



UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2020
and Dividend declaration

FINANCIAL HIGHLIGHTS

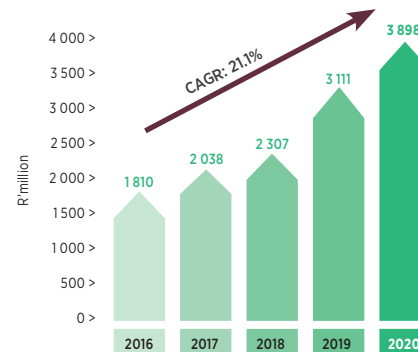


↑ **25.3%**

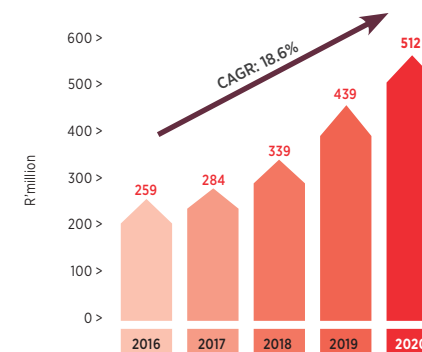
Revenue



Total revenue



Operating profit

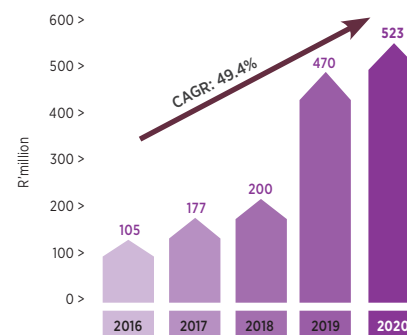


↑ **16.4%**

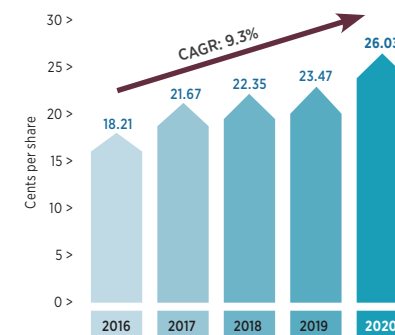
Healthcare Services
operating profit



Cash generated from operations



Headline earnings per share



↑ **13.0%**

Profit after tax

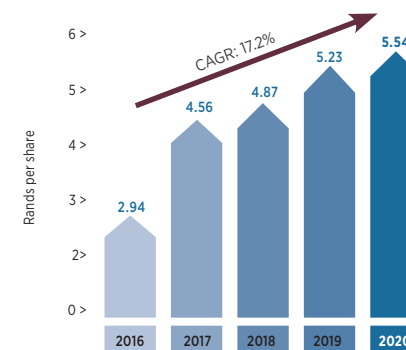


↑ **10.9%**

Headline earnings



NAV per share



Level 1

B-BBEE rating



COMMENTARY

Introduction and review

AfroCentric is a Level 1 black-owned JSE listed investment holding company, which owns and operates a diverse range of healthcare related enterprises, which include, specialised medical scheme administration, the supply of pharmaceuticals, including a range of healthcare products and services, to both the public and private healthcare sectors. A principal objective of the Group, is to ensure the delivery of efficient health management services and the distribution of quality products, all at manageable and affordable cost, for the benefit of clients and scheme members. AfroCentric has been able to successfully broaden its interests in the industry, by continuing to pursue new opportunities, to expand and rationalise its presence in the healthcare sector.

The Board takes pleasure in presenting commentary on AfroCentric's ("ACT") operating performance for the six months ended 31 December 2020. These results have been achieved in a tough economic environment that is plagued by the Covid-19 pandemic. The new variant of the Corona virus, coupled with the restrictions posed by the various levels of lockdown have resulted in the South African economy enduring strain. The health industry is not exempted from this strain as our medical aid clients are facing the pressure of loss of membership, or of members buying down on their medical aid options. Despite the context in which we find ourselves, the Group has made great strides towards achieving our targets.

With all our business units being deemed essential services, we have continued to service our clients throughout the various levels of lockdown. The Group has continued to work tirelessly on developing and implementing innovative ways to ensure that our scheme members are not materially impacted by this pandemic.

