854	79.16
Total	5 555	100.00	467 855 101	100.00
Distribution of shareholders				
Individuals	5 032	90.59	120 995 001	25.86
Nominees and trusts	276	4.97	65 270 721	13.95
Other corporate bodies	107	1.93	51 037 936	10.91
Treasury	3	0.05	3 518 605	0.75
Private companies	104	1.87	226 118 032	48.33
Close corporations	33	0.59	914 806	0.20
Total	5 555	100.00	467 855 101	100.00
Public/Non-public shareholder spread				
2015				
Non-public shareholders	22		213 083 713	45.54
Directors	17		185 257 997	39.60
Treasury	3		3 518 605	0.75
Associates of Directors	2		24 307 111	5.20
Public shareholders	5 533		254 771 388	54.46
Total	5 555		467 855 101	100.00
2014				
Non-public shareholders	22		215 735 196	46.11
Directors	19		191 428 085	40.91
Associate of Directors	3		24 307 111	5.20
Public shareholders	5 958		252 119 905	53.89
Total	5 980		467 855 101	100.00
Major shareholders holding more than 5% of the issued share capital				
2015				
Golden Pond Trading 175 (Proprietary) Limited			67 519 752	14.43
Community Healthcare Holdings (Proprietary) Limited			61 826 667	13.21
Community Investment Holdings (Proprietary) Limited			61 283 522	13.10
AfroCentric Empowerment Trust			32 427 200	6.93
Total			223 057 141	47.67
2014				
Golden Pond Trading 175 (Proprietary) Limited			67 519 752	14.43
Community Healthcare Holdings (Proprietary) Limited			61 826 667	13.21
Community Investment Holdings (Proprietary) Limited			61 283 522	13.10
AfroCentric Empowerment Trust			34 427 200	7.36
Total			225 057 141	48.10



FINANCIAL CALENDAR

2015 FINAL DIVIDEND

Declaration date	11 September 2015
Last day to trade cum dividend	16 October 2015
Shares commence trading ex-dividend	19 October 2015
Dividend record date	23 October 2015
Dividend payment date	26 October 2015
Annual General Meeting	5 February 2016
Announcement of 2016 interim results	March 2016

NOTICE OF ANNUAL GENERAL MEETING



AfroCentric Investment Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1988/000570/06)
JSE share code: ACT ISIN: ZAE000078416
("AfroCentric" or "the Company")

NOTICE OF THE NINTH ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, 5 FEBRUARY 2016, AT 10:00 AT THE BONITAS MARKETING COMPANY OFFICES, THE GREENS OFFICE PARK, BUILDING L, 26 CHARLES DE GAULLE CRESCENT, HIGHVELD EXTENSION 12, CENTURION

IMPORTANT NOTICE TO SHAREHOLDERS

If you are in any doubt as to any action you should take, please consult your Banker, Stockbroker, Legal Adviser, Accountant or other professional Adviser immediately.

1. If you have disposed of all your AfroCentric shares, this document should be handed to the purchaser of such shares or to the Stockbroker, Banker or other agent through whom such disposal was effected.
2. Members attending the Annual General Meeting of the Company on Friday, 5 February 2016, at 10:00 are requested to ensure registration of attendance upon arrival.

Kindly note that, in terms of Section 63(1) of the Companies Act 71 of 2008, as amended from time to time ("the Act"), any person attending or participating in the Annual General Meeting must present reasonable, satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driver's licences and passports.

3. The record date of the Annual General Meeting for shareholders to participate in and vote at the Annual General Meeting is Friday, 29 January 2016 ("the voting record date"). Persons intending to attend or participate in the Annual General Meeting will be required to present reasonable, satisfactory identification.
4. The last date to trade in order to be eligible to participate in and vote at the Annual General Meeting is Friday, 22 January 2016.

RECORD DATES

Please take note of the following important dates:

Record date for the purposes of determining which shareholders of the Company are entitled to receive notice of the Annual General Meeting ("the notice record date")
Friday, 11 December 2015

Record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting ("the voting record date")
Friday, 29 January 2016

Last day for lodging forms of proxy by 10:00
Wednesday, 3 February 2016

Date of the Annual General Meeting at 10:00
Friday, 5 February 2016

VOTING AND PROXIES

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is distributed with this notice of Annual General Meeting for the sake of convenience.

Proxy forms must be delivered to the Company's Transfer Secretaries:

Computershare Investor Services Proprietary Limited
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107
Fax: +27 11 688 5238
E-mail: proxy@computershare.co.za

by no later than 10:00 on Wednesday, 3 February 2016.

All terms defined in the Integrated Annual Report 2015, to which this notice of Annual General Meeting is attached, shall bear the same meanings when used in this notice of Annual General Meeting.

Notice is hereby given that the ninth Annual General Meeting of shareholders for the year ended 30 June 2015 will be held at the Bonitas Marketing Company Offices, the Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Extension 12, Centurion on Friday, 5 February 2016 at 10:00 to conduct such business as may lawfully be dealt with at the Annual General Meeting and to consider, and if deemed fit, to pass with or without modification, the special and ordinary resolutions set out hereunder in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements, as amended from time to time ("Listings Requirements").

The Board of Directors of the Company has determined, in accordance with Section 62(3)(a), read with Section 59(1)(a) and (b) of the Act, that the record dates for the purposes of determining which shareholders are entitled to:

- receive notice of the Annual General Meeting being the notice record date, is Friday, 11 December 2015; and
- participate in and vote at the Annual General Meeting being the voting record date, is Friday, 29 January 2016.

AGENDA

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated Annual Financial Statements of the Company and the Group, including the reports of the Directors, Group Audit and Risk Committee and the independent auditors, for the year ended 30 June 2015, will be presented to shareholders as required in terms of Section 30(3)(d) of the Act. The complete set of audited consolidated Annual Financial Statements, together with the report of the Directors and the independent auditors' report are set out on pages 12 to 82 of the 2015 Annual Financial Statements. The Audit and Risk Committee Report is set out on page 3 of the 2015 Annual Financial Statements. The Integrated Annual Report and the consolidated Annual Financial Statements are also available on the Company's website: www.afrocentric.za.com

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

A report, through the members of the Group Social and Ethics Committee for the year ended 30 June 2015, as included in the Integrated Annual Report, will be presented to shareholders as required in terms of Regulation 43(5)(c) of the Act.

RESOLUTIONS To consider and if deemed fit, approve, with or without modification the following ordinary and special resolutions:

ORDINARY RESOLUTIONS

The Board has assessed the performance of the Directors standing for re-election and has found them suitable for reappointment.

Ordinary Resolution Number 1

Election of Directors appointed during the year under review

In terms of the Company's Memorandum of Incorporation ("MOI"), any Board appointments made by the Board during a year under review must be confirmed by shareholders at the next Annual General Meeting of the Company, following such an appointment. Accordingly, the following Executive Directors were appointed by the Board during the year under review and shareholders are hereby requested to confirm such appointments:

Mr JW Boonzaaier;

Mr WH Britz; and

Ms L Dhlamini.

Ordinary Resolution Number 1.1

Election of Mr Hannes Boonzaaier as an Executive Director

"RESOLVED that Mr Hannes Boonzaaier, being a new appointment to the Board, be and is hereby elected as an Executive Director of the Company."

Ordinary Resolution Number 1.2

Election of Mr Willem Britz as an Executive Director

"RESOLVED that Mr Willem Britz, being a new appointment to the Board, be and is hereby elected as an Executive Director of the Company."

Ordinary Resolution Number 1.3

Election of Ms Lindani Dhlamini as a Non-executive Director

"RESOLVED that Ms Lindani Dhlamini, being a new appointment to the Board, be and is hereby elected as a Non-executive Director of the Company."

The election of the abovementioned Directors will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy as required under Section 68(2) of the Act.

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

NOTICE OF ANNUAL GENERAL MEETING continued

Brief résumés for these Directors appear on page 18 of the Integrated Annual Report.

Ordinary Resolution Number 2

Retirement and re-election of Directors

In terms of the Company's MOI, one-third of the Non-executive Directors of the Company must retire by rotation every year at the Company's Annual General Meeting. Accordingly, the following Directors retire by rotation at the Annual General Meeting:

Mr Motty Sacks;

Mr Meyer Kahn; and

Dr Brigalia Bam.

Ordinary Resolution Number 2.1

Re-election of Mr Motty Sacks as a Non-executive Director

"RESOLVED that Mr Motty Sacks, who retires by rotation in terms of the MOI of the Company, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-executive Director of the Company."

Ordinary Resolution Number 2.2

Re-election of Mr Meyer Kahn as a Non-executive Director

"RESOLVED that Mr Meyer Kahn, who retires by rotation in terms of the MOI of the Company, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-executive Director of the Company."

