



## REVENUE

22.75% ↑

## OPERATING PROFIT

31.0% ↑

## NORMALISED EARNINGS PER SHARE

28.8% ↑



## OUR PEOPLE

### OUR PASSION

*AfroCentric commenced business during 2007 and has since invested in businesses that demonstrate good prospects for growth, with the objective of contributing to the upliftment of South Africa's people in a meaningful and sustainable manner.*

*The Group's subsidiary, AfroCentric Health enjoys a unique status in the healthcare sector, having a Level 2 BBEE rating.*

The Board of Directors has pleasure in presenting the Group's unaudited results for the six month period ended 31 December 2012.

The Group's overall performance for the period under review has been satisfactory, once again achieving positive growth in earnings, while simultaneously contributing to a world of affordable and sustainable healthcare, these objectives being cornerstones of the Group's strategy.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 December 2012 R'000	Unaudited six months ended 31 December 2011 R'000	Audited year ended 30 June 2012 R'000
<b>Non-current assets</b>	1 027 820	941 838	991 884
Property, plant and equipment	96 137	100 048	97 016
Investment property	10 300	10 100	10 300
Intangible assets	661 007	609 926	611 042
Unlisted investments	280	280	280
Investment in associates	88 470	62 368	86 765
Investment in preference shares	100 000	100 000	100 000
Deferred income tax assets	71 626	59 116	86 481
<b>Current assets</b>	367 746	241 966	371 416
Trade and other receivables	116 733	94 685	108 511
Receivables from associates and joint ventures	12 260	18 647	14 591
Current tax asset	29 756	7 981	6 404
Cash and cash equivalents	208 997	120 653	241 910
<b>Total assets</b>	1 395 566	1 183 804	1 363 300
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	924 842	758 355	882 815
Issued capital	352 669	347 716	349 365
Contingent shares to be issued	188 540	188 540	188 540
Share-based awards reserve	20 759	-	9 357
Treasury shares	(2 701)	(1 162)	(1 772)
Foreign currency translation reserve	(171)	(327)	(646)
Distributable reserve	365 746	223 588	337 971
Non-controlling interest	38 449	17 694	30 625
<b>Total equity</b>	963 290	776 049	913 440
<b>Non-current liabilities</b>	278 685	270 376	271 968
Deferred income tax liabilities	51 846	35 031	47 595
Borrowings	200 000	200 000	200 000
Provisions	8 350	9 215	8 350
Post-employment medical obligations	3 504	3 821	3 504
Accrual for straight lining of leases	14 985	22 309	12 519
<b>Current liabilities</b>	153 591	137 379	177 892
Borrowings	-	-	8 346
Provisions	7 181	2 073	8 779
Trade and other payables	92 641	69 954	76 802
Taxation	3 000	4 239	4 149
Bank overdraft	-	9 087	-
Employment benefit provisions	53 766	52 026	79 816
<b>Total liabilities</b>	432 276	407 755	449 860
<b>Total equity and liabilities</b>	1 395 566	1 183 804	1 363 300

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2012 R'000	Unaudited six months ended 31 December 2011 R'000	Audited year ended 30 June 2012 R'000
<b>Balance at beginning of the period</b>	913 440	747 635	747 635
Issue of share capital	3 300	3 931	5 579
Share-based awards reserve	11 402	-	9 357
Revaluation of treasury shares issued	(929)	-	(609)
Dividends reclaimed and subsidiary acquisitions	-	-	5 868
Foreign currency translation reserve	476	(568)	(887)
Dividends paid/Distribution to shareholders	(33 218)	(33 884)	(33 884)
Net profit for the year	59 529	54 344	164 506
Profit attributable to minorities	9 286	4 591	15 875
<b>Balance at end of period</b>	963 290	776 049	913 440

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2012 R'000	Unaudited six months ended 31 December 2011 R'000	Audited year ended 30 June 2012 R'000
Net cash inflow/(outflow) in operating activities	74 977	(11 947)	116 236
Net cash inflow/(outflow) from investing activities	(70 096)	(24 854)	(55 353)
Net cash inflow/(outflow) from financing activities	(37 794)	(24 344)	8 315
<b>Net (decrease)/increase in cash and cash equivalents</b>	(32 913)	(61 145)	69 198
Cash and cash equivalents at beginning of the period	241 910	172 711	172 712
<b>Cash and cash equivalents at end of the period</b>	208 997	111 566	241 910
<b>Reconciled as follows:</b>			
Cash and cash equivalents on hand	208 997	120 653	241 910
Bank overdraft	-	(9 087)	-
	208 997	111 566	241 910

## EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	Unaudited six months ended 31 December 2012 R'000	Unaudited six months ended 31 December 2011 R'000	Audited year ended 30 June 2012 R'000	
Number of ordinary shares in issue	269 154 524	267 458 718	268 231 817	
Number of preference shares in issue	16 638 000	16 638 000	16 638 000	
Weighted average number of ordinary shares	268 894 005	265 332 341	267 276 657	
Weighted average number of shares for diluted EPS including shares for share-based awards	334 333 038	312 530 939	332 384 302	
<b>Basic earnings</b>	9.54%	59 529	54 344	164 506
Adjusted by:				
- Fair value (gain) impairment of investment		(929)	-	(1 175)
- Reversal of loan impairments		-	(137)	-
- Fair value adjustment of investment in associate		308	-	(13 162)
- Loss/profit on disposal of assets		35	(166)	(566)
- Fair value adjustments (other)		-	-	(810)
<b>Headline earnings</b>		58 943	54 041	148 793
<b>Earnings per share (cents)</b>				
- Attributable to ordinary shares (cents)	8.09%	22.14	20.48	61.55
- Diluted earnings per share (cents) (as reported) (Note 2)		-	-	52.31
- Diluted earnings per share (cents)	2.40%	17.81	17.39	49.49*
- Normalised earnings per share (cents) (Note 3)	28.80%	26.38	20.48	64.82
- Diluted normalised earnings per share (cents) (Note 3)	22.01%	21.22	17.39	52.31
<b>Headline earnings per share (cents)</b>				
- Attributable to ordinary shares (cents)	7.63%	21.92	20.37	55.67
- Diluted earnings per share (cents) (as reported) (Note 2)		-	-	47.58
- Diluted earnings per share (cents)	1.96%	17.63	17.29	44.77*
- Normalised earnings per share (cents) (Note 3)	28.40%	26.16	20.37	58.94
- Diluted normalised earnings per share (cents) (Note 3)	21.68%	21.04	17.29	47.58

\* Revised as per Note 2

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2012 R'000	Unaudited six months ended 31 December 2011 R'000	Audited year ended 30 June 2012 R'000	
<b>Revenue</b>	822 422	670 007	1 448 261	
Operating costs	(687 239)	(566 807)	(1 188 960)	
<b>Operating profit</b>	31.00%	135 183	103 200	259 301
Other income	4 482	10 965	8 394	
Net finance cost	(893)	(1 701)	3 371	
Share of profit from associates	7 091	4 906	14 842	
<b>Profit before impairment and amortisation</b>	145 863	117 370	292 408	
Fair value gain (impairment) of investment	929	-	1 175	
Fair value adjustment on investment in associate	(308)	-	13 162	
IFRS 2 compliance adjustment (Notes 1, 2 & 3)	(11 402)	-	(9 357)	
Depreciation	(17 744)	(19 293)	(38 128)	
Amortisation of intangible assets	(17 606)	(17 359)	(36 356)	
<b>Profit before income tax</b>	23.55%	99 732	80 718	222 904
Income tax expense	(30 917)	(21 783)	(42 523)	
<b>Profit for the year</b>	16.76%	68 815	58 935	180 381
<b>Other comprehensive income</b>	-	-	-	
<b>Total comprehensive income for the year</b>	68 815	58 935	180 381	
<b>Attributable to:</b>				
Equity holders of the Parent	9.54%	59 529	54 344	164 506
Non-controlling interest	9 286	4 591	15 875	
	68 815	58 935	180 381	

Note 1: Actuarially determined cost of share-based awards in each period reserved for selected executives of Afrocentric Health Limited (AHL) in terms of the 2009 Acquisition Agreement, categorised for disclosure herein in terms of IFRS 2.