- Medscheme concluded the development of a new Hospital Benefit Management (HBM) system that enables digital engagement with providers and members seeking hospital authorisations. This system leverages the latest technology in decisioning and, when integrated with the claims decision engine, will make the hospital admission and claims process almost immediate at first submission.
- The VirtualCare™ application development was concluded and rolled out – this application will enable medical scheme members to consult with healthcare providers using a telehealth platform.
- A WhatsApp solution was rolled out to medical scheme members as an additional communication and self-help platform to educate members and update them on the current status of the Covid-19 situation.
- A full robotic automation of the dispensing of medication is in the process of implementation at Pharmacy Direct for the benefit of our scheme members, with a go live date planned for June 2021.
- As the South African healthcare system strives to fast-track Covid-19 vaccinations before the end of the year, the Group is well placed to play a pivotal role in the distribution of the vaccines. The Group has a national network of over 3000 nurses who will be mobilised to vaccinate frontline and essential workers who are AfroCentric scheme members. These nurses will provide services across South Africa at Medscheme's member centres, occupational health and primary health clinics nationwide, and will follow-up with members afterwards to monitor their response to the vaccine. Furthermore, the Group's outreach work-based vaccination programmes will incorporate the use of mobile vehicles or 'roving' teams of nurses to deliver vaccines at their point of work, which will also incorporate scheme-sponsored pop-up sites.

Our positive operating results for the six months are in some measure, due to the effective cost savings arising through our early investment in systems development and increased IT capacity, now being applied to greater scale and through improved procedural efficiencies.

Industry highlights

- Aid for Aids, won the Professional Market Research (PMR) award for Managed Care.
- AfroCentric Investment Corporation Limited, maintained its level 1 B-BBEE rating, in November 2020.
- Pharmacy Direct dispenses approximately 1 million prescriptions per month resulting in increased profitability for the Group.
- AfroCentric Investment Corporation Limited won the Fledgling/Alt X Merit Award for its 2020 Integrated Report, at the CGISA/JSE Integrated Reporting Awards 2020.

COMMENTARY continued

Financial performance

The interim results, confirm the satisfactory results of the Group's deliberate diversification strategy, particularly evident when measuring the impact of the Retail Segment, now fully integrated into the Group offerings.

The medicine management contracts won by Scriptpharm during the previous year have positively bolstered the profits of the Retail Segment. The increasing volume of activity in Pharmacy Direct and Activo Health's growth that is continuously boosted by vitamins and chronic medication sales, and the completion of the acquisition of DENIS Group were the notable contributory factors generating growth in comparative segmental operating profits in excess of 20%. The segment is also contributing even more meaningful value and relief in meeting all stakeholder needs, particularly during the stressful time under Covid-19.

The Services Segment, substantially comprising the medical scheme administration business, has also performed extremely well during the period under review. The Group's continued focus on cost efficiencies and process improvement has yielded satisfactory results. For the six months under review, operating costs increased by 1.6% compared to industry related inflationary costs of approximately 4.4%. The segment has been able to leverage our Group wide capabilities through our integrated model resulting in innovative solutions that meet critical needs while increasing healthcare savings, assisting both medical scheme members and employers during the Covid-19 pandemic, and will be to their benefit in its aftermath. The segment has escalated the use of automation solutions as well as machine learning and Artificial Intelligence (AI) to refine our operational business model. Despite the loss of medical scheme members and/or the members buying down on their medical aid options, the stable and consistent fee structures in this business unit, and the new measures and more effective cost controls described above, this Segment was able to increase its operating profit by a satisfactory 16.4%.

Group profits before tax, increased by 19.1% amounting to R320.1 million (2019: R268.7 million). Group profits after tax (PAT) increased by 13.0% amounting to R226.5 million (2019: R200.5 million).

Growth initiatives

AfroCentric has for some time focused on growth initiatives designed to create a value chain of healthcare enterprises to maximise the purchasing power of citizen's healthcare spend. Through models of co-operative partnerships and collaboration, the objectives are to improve the affordability of patient care, with viable patient outcomes for easier accessibility to a broader community.

In keeping with that principal philosophy, during the period under review and prior to publishing these results:

- ACT Healthcare Assets acquired the remaining 20% of the shares in Scriptpharm Risk Management, effective 1 August 2020.
- AfroCentric Health acquired 100% of the shares in the DENIS group, which specialises in dental benefits management. The transaction will enable the Group to focus on innovation and efficiency management in dental treatment offerings to all South African medical schemes and their members. The transaction became unconditional on 26 August 2020, the effective date was 1 October 2020.
- Medscheme was awarded the GEMS Managed Care Contract which includes additional services previously not part of the main managed care contract with regards to HIV management, Maternity management and expanded services relating to Medicine management, effective 1 January 2021.
- AfroCentric FastPulse concluded a contract to provide Covid-19 Occupational health and safety support for the Western Cape's Economic Development and Tourism Department effective January 2021.

Prospects

AfroCentric has once again delivered satisfactory operating results for the period ended 31 December 2020, particularly given the material disruption and national economic challenges posed by the Covid-19 pandemic. While almost all South Africans have in one way or another been affected by Covid-19, the full impact of the pandemic on our economy is not yet measurable. It is anticipated that economic weakness will continue in 2021 and beyond, as South Africa strives to overcome the effects of the pandemic and reboot economic activity. While medical scheme membership was expected to fall dramatically, we are seeing members doing everything in their power to retain their existing health cover, not only for their own protection as breadwinners, but also

for the health needs of their families. In line with the Group's strategy to reduce the cost of healthcare, we will maintain focus on supporting members' health, with greater emphasis on lifestyle risk management and mental wellbeing.

