2019 NOTICE OF ANNUAL GENERAL MEETING

Form of Proxy and Summarised Audited Consolidated Financial Statements for the year ended 30 June 2019

AfroCentric GROUP

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LETTER TO SHAREHOLDERS

Dear Shareholder

NOTICE OF ANNUAL GENERAL MEETING AND PROXY

The booklet accompanying this letter is our detailed notice of annual general meeting for the AfroCentric Investment Corporation Limited general meeting to be held at 10:00 on Thursday, 7 November 2019 at the AfroCentric Distribution Services Office, The Greens Office Park, Building L. 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion ("the AGM").

We have also included summarised consolidated financial statements with explanatory notes and commentary and a Form of Proxy.

These documents comply with the requirements of the Companies Act (Act No. 71 of 2008, as amended) ("the Act") and the JSE Limited ("JSE") Listings Requirements.

Printed copies of the 2019 Integrated Report and a full set of annual financial statements will only be mailed to shareholders on request.

Should you wish to receive a printed copy of the Integrated Report and a full set of annual financial statements, please forward an email request to investor-relations@afrocentric.za.com. The Integrated Report and a full set of the annual statements is available for download on our website at www.afrocentric.za.com/cd-ar-reports.php.

Yours sincerely

Billy Mokale
Group Company Secretary
7 October 2019

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" or "the Group")

All terms defined in the 2019 Annual Financial Statements, 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 13th Annual General Meeting of shareholders for the year ended 30 June 2019 will be held at the AfroCentric Distribution Services Offices, the Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion on **Thursday, 7 November 2019** at **10h00** 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 Act, as read with the JSE Limited ("**JSE**") Listings Requirements, as amended from time to time ("**Listings Requirements**").

*The Board of Directors of the Company ("**the Board**") 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 as Friday, 27 September 2019;
- the last date to trade in order to be eligible to participate in and vote at the Annual General Meeting as Tuesday, 29 October 2019; and
- the record date in order to participate in and vote at the Annual General Meeting being the voting record date as Friday, 1 November 2019.

AGENDA

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

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 2019, 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 5 – 102 of the 2019 Annual Financial Statements. The Audit and Risk Committee report is set out on pages 2 – 4 of the 2019 Annual Financial Statements. The Integrated Annual Report is also available on the Company's website: www.afrocentric.za.com/cd-ar-reports.php.

Resignation of Director

Shareholders are hereby informed that Mr IM Kirk concluded that his objectives on behalf of AfroCentric were achieved, resigned from the Board effective 12 September 2019. The Chairman, on behalf of the Board thanked him for his invaluable contribution to the Group and wished him well.

RESOLUTIONS

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

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 AGM of the Company, following such an appointment. Accordingly, Professor SA Zinn, Mr JB Fernandes, Mr SE Mmakau, Mr T Alsworth-Elvey and Mr FG Allen were appointed by the Board during the year under review and shareholders are hereby requested to confirm such appointments.

Accordingly, shareholders are requested to consider and, if deemed fit, to elect the directors named above by way of passing the separate ordinary resolution numbers 1.1 to 1.5. set out below as required under section 68(2) of the Act.

Ordinary Resolution Number 1.1

Election of Professor SA Zinn as an Independent Non-executive Director

"**RESOLVED** that Professor SA Zinn, being a new appointment to the Board, be and is hereby elected as an Independent Non-executive Director of the Company."

Professor Zinn was the Group Executive Human Resources at Nedbank. Before this, she was the General Manager for Human Resources at the South African Revenue Service (SARS). She is also an Extraordinary Professor at the University of Pretoria's Department of Human Resource Management and is the Past President of the Institute for People Management South Africa. She started her career as a secondary school teacher of English, then moved to the University of the Western Cape where she lectured in Teacher Education. After this, she served at Southern Life as Training Manager and then moved to the Department of Public Service and Administration's South African Management Development Institute in Pretoria as Director. She held the position of Executive Employment Equity at Computer Configurations Holdings. Before her appointment at SARS, she filled the role of Regional Human Resources Director for Middle East and Africa for Reckitt Benckiser, a global company listed on the London Stock Exchange.

Professor Zinn holds a BA (University of Western Cape), Postgraduate Higher Diploma in Education (University of the Western Cape), BEd (Hons) (UNISA), MEd (University of the Western Cape), EdM (Harvard), and Doctorate in Education (Harvard).

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 1.2

Election of Mr JB Fernandes as an Independent Non-executive Director

"**RESOLVED** that Mr JB Fernandes, being a new appointment to the Board, be and is hereby elected as an Independent Non-executive Director of the Company."

Mr Fernandes holds a BComm (Accountancy), BAcc, BCom (Hons) (Investment Management) (cum laude) and is CA (SA). Mr Fernandes completed his accounting articles of clerkship in audit at KPMG in 1995 and spent two years at KPMG Corporate Finance in Johannesburg and Manchester

(UK). He is currently consulting privately. Mr Fernandes was a former Investment Banking Vice-President at Nedbank Investment Bank Limited and former Principal at Nedbank Limited. He was the former Group Operations Risk Review Manager at Balfour Beatty Limited in UK, London. Mr Fernandes has held memberships at the Chartered Institute of Business Management (ACIBM), Investment Analysts Society of SA (IAS), the Golden Key International Honour Society, the Public Accountants' & Auditors' Board (PAAB), the Independent Regulatory Board for Auditors (IRBA) and The South African Institute of Chartered Accountants (SAICA).

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 1.3

Election of Mr SE Mmakau as an Executive Director

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

Mr Mmakau has a Master's of Business Leadership, BA and BCom with more than 16 years' experience in the IT and ICT industries in both the public and private sectors. Previously, he was Chief Information Officer at Airports Company South Africa (ACSA) and was Deputy Director General in Home Affairs and previously served as a member of various committees at the Department of Home Affairs. He currently serves as the Chief Information Officer of the Group.

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 1.4

Election of Mr T Alsworth-Elvey as a Non-executive Director

"**RESOLVED** that Mr T Alsworth-Elvey, being a new appointment to the Board, be and is hereby elected as a Non-executive Director of the Company."

Mr Alsworth-Elvey joined the Sanlam Group in 2019 and is currently the Chief Executive of Sanlam Corporate. Prior to that he was with the Momentum Metropolitan Group where he had overall responsibility for the Corporate and Health business. He has also served as Chief Executive Officer of Momentum Investments. Mr Alsworth-Elvey holds a BProc, LLB, LLM and HDipTax.

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary Resolution Number 1.5

Election of Mr FG Allen as a Non-executive Director

"**RESOLVED** that Mr FG Allen, being a new appointment to the Board, be and is hereby elected as a Non-executive Director of the Company."

Mr Allen is a Senior Executive within Sanlam Corporate. He holds a BComm Honours in Finance and a BBus Honours in Marketing. Gary started his career at Accenture where he was a director. He currently leads various Sanlam Health businesses and was previously the CEO of Sanlam Reality, Sanlam Fiduciary Services and Marlborough Stirling South Africa.

ORDINARY RESOLUTION NUMBER 2

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 AGM. The Board has assessed the performance of the directors standing for re-election and has found them suitable for reappointment. Accordingly, the following directors retire by rotation at the AGM.

- Dr ND Munisi;
- Ms LL Dhlamini; and
- Ms HG Motau.

Ordinary Resolution Number 2.1

Re-election of Dr ND Munisi as a Non-executive Director

"**RESOLVED** that Dr ND Munisi, 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 Ms LL Dhlamini as an Independent Non-executive Director

"**RESOLVED** that Ms LL Dhlamini, 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 an Independent Non-executive Director of the Company."

Ordinary Resolution Number 2.3

Re-election of Ms HG Motau as an Independent Non-executive Director

"**RESOLVED** that Ms HG Motau, 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 an Independent Non-executive Director of the Company."

