

# UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2010

## HEADLINES

• Operating profit	86%	↑
• Profit for the period	196%	↑
• Earnings per share	243%	↑
• Diluted headline earnings per share	164%	↑

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited year ended 30 June 2010 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>970 061</b>	<b>1 014 449</b>	<b>958 794</b>
Property, plant and equipment	118 169	126 848	125 311
Investment property	8 543	8 543	8 543
Intangible assets	592 865	590 673	576 438
Unlisted investments	280	280	280
Investment in associates	64 796	131 091	69 788
Investment in preference shares	100 000	100 000	100 000
Deferred income tax assets	85 408	57 014	78 434
<b>Current assets</b>	<b>209 517</b>	<b>235 012</b>	<b>216 871</b>
Trade and other receivables	98 706	129 990	80 123
Receivables from associates and joint ventures	15 586	9 803	14 224
Cash and cash equivalents	95 225	95 219	122 524
<b>Total assets</b>	<b>1 179 578</b>	<b>1 249 461</b>	<b>1 175 665</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>670 268</b>	<b>638 550</b>	<b>620 286</b>
Issued capital	393 181	385 698	389 440
Contingent shares to be issued	188 540	188 540	188 540
Share-based payment reserve	-	624	-
Treasury shares	(610)	-	(610)
Foreign currency translation reserve	(462)	-	-
Distributable reserve	89 619	63 688	42 916
Minority interests	25 021	35 759	21 777
<b>Total equity</b>	<b>695 289</b>	<b>674 309</b>	<b>642 063</b>
<b>Non-current liabilities</b>	<b>346 550</b>	<b>350 898</b>	<b>306 575</b>
Deferred income tax liabilities	39 698	53 389	42 443
Borrowings	200 000	194 590	162 072
Provisions	67 575	56 059	66 067
Post-employment medical obligations	3 866	4 518	3 866
Accrual for straight lining of leases	35 411	42 342	32 127
<b>Current liabilities</b>	<b>137 739</b>	<b>224 254</b>	<b>227 027</b>
Borrowings	-	1 592	-
Provisions	2 790	17 864	18 347
Trade and other payables	67 515	112 927	108 546
Taxation	3 540	18 177	3 224
Bank overdraft	15 245	5 282	7 987
Employment benefit provisions	48 649	68 412	88 923
<b>Total liabilities</b>	<b>484 289</b>	<b>575 152</b>	<b>533 602</b>
<b>Total equity and liabilities</b>	<b>1 179 578</b>	<b>1 249 461</b>	<b>1 175 665</b>

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009# R'000	Audited year ended 30 June 2010# R'000
<b>Revenue</b>	<b>672 088</b>	<b>682 684</b>	<b>1 356 331</b>
Operating costs	(579 641)	(633 009)	(1 226 759)
<b>Operating profit</b>	<b>92 447</b>	<b>49 675</b>	<b>129 572</b>
Other income	15 714	15 730	23 425
Net finance cost	1 434	1 277	(2 350)
Share of profit from associates	2 211	4 906	14 017
<b>Profit before impairment and amortisation</b>	<b>111 806</b>	<b>71 588</b>	<b>164 664</b>
Impairment of investment	-	-	(67 313)
Impairment of intangible assets	(996)	(8 405)	(8 405)
Depreciation	(24 062)	(20 939)	(42 995)
Amortisation of intangible assets	(14 760)	(13 618)	(30 291)
<b>Profit before income tax</b>	<b>71 988</b>	<b>28 626</b>	<b>15 660</b>
Income tax expense	(21 166)	(13 100)	(18 027)
<b>Profit/(loss) for the period from continued operations</b>	<b>50 822</b>	<b>15 526</b>	<b>(2 367)</b>
<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>1 653</b>	<b>(847)</b>
<b>Profit/(loss) for the period</b>	<b>50 822</b>	<b>17 179</b>	<b>(3 214)</b>
<b>Total comprehensive income for the period</b>	<b>50 822</b>	<b>17 179</b>	<b>(3 214)</b>
<b>Attributable to:</b>			
Equity holders	46 704	13 359	(7 413)
Minority interest	4 118	3 820	4 199
	<b>50 822</b>	<b>17 179</b>	<b>(3 214)</b>

# Certain comparative figures have been reallocated for a better appreciation of comparable performance.

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited year ended 30 June 2010 R'000
<b>Balance at beginning of the period</b>	<b>642 063</b>	<b>653 960</b>	<b>653 960</b>
Issue of share capital	3 741	3 170	6 912
Revaluation of share based payment liability	-	-	(624)
Treasury shares issued	-	-	(610)
Foreign currency translation reserve	(462)	-	-
Share buy back from minorities	-	-	(14 361)
Dividends paid	(875)	-	-
Net profit/(loss) for the period	46 704	13 359	(7 413)
Profit attributable to minorities	4 118	3 820	4 199
<b>Balance at end of period</b>	<b>695 289</b>	<b>674 309</b>	<b>642 063</b>