The Group remains comforted that ACT operational subsidiaries have for several years proved their value and resilience in the somewhat defensive healthcare sector. Accordingly, while mindful of the potential difficulties that could lie ahead, ACT is cautiously confident in the future of current Group operations. In light of this caution, the Group is in the process of exiting the Eswatini and Zimbabwe markets, with the exit expected to be concluded by 30 June 2021.

The financial position of the Group remains sound. The Group is sufficiently capitalised for its immediate needs and management will continue in the normal course, to promote organic growth and consider compatible bolt-on opportunities for acquisition. The impact and industry consequences of Covid-19 will be closely monitored, and the Group will naturally consider any changes to its strategy in response to any such events.

Our future focus will be enhancing the elements of the Group's businesses to leverage the full benefits of being the most diversified healthcare group in Southern Africa. Through these efforts we will make significant progress towards achieving our vision of transforming healthcare.

Neil Harvey & Associates (NHA) legal case

The first issue determined in the arbitration case was Neil Harvey and Associates' ("NHA") claim relating to Medscheme's use, during 2005 to 2007, of a copy of an offline and online broker software module known as the EMI Broker software. The EMI Broker software module was rendered redundant by about 2008 as a result of developments in technology and Medscheme had in any event discontinued the use thereof by that time.

This portion of NHA's arbitration claims amounted to a claim for approximately R24 million (as a royalty) plus interest which NHA sought to claim from about 2005. The interest claim could have resulted in a substantial addition to the above capital amount of the claim.

The dispute over this issue was heard in July and August 2020 and an award was given during October 2020.

The Board notifies the shareholders that the arbitrator ruled that NHA was entitled to a total of only R2.7m, with interest only from October 2020 to date of payment, and costs. Medscheme had provided the specifications and also assisted in the development of this software and therefore considered it was entitled to use it during the above period. The Arbitrator however found that Medscheme's contribution fell short of the contribution required for joint authorship and ownership of the software, but as indicated limited NHA's claim to R2.7m, and costs. The Arbitrator further dismissed NHA's claims against three of Medscheme's former executives, with costs and also awarded Medscheme the costs of a previous postponement of the arbitration.

Thus both NHA and Medscheme were ordered to pay costs.

The calculation of the costs relating to the aspect of the arbitration that was heard and resolved in 2020 is now being determined by both parties to assess what the net amount payable by either party will be.

At the time of this announcement the award of R2.7m has been expensed in the interim results and a possible accrual raised for the legal costs. The next part of the case relating to the extension of the licencing agreement of the NHA administration system will most probably commence during the 2021 calendar year.

Directors

The following change was made to the Board during the period under review:

- Mr T Alsworth-Elvey resigned as a Non-Executive Director effective 31 July 2020, and was replaced by Mr J Strydom effective 1 August 2020 (Mr. Strydom is a Sanlam representative who is currently the CEO of Sanlam Personal Finance).

Dividends

The Board has pleasure in announcing that an interim gross dividend of 17 cents per ordinary share has been declared for the period ended 31 December 2020. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 17 May 2021.

- Dividends have been declared out of profits available for distribution.
- South African Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 17 cents per ordinary share.
- Net cash dividend amount is therefore 13.60000 cents per ordinary share.
- The Company has 574 951 251 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600/148/71/3.

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 11 May 2021
Shares commence trading ex-dividend	Wednesday, 12 May 2021
Dividend record date	Friday, 14 May 2021
Dividend payment date	Monday, 17 May 2021

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 12 May 2021 and Friday, 14 May 2021, both days inclusive.

Accounting policies and basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited "Listings Requirements" for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements.

The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these summarised interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

Basis of preparation

The unaudited and unreviewed interim results have been prepared under the supervision of Mr JW Boonzaaier CA (SA), in his capacity as the Group Chief Financial Officer. This announcement does not include the information required pursuant to paragraph 16A (j) of IAS 34, and this is available on our website (<http://www.afrocentric.za.com/inv-reporting.php>) or at our offices upon request.