Ordinary Resolution Number 2.3

Re-election of Dr Brigalia Bam as a Non-executive Director

"RESOLVED that Dr Brigalia Bam, who retires by rotation in terms of the MOI of the Company, being eligible and offering herself for re-election, be and is hereby re-elected as a Non-executive Director of the Company."

Brief résumés for these Directors appear on pages 18 and 19 of the Integrated Annual Report.

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 3

Appointment of Group Audit and Risk Committee members

"RESOLVED that an Audit and Risk Committee comprising independent Non-executive Directors, as provided in Section 94(4) of the Act, set out below be and is hereby

appointed in terms of Section 94(2) of the Act to hold office until the next Annual General Meeting and to perform the duties and responsibilities stipulated in Section 94(7) of the Act and King III Report on Governance for South Africa 2009.

The Board has assessed the performance of the Group Audit and Risk Committee members standing for election and has found them suitable for appointment. Brief résumés for these Directors appear on page 19 of the Integrated Annual Report."

Ordinary Resolution Number 3.1

"RESOLVED that Ms Yasmin Masithela is elected as a member and Chairperson of the Audit and Risk Committee."

Ordinary Resolution Number 3.2

"RESOLVED that Mr Garth Napier is elected as a member of the Audit and Risk Committee."

Ordinary Resolution Number 3.3

"RESOLVED that, subject to the passing of ordinary resolution number 1.3, Ms Lindani Dhlamini is elected as a member of the Audit and Risk Committee."

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 4

Reappointment of independent auditor and designated audit partner

The Group Audit and Risk Committee has assessed the Company's position in having joint external auditors and found that this was no longer required. The Company having satisfied itself on PricewaterhouseCoopers Incorporated's performance, independence and suitability has nominated them for reappointment as independent auditor of the Group, to hold office until the next Annual General Meeting.

"RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Mr Victor Muguto, be and is hereby reappointed as independent auditor of the Group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 5

General authority to issue shares for cash

"RESOLVED that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the Directors and that they be and are hereby authorised to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as they may from time to time

and at their discretion deem fit, subject to the provisions of the Act, clause 4 of the MOI of the Company and the Listings Requirements, provided that:

1. the general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
2. the allotment and issue of the shares must be made to public shareholders as defined in the Listings Requirements and not to related parties;
3. the shares which are the subject of the issue for cash must be of a class already in issue, or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
4. the number of shares issued for cash in aggregate under this authority shall not exceed 83 156 599 shares, being 15% (fifteen per cent) of the Company's listed equity securities as at the date of this notice of Annual General Meeting, excluding treasury shares;
5. any shares issued under this authority during the period contemplated in paragraph 1 above, must be deducted from the number in paragraph 4 above;
6. in the event of a subdivision or consolidation of issued shares during the period contemplated in paragraph 1 above, the existing authority must be adjusted accordingly to represent the same allocation ratio;
7. the maximum discount at which ordinary shares may be issued is 10% (ten per cent) of the weighted average traded price of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE must be consulted for a ruling if the Company's securities have not traded in such 30-business-day period; and
8. after the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five per cent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing details of, inter alia, the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issue was agreed in writing between the issuer and the party subscribing for the shares or any other announcements that may be required in such regard in terms of the Listings Requirements which may be applicable from time to time."

At present the Directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

The reason for proposing ordinary resolution number 5 is to seek a general authority and approval for the Directors to allot and issue ordinary shares in the authorised but unissued share capital of the Company (excluding shares issued pursuant to the Company's share incentive scheme), up to 15% (83 156 599 shares) of the number of ordinary shares of the Company in issue at the date of passing of this resolution, in order to enable the Company to take advantage of business opportunities which might arise in the future.

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 6

Approval of the remuneration policy

"RESOLVED, that by way of a non-binding advisory vote, that the Company's remuneration policy and its implementation, as set out in the Remuneration Report contained on page 57 of this report, be and is hereby approved."

This ordinary resolution is of an advisory nature only and although the Board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the Company from implementing the remuneration policy as contained in this report.

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 7

Authorise Directors and/or secretary

"RESOLVED that any one Director and/or the Group Company Secretary or equivalent be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the Annual General Meeting at which these resolutions will be considered."

For this resolution to be passed, votes in favour must represent at least 50% plus one of all votes cast and/or exercised at the meeting.

SPECIAL RESOLUTIONS

Special Resolution Number 1

Approval of Non-executive Directors' fees

To approve the remuneration of Non-executive Directors for the next 12 months (payable quarterly in arrears, with effect from 1 January 2016 until 31 December 2016.

NOTICE OF ANNUAL GENERAL MEETING continued

Approval in terms of Section 66 of the Act is required to authorise the Company to remunerate Non-executive Directors for their services as Directors. Furthermore, in terms of King III and as read with the Listings Requirements, remuneration payable to Non-executive Directors should be approved by shareholders in advance or within the previous two years.

"RESOLVED as a special resolution in terms of the Act that the remuneration of Non-executive Directors for the period 1 January 2016 until 31 December 2016 be and is hereby approved as follows:

Position	Current (2015)	Recommended increase (%)	Proposed (2016)
Chairperson (Board and fully inclusive)	R199 800	8.4%	R217 000
Non-executive Director (Board and fully inclusive)	R190 800	4.6%	R200 000

The proposed fee equates to 8.4% Increase for the Board Chairperson and 4.6% Increase for the Non-executive Directors.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Special Resolution Number 2

General authority to repurchase shares

The reason for and effect of special resolution number 2 is to grant the Directors a general authority in terms of the MOI of the Company and the Listings Requirements for the acquisition by the Company or by a wholly-owned subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 2. In terms of Section 48(2)(b)(i) of the Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Act.

"RESOLVED, that as a special resolution, that the Company and/or any subsidiary of the Company ("the Group") be and is hereby authorised by way of a general approval as contemplated in Section 48 of the Act to acquire from time to time issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, but subject to the MOI of the Company and the provisions of the Act and provided:

1. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
2. at any point in time, the Company may only appoint one agent to effect any repurchases on its behalf;
3. the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 5% (five per cent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten per cent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a wholly-owned subsidiary of the Company;
4. repurchases of shares may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
5. the Company or a wholly-owned subsidiary of the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements;
6. after the Company or a wholly-owned subsidiary of the Company has acquired shares which constitute, on a cumulative basis, 3% (three per cent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company shall publish an announcement on SENS containing full details of such repurchase; and
7. the Board of Directors has passed a resolution authorising the repurchase and that the Company has passed the solvency and liquidity test contained in Section 4 of the Act, and that since the test was done, there have been no material changes to the financial position of the Company."

In accordance with the Listings Requirements, the Directors record that:

The Directors have no specific intention to repurchase shares, but would utilise the renewed general authority to repurchase

shares to serve our shareholders' interests as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The Directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid unless:

- the Company and its subsidiaries will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries will be in excess of the liabilities of the Company and the Group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited Group Annual Financial Statements;
- the share capital and reserves of the Company and its subsidiaries are adequate for ordinary purposes; and
- the working capital of the Company and its subsidiaries will be adequate for ordinary business.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Disclosures required in terms of paragraph 11.26 of the Listings Requirements:

The following additional information is provided in terms of the Listings Requirements for purposes of this special resolution:

Directors of the Company – pages 18 and 19 of the Integrated Annual Report

Major shareholders – page 66 of the Integrated Annual Report

Directors' interest in the Company's shares – page 5 of the 2015 Annual Financial Statements

Company's share capital – page 5 of the 2015 Annual Financial Statements

Directors' responsibility statement

The Directors, whose names are given on pages 18 and 19 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in this Integrated Annual Report, there have been no material changes in the financial or trading position of the Company or its subsidiaries since the Company's financial year-end and the signature date of the 2015 Integrated Annual Report.

Litigation statement

Other than as disclosed or accounted for in the 2015 Integrated Annual Report, the Directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware which may have or have had in the recent past, being at least the previous 12 months from date of the 2015 Integrated Annual Report, a material effect on the financial position of the Company and its subsidiaries.

Special Resolution Number 3

Financial assistance to a related or interrelated company or companies

The reason for and effect of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in Section 45 of the Act to a related or interrelated company or corporation.

"RESOLVED that, in terms of Section 45(3)(a)(ii) of the Act, as a general approval, the Board is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Section 45(1) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or interrelated ("related" or "interrelated" will herein have the meaning attributed to it in Section 2 of the Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Special Resolution Number 4

Financial assistance for subscription of shares to related or interrelated companies

The reason for and effect of special resolution number 4 is to grant the Directors the authority, until the next Annual General Meeting of the Company, to provide financial assistance to any company or corporation which is related or interrelated to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or interrelated company or corporation.

NOTICE OF ANNUAL GENERAL MEETING continued

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries.

A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

"RESOLVED that, in terms of Section 44(3)(a)(ii) of the Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Section 44(1) and 44(2) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or interrelated to the Company ("related" or "interrelated" will herein have the meaning attributed to it in Section 2 of the Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or interrelated to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or interrelated company or corporation, or for the purchase of any shares or securities of the Company or a related or interrelated company or corporation, provided that the aforementioned approval shall be valid for two years or until the date of the next Annual General Meeting of the Company."