Brief résumés for these directors appear on pages 44 and 45 of this booklet.

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 3

Appointment of Group Audit and Risk Committee member

"**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 Report on Corporate Governance for South Africa, 2016 (King IV™)*.

"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 pages 44 and 45 of this booklet.

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Ordinary Resolution Number 3.1

"**RESOLVED** that, subject to the passing of ordinary resolution Number 3.1, Ms LL Dhlamini is elected as a member and Chairman of the Audit and Risk Committee."

Ordinary Resolution Number 3.2

"**RESOLVED** that, subject to the passing of ordinary resolution Number 3.2, Ms HG Motau 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 3.3, Mr JB Fernandes is elected as a member of the Audit and Risk Committee."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 4

Reappointment of independent auditors and designated audit partner

The Group Audit and Risk Committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent auditors of the Group, to hold office until the next Annual General Meeting.

"**RESOLVED** that PricewaterhouseCoopers Incorporated, with the designated audit partner being Ms Julanie Basson, be and is hereby reappointed as the independent auditor of the Group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% +1 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 15 (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 28 712 062 shares, being 5% (five percent) 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 sub-division 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 percent) 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 percent) 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 and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit or loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds shall be published when the Company has issued securities, 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."

Reason for and effect

The reason and effect of this 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 5% (28 712 062 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.

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

ORDINARY RESOLUTION NUMBER 6

Approval of the remuneration policy

"**RESOLVED** that, by a non-binding advisory vote, the Company's remuneration policy as set out in the remuneration report on pages 94 to 104 of the 2019 Integrated Report, be and is hereby endorsed."

Reason for and effect

King IV recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 7

Approval of the remuneration implementation policy

"**RESOLVED** that by a non-binding advisory vote, the Company's remuneration implementation report as set out on pages 104 to 110 of the Integrated Report for 2019, be and is hereby endorsed."

Reason for and effect

King IV recommends that the implementation of a Company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting.

This enables shareholders to express their views on the implementation of the Company's remuneration policies. Ordinary Resolution Number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 8

Authorise directors and/or Group Company 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% +1 of all votes cast and/or exercised at the meeting.

SPECIAL RESOLUTIONS

Special Resolution Number 1

Approval of Non-executive Directors' fees

Approval in terms of section 66 of the Act is required to authorise the Company to remunerate for their services as directors. Furthermore, in terms of King IV 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 2020 until 31 December 2020 be and is hereby approved as follows:

	Position	Current (2019) (R)	Recommended increase (%)	Proposed (2020) (R)
	Chairman	1 272 000	4.5	1 329 240
Main Board	Deputy	954 750	4.5	997 713
(annualised fee)	Member	237 500	4.5	248 188
Subsidiary Board	Chairman	21 600	4.5	22 572
(Per meeting fee)	Member	15 900	4.5	16 615
Audit and Risk Committee	Chairman	28 800	4.5	30 096
(Per meeting fee)	Member	21 200	4.5	22 154
Remuneration Committee	Chairman	21 600	4.5	22 572
(Per meeting fee)	Member	15 900	4.5	16 615
Nomination Committee	Chairman	21 600	4.5	22 572
(Per meeting fee)	Member	15 900	4.5	16 615
Social and Ethics Committee	Chairman	21 600	4.5	22 572
(Per meeting fee)	Member	15 900	4.5	16 615
Investment Committee	Chairman	21 600	4.5	22 572
(Per meeting fee)	Member	15 900	4.5	16 615
ICT Steering Committee	Chairman*	21 600		
(Per meeting fee)	Member	15 900	4.5	16 615

** Chairman is currently an Executive Director and does not receive fees.*

Reason for and effect

The reason and effect of this Special Resolution Number 1 is to approve the remuneration of Non-executive Directors for the next 12 months (payable quarterly in arrears), with effect from 1 January 2020 until 31 December 2020.

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

"**RESOLVED** that, as a special resolution, 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 that:

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 percent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten percent) 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 percent) 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 percent) 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 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."

Reason for and effect

The reason for and effect of this 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.

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 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 the Group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and Group 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 of the Group are adequate for ordinary purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business."

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

The following additional information, some of which may appear elsewhere in this report is provided in terms of the Listing Requirements for purposes of the special resolution:

Major shareholders – page 12 of the 2019 Annual Financial Statements

Company's share capital – page 81 of the 2019 Annual Financial Statements

Directors' responsibility statement

The directors, whose names are given on page 1 of the 2019 Annual Financial Statements, collectively and individually accept full responsibility for the accuracy of the information pertaining to the 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 the 2019 Integrated Report and Annual Financial Statements, 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 Integrated Report.

SPECIAL RESOLUTION NUMBER 3

Financial assistance to a related or inter-related company or companies

"**RESOLVED** that, in terms of section 45(3)(a)(ii) of the Companies 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 45(1) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related ("**related**" or "**inter-related**" 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."

Reason for and effect

The reason 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 inter-related company or corporation.

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 inter-related companies

"**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 sections 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 inter-related to the Company ("**related**" or "**inter-related**" 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 inter-related 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 inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related 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."

Reason for and effect

The reason and effect of special resolution number 4 is to grant the directors the authority, in terms of section 44(3)(a)(ii) of the Act, authority, to provide financial assistance to any company or corporation which is related or inter-related 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 inter-related company or corporation.

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.

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 Resolution 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.

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.

Forms of proxy and/or letters of representation may be presented at any time prior to the Annual General Meeting and also at the Annual General Meeting, but to enable the Company to ensure prior to the Annual General Meeting that a quorum will be present at the Annual General Meeting, it would be helpful if forms of proxy and/or letters of representation could be delivered to the Company or the Company's transfer secretaries 48 hours prior to the Annual General Meeting, being 10h00 on Thursday, 5 November 2019.

All beneficial owners of AfroCentric shares who have dematerialised their shares through a central securities depositary participant (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 forms of proxy 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.

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, 27 September 2019
Integrated Report and notice of Annual General Meeting to be posted on	Monday, 7 October 2019
The last date to trade in order to be eligible to participate in and vote at the Annual General Meeting on	Tuesday, 29 October 2019
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**”) on	Friday, 1 November 2019
Last day for lodging forms of proxy by 10h00 on	Tuesday, 5 November 2019
Date of the Annual General Meeting at 10h00 on	Thursday, 7 November 2019
Results of the Annual General Meeting published on SENS on	Thursday, 7 November 2019

By order of the Board

Billy Mokale
Group Company Secretary
Roodepoort
7 October 2019

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Summarised consolidated statement of financial position

AS AT 30 JUNE 2019

	2019 R'000	2018 R'000
Assets		
Non-current assets	**3 364 615**	2 306 326
Property and equipment	**220 409**	255 076
Right of use asset	**290 136**	–
Land and buildings	**196 149**	120 573
Investment property	**15 418**	15 418
Goodwill	**1 336 842**	883 488
Intangible assets	**1 219 170**	855 598
Available-for-sale investment	**–**	9 000
Managed funds and deposits	**–**	65 028
Investment in subsidiaries	**29 943**	56 935
Deferred income tax assets	**56 548**	45 210
Current assets	**1 085 620**	823 735
Trade and other receivables	**531 494**	348 527
Inventory	**283 732**	83 532
Current tax asset	**5 098**	20 768
Receivables from associates and joint venture	**–**	5 740
Managed funds and deposits	**–**	152 250
Cash and cash equivalents	**265 296**	212 918
Total assets	**4 450 235**	3 130 061
Equity and liabilities		
Capital and reserves	**2 095 282**	1 940 614
Issued ordinary share capital	**18 885**	18 686
Share premium	**1 080 301**	999 058
Share-based payment reserve	**11 286**	3 501
Treasury shares	**(2 324)**	(2 324)
Sanlam capital contribution	**55 874**	55 874
Foreign currency translation reserve	**(3 114)**	793
Distributable reserve	**934 374**	865 026
Non-controlling interest	**787 713**	679 277
Total equity	**2 882 995**	2 619 891