On behalf of the Board



Dr ATM Mokgokong
Chairperson

Johannesburg
9 March 2021



Mr A Banderker
Group Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 December 2020 R'000	Restated* Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
ASSETS			
Non-current assets	3 821 293	3 462 682	3 539 167
Property and equipment	326 761	218 655	210 583
Right of use asset	200 136	252 627	234 980
Land and buildings	330 395	263 311	261 374
Investment property	15 418	15 418	15 418
Goodwill (NOTE 1 AND 3)*	1 396 316	1 380 500	1 373 350
Intangible assets (NOTE 1 AND 3)*	1 404 977	1 250 747	1 321 837
Other investments	21 959	-	3 711
Investment in associates	24 670	30 227	33 307
Deferred income tax assets	100 661	51 197	84 607
Current assets	1 235 064	1 159 081	1 007 999
Trade and other receivables	516 082	559 514	504 335
Inventory	391 950	331 448	297 851
Current tax asset	29 512	54 078	28 133
Receivables from associates	-	8 120	-
Cash and cash equivalents	297 520	205 921	177 680
Total assets	5 056 357	4 621 763	4 547 166
EQUITY AND LIABILITIES			
Capital and reserves	2 255 083	2 166 171	2 216 604
Issued ordinary share capital	18 892	18 885	18 885
Share premium	1 084 696	1 080 301	1 080 301
Share-based payment reserve	22 479	18 139	20 417
Treasury shares	(2 324)	(2 324)	(2 324)
Capital contribution by non-controlling interest	55 874	55 874	55 874
Foreign currency translation reserve	(16 219)	(16 724)	(14 632)
Distributable reserve	1 091 685	1 012 020	1 058 083
Non-controlling interest	927 747	837 506	902 491
Total equity	3 182 830	3 003 677	3 119 095
Non-current liabilities	961 694	811 382	705 492
Lease liability	174 016	202 587	181 427
Deferred income tax liabilities	268 593	231 616	246 809
Non-current provisions	8 350	8 350	8 350
Post-employment medical obligations	2 595	2 611	2 595
Borrowings (NOTE 2)	508 140	366 218	266 311
Current liabilities	911 833	806 704	722 579
Provisions	7 258	6 356	8 374
Borrowings (NOTE 2)	139 967	86 250	120 000
Trade and other payables	565 423	534 040	361 488
Taxation	25 447	25 682	33 086
Lease Liability	73 249	90 126	96 855
Employment benefit provisions	100 489	64 250	102 776
Total liabilities	1 873 528	1 618 086	1 428 071
Total equity and liabilities	5 056 357	4 621 763	4 547 166

* Please refer to note 3 for details of the restatement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	% change	Unaudited six months ended 31 December 2020 R'000	Restated* Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Healthcare services revenue	4.0	1 693 222	1 627 878	3 304 907
Healthcare services operating costs	1.6	(1 379 673)	(1 358 509)	(2 684 060)
Healthcare services operating profit	16.4	313 549	269 369	620 847
Healthcare retail revenue	48.6	2 204 995	1 483 392	3 136 059
Healthcare retail cost of sales (NOTE 3.2)*	6.7	(927 317)	(869 163)	(2 477 796)
Healthcare retail operating costs (NOTE 3.2)*	131.1	(1 122 117)	(485 569)	(404 491)
Healthcare retail operating profit	20.9	155 561	128 660	253 772
Total healthcare operating profit (excluding lease reversals)		469 110	398 029	874 619
IFRS 16: Lease reversals	3.2	42 655	41 317	86 129
Total healthcare operating profit (including lease reversals)	16.5	511 765	439 346	960 748
Loss on disposal of subsidiary		(4 256)	-	-
Fair value gains		9	-	197
Impairment of assets		-	10	(2 919)
Impairment of trade receivables		(1 828)	(1 592)	-
Net finance and investment income		(16 847)	(24 070)	(44 887)
- Finance and investment income		11 921	14 195	26 888
- Finance costs: Lease liability		(12 400)	(14 673)	(27 886)
- Finance costs		(16 368)	(23 592)	(43 889)
Share-based payment expense		(6 464)	(6 854)	(9 124)
Share of associate profits		3 588	4 910	7 990
Profit before depreciation and amortisation	18.0	485 967	411 750	912 005
Depreciation		(33 930)	(29 227)	(62 514)
Depreciation: Right of use asset		(35 298)	(36 652)	(71 781)
Amortisation of intangible assets		(96 591)	(77 179)	(164 153)
Profit before taxation	19.1	320 148	268 692	613 557
Taxation expense		(93 682)	(68 230)	(154 870)
Profit for the year after taxation	13.0	226 466	200 462	458 687
Other comprehensive loss		(1 587)	(2 562)	(368)
Comprehensive net income for the year	13.6	224 879	197 900	458 319
Attributable to:				
Equity holders of the Parent	9.2	144 453	132 257	303 207
Non-controlling interest		80 426	65 643	155 112
		224 879	197 900	458 319