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

In terms of and pursuant to the provisions of Sections 44 and 45 of the Act, the Directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 3 and 4 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking

into consideration the reasonably foreseeable contingent assets and liabilities of the Company);

- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's MOI have been met.

Special Resolution Number 5

Amendment of the MOI

"RESOLVED as a special resolution that the Company's existing MOI be and is hereby amended by:

1. substituting clause 8.3.2 thereof with the following:

'8.3.2 The Company may transmit any dividend or other amount payable in respect of a security by electronic funds transfer to the bank account of the security holder thereof recorded in the securities register as the holder thereof may previously have given to the Company in writing, and the Company shall not be responsible for any loss in transmission due to the incorrect bank account or any incorrect information given to the Company by the security holder.'

The date on which the amendment of the MOI becomes effective will be the date that this special resolution approving the amendment of the MOI is adopted, irrespective of the date of filing thereof with the Registrar of Companies.

The reason for and effect of this special resolution is to amend the Company's MOI to allow for the transmission of the dividend or any other amount by electronic funds transfer.

The full MOI can be accessed on the Company's website via the following link: www.afrocentric.za.com

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

To transact such other business as may be transacted at an Annual General Meeting

IDENTIFICATION, VOTING AND PROXIES

In terms of Section 63(1) of the Act, any person attending or participating in the Annual General Meeting must present

reasonable, satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driver's licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the Listings Requirements will not be taken into account at the Annual General Meeting for approval of any resolution proposed in terms of the Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised AfroCentric shareholders with own name registrations who cannot attend the Annual General Meeting, but who wish to be represented thereat. To be valid, completed forms of proxy must be received by the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited, Wednesday, 3 February 2016 by no later than 10:00.

All beneficial owners of AfroCentric shares who have dematerialised their shares through a CSDP or broker, other than those with own name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee, as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their

CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration and who are entitled to attend and vote at the Annual General Meeting do not deliver proxy forms to the Transfer Secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the Annual General Meeting be entitled to lodge the form of proxy in respect of the Annual General Meeting, in accordance with the instructions therein with the Chairman of the Annual General Meeting.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of AfroCentric) to attend, speak and vote in his/her stead. On a show of hands, every shareholder who is present in person or by proxy shall have one vote and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

AfroCentric does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such AfroCentric shareholder of the Annual General Meeting.

By order of the Board



Shireen Lutchan
Group Company Secretary

Roodepoort





AfroCentric GROUP

AfroCentric Investment Corporation Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1988/000570/06)
JSE share code: ACT ISIN: ZAE000078416
("the Company")

FORM OF PROXY

RELATING TO THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY

For use by the holders of certificated shares and/or dematerialised shares held through a broker or Central Securities Depository Participant ("CSDP") who have selected "own name" registration, registered as such at the close of business on the voting record date, at the Annual General Meeting to be held at 10:00 at the Bonitas Marketing Company Offices, The Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Extension 12, Centurion, on Friday, 5 February 2016 or any postponement or adjournment thereof. The form of proxy may also be handed to the Chairperson of the Annual General Meeting or adjourned or postponed Annual General Meeting before the Annual General Meeting is due to commence or recommence.

Dematerialised shareholders who have not selected "own name" registration must not complete this form.

They must inform their broker or CSDP timeously of their intention to attend and vote at the Annual General Meeting or be represented by proxy thereat in order for the broker or CSDP to issue them with the necessary letter of representation to do so or provide the broker or CSDP timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the broker or CSDP to vote in accordance with their instructions at the Annual General Meeting.

I/We [FULL NAMES IN BLOCK LETTERS PLEASE] _____

of (address) [BLOCK LETTERS PLEASE] _____

Telephone No.: (WORK) (area code) _____

Cellphone No.: _____ Telephone No.: (HOME) (area code) _____

E-mail address: _____

being the holder/s of _____ shares hereby appoint _____

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the Annual General Meeting

as my/our proxy to act for me/us on my/our behalf at the Annual General Meeting in accordance with the following instructions (see note 2):

	For	Against	Abstain
Ordinary resolutions			
1. Election of Directors			
1.1 Mr Hannes Boonzaaier			
1.2 Mr Willem Britz			
1.3 Ms Lindani Dhlamini			
2. Retirement and re-election of Directors			
2.1 Mr Motty Sacks			
2.2 Mr Meyer Kahn			
2.3 Dr Brigalia Bam			
3. Appointment of Chairperson and members to the Audit and Risk Committee			
3.1 Ms Yasmin Masithela (Chairperson)			
3.2 Mr Garth Napier			
3.3 Ms Lindani Dhlamini			
4. Reappointment of independent external auditor			
5. General authority to issue shares for cash			
6. Approval of the remuneration policy			
7. Authority of Directors and/or Company Secretary			
Special resolutions			
1. Approval of Non-executive Directors' remuneration			
2. General authority to repurchase shares			
3. Financial assistance to a related or interrelated company or companies			
4. Financial assistance for subscription of shares to related or interrelated companies			
5. Amendment of the Memorandum of Incorporation			

* One vote per share held by shareholders on the voting record date.

Insert an "X" in the appropriate spaces above according to how you wish your votes to be cast. If no indication is given the proxy may vote or abstain as he/she sees fit. If you wish to cast your votes in respect of a lesser number of shares than you own in AfroCentric, insert the number of shares held in respect of which you desire to vote (refer note 3).

Signed at _____ on _____ 2015/2016.

Signature _____

Any AfroCentric shareholder entitled to attend and vote at the Annual General Meeting and at any adjournment thereafter may appoint one or more proxies to attend, speak and to vote in place of such AfroCentric shareholder. A proxy so appointed need not be an AfroCentric shareholder.

Please read the notes and instructions on the following page carefully.

NOTES TO THE FORM OF PROXY

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a shareholder in terms hereof may not delegate his authority to act on behalf of the shareholder to any other person.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the Annual General Meeting as he deems fit in respect of the entire shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 10:00 on Wednesday, 3 February 2016 or not less than 48 hours before the recommencement of any adjourned or postponed meeting, or 10 minutes before the Annual General Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
 - 5.1 cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - 5.2 delivering a copy of the revocation instrument to the proxy and to AfroCentric. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairperson is satisfied as to the manner in which the shareholder(s) concerned wish(es) to vote.
7. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder) to attend, speak and vote in place of that shareholder at the Annual General Meeting.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by AfroCentric or the Transfer Secretaries or waived by the Chairperson of the Annual General Meeting.
9. Any alteration or correction made to this form of proxy must be initialised by the signatory(ies).
10. Where there are joint holders of shares:
 - 10.1 any one holder may sign this form of proxy; and
 - 10.2 the vote of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
11. The form of proxy may be used at any adjournment or postponement of the Annual General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
12. An extract from the Act reflecting the provisions of Section 58 of the Act is attached as an appendix to this form of proxy.
13. Holders of unlisted securities (if applicable) and shares held as treasury shares may not vote.

APPENDIX – EXTRACT FROM SECTION 58 OF THE COMPANIES ACT

"58. Shareholder's right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
 - (a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or
 - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in Section 60.
- (2) A proxy appointment:
 - (a) must be in writing, dated and signed by the shareholder; and
 - (b) remains valid for:
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the Company, or to any other person on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy and to the Company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any; or
 - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:
 - (a) the shareholder; or
 - (b) the proxy or proxies, if the shareholder has:
 - (i) directed the Company to do so, in writing; and
 - (ii) paid any reasonable fee charged by the Company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If a company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
 - (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - (b) the invitation, or form of instrument supplied by the Company for the purpose of appointing a proxy, must:
 - (i) bear a reasonably prominent summary of the rights established by this section;
 - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
 - (c) the Company must not require that the proxy appointment be made irrevocable; and
 - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsections (8)(b) and (d) do not apply if the Company merely supplies a generally available standard form of proxy appointment on request by a shareholder."