	2019 R'000	2018 R'000
Non-current liabilities	881 194	153 860
Deferred income tax liabilities	230 228	121 667
Lease Liability	261 104	–
Borrowings	371 566	–
Non-current provisions	8 350	8 350
Post-employment medical obligations	2 611	2 665
Deferred payment	7 335	5 263
Accrual for straight lining of leases	–	15 915
Current liabilities	686 046	356 310
Provisions	9 606	8 597
Borrowings	120 000	–
Lease Liability	61 551	–
Trade and other payables	406 230	284 029
Taxation	–	13 729
Employment benefit provisions	88 659	46 955
Total liabilities	1 567 240	510 170
Total equity and liabilities	4 450 235	3 130 061

Summarised consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2019

	2019 R'000	2018 R'000
Healthcare services revenue	3 258 658	2 910 702
Healthcare services operating costs	(2 710 237)	(2 355 416)
Healthcare service operating profit	548 421	555 286
Healthcare retail revenue	2 038 135	1 302 003
Healthcare retail cost of sales	(1 565 338)	(914 305)
Healthcare retail operating costs	(343 563)	(319 898)
Healthcare retail operating profit	129 234	67 800
Total healthcare operating profit (excluding lease reversals)	677 655	623 086
IFRS16: Lease reversals	94 418	–
Total healthcare operating profit (including lease reversals)	772 073	623 086
Loss on sale of investments	–	(2 717)
Loss on disposal of intangible assets	(40 000)	–
Fair value gain on investment disposal	118 715	–
Impairment of assets	(68 587)	(1 667)
Net finance and investment income	(14 891)	43 481
– Finance and investment income	37 524	55 081
– Fair value loss in listed investment	–	(9 738)
– Finance costs: Lease liability	(31 822)	–
– Finance costs	(20 593)	(1 862)
Share-based payment expense	(7 785)	(3 501)
Indemnity expense	–	(3 150)
Share of associate profits	18 479	23 626
Profit before depreciation and amortisation	778 004	679 158
Right of use asset depreciation	(82 666)	–
Depreciation	(55 909)	(51 109)
Amortisation of intangible assets	(110 941)	(89 603)
Profit before taxation	528 488	538 446
Taxation expense	(143 475)	(153 544)
Profit for the year after taxation	385 013	384 902
Other comprehensive loss	(4 040)	(2 753)
Comprehensive net income for the year	380 973	382 149
Attributable to:		
Equity holders of the Parent	265 841	253 858
Non-controlling interest	115 132	128 291
	380 973	382 149

Summarised consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2019

	2019 R'000	2018 R'000
Balance at beginning of the period	**2 619 891**	2 379 053
Issue of share capital	**81 442**	–
Adjustment to opening balance	**(14 080)**	–
Share-based awards reserve	**7 785**	3 501
Distributions to shareholders	**(186 321)**	(166 313)
Net profit for the period	**265 841**	253 858
Profit attributable to minorities	**115 132**	128 291
Sanlam capital contribution	**–**	55 874
Recognition of attributable non-controlling interest on Tendahealth, Klinnika, Essential Group and Eswatini	**3 646**	17 171
Distributions to non-controlling interests	**(10 341)**	(51 544)
Balance at end of the period	**2 882 995**	2 619 891

Summarised consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2019

	2019 R'000	2018 R'000
Net cash inflow from operating activities	**244 115**	290 519
Cash generated from operations	**569 062**	552 695
Net finance income	**4 471**	34 869
Distribution to shareholders	**(196 662)**	(217 857)
Dividends received	**4 168**	5 209
Tax and other payments	**(136 924)**	(84 397)
Net cash outflow from investing activities	**(679 396)**	(298 077)
Net additions to property and equipment	**(97 895)**	(212 664)
Net additions to intangible assets	**(241 697)**	(310 845)
Net (acquisition)/disposal of financial assets investments and subsidiaries	**(342 404)**	218 166
Repayment of loan by associate	**2 600**	7 266
Net cash outflow from financing activities	**491 566**	(138 601)
Net second tranche settlement	**–**	(138 601)
Proceeds from credit facility	**491 566**	–
Effect of foreign exchange benefit	**(3 907)**	(2 661)
Net increase in cash and cash equivalents	**52 378**	(148 820)
Cash and cash equivalents at beginning of the period	**212 918**	361 738
Cash and cash equivalents at end of the period	**265 296**	212 918

Notes to the summarised audited consolidated financial statements

1. BASIS OF PREPARATION

These summarised audited consolidated financial statements for the year ended 30 June 2019 have been extracted from the audited financial statements for the year then ended, but are not audited themselves. The directors take full responsibility for the preparation of this summarised report and that the financial information has been correctly extracted from the underlying audited financial statements. These summarised audited consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports and the requirements of the South African Companies Act (Act No. 71 of 2008, as amended) as applicable to summarised financial statements.

The audited financial statements from which these summarised audited financial statements are extracted provides information in accordance with the following:

- the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the International Accounting Standards Board's IAS 34: Interim Financial Reporting;
- the requirements of the Companies Act of South Africa; and
- the JSE Listings Requirements.

2. AUDIT REPORT

The financial statements from which this summarised report was extracted were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

Notes to the summarised audited consolidated financial statements continued

3. SEGMENT INFORMATION

	2019			
	Revenue R'000	Operating profit R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	3 002 327	184 683	167 465	3 954 563
Information Technology	632 918	296 999	75 799	856 217
Total SA administration business	3 635 245	481 682	243 264	4 810 780
Healthcare Africa	202 842	66 554	63 383	145 861
Total Group administration business	3 838 087	548 236	306 647	4 956 641
Healthcare Retail	2 038 135	129 234	117 784	920 469
Pharmacy Direct & Curasana Wholesaler	1 294 599	82 756	62 038	506 863
Activo	192 327	38 546	49 939	294 959
Scriptpharm	322 738	13 155	16 169	14 254
MMed	228 471	(5 223)	(10 362)	104 393
Total Healthcare	5 876 222	677 470	424 431	5 877 110
Lease reversal adjustment	–	94 418	(20 070)	–
Other (including inter-segment elimination)	(579 430)	185	124 127	(1 426 875)
Total	5 296 792	772 073	528 488	4 450 235

3. SEGMENT INFORMATION continued

	2018			
	Revenue R'000	Operating profit R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	2 716 846	234 265	232 125	3 354 205
Information Technology	580 845	268 958	168 779	511 217
Total SA administration business	3 297 691	503 222	400 904	3 865 422
Healthcare Africa	184 910	54 072	57 302	144 233
Total Group administration business	3 482 601	557 294	458 206	4 009 655
Healthcare Retail	1 302 003	67 800	82 668	437 952
Pharmacy Direct & Curasana Wholesaler	1 230 421	74 263	88 807	415 838
Activo	–	–	–	–
Scriptpharm	63 219	(1 306)	(833)	7 886
MMed	8 363	(5 157)	(5 305)	14 228
Total Healthcare	4 784 604	625 094	540 874	4 447 606
Information Technology	–	–	–	–
Other (including inter-segment elimination)	(571 898)	(2 008)	(2 428)	(1 317 545)
Total	4 212 705	623 086	538 446	3 130 061