Note 2: The above non-cash deduction from Group profits in 2012 amounting to R9 357 was inadvertently added back for purposes of determining diluted earnings per share and diluted headline earnings per share for the year ended 30 June 2012. The calculations relative to this matter have accordingly been revised and are correctly disclosed and described in the table of Earnings Attributable to Equity Holders.

Note 3: Given the non-cash nature of the IFRS 2 compliance adjustment and also the specific and non-recurring nature of the executive awards, the Board concluded that a more meaningful measure of the company's performance is revealed by adding back the IFRS 2 compliance adjustment which is referred to herein as "normalised earnings". These normalised earnings are also disclosed and described in the table of Earnings Attributable to Equity Holders.

## SEGMENTAL ANALYSIS

	UNAUDITED INTERIM RESULTS for the six months ended 31 December 2012			UNAUDITED INTERIM RESULTS for the six months ended 31 December 2011			AUDITED RESULTS for the year ended 30 June 2012		
	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit before tax R'000	Total assets R'000
<b>Healthcare administration</b>	822 422	119 708	1 064 448	670 007	72 152	806 941	1 448 261	217 086	977 763
<b>Electronics (including investment income)</b>	-	3 881	-	-	2 650	-	-	5 988	-
<b>Treasury activities</b>	-	3 705	113 559	-	3 915	110 517	-	7 758	119 561
<b>Other (including inter-segment elimination)</b>	-	(27 562)	217 559	-	2 001	266 346	-	(7 928)	265 976
	822 422	99 732	1 395 566	670 007	80 718	1 183 804	1 448 261	222 904	1 363 300

## By Order of the Board

Yolandi Van Zweel  
Acting company secretary  
Johannesburg

## Directors

AT Mokgokong\*\* (Chairperson),  
D Dempers (CEO)\*\*\*, WRC Holmes (CFO)\*\*\*,  
NB Bam\*\*, B Joffe\*\*, JM Kahn\*\*,  
MJ Madungundaba\*\*, Y Masithela\*, G Napier\*,  
MI Sacks\*\*  
\*independent non-executive \*\*non-executive  
\*\*\*executive

## Registered Office

37 Conrad Rd  
Florida North 1709  
**Sponsor**  
Sasfin Capital (A division of Sasfin Bank Limited)

## AfroCentric Investment Corporation Limited

Registration number  
1988/000570/06  
JSE Code: ACT, ACTP  
ISIN: ZAE 000078416, ZAE  
000082269  
("AfroCentric" or "the Company" or "the Group")

## COMMENTARY

### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2012 are prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS"), IAS 34 - Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Limited Listings Requirements, and the South African Companies Act 71 of 2008, 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 2012 in terms of IFRS.

### NATURE OF BUSINESS

AfroCentric Investment Corporation Limited ("AfroCentric") is a black-controlled, diversified investment holding company. It is listed on the Johannesburg Securities Exchange ("JSE") in the Healthcare Sector under the code: ACT. The Group's preference shares are also listed on the JSE under the code: ACTP.

AfroCentric holds a substantial majority stake in AfroCentric Health Limited ("AHL"), formerly Lethimvula Investments Limited. During the six months ended 31 December 2012, AfroCentric increased its holding in AHL to 93.64% (June 2012: 93.17%) through the purchase of minority shareholdings in that company. AfroCentric continues to engage with AHL shareholders who wish to offer their AHL shares for sale. AHL owns 100% of the issued share capital in Medscheme Holdings (Pty) Limited ("Medscheme"), a multi-medical scheme administrator and managed care provider. As the largest health risk management services provider and third largest medical scheme administrator in South Africa, Medscheme's focus is to achieve sustainability through innovation, effective health risk management, complemented by a relentless drive for operational and service efficiency. Medscheme has over 3.2 million lives under management. Medscheme's healthcare management expertise has been gained over 41 years, which includes several years of experience with the Government Employees Medical Scheme ("GEMS"). Although Medscheme is essentially a South African enterprise, the Group has a meaningful presence in Botswana, Namibia, Mauritius, Swaziland and Zimbabwe. Medscheme's operations in Mauritius provide an excellent platform for further international expansion and AHL continues to explore other opportunities on the African continent and elsewhere. Health Management and technical support services are provided to clients in the Republic of Ireland out of Mauritius.