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT

COMPANIES ACT, 2008

MEMORANDUM OF INCORPORATION

OF A PROFIT COMPANY

(PUBLIC COMPANY)

NAME OF COMPANY:

AFROCENTRIC INVESTMENT CORPORATION LIMITED

("Company")

REGISTRATION NUMBER:

1988/000570/06

INDEX

1. INTRODUCTION
2. INTERPRETATION
3. GENERAL
4. SECURITIES OF THE COMPANY
5. SHAREHOLDER RIGHTS AND PROXY FORMS
6. SHAREHOLDERS' MEETINGS
7. DIRECTORS AND OFFICERS
8. GENERAL PROVISIONS

SCHEDULES:

Schedule 1: Authorised Shares

Schedule 2: Rights, Privileges and Obligations of the Redeemable Preference Shares

1. INTRODUCTION

- 1.1 The Memorandum of Incorporation in the prescribed form contemplated in Section 13(1)(a)(i) of the Act shall not apply to the Company.
- 1.2 This Memorandum does not:
 - 1.2.1 contain any restrictive conditions contemplated in Section 15(2)(b) of the Act;
 - 1.2.2 contain any requirement for the amendment of any particular provision of this Memorandum in addition to the requirements of the Act; and
 - 1.2.3 prohibit the amendment of any particular provision of this Memorandum. [Sections 15(2)(b) and 15(2)(c)]
- 1.3 The Company is incorporated as a public company in terms of the Act and, accordingly:
 - 1.3.1 the Company is not prohibited from offering its securities to the public; and
 - 1.3.2 the transfer of the Company's securities is unrestricted. [Section 8(2)(d)]

2. INTERPRETATION

In this Memorandum, including the introduction above, and unless the context requires otherwise:

- 2.1 words importing any one gender shall include the other two genders;
- 2.2 the singular shall include the plural and vice versa;
- 2.3 any word which is defined in the Act and is not defined in 2.5, shall bear that statutory meaning in this Memorandum;
- 2.4 the headings have been inserted for convenience only and shall not be used for or assist or affect their interpretation;
- 2.5 each of the following words and expressions shall have the meaning stated opposite it and cognate expressions shall have a corresponding meaning, namely:
 - 2.5.1 "the Act" means the Companies Act 71 of 2008, together with the Companies Regulations, 2011, as amended or substituted from time to time;
 - 2.5.2 "Board" means the Board of Directors of the Company from time to time;
 - 2.5.3 "Chairman" means the Chairman of the Directors appointed in accordance with 7.6;
 - 2.5.4 "Deputy Chairman" means the Deputy Chairman of the Directors appointed in accordance with 7.6;
 - 2.5.5 "Group" means the Company and its subsidiaries from time to time and "a member of the Group" means any one of them;
 - 2.5.6 "JSE" means the JSE Limited (Registration Number 2005/022939/06), a public company incorporated and licensed as an exchange under the Securities Services Act 36 of 2004, as amended or substituted from time to time;
 - 2.5.7 "legal representative" means any person who has submitted the necessary proof of his appointment as –
 - 2.5.7.1 an executor of the estate of a deceased member or trustee, curator or guardian of a member whose estate has been sequestrated or who is otherwise under disability;
 - 2.5.7.2 the liquidator of any member which is a body corporate in the course of being wound up; or
 - 2.5.7.3 the business rescue practitioner of any member which is a company under business rescue;
 - 2.5.8 "Listings Requirements" means the Listings Requirements of the JSE, as amended or substituted from time to time;
 - 2.5.9 "this Memorandum" means this Memorandum of Incorporation and includes its Schedule, which forms part of it; and
 - 2.5.10 "the Republic" means the Republic of South Africa.

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

3. GENERAL

3.1 Liability of incorporators, shareholders or Directors

This Memorandum does not impose any liability on any person for the liabilities or obligations of the Company, solely by reason of such person being an incorporator, shareholder or Director of the Company as contemplated by Section 19(2) of the Act. [Section 19(2)]

3.2 Powers of the Company

This Memorandum does not restrict, limit or qualify the legal powers or capacity of the Company in Section 19(1)(b) of the Act. [Section 19(1)(b)]

3.3 Memorandum of Incorporation and rules

3.3.1 The Board shall not have the power to make, amend or repeal any necessary or incidental rules relating to the governance of the Company in respect of matters that are not addressed in the Act or this Memorandum, in accordance with the provisions of Sections 15(3) to 15(5), both inclusive, of the Act. [Sections 15(3), 15(4), 15(5) and 15(5A)]

3.3.2 This Memorandum does not contain any restrictive conditions applicable to the Company as contemplated in Section 15(2)(b) or (c).

3.3.3 This Memorandum may only be altered or amended:

3.3.3.1 in accordance with a Court Order effected by a resolution of the Board in terms of Sections 16(1)(a) and 16(4); or

3.3.3.2 by a special resolution of the ordinary shareholders of the Company.

3.3.4 An amendment of this Memorandum shall include, but not be restricted to, the following:

3.3.4.1 the creation of any class of shares;

3.3.4.2 the variation of any preferences, rights, limitation and other share terms attaching to any class of shares;

3.3.4.3 the conversion of one class of shares into one or more other classes of shares;

3.3.4.4 any increase in the number of shares;

3.3.4.5 the consolidation of shares;

3.3.4.6 the subdivision of shares; and/or

3.3.4.7 the change of name of the Company.

3.3.5 In addition, if there are listed cumulative and/or non-cumulative preference shares in the capital of the Company, then the following right shall be attached to such shares:

“No further securities ranking on priority to, or *pari passu* with, existing shares, of any class, shall be created without a special resolution passed at a separate general meeting of such preference shareholders.”

3.3.6 If the Board, or any individual authorised by the Board, alters this Memorandum in any manner necessary to correct a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the document, it must publish a notice of such alteration by publishing the alterations on the Company's website, and must file a notice of alteration in the manner prescribed by the Act. [Section 17(1)]

3.4 Financial assistance to related persons

This Memorandum does not limit, restrict or qualify the authority of the Board to authorise the Company to provide direct or indirect financial assistance to any person contemplated in Section 45 of the Act. [Section 45(2)]

3.5 Solvency and liquidity test

This Memorandum does not alter the application of the solvency and liquidity test provided in Section 4 of the Act. [Section 4(2)(c)]

3.6 Annual Financial Statements

A copy of the Annual Financial Statements must be distributed to shareholders at least 15 business days before the date of the Annual General Meeting at which they will be considered.

3.7 Ratification of Ultra Vires Acts

The proposal of any resolution to shareholders in terms of Sections 20(2) and 20(6) of the Act which would lead to the ratification of an act that is contrary to the Listings Requirements, shall be prohibited, unless otherwise agreed with the JSE.

4. SECURITIES OF THE COMPANY

4.1 Authorisation for shares

4.1.1 The Company is authorised to issue the shares specified in Schedule 1, provided that, if required by the Act or the Listings Requirements, the Company may only issue:[Section 36(1)(a)]

4.1.1.1 unissued shares to shareholders of a particular class of shares, pro rata to the shareholders' existing shareholding unless such shares were issued for an acquisition of assets, subject to the Listings Requirements;

4.1.1.2 unissued shares or options for cash, as the Board in its discretion think fit, if approved by shareholders in general meeting, subject to the Listings Requirements; and

4.1.1.3 shares that are fully paid up and freely transferable, unless otherwise required by the Listings Requirements.

4.1.2 Any amendment to this Memorandum must be approved by a special resolution of ordinary shareholders, save where an amendment is ordered by a court in terms of Sections 16(1)(a) and 16(4):

4.1.2.1 the creation of any class of shares;

4.1.2.2 the variation of any preferences, rights, limitations and other terms attaching to any class of shares;

4.1.2.3 an increase in the number of securities of a class;

4.1.2.4 a consolidation of securities;

4.1.2.5 a subdivision of securities; and/or

4.1.2.6 the change of the name of the Company.

4.1.3 Securities of each class of shares for which listing is applied shall rank *pari passu* in respect of all rights.

4.1.4 The preferences, rights, limitations or other terms of any class of shares in the Company may not be varied and no resolution may be proposed to shareholders for rights to include such variation in response to an objectively ascertainable external fact or facts, as provided for in Section 37(6) and 37(7). [Section 37(6) and 37(7)]

4.2 Capitalisation shares

This Memorandum does not limit, restrict or qualify the authority of the Board, in terms of Section 47 of the Act, to:

4.2.1 approve the issue of any authorised shares of the Company as capitalisation shares, on a pro rata basis to the shareholders of one or more classes of shares;

4.2.2 approve the issue of shares of one class as capitalisation shares in respect of shares of another class; or

4.2.3 permit shareholders to elect to receive a cash payment in lieu of a capitalisation share, at a value determined by the Board. [Sections 47(1) and (2)]

provided that the requirements of Section 47 are met. [Sections 47(1) and (2)]

4.3 Payments to securities holders

4.3.1 Without derogating from any of the other provisions in this Memorandum, all payments made to holders of securities listed on the JSE must be provided for in accordance with the Listings Requirements and may not provide for capital to be repaid on the basis that it may be called up again.

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

4.3.2 Any acquisition by the Company or a subsidiary company of the Company's shares and any distribution to shareholders will be subject to the provisions of the Act and the Listings Requirements.