Notes to the summarised audited consolidated financial statements continued

4. EARNINGS PER SHARE

	2019 R'000	2018 R'000
Number of ordinary shares in issue	**574 241 248**	554 377 328
Weighted average number of ordinary shares	**560 826 280**	554 377 328
Weighted average number of shares for diluted EPS	**569 396 280**	558 667 328
Basic earnings	**269 880**	256 611
Adjusted by:	**(4 639)**	4 305
– Reversal of impairment	**67 515**	1 285
– Reversal of fair value gains	**(118 715)**	–
– Loss on disposal of assets	**44 694**	3 428
Total tax adjustments	**–**	1 325
Total non-controlling interest adjustments	**1 867**	(1 733)
Headline earnings	**265 241**	260 916
Earnings per share (cents)		
– Attributable to ordinary shares (cents)	**48.12**	46.29
– Fully diluted EPS (cents)	**47.40**	45.93
Headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	**47.29**	47.06
– Fully diluted HEPS (cents)	**46.58**	46.70
Normalised earnings per share (Non-IFRS measure)		
Headline earnings	**265 241**	260 916
Adjusted by:	**10 303**	3 150
– Less rental reversal (new IFRS16 effect)*	**(94 418)**	–
– Depreciation (new IFRS16 effect)*	**82 666**	–
– Interest (new IFRS16 effect)*	**31 822**	–
– Sanlam indemnity expense	**–**	3 150
Total tax effects of adjustments	**(5 620)**	–
Total NCI effects of adjustments	**(4 147)**	–
Normalised headline earnings	**275 544**	264 066
Normalised headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	**49.13**	47.63
– Fully diluted HEPS (cents)	**48.39**	47.27

The adjusting amounts have no tax and non-controlling interest implications.

** Adjusted in 2019 due to early adoption*

5. FAIR VALUE DISCLOSURE

Fair value hierarchy

The following hierarchy is used to classify financial and non-financial instruments for fair value measurement purposes:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table presents the groups assets and liabilities that are measured at fair value at 30 June 2019:

	Group			Company		
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
2019						
Deferred payment	**–**	**7 335**	**–**	**–**	**–**	**–**
Investment property	**–**	**–**	**15 418**	**–**	**–**	**–**
	–	**7 335**	**15 418**	**–**	**–**	**–**
2018						
Deferred payment	–	5 263	–	–	–	–
Collective investment schemes	–	217 278	–	–	217 278	–
Investment in AAR	–	–	9 000	–	–	–
Investment Property	–	–	15 418	–	–	–
	–	222 541	24 418	–	217 278	–

Notes to the summarised audited consolidated financial statements continued

5. FAIR VALUE DISCLOSURE continued

Specific valuation techniques used to value financial and non-financial instruments include:

- the fair value of the collective investment schemes is determined using the current unit price of underlying unitised asset, multiplied by the number of units held
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and PE ratios
- the fair value of the investment property is determined by using the comparable sales method

Deferred payment is classified under fair value through profit and loss. The value of the deferred payment is determined by applying a discounted cash flow technique which uses expected cash flows and a discount rate.

The liability disclosed above (deferred payment) has been classified as a level 2 i.e. inputs other than quoted prices included within Level 1 that are observable.

The assets disclosed above that have been classified as a Level 3 financial and non-financial instruments i.e. the inputs are not based on observable market data. The carrying amount of all assets in the table above approximates the fair value of the assets.

Group fair value measurements using significant unobservable inputs (Level 3):

	Investment in AAR R'000	Investment property R'000
Opening balance	**9 000**	15 418
Additions	**–**	–
Impairment of Investment	**(9 000)**	–
Closing balance	**–**	15 418

Valuation inputs and relationships to fair value

Investment in AAR

The fair value of the investment in AAR Insurance Holdings is derived by price earnings ratio using the most recent financial information available to AfroCentric Investment Corporation Limited. Management are satisfied that valuation of the investment in the AAR represents an amount equal to the fair value.

Investment property

The fair value of the investment property is derived by an external property valuer using the comparable sales method. In applying this approach the valuer has selected other properties that have similar risk, growth and cash-generating profiles. Management reviews the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable. The investment property is valued on an annual basis.

5. FAIR VALUE DISCLOSURE continued

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 30 June 2019	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment property	**15 418**	Price per square metre	R1 500	If the fair value per square metre increased by 1% then the value of the property would increase by R154 179 in profit or loss. If the fair value per square metre decreased by 1% then the value of the property would decrease by R154 719 in profit or loss.

Valuation Process

The finance department of the group performs the valuations of the investments for financial reporting purposes, including level 3 fair values (excluding the investment property). The team reports directly to the Chief Financial Officer ("CFO"). Discussions of the valuation processes and results are held between the CFO and the Group Finance at least once every six months, in line with the Group's bi-annual reporting periods.

Notes to the summarised audited consolidated financial statements continued

6. BUSINESS COMBINATIONS

The below represents all the material business combinations concluded during the year:

The iThrive Business Solutions Group Acquisition

On 1 October 2018 ("effective date and acquisition date") AfroCentric concluded agreements governing the acquisition of 82.8% of the iThrive Business Solutions Group of companies. The Group is determined to pursue partnerships, acquisitions and mergers in order to drive toward value chain optimization and this acquisition bears testament to this. The purchase consideration for iThrive Business Solutions Group is R38 million in cash consideration.

The iThrive Business Solutions Group has be accounted for using the acquisition method of accounting, which requires that the identifiable assets and liabilities of iThrive Business Solutions Group be measured at fair value as at 1 October 2018.

		2019 R'000
Fair value of 100% net asset value at acquisition (Assets)		**(6 198)**
Property and equipment	664	
Loans to shareholders	2 984	
Other financial assets	961	
Deferred tax asset	416	
Trade and other receivables	3 101	
Cash and cash equivalents	6 000	
Loans from shareholders	(13 215)	
Trade and other payables	(6 805)	
Current tax	(304)	
Customer relationships	31 716	
Deferred tax	(8 881)	
Value of iThrive Group		**16 637**
Consideration for the iThrive Group		**37 647**
Dividends paid		**2 993**
Non-controlling interest		**(1 581)**
Non-controlling interest on customer relationships		**3 928**
Fair value of 82.8% net asset value at acquisition (Assets)		**42 987**
Goodwill arising from acquisition*		**26 350**

* *The goodwill arises from integrated synergies that are established through the acquisition of iThrive Group which has been allocated to the Medscheme cash generating business unit.*

6. BUSINESS COMBINATIONS continued

The Cheese Has Moved

On 1 March 2017 AfroCentric acquired 51% of The Cheese Has Moved Proprietary Limited ("TCHM"). The purchase consideration was R5.051m made up of cash consideration of R1 and contingent payment of R5.051m which is forfeited future dividends. The shareholders agreement between the parties included a key clause which establishes a threshold of 75% voting rights for key decisions affecting the strategy of the business. As a result, AfroCentric did not have control over TCHM but only significant influence. As a result, TCHM has been treated as an associate. Effective 1 July 2018, shareholders agreement was amended for the voting rights that was changed to align to the shareholding. This resulted in AfroCentric Health having 51% voting rights exercising control over TCHM.

The Cheese Has Moved Proprietary Limited ("TCHM") is accounted for using the acquisition method of accounting, which requires that the assets and liabilities of The Cheese Has Moved Proprietary Limited ("TCHM") to be measured at fair value as at 1 July 2018.

		2019 R'000
Fair value of 100% net asset value at acquisition (Assets)		348
Property and equipment	489	
Prepayment	289	
Deferred tax asset	52	
Trade and other receivables	5 058	
Cash and cash equivalents	649	
Loans from shareholders	(3 140)	
Trade and other payables	(3 049)	
Consideration paid for TCHM		**5 440**
Non-controlling interest		170
Fair value of 51% net asset value at acquisition (Assets)		5 610
Goodwill arising from acquisition		5 262

The acquired business contributed net loss after tax of R6.3million to the group for the period from 1 July 2018 to 30 June 2019. At year end the goodwill was assessed for impairment which resulted in the goodwill being fully impaired.