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited year ended 30 June 2010 R'000
Net cash (utilised)/generated in operating activities	(29 196)	77 008	115 834
Net cash (outflow) from investing activities	(43 289)	(447)	(68 554)
Net cash inflow/(outflow) from financing activities	37 928	1 483	(8 782)
<b>Net cash flow from continuing operations</b>	<b>(34 557)</b>	<b>78 044</b>	<b>38 498</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(34 557)</b>	<b>78 044</b>	<b>38 498</b>
Cash and cash equivalents at beginning of the period	114 537	11 893	76 039
<b>Cash and cash equivalents at end of the period</b>	<b>79 980</b>	<b>89 937</b>	<b>114 537</b>
<b>Reconciled as follows:</b>			
Cash and cash equivalents on hand	95 225	95 219	122 524
Bank overdraft	(15 245)	(5 282)	(7 987)
	<b>79 980</b>	<b>89 937</b>	<b>114 537</b>

### SEGMENTAL ANALYSIS

	Unaudited interim results for the six months ended 31 December 2010			Unaudited interim results for the six months ended 31 December 2009			Audited results for the year ended 30 June 2010		
	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit/(loss) before tax R'000	Total assets R'000	Revenue R'000	Profit/(loss) before tax R'000	Total assets R'000
Healthcare administration	672 088	60 545	787 687	682 684	23 276	877 017	1 356 331	17 144	836 519
Electronics (excluding investment income)	-	1 081	-	-	3 918	-	-	8 657	-
Treasury activities	-	4 182	110 208	-	4 613	110 198	-	9 034	110 388
Other (including inter-segment eliminations)	-	6 180	281 684	-	(3 181)	262 246	-	(19 175)	228 758
	<b>672 088</b>	<b>71 988</b>	<b>1 179 578</b>	<b>682 684</b>	<b>28 626</b>	<b>1 249 461</b>	<b>1 356 331</b>	<b>15 660</b>	<b>1 175 665</b>

### EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited year ended 30 June 2010 R'000
Number of ordinary shares in issue	264 920 135	259 659 874	262 432 568
Number of preference shares in issue	16 638 000	16 638 000	16 638 000
Weighted average number of ordinary shares	263 744 652	258 829 685	259 670 381
Weighted average number of ordinary shares and potential ordinary shares	310 056 281	304 505 512	305 199 704
<b>Basic earnings</b>	<b>46 704</b>	<b>13 359</b>	<b>(6 566)</b>
Adjusted by:			
- Shareholders for dividends written off	-	-	(185)
- Impairment of property, plant and equipment	-	-	5 020
- Impairment of intangible assets	996	6 052	8 405
- Impairment of investment in associate	-	-	67 313
- Loss from discontinued operation	-	(1 653)	(847)
<b>Headline earnings</b>	<b>47 700</b>	<b>17 758</b>	<b>73 140</b>
Basic earnings per share (cents)			
- Attributable to ordinary shares (cents)	243	5,16	(2,53)
- Diluted earnings per share (cents)	243	4,39	(2,15)
Headline earnings per share (cents)			
- Attributable to ordinary shares (cents)	164	6,86	28,17
- Diluted earnings per share (cents)	164	5,83	23,96

### COMMENTARY

#### INTRODUCTION

The Board of Directors has pleasure in presenting the Group's interim results for the six month period ended 31 December 2010.

Notwithstanding the generally challenging economic conditions in South Africa during the period, the Group is able to report a significantly enhanced performance.

#### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2010 are prepared in accordance with International Financial Reporting Standards ("IFRS"), International Accounting Standard 34, AC 500 Standards, the JSE Limited Listings Requirements and the South African Companies Act 61 of 1973 as amended. The condensed consolidated interim financial statements are prepared on the historical cost basis and the accounting policies are consistent with those adopted and applied for the year ended 30 June 2010.

#### NATURE OF BUSINESS

AfroCentric is a black owned diversified investment holding company.

The Company's material investment is its subsidiary, Lethimvula Investments Limited ("LIL") which owns 100% of the shares in Medscheme Holdings (Pty) Limited, a multi-medical scheme administrator. Medscheme is the largest black-owned medical scheme administrator in South Africa covering approximately 3 million lives in the private healthcare administration and managed care market.