* For details of the restatement please refer to note 3.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2020 R'000	Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Balance at beginning of the period	3 119 095	2 882 995	2 882 995
Issue of share capital*	7	-	-
Share premium*	4 394	-	-
Vested Share-based awards*	(4 401)	-	-
Share-based awards reserve	6 464	6 854	9 131
Distributions to shareholders	(97 517)	(97 290)	(195 242)
Net profit for the period	144 453	132 257	303 207
Profit attributable to minorities	80 426	65 643	155 112
Business Combinations	-	29 187	2 181
Changes in ownership	(20 000)	-	5 611
NCI on acquisition	-	(185)	-
Distributions to non-controlling interests	(50 091)	(15 784)	(43 900)
Balance at end of the period	3 182 830	3 003 677	3 119 095

* During the period ending December 2020, 710 003 shares vested and were exercised at the weighted average price of R3.66 and the grant date price was R6.20. As at the end of the December 2020 period, 19 130 000 shares were outstanding for the incentive share scheme. The fair value of the shares granted was determined by obtaining the share price as traded on the JSE.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2020 R'000	Restated* Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Net cash inflow from operating activities	249 595	226 076	501 708
Cash generated from operations (NOTE 3.3)*	522 844	470 389	939 745
Net finance income (NOTE 3.3)*	(16 847)	(24 256)	(44 887)
Distribution to shareholders	(147 608)	(113 074)	(239 142)
Dividends received	4 141	4 626	4 626
Tax and other payments	(112 935)	(111 609)	(158 634)
Net cash outflow from investing activities	(359 709)	(229 118)	(431 749)
Net additions to property and equipment	(139 093)	(98 555)	(119 854)
Net additions to intangible assets	(124 294)	(123 228)	(284 210)
Net disposals/(acquisitions) of financial assets, investments and subsidiaries	(96 322)	(7 335)	(27 685)
Net cash inflow/(outflow) from financing activities	231 541	(53 771)	(157 195)
Net Increase in borrowings	261 796	(27 127)	(105 255)
Changes in ownership interests in subsidiaries that do not result in loss of control	-	-	6 303
Net lease liability repayment (NOTE 3.3)*	(30 255)	(26 644)	(58 243)
Effect of foreign exchange benefit	(1 587)	(2 562)	(380)
Net increase in cash and cash equivalents	119 840	(59 375)	(87 616)
Cash and cash equivalents at beginning of the period	177 680	265 296	265 296
Cash and cash equivalents at end of the period	297 520	205 921	177 680

* Please refer to note 3 for details of the restatement.

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	% change	Unaudited six months ended 31 December 2020 R'000	Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Number of ordinary shares in issue		574 951 251	574 241 248	574 241 248
Weighted average number of ordinary shares		574 300 415	574 241 248	574 241 248
Weighted average number of shares for diluted EPS		594 081 251	582 811 248	586 141 248
Basic earnings	8.3	146 040	134 819	303 575
Adjusted by:		3 450	(73)	3 175
- Reversal of loss on disposal of subsidiary		4 256	-	-
- Reversal of impairment of assets		-	-	2 919
- Reversal of fair value gains		(9)	-	-
- Reversal of loss on disposal of assets		2 143	(102)	2 130
Total tax adjustments		(1 551)	-	(596)
Total non-controlling interest adjustments		(1 389)	29	(1 278)
Headline earnings	10.9	149 490	134 746	306 750
Earnings per share (cents)				
- Attributable to ordinary shares (cents)	8.3	25.43	23.48	52.87
- Fully Diluted EPS (cents)	6.3	24.58	23.13	51.79
Headline earnings per share (cents)				
- Attributable to ordinary shares (cents)	10.9	26.03	23.47	53.42
- Fully Diluted HEPS (cents)	8.8	25.16	23.12	52.33

NORMALISED EARNINGS (NON IFRS MEASURE)

	% change	Unaudited six months ended 31 December 2020 R'000	Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Heading earnings		149 490	134 746	306 750
Adjusted by:		2 589	5 138	6 950
- Operating lease reversal (new IFRS 16 effect)		(42 655)	(41 317)	(86 129)
- Right of use asset depreciation (new IFRS 16 effect)		35 298	36 652	71 781
- Interest on lease liability (new IFRS 16 effect)		12 400	14 673	27 886
Total tax effects of adjustments		(1 412)	(2 802)	(3 791)
Total NCI effects of adjustments		(1 042)	(2 068)	(2 797)
Normalised Headline earnings	8.7	152 079	139 884	313 700
Normalised Headline earnings per share (cents)				
- Attributable to ordinary shares (cents)	8.7	26.48	24.36	54.63
- Fully Diluted HEPS (cents)	6.7	25.60	24.00	53.52