Notes to the summarised audited consolidated financial statements continued

6. BUSINESS COMBINATIONS continued

Activo Health Acquisition

On 1 March 2019 ("effective date and acquisition date") AfroCentric concluded agreements governing the acquisition of 74% of Activo as well as the shareholders loan. Activo is a wholesale pharmaceutical distributor to South African based customers. The first part of the acquisition by AfroCentric was concluded in August 2015 when the Group purchased 26% of Activo for R10m and also provided a loan to the value of R11m to ensure equal debt participation by all parties.

The purchase consideration for Activo was R588 million in cash and equity.

Activo has been accounted for using the acquisition method of accounting, which requires that the assets and liabilities of Activo be measured at fair value as at 1 March 2019.

		2019 R'000
Fair value of 100% net asset value at acquisition (Assets)		355 680
Property and equipment	446	
Intangibles	288 072	
Deferred tax asset	281	
Trade and other receivables	69 589	
Inventory	113 841	
Derivatives	666	
Cash and cash equivalents	15 068	
Deferred tax	(73 822)	
Accrual for straight-lining of leases	(310)	
Trade and other payables	(50 551)	
Current tax	(7 600)	
Consideration paid for 74% of Activo		582 239
Fair value of 26% net asset value at acquisition (Assets)		175 869
Consideration for the purchase of 100% of net asset value		758 108
Goodwill arising from acquisition*		402 428

* *The goodwill arises from integrated synergies, customer relationships and pharmaceutical dossiers that are established through the acquisition of Activo.*

The acquired business contributed revenue of R192million and net profit after tax of R27million to the group for the period from 1 March 2019 to 30 June 2019. The profit after tax would have been R78million if Activo had been acquired from the beginning of the year.

6. BUSINESS COMBINATIONS continued

Sanlam Healthcare Management (Proprietary) Limited Acquisition

On 1 March 2019 ("effective date and acquisition date") AfroCentric concluded agreements governing the acquisition of 100% of Sanlam Healthcare Management (Proprietary) Limited.

The purchase consideration for Sanlam Health is R53 million in cash consideration.

Sanlam Healthcare Management (Proprietary) Limited has been accounted for using the acquisition method of accounting, which requires that the assets and liabilities of Sanlam Health be measured at fair value as at 1 March 2019.

		2019 R'000
Fair value of 100% net asset value at acquisition (Assets)		**13 378**
Property and equipment	197	
Intangibles	8 237	
Loan – Sanlam Share Trust	2 879	
Loan to group companies	7 181	
Deferred tax asset	4 376	
Trade and other receivables	4 926	
Cash and cash equivalents	20 938	
Deferred tax	(1 429)	
Loans from group companies	(7 182)	
Provision for impairment of group loans	(11 332)	
Trade and other payables	(6 448)	
Current tax	(8 965)	
Customer Relationships		**1 526**
Fair value of 100% net asset value at acquisition (Assets)		**14 904**
Consideration for the purchase of 100% of net asset value		**53 000**
Goodwill arising from acquisition*		**38 096**

* *The goodwill arises from integrated synergies that are established through the acquisition of Sanlam Health as well as the ownership of an additional administration system that can be deployed in the Group for new and existing medical schemes.*

The acquired business contributed revenues of R10.3 million and net loss after tax of R0.6 million to the group for the period from 1 March 2019 to 30 June 2019.

Notes to the summarised audited consolidated financial statements continued

7. SHARE-BASED PAYMENTS

New Scheme

In the 2018 financial year a new share award plan was implemented. The purpose of the plan is to retain, motivate and reward eligible employees who are able to influence the performance and growth strategies of the Company, on a basis which aligns their interests with those of the Group's shareholders.

Share awards will be issued to identified participants by the Remuneration committee and Board. The number of share awards to be allocated to an eligible employee, will primarily be based on the identified employee's annual salary, grade, performance, retention and attraction requirements and market benchmarks. The number of share awards will be recommended by the Remuneration Committee at the time that share awards are granted per an award letter.

Eligibility for participation to the plan will be considered on an annual basis. Share awards will constitute conditional shares in AfroCentric Investment Corporation and on vesting date this will be issued to the identified participant in equity shares at no cost. The maximum annual allocation is 5 543 773 share awards (1% of current issued share capital of 554 377 328) and the maximum dilution limit is 27 718 866 (5% of current issued share capital of 554 377 328).

The share price on 18 December 2018 of R5,20 which is grant date, was used to determine the IFRS 2 charge for 2019. AfroCentric expects that 90% of awards will vest to participants at the end of the plan. The share awards are subject to staggered vesting i.e. vesting of the share awards following the 3 year retention period in 3 equal tranches. The charge for the year is R7 million.

Old Scheme

In the prior financial years, the Boards of AfroCentric and AfroCentric Health had approved an allocation of 7 million additional shares that was not originally stipulated in the 2008 Acquisition Agreement. The AfroCentric Investment Corporation Limited Group, of which the AHL Group is a subsidiary, had allocated share-based awards to certain executive directors of the AHL Group as part of their remuneration package. The share awards are at an AfroCentric Investment Corporation Limited Group level. The Group measured the fair value of the share awards or equity instruments granted, in line with the Group's accounting policy. The share price on 1 November 2013, which was grant date, was used to determine the IFRS 2 charge for 2017. AfroCentric had fully settled its obligation of the 7 million additional shares and the share based payment reserve has been released in the June 2017 financial year.

7. SHARE-BASED PAYMENTS continued

	2019 R'000	2018 R'000
Executive awards	**8 870**	4 440
Movements in number of instruments:		
Outstanding at the beginning of the year	**565**	–
Exercised	**–**	–
Vested	**565**	565
Active employees	**565**	565
Outstanding at the end of the year	**1 130**	565

8. LITIGATION AND CONTINGENT LIABILITIES

Neil Harvey & Associates (Pty) Ltd

Neil Harvey & Associates has instituted a claim against Medscheme Holdings (Proprietary) Limited and three of its employees in 2007. The allegations concern alleged copyright infringement and a breach of the Medware license agreement. The maximum capital amount of the claim as presently pleaded is R390.4 million. An amendment sought by the Plaintiff was the cause of this. The increased sum has no impact on the merits of the claim which remain the same as before. The parties are still engaged in private arbitration, however, it is unlikely that the matter will be finalised during the current financial year. Medscheme Holdings (Proprietary) Limited will continue to vigorously defend the claim and is confident that there will still be no liability in this matter and the arbitration hearing has been scheduled for October 2019. We constantly monitor the merits of the case with our legal team. We remain confident that there will be no liability.

Legal Claim against Allegra (Pty) Ltd

Allegra entered into a supply agreement with Medirite in 2015 to install its pharmacy software at each Medirite branch in South Africa. The project was nearing completion by the end of 2017 upon which Medirite terminated the services during July 2017. As part of terminating the service, Medirite is claiming all previous fees paid to Allegra based on non-performance to the agreement.

Management is confident that the claims against Allegra are not seen to be valid and no proof exists to claim the fees paid to date of R18.2 million.

As at year-end, no legal summons have been issued yet regarding this matter; there has however been an exchange of letters between the parties.

Notes to the summarised audited consolidated financial statements continued

9. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP

9.1 IFRS16 – Leases

The Group has elected to early adopt IFRS16 from 1 July 2018 and elected the modified retrospective approach. This resulted in the cumulative impact of applying IFRS16 being accounted for as an adjustment to Right of use of asset amounting to R12.7 million at the start of the current accounting period. The most significant impact of the adoption was the right of use asset recognised on the balance sheet and the corresponding lease liability.

On adoption of IFRS16, the group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2018 was 9.3%.

	R'000
Operating lease commitments disclosed as at 30 June 2018	527 172
Discounted using the group's incremental borrowing rate of 9.3%	394 475
(Less): short-term leases recognised on a straight-line basis as expense	(20 692)
Add/(less): adjustments as a result of a difference in treatment of extension and termination options	–
Lease liability recognised as at 1 July 2018	373 783

The associated right of use assets for the property leases were measured on a modified retrospective basis, with the new rules applied effective 1 July 2018. The right of use assets were measured at the account equal to the lease liability on adoption date.