The Company also owns 27,3% of Jasco Electronics Holdings Limited ("Jasco"), a public company listed on the Johannesburg Securities Exchange. Jasco provides solutions, services and products to the communications, security, power and consumer goods industries. Jasco recently acquired the entire issued share capital of Spescom Limited, a company which provides similar solutions, services and products to the contact centre, media and telecommunications industries.

AfroCentric also has a relationship agreement with Rio Tinto Plc for mineral prospecting and exploration projects. In addition the Company has a distribution agreement with Hanwha Corporation, one of the largest industrial conglomerates in South Korea.

#### OPERATIONAL REVIEW

Group profit before taxation increased by 151% from R28,6 million to R72 million during the period. This significant increase was attributable substantially to the performance of LIL having completed the reorganisation and rationalisation of the healthcare businesses acquired from Old Mutual, its organic growth and the extraction of greater operating efficiencies as a result of Medscheme's increased scale. LIL's profitability is substantially on target with its forecasts, positively trending towards the profit warranty thresholds on which the price of LIL's shares will finally be determined.

During the period LIL acquired all of the shares not already owned by LIL in Administrators and Consultants Limited whose main operations are the administration of medical aid schemes in Mauritius.

AfroCentric continues to acquire LIL shares from minority shareholders who approach the Company to sell their shares. During the period, AfroCentric acquired a further 3,25% to bring the Company's ownership of the issued share capital of LIL to 90,78%.

AfroCentric's investment in Jasco yielded earnings and investment income for the six months ended 31 December 2010 of R4,9 million (2009: R8,6 million). Jasco's performance for the period has been disappointing. However, given the recent inclusion of Spescom's businesses into the Jasco portfolio, the rationalisation opportunities, the additional scale and an improvement in economic activity, particularly infrastructural development, it is expected that Jasco's collective operations will start to fulfil its potential and generate improved earnings going forward. Further information on Jasco's earnings, operations and prospects are available on SENS under JSE Code: JSC.

AfroCentric's exploration and prospecting relationship with Rio Tinto Plc continues in terms of the Reciprocal Strategic Co-Operation Agreement. Investigation and market research into the appropriate selection of Hanwha's vast range of products remains in progress.

#### FINANCIAL RESULTS

For the six month period ended 31 December 2010, basic earnings per share ("EPS") increased by 243% to 17,71 cents (2009: 5,16 cents) and diluted EPS increased by 243% to 15,06 cents (2009: 4,39 cents). Headline earnings per share ("HEPS") increased by 164% to 18,09 cents (2009: 6,86 cents) and diluted HEPS increased by 164% to 15,38 cents (2009: 5,83 cents).

#### PROSPECTS

The Board has deliberately and consistently adopted a cautious approach in the past to the approval of new acquisition opportunities, preferring to secure the growth and sustainability of its existing investments. However, the profitability and renewed potential for growth of the more material investments in the portfolio will no doubt inspire the Investment Committee and the Board to give serious attention to further investment propositions which are regularly presented for consideration.

#### PRE AND POST PERIOD END EVENTS

In the 2010 annual report, we commented on the various legal processes in progress with the Council for Medical Schemes ("CMS") in regard to the Bonitas Medical Scheme ("BMS") and the administration services provided by Medscheme. The Board is pleased to advise shareholders that in an independent report by Deloitte on BMS affairs, it was reconfirmed that breaches of administrative governance interpreted by the CMS as being attributable to Medscheme were ill-conceived and factually incorrect.

The "Bonitas Division" of Medscheme continues to hold the coveted ISO 9001: 2008 status for high quality administration, and "Fedhealth" and Medscheme's "Closed Schemes" divisions have also achieved this status.

#### DIRECTORS

There were no changes in the constitution of the Board of Directors during the period.

#### DIVIDENDS AND DISTRIBUTIONS

The Group declared its maiden distribution, in the form of a capital reduction out of share premium, of 7,5 cents per ordinary share for the year ended 30 June 2010. The AfroCentric Board will consider further distributions based on the performance of the Group for the year ending 30 June 2011.

By order of the Board

**Michael I Sacks** CA (SA) AICPA (ISR)  
Company secretary

Johannesburg  
29 March 2011

#### Directors

NB Bam\* (Chairperson), JM Kahn\*\*, MI Sacks\*\*#, B Joffe\*\*, MJ Madungundaba\*\*  
AT Mokgokong\*\*, WRC Holmes  
\*independent non-executive \*\*non-executive #company secretary

#### Registered Office

10 Muswell Road South  
Bryanston, 2191

#### Sponsor

Sasfin Capital  
(A division of Sasfin Bank Limited)