NOTES

NOTE 1: INTANGIBLE ASSETS

	Carrying value			Amortisation		
	Unaudited six months ended 31 December 2020 R'000	Restated Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000	Unaudited six months ended 31 December 2020 R'000	Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Goodwill (NOTE 3.1)	1 396 316	1 380 500	1 373 350	-	-	-
Goodwill – AfroCentric Health	474 932	474 932	474 932	-	-	-
Goodwill – Pharmacy Direct and Curasana	473 954	473 954	473 954	-	-	-
Goodwill – Activo	424 464	431 614	424 464	-	-	-
Goodwill – Denis*	22 966	-	-	-	-	-
Intangible assets (NOTE 3.1)	1 404 977	1 250 747	1 321 837	(96 591)	(77 179)	(164 153)
Customer relationships – Pharmacy Direct and Curasana	34 024	49 963	38 498	(4 474)	(4 474)	(8 206)
Dossiers – Activo	271 890	278 920	271 911	(7 884)	(7 884)	(14 454)
Customer relationships – Denis*	59 587	-	-	(5 431)	-	-
AfroCentric Health intangible assets	320 600	345 554	292 761	(16 829)	(21 435)	(54 131)
AfroCentric Health intangible PPA	33 030	50 351	39 733	(6 703)	(5 638)	(15 418)
AfroCentric Health intangible Software	287 570	295 203	253 028	(10 126)	(15 797)	(38 713)
Administration Systems – Self Generated	654 687	480 549	638 673	(46 168)	(24 990)	(61 722)
AfroCentric Health Nexus	486 135	294 254	461 250	(37 297)	(16 119)	(43 980)
AfroCentric Health Fusion	168 552	186 295	177 423	(8 871)	(8 871)	(17 742)
Insurance Fraud Manager (Fraud Management Software)	64 189	95 761	79 994	(15 805)	(18 396)	(25 640)
	2 801 293	2 631 247	2 695 187	(96 591)	(77 179)	(164 153)

* The fair values of the assets and liabilities used to calculate the amounts have only been determined provisionally as the independent valuations have not been finalised.

NOTE 2: BORROWINGS

	Unaudited six months ended 31 December 2020 R'000	Unaudited six months ended 31 December 2019 R'000	Audited year ended 30 June 2020 R'000
Borrowings (non-current)	508 140	366 218	266 311
Borrowings (current)	139 967	86 250	120 000
Total borrowings	648 107	452 468	386 311

NOTE 3: RESTATEMENT OF DECEMBER 2019 RESULTS

Further to the conclusion of the 2020 audited financials, the following changes were made to better reflect the nature of specific transactions:

Note 3.1: Statement of financial position

In the 2019 financial period, the Group had presented goodwill associated with Afrocentric Intergrated Corporate Solutions (R14m) as part of other intangible assets. This has been corrected by reclassifying from Intangible Assets to Goodwill.

The impact of the reclassification is depicted in the table below:

	As previously reported 31 December 2019 R'000	Adjustment increase/(decrease) R'000	Restated Unaudited six months ended 31 December 2019 R'000
Goodwill	1 366 027	14 473	1 380 500
Intangible assets	1 265 220	(14 473)	1 250 747
	2 631 247	-	2 631 247

Note 3.2: Statement of comprehensive income

3.2.1 In the 2019 financial period, the Group had presented the courier costs associated with the delivery of medication by Pharmacy Direct to its clients as "Healthcare operating expenses".

3.2.2 In the 2019 financial period, the Group erroneously eliminated the Activo dividend paid to ACT Healthcare Assets against the Healthcare Services segment.

The above errors have been corrected as follows:

	As previously reported 31 December 2019 R'000	Adjustment increase/(decrease) R'000	Restated Unaudited six months ended 31 December 2019 R'000
Healthcare retail operating profit	114 910	13 750	128 660
Healthcare retail operating revenue	1 483 392	-	1 483 392
Healthcare retail cost of sales	(830 421)	(38 742)	(869 163)
Healthcare retail operating costs	(538 061)	52 492	(485 569)
Healthcare services operating profit	283 119	(13 750)	269 369
Healthcare services revenue	1 627 878	-	1 627 878
Healthcare services operating costs	(1 344 759)	(13 750)	(1 358 509)
Total healthcare operating profit (excluding lease reversals)	398 029	-	398 029

Note 3.3: Cashflow restatement

On the early adoption and implementation of IFRS 16: Leases, the cash flows relating to the lease liability (i.e. lease liability interest repayment and lease liability capital repayment) were incorrectly disclosed on the cash flow statement on the interim results.

The interest relating to lease liability repayment was incorrectly incorporated on the computation of the cash generated from operations and the interest on the lease liability was not deducted from Net finance income line.

The lease capital repayment was incorrectly recognised as part of the increase in borrowings cash flow from financing activities instead of "Net lease liability repayment".