In applying IFRS16 for the first time, the group use/applied the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonable similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July as short term leases;
- the exclusion of initial direct costs for the measurement of the right of use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	June 2019 R'000
Right use of asset 1 July 2018 as equal to lease liability	**373 783**
IFRS16 modified approach adjustment/ accrual for straight-lining reversal	**(12 757)**
Right of use assets 1 July 2018	**361 026**

9. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

9.1 IFRS16 – Leases continued

9.1.1 Changes to the group's accounting policies

The group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS16.

The Group has initially applied IFRS16 from 1 July 2018.

9.2 IFRS9 – Financial Instruments

The group has applied IFRS9 from 1 July 2018 and elected not to restate comparatives on transition, with the impact of adoption recognised as an adjustment to the opening balance of retained earnings as at 1 July 2018.

The most significant impact of adoption was an increase in impairment allowances on trade receivables due to the IFRS9 requirement to consider forward looking information when determining impairment allowances. The cumulative net impact of adopting IFRS9 was an increase of R2.8 million in impairment allowances and a corresponding decrease of R2.8million in retained earnings.

The total impact on the group's retained earnings as at 1 July 2018 is as follows:

	R'000
Closing retained earnings 30 June 2018	865 026
Increase in provision for trade receivables	(2 818)
Increase in deferred tax assets relating to impairment provisions	788
Adjustment to retained earnings from adoption of IFRS9 on 1 July 2018	(2 030)
Opening retained earnings 1 July – IFRS9 (before restatement for IFRS16)	862 996

	R'000
IAS39 Provision on 30 June 2018	24 800
ECL adjustments to provision	2 818
IFRS9 Provision on 1 July 2018	27 618

Notes to the summarised audited consolidated financial statements continued

9. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

9.2 IFRS9 – Financial Instruments continued

9.2.1 Changes to the group's accounting policies

The group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS9. The Group has initially applied IFRS9 from 1 July 2018.

The adoption of IFRS9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS9 (7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

IFRS9 contains three principal classification categories for financial assets:

- Measured at amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit and loss ("FVTPL").

The classification of financial assets within IFRS9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS9 eliminates the previous IAS39 categories of held to maturity, loans and receivables and available for sale.

IFRS9 largely retains the existing requirements in IAS39 for the classification and measurement of financial liabilities.

9. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

9.2 IFRS9 – Financial Instruments continued

9.2.1 Changes to the group's accounting policies continued

On the date of initial application, 1 July 2018, the financial instruments of the group were as follows with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (IAS39)	New (IFRS9)	Original R'000	New R'000	Difference R'000
Non-current financial assets					
Available for sale financial instruments	Available for sale	FVTPL	9 000	9 000	–
Financial assets	FVTPL	FVTPL	65 028	65 028	–
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	354 267	354 267	–
Cash and cash equivalents	Amortised cost	Amortised cost	212 928	212 928	–
Financial assets	FVTPL	FVTPL	152 250	152 250	–
Non-current financial liabilities					
Deferred Payment	FVTPL	FVTPL	5 263	5 263	–
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	292 626	292 626	–
Employment benefit liability	Amortised cost	Amortised cost	49 955	49 955	–

Impairment of financial assets

With the adoption of IFRS9 in the current financial year, the 'incurred loss' model in IAS39 has been replaced with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets that the Group measures at amortised cost as the standard requires assessment of contractual cash flows for financial assets measured at amortised cost and fair value through other comprehensive income (FVTOCI). This has resulted in the losses being recognized earlier than under IAS39.

The Group's trade and other receivables do not contain a significant financing component and therefore the allowance is measured at initial recognition as expected credit losses that result from all possible defaults events over the expected life of these assets. The Group uses a provision matrix and time value of money approach to estimate ECL for these financial assets.

Notes to the summarised audited consolidated financial statements continued

9. NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP continued

9.2 IFRS9 – Financial Instruments continued

9.2.1 Changes to the group's accounting policies continued

The group was required to revise its impairment methodology under IFRS9 for trade and other receivables. The impact of the change in the impairment methodology on the group's retained earnings and equity is disclosed in the table in note 9.2 above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS9, the identified impairment loss was immaterial.

9.3 IFRS15 – Revenue from contracts with customers

The application of IFRS15 did not have a significant impact on the group's results of financial position.

9.3.1 Changes to the group's accounting policies

IFRS15 did not have any impact on the amounts recognised in the prior periods and does not affect the current period in terms of revenue recognition.

10. SUBSEQUENT EVENTS

No Subsequent events have been identified after the financial year-end.

11. PREPARATION OF FINANCIAL STATEMENTS

These summarised consolidated financial statements were prepared by Bongiwe Ncube CA(SA), General Manager: Group Finance, AfroCentric Investment Corporation Limited and were reviewed by Hannes Boonzaaier CA(SA), Chief Financial Officer of AfroCentric Investment Corporation Limited.

COMMENTARY ON RESULTS

Total revenue	+25.7%
Group operating profit	+8.8%
Dividend per share	+6.25% to 34 cents

Introduction to the AfroCentric Group ("ACT")

AfroCentric is a majority black-owned JSE listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors. AfroCentric has and continues to maintain its deliberate objective of being the leading exemplar of transformation and empowerment in the South African healthcare sector.

The Board is pleased to present comments on AfroCentric's ("ACT") summary results for the twelve months ended 30 June 2019. The period under review has been characterised by investment in new and growing contracts/entities, certain complementary acquisitions, consolidation and rationalisation of several processes within Group enterprises. The earnings are stable, and majority of the Group enterprises have contributed to the Group's growing operations and earnings. AfroCentric's vision of being the most diversified healthcare group in South Africa is being realised through its earnings diversification and continuous acquisition strategies.

Apart from ACT's principal subsidiary Medscheme providing healthcare administration and managed care services to the membership of a growing number of prominent institutional clients, (having memberships of 3.7 million lives), the Group is also heavily invested in other essential segments of the public and private healthcare markets in South Africa, with rapidly expanding activity and application in its pharmaceutical wholesale supply, its chronic medication distribution networks, specialised disease management, information technology (IT) solutions, transactional switching, fraud detection and not least, the development and marketing of tailored health and insurance solutions and products, in partnership with Sanlam.

Financial performance

Profit before tax decreased by 1.8% for the period under review amounting to R528.5 million (2018: R538.4 million). Profit after tax (PAT) decreased by 0.1% compared to prior financial period.

The earnings results depict a picture of transition as the group is transforming its healthcare offerings and composition of earnings.

The Healthcare services business experienced increased membership and additional managed care contracts but operating profit was depressed by take on costs for the initial uptake. Our open schemes under administration have seen combined growth in total membership but the composition of members has changed. The affordability of healthcare in the economy has had an effect on revenue earned by Medscheme as members select lower options upon which the group earns lower fees.

The Retail Cluster has expanded with the addition of the 74% interest in Activo, Scriptpharm and MMed. Pharmacy Direct grew its operating profit by 11% year-on-year on the back of no growth at interim results stage due to the take on costs of the additional volumes from the DOH contract.

COMMENTARY ON RESULTS continued

The two startup companies, Scriptpharm and MMed have also turned profitable in the last 6 months as the uptake on their contracts got traction and efficiencies started being realised.

The relatively flat headline earnings is therefore mainly attributable to increased gearing (interest paid and less interest received) and higher amortisation costs of the intangible assets.

Developments

AfroCentric has for some time been focused on opportunities which will serve to create a platform, designed to establish affordable healthcare services, to optimise the purchasing power of every Rand through models of integration, mergers, partnerships and economic incentives devised to improve the effectiveness of patient care and viable treatment outcomes, within the broader healthcare delivery system.