4.4 Debt instruments

This Memorandum does not limit, restrict or qualify the authority of the Board to authorise the Company to issue secured or unsecured debt instruments, provided that the Board may not grant special privileges regarding the attending and voting at general meetings of the Company or the appointment of Directors in respect of such debt instruments. [Sections 43(2)(a) and 43(3)]

4.5 Registration of beneficial interests

This Memorandum does not limit or restrict the holding of the Company's issued securities by, or the registration of the Company's issued securities in the name of, one person for the beneficial interest of another. [Section 56(1)]

4.6 Joint holders of securities

Where two or more persons are registered as the holders of any security, they shall be deemed to hold that security jointly, and:

- 4.6.1 notwithstanding anything to the contrary in this Memorandum, on the death, sequestration, liquidation or legal disability of any one of such joint holders, the remaining joint holders may be recognised, at the discretion of the Board, as the only persons having title to such security;
- 4.6.2 any one of such joint holders may give effectual receipts for any dividends, bonuses or returns of capital or other accruals payable to such joint holders;
- 4.6.3 only the joint holder whose name stands first in the securities register of the Company shall be entitled to delivery of the certificate relating to that security, or to receive notices from the Company (and any notice given to such joint holder shall be deemed to be notice to all of the joint holders); and
- 4.6.4 any one of the joint holders of any security conferring a right to vote may vote either personally or by proxy at any shareholders' meeting in respect of such security as if he were solely entitled thereto, and if more than one of such joint holders is present at any shareholders' meeting, either personally or by proxy, the joint holder who tenders a vote and whose name stands in the securities register of the Company before the other joint holders who are present in person or by proxy shall be entitled to vote in respect of that security.

4.7 Legal Representatives

A legal representative (not being one of several joint holders) shall be the only person recognised by the Company as a shareholder or having any title to a security registered in the name of the shareholder whom he represents. The legal representative shall provide proof of his capacity as such in a form reasonably satisfactory to the Company or the Chairman, as the case may be.

4.8 Commission

- 4.8.1 The Company may not pay commission of more than 10% (ten per centum) of the subscription price at which securities are issued to any person in consideration for such person subscribing or agreeing to subscribe, absolutely or conditionally, or for procuring or agreeing to procure subscriptions, absolute or conditional, for such securities.
- 4.8.2 Such commission may be paid in whole or in part by fully paid up securities, provided that the prior approval of shareholders by means of an ordinary resolution shall be required before any commission or portion thereof is paid in shares.

4.9 Authority to sign transfer deeds

All authorities to sign transfer deeds granted by holders of securities for the purpose of transferring securities that may be lodged, produced or exhibited with or to the Company at any of its transfer offices shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices, the Company shall be entitled to give effect to any instruments signed under the authority to sign, and certified by any officer of the Company, as being in order before the giving and lodging of such notice.

4.10 Securities not subject to lien

Securities shall not be subject to any lien in favour of the Company and shall be freely transferable.

4.11 Transmission

This Memorandum may not contain a provision to the effect that securities registered in the name of a deceased or insolvent holder shall be forfeited if the executor fails to register them in his own name or in the name of the heir(s) or legatees, when called upon by the Directors of the Company to do so.

5. SHAREHOLDER RIGHTS AND PROXY FORMS

5.1 Shareholders' right to information

This Memorandum does not establish any information rights of any person in addition to the information rights provided in Sections 26(1) and (2) of the Act. [Section 26(3)]

5.2 Representation by concurrent proxies

This Memorandum does not limit or restrict the right of a shareholder to appoint two or more persons concurrently as proxies, or to appoint more than one proxy to exercise voting rights attached to different securities held by that shareholder. [Section 58(3)(a)]

5.3 Authority of proxy to delegate

This Memorandum does not limit or restrict the right of a proxy to delegate the proxy's authority to act on behalf of the shareholder appointing him to another person, subject to such restrictions as may be set out in the instrument appointing the proxy. [Section 58(3)(b)]

5.4 Requirement to deliver proxy instrument to the Company

A copy of the instrument appointing a proxy must be delivered to the registered office of the Company, or to any other person specified by the Company, not less than 48 (forty-eight) hours (or such lesser period as the Directors may determine in relation to a particular meeting) before the time appointed for the holding of the meeting (including an adjourned meeting) at which the person(s) named in the proxy form proposes to vote and if the instrument of proxy is not so delivered, the form of proxy shall not be treated as valid. [Section 58(3)(c)]

5.5 Record date for exercise of shareholder rights

A record date for any action or event shall be determined in accordance with the Act and the Listings Requirements. [Section 59(1)]

6. SHAREHOLDERS' MEETINGS

6.1 Convening of shareholders' meetings

This Memorandum does not specify any person other than the Board who may call a shareholders' meeting. [Sections 61(1) and 61(3)]

6.2 Shareholders' right to requisition a meeting

This Memorandum does not specify a lower percentage of voting rights than the percentage specified in Section 61(3) of the Act required for the requisition by shareholders of a shareholders' meeting. [Section 61(3)]

6.3 Location of shareholders' meetings

This Memorandum does not limit, restrict or qualify the authority of the Board to determine the location of any shareholders' meeting, which may be in South Africa or in any foreign country. [Section 61(9)]

6.4 Notice of shareholders' meetings

6.4.1 This Memorandum does not provide a different period of notice of shareholders' meetings to the period prescribed by the Act. [Sections 62(1) and 61(2)]

6.4.2 Notice of shareholders' meetings shall be sent to each shareholder entitled to vote at such meeting and who has elected to receive such notice.

6.5 Shareholders' meetings conducted by electronic communication

This Memorandum does not authorise the Company to provide for any shareholders' meeting generally to be conducted by electronic communication, or for one or more shareholders, or proxies for shareholders, to participate in any shareholders' meeting by electronic communication, unless the Board authorises it in respect of any particular meeting. [Section 63(2)]

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

6.6 Quorum for shareholders' meetings

6.6.1 This Memorandum does not specify a different percentage of voting rights in terms of Section 64(1) of the Act and accordingly at least 25% (twenty-five per centum) of all the voting rights that are entitled to be exercised in respect of:

6.6.1.1 at least one matter to be decided at any shareholders' meeting must be present for that meeting to begin; and

6.6.1.2 for the consideration of any matter to be decided at any shareholders' meeting.

provided that 3 (three) shareholders entitled to attend and vote are present at the meeting referred to in 6.6.1.1 and 6.6.1.2. [Sections 64(1) and 64(2)]

6.6.2 This Memorandum specifies 30 (thirty) minutes as a different time to the 1 (one) hour provided in Sections 64(4) and 64(5) of the Act for a quorum to be established before a shareholders' meeting may be adjourned. [Sections 64(4), 64(5) and 64(6)]

6.6.3 This Memorandum does not specify a different period than the period of 1 (one) week provided in Section 64(4) for the adjournment of a shareholders' meeting. [Sections 64(4) and 64(6)]

6.6.4 This Memorandum prohibits the continuation of any shareholders' meeting or the consideration of any matter to be considered at any shareholders' meeting after a quorum has been established for commencement of such meeting if such quorum is not present for that matter to be considered. [Section 64(9)]

6.7 Adjournment of shareholders' meetings

This Memorandum does not provide different maximum periods for adjournment of shareholders' meetings than those specified in Section 64(12) of the Act. [Sections 64(12) and 64(13)]

6.8 Shareholders' resolutions

6.8.1 This Memorandum does not require a higher percentage of voting rights to approve an ordinary resolution than the percentage voting rights specified in the Act. [Sections 65(7) and 65(8)]

6.8.2 This Memorandum does not require a different percentage of voting rights to approve a special resolution than the percentage voting rights specified in the Act. [Section 65(9) and 65(10)]

6.8.3 Subject to the Listings Requirements and the Act, this Memorandum does not require a special resolution for any other matter not contemplated in Section 65(11) of the Act. [Section 65(12)]

6.9 Shareholders' meetings in terms of the Listings Requirements

6.9.1 Shareholders meetings that are called for the purpose of passing any resolution required in terms of the Listings Requirements may not be voted on in writing as provided for in Section 60 of the Act, unless permitted by the Listings Requirements.

6.9.2 This Memorandum does not prohibit or restrict the Company from calling any meeting for the purposes of adhering to the Listings Requirements.

6.10 Notice of shareholders' meetings to the JSE

6.10.1 A copy of all notices of shareholders' meetings must be sent to the JSE at the same time as notices are sent to shareholders if required in terms of the Listings Requirements.

6.10.2 All notices of shareholders' meetings must also be announced through the official news service of the JSE at the same time as notices are sent to shareholders, or as soon thereafter as is practicable.