This has been corrected as follows:

Extract of the cash flows from operating activities

	As previously reported 31 December 2019 R'000	Adjustment increase/(decrease) R'000	Restated Unaudited six months ended 31 December 2019 R'000
Financial statement line:			
Cash generated from operations	432 124	38 265	470 389
Net finance income	14 009	(38 265)	(24 256)
Distribution to shareholders	(113 074)	-	(113 074)
Dividends received	4 626	-	4 626
Tax and other payments	(111 608)	-	(111 608)
Net cash inflow from operating activities	226 077	-	226 077
Extract of the cash flows from financing activities			
(Decrease)/increase in borrowings	(53 771)	26 644	(27 127)
Net lease liability repayment*	-	(26 644)	(26 644)
Net cash outflow from financing activities	(53 771)	-	(53 771)

The net impact of restatement is the correct disclosure of lease liability repayment as cash flow from financing activities. This correction has not had an impact on the cash and cash equivalents.

SEGMENTAL ANALYSIS

	Growth December 2020/2019		31 December 2020			31 December 2019			30 June 2020		
	Revenue %	Operating profit %	Revenue R'000	Operating profit R'000	Operating margin %	Revenue R'000	Operating profit R'000	Operating margin %	Revenue R'000	Operating profit R'000	Operating margin %
Healthcare SA	2	57	1 573 205	146 679	9	1 549 243	93 469	6	3 130 262	277 347	9
Information Technology	3	(6)	336 711	137 734	41	325 339	146 237	45	532 834	287 061	54
Total SA administration business	2	19	1 909 916	284 413	15	1 874 582	239 706	13	3 663 096	564 408	15
Healthcare Africa	9	(2)	110 400	29 136	26	100 904	29 663	29	204 140	56 439	28
Total Group administration business	2	16	2 020 316	313 549	16	1 975 486	269 369	14	3 867 236	620 847	16
Healthcare Retail	49	21	2 204 995	155 561	7	1 483 392	128 660	9	3 136 059	253 772	8
Pharmacy Direct & Curasana Wholesaler	9	8	779 648	70 654	9	712 628	65 147	9	1 128 664	95 772	8
Denis Group	100	100	132 212	3 295	2	-	-	-	-	-	-
Activo	14	11	347 176	62 964	18	303 353	56 745	19	645 914	132 196	20
Scriptpharm	178	76	797 080	16 699	2	286 257	9 477	3	1 014 939	21 979	2
Mmed	(18)	172	148 879	1 949	1	181 154	(2 709)	(1)	346 542	3 825	1
Total Healthcare	22	18	4 225 311	469 110	11	3 458 878	398 029	12	7 003 295	874 619	12
Lease reversal adjustment	-	3	-	42 655	-	-	41 317	-	-	86 129	-
Other (including inter-segment elimination)	(6)	-	(327 094)	-	-	(347 608)	-	-	(562 329)	-	-
Total	25	16	3 898 217	511 765	13	3 111 270	439 346	14	6 440 966	960 748	15

	Growth December 2020/2019		31 December 2020				31 December 2019				30 June 2020			
	Profit before tax %	Profit after tax %	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000	Profit before tax R'000	Profit after tax R'000	Net margin %	Total assets R'000
Healthcare SA	73	79	118 225	79 833	5	1 645 353	68 414	44 662	3	1 907 082	196 426	142 713	5	1 670 963
Information Technology	(25)	(28)	53 244	41 471	12	1 405 965	70 573	57 869	18	1 256 405	137 794	101 597	19	1 307 116
Total SA administration business	23	18	171 469	121 304	6	3 051 318	138 987	102 531	5	3 163 487	334 220	244 310	7	2 978 079
Healthcare Africa	3	28	27 193	17 079	15	183 207	26 511	13 388	13	188 308	50 728	32 221	16	145 793
Total Group administration business	20	19	198 662	138 383	7	3 234 525	165 498	115 919	6	3 351 795	384 948	276 531	7	3 123 872
Healthcare Retail	34	25	157 427	117 292	5	1 725 355	117 281	93 690	6	1 240 076	235 829	178 924	6	1 194 073
Pharmacy Direct & Curasana Wholesaler	14	9	63 351	48 266	6	782 515	55 501	44 471	6	642 366	81 156	63 364	6	615 765
Denis Group	100	100	12 094	11 261	9	196 471	-	-	-	-	-	-	-	-
Activo	13	-	63 832	44 956	13	418 300	56 527	45 142	15	302 183	131 579	94 088	15	350 683
Scriptpharm	67	47	21 715	15 584	2	192 362	12 977	10 581	4	125 085	30 565	22 762	2	104 418
Mmed	54	57	(3 565)	(2 775)	(2)	135 707	(7 724)	(6 504)	(4)	170 442	(7 471)	(1 290)	-	123 207
Total Healthcare	26	22	356 089	255 675	6	4 959 880	282 779	209 609	6	4 591 871	620 777	455 455	7	4 317 945
Other (including inter-segment elimination)	155	219	(35 941)	(29 209)	9	96 477	(14 087)	(9 147)	3	29 892	(7 220)	3 232	(1)	229 221
Total	19	13	320 148	226 466	6	5 056 357	268 692	200 462	6	4 621 763	613 557	458 687	7	4 547 166

	Operating profit December 2020	Operating profit December 2019	Operating profit December 2020	Operating profit December 2019
Composition of operating profit – % contribution	%	%	R'000	R'000
Total SA administration business	64	64	327 068	281 023
Healthcare Africa	6	7	29 136	29 663
Healthcare Retail	30	29	155 561	128 660
	100	100	511 765	439 346

DISAGGREGATED REVENUE

REVENUE

Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group/Company's reportable segments.