During the period under review and prior to the publishing of these results, the following projects have been concluded:

- Acquisition of a further 74% interest in Activo Health, which now has become 100% held, effective 1 March 2019.
- Acquisition of the iThrive Business Solutions Group, main subsidiary PHA, effective 1 October 2018 (a smaller administration company).
- Scriptpharm has secured the Polmed Chronic Medicine Management contract valued at R500 million, effective 1 January 2019.
- Medscheme has secured the Medshield Hospital Benefit Management contract valued at R30 million, effective October 2018.
- Medscheme Forensic Services secured the Medshield Fraud Prevention and Recovery contract, effective 1 January 2019.
- Medscheme has secured the Hosmed Hospital Benefit Management contract effective 1 July 2019.
- Acquisition of an additional 25% stake in AFA Botswana pending regulatory approvals in Botswana. This effectively increases Medscheme's shareholding to 49%.
- Acquisition of Sanlam Health, which represents an administrator with specialized skills in combined corporate health offerings and an administration system.

The Group has continued to invest in Pharmacy Direct, to support it as it implemented the DOH CCMDD contract in KwaZulu-Natal (KZN) – this programme has substantially alleviated the congestion at public hospitals and clinics. Through this KZN contract, the number of scripts that are dispensed per month is now in excess of 0.8 million.

AfroCentric's Insurance Fraud Manager ("IFM") continues as a great developmental success, with direct savings and recoveries to our clients in excess of R1.6 billion over the past 3 years. Through the success of our existing clients, this has created an opportunity for other Medical Schemes to procure the services of our forensics team.

The Fusion project in our IT business unit, AfroCentric Technologies, was successfully completed in various phases in 2019. The project entailed the replacement of certain modules in our core administration system which are being rolled out to various schemes over a 12 month period ending April 2020. The enhanced system will drive efficiencies in administration costs that will start materialising in the last quarter of the 2020 financial year.

Prospects

The benefits of the Group's maintained programme of expansion, including the general and sustained quality of earnings from within the underlying businesses, all contributed to the satisfactory financial outcome of the Group during this period under review.

The Group's financial position remains sound, cash reserves are adequate with some gearing having been implemented to acquire Activo Health from 1 March 2019. At corporate and operational level, management is assessing and implementing plans for real growth and pursuing selective local opportunities to complement the existing product and service offering.

Dividends

The Board has pleasure in announcing that in addition to the interim gross dividend per ordinary share of 17 cents, a final gross dividend of 17 cents per ordinary share has been declared for the year ended 30 June 2019. Dividends are subject to Dividends Withholding Tax.

The payment date for the dividend is 4 November 2019.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 17 cents per ordinary share.
- The net cash dividend amount is therefore 13.6 cents per ordinary share.
- The Company has 574 241 248 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, 29 October 2019
Shares commence trading ex-dividend	Wednesday, 30 October 2019
Dividend record date	Friday, 1 November 2019
Dividend payment date	Monday, 4 November 2019

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 30 October 2019 and Friday, 1 November 2019, both days inclusive.

ANNEXURE 2 – CURRICULUM VITAE OF DIRECTORS UP FOR RE-ELECTION

Nkateko Munisi (MBChB)

(Age 53)

Appointed: 7 December 2015

Committees:

- Investment Committee
- Social and Ethics Committee

Nkateko Munisi is a qualified and practising medical doctor with extensive experience in the medical industry, having served on numerous committees, boards and panels throughout his career. He is the chairperson of the medical panel at the Eskom Pension and Provident Fund and the RH Managers' advisory committee. He is also a representative in the Public Investment Corporation's healthcare infrastructure fund.

Nkateko is a director and the current chairperson of Golden Pond Trading 175 (Pty) Ltd, a joint venture company between SGH and Community Healthcare Holdings Proprietary Limited, who are material shareholders in AfroCentric, increased efficiencies and improved turnaround time.

Lindani Dhlamini (BSC, CA (SA), MBA)

(Age 46)

Appointed: 2 December 2015

Committees:

- Audit and Risk Committee

Lindani Dhlamini is a chartered accountant with over 20 years' experience in corporate finance, risk management, financial management and corporate governance. She is the co-founder and Chief Executive Officer of SekelaXabiso. Through Lindani's leadership, SekelaXabiso has grown to be one of the leading audit and advisory firms in the country and has been recognised by Impumelelo as one of South Africa's most empowered companies.

Lindani has served on various boards such as the Industrial Development Corporation of SA, Old Mutual Investment Group SA, AfroCentric Investment Corporation and Mustek.

As a seasoned entrepreneur, Lindani has achieved industry recognition through winning the CNBC All Africa Business Leaders Award (Southern Africa) 2016 Business Woman of the Year award and the Black Business Quarterly ("BBQ") magazine's New Entrepreneur award in 2006.

Hlokammoni Grathel Motau (CA (SA), MPhil) (Age 45) Appointed: 15 May 2017 Committees: • Audit and Risk Committee • Investment Committee	Grathel is Chartered Accountant and also holds an MPhil in Development Finance from the University of Stellenbosch. She is currently Chief Executive at Mmoni Advisory Services. Previously, she worked as an Audit Partner at KPMG's Energy and Natural Resources and also for organisations that includes Blue IQ Investments, Industrial Development Corporation and National Treasury. She serves as a non-executive director of Metair Investments Limited, EOH Holdings Limited, Vodacom Insurance Companies and commissioner of International Trade Administration Commission of South Africa. She has served on several boards as a chairperson of audit and risk committees including those of York Timbers Limited, Road Accident Fund and Independent Regulatory Board of Auditors.

ANNEXURE 3 – DIRECTORS NOMINATED FOR ELECTION AS MEMBERS OF THE AUDIT AND RISK COMMITTEE

Lindani Dhlamini as Chairman (existing member)

Independent Non-executive Director

Refer to Annexure 2

Hlokammoni Grathel Motau (existing member)

Independent Non-executive Director

Refer to Annexure 2

Bruno Fernandes

Independent non-executive director

Refer to ordinary resolution 1.2

ANNEXURE 4 – REMUNERATION REPORT

BACKGROUND STATEMENT

Remuneration Committee Chairman's report

On behalf of the Remuneration Committee, I am pleased to present AfroCentric's 2019 remuneration report. This report supplements the information provided in the corporate governance report on pages 70 - 93 of the 2019 Integrated Report, and highlights the committee's focus areas for the year, outlines our policies and practices, and addresses the Group's performance and corresponding remuneration outcomes. During the year under review, we met with our key stakeholders, who highlighted the need to demonstrate a stronger link between pay and performance across all elements of remuneration.

The Remuneration Committee believes that appropriately designed, fair and market-related remuneration will attract and retain high-calibre employees who positively contribute to AfroCentric's strategic objectives. We are committed to ensuring that the remuneration policy and practices remain fair and responsible. This is done by overseeing the alignment of executive reward outcomes with business performance. Our commitment extends from the highest to the lowest paid Group employees, ensuring fair pay and progress opportunities for all. As part of our commitment to fair and responsible remuneration and narrowing the internal wage gap, AfroCentric's Remuneration Committee regularly reviews the Company's internal wage gap and pay ratios.

In 2018 we effected and implemented several changes to our remuneration and related policies. These have proven to be successful in achieving their desired objectives. The differentiated pay models for the IT and actuarial skills have progressed our retention strategy and embed our pay for performance philosophy.

The report shows a strong link between pay and performance, while balancing internal equity. Therefore, the Company has taken solid steps to ensure that executive salary increases (4.5%) are moderate compared to increases across the organisation (>5%). There are also clear links between the overall Company strategy, specifically AfroCentric's strategic objectives and the Company's remuneration policy.