7. DIRECTORS AND OFFICERS

7.1 Composition of the Board of Directors

7.1.1 Subject to the Listings Requirements, this Memorandum specifies 4 (four) as the minimum number of Directors of the Company, being a higher number in substitution for the minimum number of Directors required in terms of Section 66(2) of the Act. [Sections 66(2) and (3)]

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- 7.1.2 Subject to 7.1.7 and the Listings Requirements, the shareholders shall elect the Directors, and shall be entitled to elect one or more alternate Directors, in accordance with the provisions of Section 68(1) of the Act. [Section 68(1)]
- 7.1.3 This Memorandum does not provide for:
- 7.1.3.1 the direct appointment or removal of any Director or alternate Director by any particular person; or [Section 66(4)(a)(i) and (iii)]
- 7.1.3.2 the appointment of any person as an *ex officio* Director of the Company. [Section 66(4)(a)(ii)]
- 7.1.4 This Memorandum does not stipulate any additional qualifications or eligibility requirements than those set out in the Act for a person to become or remain a Director or a prescribed officer of the Company, provided that, for as long as the Listings Requirements requires it, the Board, through the Nominations Committee, should recommend eligibility of Directors, taking into account past performance and contributions. [Section 69(6)]
- 7.1.5 Subject to the Act and this Memorandum, at every Annual General Meeting one-third of the Non-executive Directors (or such other number of Directors determined in terms of the Listings Requirements) for the time being or, if their number is not a multiple of 3 (three) (or such other number determined in terms of the Listings Requirements), then the number nearest to, but not less than one-third (or such other number determined in terms of the Listings Requirements), or if there are less than three (or such other number determined in terms of the Listings Requirements), then all of the Non-executive Directors, shall retire from office. The Non-executive Directors (determined in terms of the Listings Requirements) so to retire at every Annual General Meeting shall be those who have been longest in office since their last election, but as between persons who become or were last elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot, provided that notwithstanding anything in this Memorandum:
- 7.1.5.1 if at the date of any Annual General Meeting any Director shall have held office for a period of 3 (three) years since his last election or appointment (or such other period determined in terms of the Listings Requirements), he shall retire at such meeting either as one of the Directors to retire in pursuance of the foregoing or additionally thereto;
- 7.1.5.2 a Director who intends to retire voluntarily at the meeting may be taken into account in determining the number of Directors to retire at such meeting in terms of the Listings Requirements;
- 7.1.5.3 the identity of the Directors to retire at such Annual General Meeting shall be determined as at the date of the notice convening such meeting; and
- 7.1.5.4 the length of time a Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting. [Section 68(1)]
- 7.1.6 Retiring Directors shall be eligible for re-election but no person, other than a Director retiring at the meeting, shall, unless recommended by the Directors, be eligible for election to the office of a Director at any shareholders' meeting.
- 7.1.7 The Board may appoint any person who satisfies the requirements for election as a Director or alternate Director to fill any vacancy and serve as a Director or alternate Director on a temporary basis until the vacancy is filled by election in accordance with Section 68(1) of the Act. [Section 68(3)]
- 7.1.8 Life directorships and directorships for an indefinite period are not permissible.

7.2 Vacancies

If the number of Directors falls below the minimum provided for in this Memorandum or those required in terms of the Listings Requirements, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number of Directors falls below the minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies. If required by the Listings Requirements:

- 7.2.1 the appointment of a Director to fill a vacancy or as an addition to the Board must be confirmed by shareholders at the next Annual General Meeting; and

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

- 7.2.2 after the expiry of the 3 (three) month period referred to above, the remaining Directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.

7.3 Authority of the Board of Directors

The authority of the Board to manage and direct the business and affairs of the Company, as contemplated in Section 66(1) of the Act, is not limited, restricted or qualified by this Memorandum. [Section 66(1)]

7.4 Directors' compensation and financial assistance to Directors

- 7.4.1 This Memorandum does not limit, restrict or qualify the power of the Company to pay remuneration to its Directors for their service as Directors in accordance with Section 66(9) of the Act. [Section 66(8)]
- 7.4.2 The appointment and remuneration of Directors employed in any other capacity in the Company or as a Director or employee of a company controlled by, or itself a major subsidiary of, the Company must be determined by a disinterested quorum of Directors.
- 7.4.3 The Directors may be paid all their travelling and other expenses, properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the Board or of Committees thereof; and, if any Director is required to perform extra services, to reside abroad or be specifically occupied about the Company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of Directors, which may be either in addition to or in substitution for any other remuneration payable.

7.5 Indemnification of Directors

- 7.5.1 This Memorandum does not limit, restrict or qualify the ability of the Company to advance expenses to a Director to defend any legal proceedings arising from his service to the Company, or to indemnify a Director against such expenses if the proceedings are abandoned or exculpate the Director or arise in respect of any liability for which the Company may indemnify the Director in terms of Sections 78(5) and 78(6) of the Act. [Section 78(4)]
- 7.5.2 This Memorandum does not limit, restrict or qualify the power of the Company to indemnify a Director in respect of any liability arising out of the Director's service to the Company to the fullest extent permitted by the Act. [Section 78(5)]
- 7.5.3 This Memorandum does not limit, restrict or qualify the power of the Company to purchase insurance to protect a Director against any liability or expenses for which the Company is permitted to indemnify a Director in terms of the Act and this Memorandum, or the Company against any contingency. [Section 78(7)]
- 7.5.4 Every Director, alternate Director, manager, secretary and other officer of the Company and any person employed by the Company as its auditor shall be indemnified out of the Company's funds against all liability incurred by him in defending any proceedings (whether civil or criminal) arising out of any actual or alleged negligence, default, breach of duty or breach of trust on his part in relation to the Company in which judgment is given in his favour or in which he is acquitted or in connection with any matter in which relief is granted to him by the court in terms of the Act.

7.6 Chairman

- 7.6.1 The Directors may elect from their number a Chairman and a Deputy Chairman, or two or more Deputy Chairmen, and decide the period for which each is to hold office. The Directors may also remove any of them from such office at any time. If neither a Chairman nor a Deputy Chairman has been appointed or if at any meeting of the Directors, neither the Chairman nor a Deputy Chairman is present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairman of the meeting.
- 7.6.2 If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present, if more than one, by seniority in length of appointment or otherwise as resolved by the Directors.

7.7 Directors' meetings

- 7.7.1 This Memorandum does not restrict the Directors from acting otherwise than at a meeting, as contemplated in Section 74(1) of the Act. [Section 74(1)]

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- 7.7.2 This Memorandum does not specify a different percentage or number of Directors upon whose request a meeting of the Board must be called in terms of Section 73(1) of the Act. [Sections 73(1) and 73(2)]
 - 7.7.3 This Memorandum does not restrict the Board from conducting meetings, or Directors from participating in meetings, by electronic communication, as contemplated in Section 73(3) of the Act. [Section 73(3)]
 - 7.7.4 This Memorandum does not limit, restrict or qualify the authority of the Board to determine the manner and form of giving notice of its meetings. [Section 73(4)]
 - 7.7.5 This Memorandum does not limit, restrict or qualify the authority of the Board to proceed with a Board meeting in accordance with the requirements of Section 73(5)(a) of the Act, despite a failure or defect in giving notice of the meeting. [Section 73(5)(a)]
 - 7.7.6 The quorum requirement for a Directors' meeting to begin, the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting, as set out in Section 73(5) of the Act, are not varied by this Memorandum. [Sections 73(5)(b), 73(5)(c), 73(5)(d) and 73(5)(e)]
 - 7.7.7 Subject to the Listings Requirements, in the case of an equality of votes at any meeting of the Directors, the Chairman shall have a second or casting vote, except where the necessary quorum for a Directors' meeting is 2 (two), in which event the Chairman shall not be permitted to have a casting vote if only two Directors are present at a Directors' meeting.
 - 7.7.8 A decision that could be voted on at a meeting of the Board of Directors of the Company may instead be adopted by written consent of a majority of the Directors, given in person, or by electronic communication, provided that each Director has received notice of the matter to be decided. Such resolution, inserted in the minute book, shall be as valid and effective as if it has been passed at a meeting of Directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last Director who signed it (unless a statement to the contrary is made in that resolution).

7.8 Committees of the Board of Directors

- 7.8.1 This Memorandum does not limit, restrict or qualify the authority of the Board to appoint any number of Committees of Directors, or to delegate to any such Committee any of the authority of the Board. [Section 72(1)]
- 7.8.2 Except to the extent that a Board resolution establishing a Committee provides otherwise, the members of the Committee:
 - 7.8.2.1 may include persons who are not Directors of the Company but any such person must not be ineligible or disqualified to be a Director in terms of Section 69 of the Act. Any such persons shall not have a vote on any matter to be decided by the Committee;
 - 7.8.2.2 may consult with or receive advice from any person;
 - 7.8.2.3 may be remunerated for their services as such; and
 - 7.8.2.4 provided that the Committee is duly constituted, have the full authority of the Board in respect of any matter referred to it. [Section 72(2)]
- 7.8.3 The Board may from time to time, where it has appointed a Committee in terms of 7.8.1 and 7.8.2, include in any such delegation the power to sub-delegate the powers referred to in 7.8.1 and 7.8.2 to such person or persons as the Committee thinks fit, subject to such terms and conditions as the Committee for the time being may think fit, and may from time to time revoke, withdraw, alter or vary all or any such powers.