	Administration fees	Healthrisk management fees – medical aid schemes	Management fees	Healthcare insurance	IT revenue and other	Retail	Health risk management fees – Capitation funds	Marketing fees	Group total
31 DECEMBER 2020									
Primary geographical markets									
South Africa	723 249	742 658	1 582	15 502	260 226	1 152 996	795 208	96 396	3 787 817
Africa	85 720	8 052	776	7 377	8 475	–	–	–	110 400
	808 969	750 710	2 358	22 879	268 701	1 152 996	795 208	96 396	3 898 217
Major product/service line									
Admin health	808 969	–	–	–	268 701	–	795 208	96 396	1 969 274
Retail (Pharma)	–	–	–	–	–	1 152 996	–	–	1 152 996
Managed healthcare	–	750 710	2 358	22 879	–	–	–	–	775 947
	808 969	750 710	2 358	22 879	268 701	1 152 996	795 208	96 396	3 898 217
Timing of revenue recognition									
Products transferred at a point in time	–	–	–	–	–	1 152 996	–	–	1 152 996
Products and services transferred over time	808 969	750 710	2 358	22 879	268 701	–	795 208	96 396	2 745 221
	808 969	750 710	2 358	22 879	268 701	1 152 996	795 208	96 396	3 898 217
31 DECEMBER 2019									
Primary geographical markets									
South Africa	695 089	588 307	–	10 495	253 806	1 065 742	284 462	112 465	3 010 366
Africa	83 826	7 919	819	3 490	4 850	–	–	–	100 904
	778 915	596 226	819	13 985	258 656	1 065 742	284 462	112 465	3 111 270
Major product/service line									
Admin health	778 915	–	–	–	258 656	–	284 462	112 465	1 434 498
Retail (Pharma)	–	–	–	–	–	1 065 742	–	–	1 065 742
Managed healthcare	–	596 226	819	13 985	–	–	–	–	611 030
	778 915	596 226	819	13 985	258 656	1 065 742	284 462	112 465	3 111 270
Timing of revenue recognition									
Products transferred at a point in time	–	–	–	–	–	1 065 742	–	–	1 065 742
Products and services transferred over time	778 915	596 226	819	13 985	258 656	–	284 462	112 465	2 045 528
	778 915	596 226	819	13 985	258 656	1 065 742	284 462	112 465	3 111 270
30 JUNE 2020									
Primary geographical markets									
South Africa	1 392 593	1 202 094	16 320	28 023	503 320	1 884 589	1 011 817	209 757	6 248 513
Africa	166 193	16 057	1 594	8 609	–	–	–	–	192 453
	1 558 786	1 218 151	17 914	36 632	503 320	1 884 589	1 011 817	209 757	6 440 966
Major product/service line									
Admin health	1 558 786	–	–	–	503 320	–	1 011 817	209 757	3 283 680
Retail (Pharma)	–	–	–	–	–	1 884 589	–	–	1 884 589
Managed healthcare	–	1 218 151	17 914	36 632	–	–	–	–	1 272 697
	1 558 786	1 218 151	17 914	36 632	503 320	1 884 589	1 011 817	209 757	6 440 966
Timing of revenue recognition									
Products transferred at a point in time	–	–	–	–	–	1 884 589	–	–	1 884 589
Products and services transferred over time	1 558 786	1 218 151	17 914	36 632	503 320	–	1 011 817	209 757	4 556 377
	1 558 786	1 218 151	17 914	36 632	503 320	1 884 589	1 011 817	209 757	6 440 966

COMPANY INFORMATION

AfroCentric Investment Corporation Limited

Incorporated in the Republic of South Africa

Registration number 1988/000570/06

JSE Code: ACT

ISIN: ZAE 000078416

("AfroCentric" or "the Company" or "the Group")

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Sasfin Capital (a member of the Sasfin group)

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MJM Madungandaba** (*Deputy Chairman*)

A Banderker*** (*CEO*)

JW Boonzaaier*** (*CFO*)

SE Mmakau*** (*CIO*)

G Allen**

WH Britz***

JB Fernandes* (*Lead*)

ND Munisi**

AM le Roux*

M Chauke*

J Strydom**

SA Zinn*

*independent non-executive **non-executive ***executive

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