AfroCentric has a 27.3% non-controlling interest in JSE-listed Jasco Electronics Holdings Limited ("Jasco"). Jasco provides solutions, services and products to customers through three core verticals: Information and Communication Technologies, Industry Solutions and Energy Solutions. One of Jasco's investments is Malesela Taihan Electric Cables (M-Tec). M-Tec is a leading manufacturer and distributor of fibre-optic cable including a wide range of power and telecom cables, serving *inter alia*, infrastructural development demands in the South African and African continental markets. Further information on Jasco can be found on the JSE lists under the code: JSC.

AfroCentric's exploration and prospecting relationship with Rio Tinto PLC continues in terms of the Relationship and Strategic Cooperation Agreement (RSCA).

### OPERATIONAL REVIEW

AfroCentric's operating profits amounted to R135.2 million during the period under review (2011: R103 million) an increase of 31%. The improved profitability arises primarily from AHL's increased revenue growth from expanding operations and continuing efficiency improvements in the Administration and Health Risk Management business. AHL's administration and managed care contracts are reviewed annually in January and accordingly profits of AHL are favourably weighted towards the period January-June in each year. Medscheme also secured GEMS administration contracts for contribution and debt management as well as the correspondence contract in 2012. These contracts also contributed to the growth in earnings for the six months ended 31 December 2012. AHL's financial position at 31 December 2012, suggests that all warranty provisions are likely to be satisfied through which the final price of the AHL investment will be determined.

AfroCentric's investment in the listed entity Jasco yielded earnings and investment income for the six months ended 31 December 2012 of R7.3 million (2011: R4.9 million). Further information on Jasco's earnings, operations and prospects are available on SENS under JSE Code: JSC.

AfroCentric has entered into a contract with Rio Tinto for a significant minority interest in a new iron-ore exploration joint venture project on terms consistent with the provisions of the continuing RSCA and subject to DMR approvals.

### FINANCIAL RESULTS

Profit before tax for the six month period ended 31 December 2012, after deducting the IFRS compliance adjustment, (more fully explained in Notes 1, 2 and 3 to the Condensed Consolidated Statement of Comprehensive Income) increased by 23.55%. Profits after tax attributable to equity holders increased by 9.54% and earnings per share and headline earnings per share increased by 8.09% and 7.63% respectively.

Shareholders are once again reminded that all of the warranties provided for in the 2009 AHL Acquisition Agreement ("the agreement") will be measured against actual performance of AHL as at 30th June 2013. To the extent that all of the warranties are fulfilled and depending on the percentage of AHL shares owned by AfroCentric at that date, a maximum of 138.5 million ordinary shares, referred to as "contingent shares to be issued" in the 2012 Integrated Report, will be issued to the original vendors on or before 30 September 2013 together with past distributions attributable to such shares.

In addition, in the second quarter of the 2014 financial year, AfroCentric will notify preference shareholders of the means by which they can elect to convert their preference shares into ordinary shares. The election to convert must be made prior to 31st December 2013 in terms of the preference share covenants. Preference shares not converted within the specified period will be redeemed by the company.

### PROSPECTS

While the Group's investment in AHL has generally been heartening, the progress and performance of Jasco during the period under review has been disappointing. The board nevertheless recognises the talent and commitment of both management teams, and remains confident of the growth prospects of each of the core businesses. The Board will proceed to assess new opportunities which satisfy the criteria of the Board Investment Committee, including providing continual counsel to group management on operational matters and efficiencies.

### SUBSEQUENT EVENTS

No significant events have occurred in the period between the reporting date and the date of this announcement.

### DIRECTORS

During the period under review NB Bam retired as Chairperson, but she will continue to act as a non-executive director of the company. Dr AT Mokgokong was appointed Chairperson and D Dempers was appointed Chief Executive Officer. There were no further changes to the AfroCentric Board.

### DIVIDENDS

The policy of the Board is to review profits available for distribution to shareholders at the end of each financial year. Accordingly no distribution has been considered at this time.

### BASIS OF PREPARATION

The unaudited interim results have been prepared under the supervision of Mr WRC Holmes CA(SA), in his capacity as the Group Chief Financial Officer.