7.9 Termination of office

- 7.9.1 Without prejudice to any provisions for retirement contained in this Memorandum or the Act, the office of a Director is vacated if:
 - 7.9.1.1 he becomes prohibited or disqualified by the Act from acting as a Director, ceases to be a Director by virtue of any provision of the Act or is removed from office pursuant to this Memorandum or the Act,

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

- 7.9.1.2 he gives notice to the Company of his resignation as a Director with effect from the date of, or such later date as provided for in, such notice;
- 7.9.1.3 he is absent from meetings of the Directors for 6 (six) consecutive months without permission of the Board and the Directors have resolved that his office be vacated, provided that this provision shall not apply to a Director who is represented by an alternate Director who does not so absent himself; or
- 7.9.1.4 he is removed by an ordinary resolution of the shareholders in accordance with Section 71 of the Act.
- 7.9.2 If a Director holds an appointment to executive office which terminates on termination of his office as Director, his removal from office pursuant to this 7.9 shall be deemed an act of the Company and shall take effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- 7.9.3 If the office of a Director is vacated for any reason he shall cease to be a member of any Committee of the Board.
- 7.9.4 A resolution of the Board declaring a Director to have vacated office under the terms of this 7.9 shall be conclusive as to the facts and grounds of vacation stated in the resolution.

8. GENERAL PROVISIONS

8.1 Amendment of class, preferences, rights, limitations or other terms

- 8.1.1 If any amendments proposed to any preferences, rights, limitations or other terms of any class of shares, such amendment would be subject to the prior sanction of a resolution passed at a separate class meeting of the holders of that class of shares in the same manner, *mutatis mutandis*, as a special resolution:
 - 8.1.1.1 where the amendment relates to any preferences, rights, limitations or other terms associated with any class of shares already in issue, such amendment requires a Special Resolution adopted at a separate meeting of the Holders of shares in that class; and
 - 8.1.1.2 the holder of the shares referred to in 8.1.1.1 shall, in addition be entitled to vote at any other meeting of shareholders at which such amendment is to be approved.
- 8.1.2 At every meeting of the holders of that class of shares, the provisions of this Memorandum relating to general meetings of ordinary shareholders shall apply, *mutatis mutandis*, except that a quorum at any such general meeting shall be the quorum specified for that class of shares, provided that if at any adjournment of such meeting a quorum is not present, the provisions of this Memorandum relating to adjourned meetings shall apply, *mutatis mutandis*.

8.2 Fractions of securities

If, on any capitalisation issue, consolidation, subdivision, redesignation of securities, or for any other reason, any shareholder would, but for the provisions of this 8.2, become entitled to fractions of securities, the Directors shall be entitled to sell the securities resulting from the aggregation of such fractions on such terms and conditions as they deem fit for the benefit of the relevant shareholders, and any Director shall be empowered to sign any instrument of transfer or other instrument necessary to give effect to such sale provided that all allocations of securities will be rounded up or down based on standard rounding convention (i.e. allocations will be rounded down to the nearest whole number if they are less than 0.5 and will be rounded up to the nearest whole number if they are equal to or greater than 0.5) resulting in allocations of whole securities and no fractional entitlements.

8.3 Dividends

- 8.3.1 A general meeting or the Board may declare cash or scrip dividends, in accordance with the Act, to any one or more classes of shareholders from time to time:
 - 8.3.1.1 registered as such at a date which shall be not less than 14 (fourteen) days after the date of publication of the announcement of the declaration of the dividend on the basis that the securities register may not be closed between the date of publication of such announcement and the record date for the payment of the dividend; and

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- 8.3.1.2 with the sanction of a general meeting, any dividend declared may be paid either wholly or in part by the distribution of such specific assets in such manner as the Directors may determine, provided that no greater dividend shall be declared by a general meeting than is recommended by the Board.
- 8.3.2 The Company may transmit any dividend or other amount payable in respect of a security by Electronic Funds Transfer to the bank account of the security holder thereof recorded in the securities register as the holder thereof may previously have given to the Company in writing, and the Company shall not be responsible for any loss in transmission due to the incorrect bank account or any incorrect information given to the Company by the security holder.
- 8.3.3 All distributions, including dividends and other monies, that are due to any shareholder/s and which are unclaimed:
- 8.3.3.1 Shall be subject to the laws of prescription;
- 8.3.3.2 will be held in trust by the Company in favour of such shareholder/s until claimed by the shareholder concerned [LR 10.17(c)];
- 8.3.3.3 for a period of 3 (three) years from the date on which dividends are declared, only such dividends may be declared forfeited by the Board for the benefit of the Company. The Board may at any time annul such forfeiture upon such conditions (if any) as they think fit [LR 10.17(c)]; and
- 8.3.3.4 subject to clause 8.3.3.1, shall not bear any interest against the Company, and the Company shall, for the purpose of facilitating its winding up or deregistration, or the reduction of its share capital, be entitled by special resolution to delegate to any bank, registered as such in accordance with the laws of the Republic, the liability for payment of any such distribution, payment of which has not been forfeited in terms of the foregoing.

8.4 Rights attaching to securities

- 8.4.1 Subject to any restriction as to voting to which any shareholder or security may be subject, a shareholder who is present in person or by proxy shall:
- 8.4.1.1 have 1 (one) vote on a show of hands; and
- 8.4.1.2 on a poll have 1(one) vote for each ordinary share held.
- 8.4.2 Voting shall be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of shareholders if a demand is made for such a vote by:
- 8.4.2.1 at least 5 (five) persons having the right to vote on that matter, either as shareholders or as proxies representing shareholders; or
- 8.4.2.2 a shareholder who is, or shareholders who together are, entitled, as shareholders or proxies representing shareholders, to exercise at least 10% (ten per cent) of the voting rights entitled to be voted on that matter; or
- 8.4.2.3 the chairperson of the meeting.
- 8.4.3 In all other respects, and in particular, but without limiting the generality of the foregoing, in respect of the redeemable preference shares set out in Schedule 1, the rights, privileges and obligations attaching to such shares are set out in Schedule 2 attached hereto.

8.5 Winding up

If the Company is wound up, whether voluntarily or by court order, the assets remaining after payment of the liabilities of the Company and the costs of winding up shall be distributed amongst the shareholders in proportion to the number of securities respectively held by them, subject to the rights of any shareholders to whom securities have been issued on special conditions and subject to the Company's right to apply set-off against the liability, if any, of any shareholders for unpaid capital.

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

SCHEDULE 1 – AUTHORISED SHARES

A. Classified shares

1. 1 000 000 000 (one billion) ordinary shares of 1 (one) cent each, each of which shall entitle the holder, subject to any preferences, rights or other share terms of any class of shares in the Company ranking prior to the ordinary shares:
 - (i) to receive any distribution in accordance with the holder's voting power;
 - (ii) on a liquidation of the Company, to receive the net assets of the Company in accordance with the holder's voting power;
 - (iii) to all of the preferences, rights or other terms set out in the Act or this Memorandum; and
 - (iv) to any other rights at common law in so far as such rights are not inconsistent with this Memorandum or the Act.
2. 60 000 000 (sixty million) redeemable participating preference shares of 1 (one) cent each, each of which shall entitle the holder, subject to any preferences, rights or other share terms of any class of shares in the Company ranking prior to the redeemable participating preference shares:
 - (i) to receive any distribution in accordance with the holder's voting power;
 - (ii) on a liquidation of the Company, to receive the net assets of the Company in accordance with the holder's voting power;
 - (iii) to all of the preferences, rights or other terms set out in the Act or this Memorandum; and
 - (iv) to any other rights at common law in so far as such rights are not inconsistent with this Memorandum or the Act.

B. Unclassified shares

None.

SCHEDULE 2 – RIGHTS, PRIVILEGES AND OBLIGATIONS OF THE REDEEMABLE PREFERENCE SHARES

- 1 For the purposes of this Appendix:
 - 1.1 "business day" means any day other than a Saturday, Sunday or public holiday in the Republic;
 - 1.2 "CSDP" means a Central Securities Depository Participant;
 - 1.3 "preference dividend" means a preferential cash dividend per preference share determined pursuant to the formula contained in 2 below;
 - 1.4 "the redeemable preference shares" means 60 000 000 (sixty million) redeemable participating preference shares in the issued share capital of the Company of a nominal value of 1 (one) cent each which have the rights set out in this Appendix;
 - 1.5 "the rights offer" means the rights offer to be implemented by the Company commencing on or about 16 May 2006.
2. If the Company declares dividends or makes any payment to the holders of the ordinary shares in respect of any financial year, then the holders of the redeemable preference shares shall be entitled to a preferential dividend or payment calculated in accordance with the following formula:

$$\text{Pref Div / Payment} = P \times 0.15 \times R / S$$

Where

Pref Div / Payment = the total dividend or payment to be declared by the Board in respect of the redeemable preference shares as a class;

P = the total dividend or payment to be declared by the Board in respect of ordinary shares and redeemable preference shares;

R = the redeemable preference shares in issue at record date of the relevant dividend or payment; and

S = the total number of redeemable preference shares issued in terms of the rights offer.

To calculate the preference dividend payable per redeemable preference share, the Rand value derived from applying the above formula is divided by "R".

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3. The redeemable preference shares will rank as regards arrear dividends and return of capital on a winding up in priority to the ordinary shares and in priority to the holders of any other shares in the capital of the Company to repayment of an amount equal to the greater of: (a) the sum of the subscription price of the redeemable preference shares and any arrears in the preference dividends; or (b) the amount the holders of the redeemable preference shares would otherwise be entitled to receive had the holders thereof elected to exercise their options to purchase ordinary shares immediately prior to the date it is determined to wind up the affairs of the Company (whether or not such date is an option exercise date detailed in 8.1 below).
 4. The Company in general meeting or the Directors of the Company shall be entitled to declare dividends in respect of the redeemable preference shares on the basis that the preference dividend payable in respect of any financial year shall be payable at the same time as the payment of the dividend in respect of ordinary shares to the holders of the redeemable preference shares registered as such at a reasonable date chosen by the Company in general meeting or by the Directors, as the case may be, which date shall be subsequent to the date of the declaration of such dividends or the date of the confirmation of such dividends, whichever is the later. Any arrear preference dividends shall rank for payment in priority to the declaration or payment of any dividends in respect of the ordinary shares.
 5. With respect to voting rights in the Company, the holders of the redeemable preference shares shall not be entitled to receive notice of and to attend and vote at any general meeting of the Company unless any one or more of the following circumstances prevail at the date of the meeting –
 - 5.1 the preference dividend or any part thereof whether declared or not or redemption payment thereon remains unpaid after 60 (sixty) days from the due date thereof [LR S10.5(h)(i) and (iii)];
 - 5.2 a resolution of the Company is proposed which directly affects the rights attached to the redeemable preference shares or the interests of the holders thereof, limited to a resolution for the winding up of the Company or for the reduction of its share capital [LR S10.5(h)(ii)];
 - 5.3 a resolution of the Company is proposed for the disposal of the whole or substantially the whole of the undertaking of the Company, or the whole or the greater part of the assets of the Company which shall include a resolution of the Company for the disposal of the undertaking or assets of a subsidiary of the Company, if such undertaking or assets constitute the whole or substantially the whole of the undertaking or assets of the Company and all its subsidiaries considered as one entity for this purpose.
 6. Subject to the Act, holders of any redeemable preference share shall, when such holders are entitled to vote at any general meeting or Annual General Meeting of the Company in terms of clause 5 above, shall:
 - 6.1 not have any special rights and/or privileges attached to their vote/s; and
 - 6.2 be entitled to 1 (one) vote for each share that they hold, provided that their total voting right at such a general meeting or Annual General Meeting, may never be more than 24.99% less one vote of the total voting rights of all shareholders at such meeting. [LR S10.5(c)]
 7. Payment in respect of preference dividends and any other payments shall be made in the currency of South African Rand at the risk of the relevant holder of redeemable preference shares either by cheque sent by ordinary post to the address of each holder of redeemable preference shares as recorded in the register of the Company's shareholders or by electronic transfer to such bank account nominated in writing by any holder of redeemable preference shares for such purpose. Payment in respect of shareholders whose redeemable preference shares have been dematerialised will be made to the relevant CSDP or broker.
 8. All or any of the rights attaching to the issued redeemable preference shares may not be modified, altered, varied, added to or abrogated, without the prior written consent of the holders of at least three-quarters of the issued redeemable preference shares or the sanction of a resolution of the holders of the issued redeemable preference shares passed at a separate general meeting of such holders and at which redeemable preference shareholders holding in the aggregate not less than one quarter of the total votes of all the redeemable preference shareholders holding securities entitled to vote at that meeting are present in person or by proxy and the resolution has been passed by not less than three-quarters of the total votes to which the redeemable preference shareholders are present in person or by proxy are entitled.
 9. The holder of each redeemable preference share is granted the right and option ("the call option") to subscribe for such number of ordinary shares at the prices set out on the following page. The call option may be exercised by the holder of each redeemable preference share upon the following terms and conditions:

ANNEXURE A: MEMORANDUM OF INCORPORATION AMENDMENT continued

- 9.1 the call option may be exercised by the relevant shareholder giving written notice to that effect to the Company in accordance with the procedure set out in paragraph 11 below, in respect of each of the periods ending on 30 November 2010, 2011, 2012 and 2013 ("the option exercise dates");
- 9.2 the number of ordinary shares that will be issued to the holder of each redeemable preference share if the call option is exercised in respect of that redeemable preference share at the relevant time shall be calculated in accordance with the following formula:
- $$\{(A - B)/0.85 - (A - B)\} \times C/D$$
- Where:
- A = the total ordinary shares in issue at time of exercise of the call option;
- B = the total ordinary shares issued in terms of previously exercised call options;
- C = the number of redeemable preference shares in respect of which the call option is exercised; and
- D = the total number of redeemable preference shares originally issued in terms of the rights offer;
- 9.3 the subscription price per ordinary share payable by the shareholder to the Company shall be calculated in accordance with the following formula:
- $$A = B \div C$$
- Where
- A = the subscription price per ordinary share at which the call option may be exercised;
- B = the aggregate subscription price at which the preference shares associated with the options that were exercised were subscribed for by the relevant shareholder; and
- C = the number of ordinary shares that will be issued by the Company upon the exercise of the call option;
- 9.4 the call option may be exercised in whole or in part;
- 9.5 any call option that is not exercised by 31 December 2013 shall lapse.
10. From the date upon which ordinary shares are issued pursuant to the exercise of the relevant call options, the preference shares to which the exercised call options relate shall cease to be entitled to any dividend or other distribution. The only monies to which holders of those redeemable preference shares shall be entitled are the redemption monies provided for in 10 below.
11. The redeemable preference shares to which that call option relate shall be redeemed out of the proceeds of the issue of the ordinary shares that will be subscribed for by the holders of the redeemable preference shares on the exercise of the option on the following basis –
- 11.1 the price payable for each redeemable preference share on redemption of same will be at a redemption price equal to the subscription price paid per redeemable preference share;
- 11.2 the Company shall be deemed to have given notice of such redemption simultaneously with the exercise of the call option;
- 11.3 the redemption shall take place in accordance with the procedures set out in paragraph 11 below.
12. The procedures for enabling redeemable preference shareholders to exercise their options and enable the Company to redeem the redeemable preference shares are as follows –
- 12.1 not less than 30 (thirty) days before the occurrence of any option exercise date, the Company shall post a notice to redeemable preference shareholders;
- 12.2 the notice shall advise redeemable preference shareholders of the salient features of the call option attaching to the redeemable preference shares, shall set out a timetable and the specific procedures approved by the JSE for the exercise of the call option, for the issue and allotment of the ordinary shares that will result should a call option be exercised and the redemption of the preference shares;

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- 12.3 the call option may be exercised on behalf of a redeemable preference shareholder whose redeemable preference shares have been dematerialised by the CSDP of such redeemable preference shareholder;
- 12.4 the notice shall contain a form for completion by any certificated redeemable preference shareholder wishing to exercise the call option in respect of the relevant option exercise date and for return to the Company or its authorised representative by a time and date which shall be not later than 14 (fourteen) days prior to the close of business on the relevant option exercise date; and
- 12.5 certificated redeemable preference shareholders shall be required to deliver their share certificates together with the completed form referred to above.
13. On the lapsing of the call option the Company shall redeem the redeemable preference shares out of monies which may be lawfully applied for that purpose on the basis that the price payable for each redeemable preference share on redemption of same will be at a redemption price equal to the subscription price paid per redeemable preference share, provided that should the Company not have sufficient reserves to redeem the redeemable preference share at a redemption price equal to the subscription price of the redeemable preference share then the price at which each redeemable preference share shall be redeemed shall be calculated by taking the reserves available for the redemption of the redeemable preference shares and dividing that amount by the number of redeemable preference shares to be redeemed.
14. Upon the date of redemption of any redeemable preference shares there shall be paid all preference dividends (including any which are in arrear) outstanding in respect of the same, up to the date fixed for redemption thereof.
15. In respect of redeemable preference shares where the call option has lapsed, the preference dividends thereon shall cease to accrue from that date unless, upon surrender of the share certificate in respect of the preference shares, payment of the redemption monies is not effected by the Company.
16. The Company shall not be liable to a redeemable preference shareholder for interest on any unclaimed redemption monies and arrear dividends.
17. Any preference dividends (including any which are in arrear) that remain unclaimed for 3 (three) years may become the property of the Company.
18. The redeemable preference shares will, subject to the approval of the JSE, be listed on the JSE.
19. Any redeemable preference shares in the authorised capital of the Company that are not issued in the rights offer will be automatically cancelled on completion of the rights offer.



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