Operating context and performance highlights

Our pay decisions considered financial performance, progress against our balanced scorecard, business unit targets and strategic impact. AfroCentric Group's 2019 financial results were satisfactory in the context of varying macroeconomic factors resulting in EBIT of R601 million; however, we were below target. In respect of other key performance areas, namely risk management, strategic objectives and transformation, the Group's performance was on par, with all targets met and exceeded regarding transformation. As a result, bonus payments were made on a sliding scale to executives and senior management in respect of strategic management incentives. A total management performance bonus pool approved for distribution by the committee was R45.5 million (2018: R79 million).

Further detail on the Group's overall performance is provided in our leadership reports, on pages 24 - 43 of the 2019 Integrated Report.

Changes to the remuneration and related policies for the 2019 financial year

The committee reviewed the Group's remuneration policy and other related policies for the 2019 financial year. The following changes were effected and implemented during the 2019 financial year. We continued to review the Group's remuneration policy and no material changes were made during the review year.

Remuneration element	Change	Reason or need for change
Management short-term incentive (STI) scheme	Introduction of a sliding scale for payout, in relation to the holistic Group scorecard. The current gatekeeper relates to the financial KPI of EBIT only.	It is a disincentive to employees who have contributed throughout the year and met all their targets, to not receive their incentive payments due to a single financial KPI not being met.
General staff performance bonus	Replacement of the production incentive scheme with a performance-based bonus for all general staff.	The production incentive excluded the support staff, who in effect did not participate in an incentive scheme.

Focus areas

The Remuneration Committee envisages the following focus areas in the advancement of the organisation's value proposition:

2019 focus areas	2020 focus areas
• Continued pay for performance links to enhance the Group's strategic efforts of reduced healthcare costs, value chain optimisation and an enhanced leadership culture. • Change in retirement fund provider to ensure an optimal administration platform for members.	Enhancements to the overall corporate culture: • To respond to market demographics and the operating environment. • To position ourselves as an employer of choice. • To have a culture that supports our strategy for business sustainability.

Shareholder engagement and voting

Shareholder voting results

Resolution	November 2018	November 2017
Ordinary resolution on non-binding advisory vote on remuneration policy	97.56%	99.00%
Ordinary resolution on non-binding advisory vote on implementation report	97.34%	99.70%
Special resolution of Non-executive Directors' fees	99.39%	99.06%
Special resolution of general authority to repurchase shares	99.90%	99.93%

The remuneration policy and implementation report were presented for shareholder voting at the AGM held on 8 November 2018. The policy was endorsed by 97.56% of our shareholders, and the implementation report received an in favour vote of 97.34%.

Although we received a 97.56% vote in favour, AfroCentric has taken the initiative to engage stakeholders to continually monitor best practice.

Topic	Shareholder comments	Remuneration Committee response
Pay for performance principle	• Pay for performance principle alignment is not clear. • Long-term incentive (LTI) more retention-focused.	• From a fixed pay perspective, a salary increase matrix is applied to demonstrate the pay for performance principle and differentiated pay model. • Increases and any remuneration incentives are based on individual performance and not applied across the Board. • Performance conditions are attached to the LTI scheme as a modifier.

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM, details of which can be found in the notice of AGM (pages 10 - 11):

- Non-binding advisory vote on the remuneration policy (page 10);
- Non-binding advisory vote on the implementation report (page 10); and
- Binding vote on Non-executive Directors' fees (page 10).

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more, the Board will engage with shareholders to understand concerns raised. This engagement may be done in person or in writing and will be implemented at a time after the release of the voting results. Where possible and prudent, objections are taken into consideration when formulating any amendments to the Company's remuneration policy and implementation report in the following financial year. To that end, the Board is considering a claw-back policy for implementation in the next financial year.

Appreciation

I would like to thank my fellow Remuneration Committee members for their contribution and support. It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective of attracting and retaining high-calibre talent within the organisation. I am satisfied that the Remuneration Committee responsibly and professionally discharged its obligations.

Thank you to our shareholders for your support and engagement in 2019. We look forward to further interaction on AfroCentric's remuneration policy.

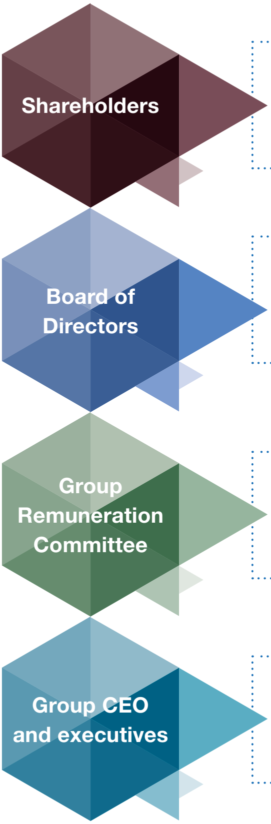
Joe Madungandaba
Remuneration Committee Chairman

12 September 2019

REMUNERATION OVERSIGHT AND POLICIES

Remuneration governance

AfroCentric's remuneration policy, structures and processes are set within a governance framework with designated levels of authority.



Approve Non-executive Directors' fees and non-binding approval of remuneration policy and implementation report

Approval of remuneration policy
Provide Group Remuneration Committee with specific mandates

Recommends policy and monitors the implementation of remuneration policy

Implementation, oversight, communication and formulation of recommended policies and remuneration
Supported by the Group CFO and HC Executive

While we apply a common remuneration structure across the Group, we differentiate its implementation according to the size of various companies within the Group.

Remuneration policy design principles

Our remuneration policy provides a framework for managing total remuneration within the Group, and supports the Group's employee value proposition.

Remuneration objectives

Talent motivation and engagement	Ensures strategic alignment with organisational and individual objectives, thus keeping employees engaged.
Talent attraction and retention	Manages high-calibre talent for the achievement of strategic objectives.
Leveraging the total reward offering and enhancing our employee value proposition	Balances financial and non-financial rewards for a holistic reward mix that is sustainable.

Remuneration principles

Employees are at the core of our business since we require highly skilled, competent and experienced employees to drive our business growth. AfroCentric's remuneration policy is designed to reward employees for their performance and contribution towards sustainability for our shareholders. The following principles govern Group-wide remuneration at all levels:

Pay for performance	Pay for performance methodology, linking executive reward to business performance. This allows for differentiated increases based on the individual's contribution and performance.
Parity and equity	Ensure external parity is maintained; market relevance; balanced internal equitability; and pay adjustments are affordable to the organisation.
Talent attraction and retention	Ensure a remuneration mix that will attract the best talent in the market and retain top talent in the organisation.
Performance incentives	Align executives to shareholder interests by linking STI and LTI to performance indicators not limited to financial indicators.
Fair and responsible pay	Internal equity: Ensuring that all our employees are appropriately and fairly rewarded for their contributions, irrespective of gender, race, age, ethnicity, religion or sexual orientation.

Pay for performance

Executives' remuneration is based on level of accountability, complexity and nature of the role which is sized relative to the organisation's turnover, number of employees (including wage bill), market cap, assets and net after tax profitability benchmarked to the external market. The table below shows the relationship between the Group's strategy, its pay for performance philosophy and requirements set out in King IV:

Strategic objective: Maximise shareholder value and returns

Strategic aspiration: Operating profit (EBIT) target as agreed with the Board from time to time

Pillars of the BSC supports the delivery of our strategic objectives	
Strategic impact • Reducing healthcare costs • Value chain optimisation • Enhanced leadership culture • Strategic projects	Financial (40% weighting) Risk management (10% weighting) Transformation (10% weighting) Strategic impact (40% weighting)

Our deliverables, contained in our BSCs, are derived from and directly support the Group strategy. The Group BSC cascades to the various business units and the individual performance scorecards. Each BSC's items supports the BSC above it, ultimately supporting the Group strategy.

Remuneration arrangements for other employees

Recognising the need to remunerate executive management fairly and responsibly in the context of overall remuneration, we award higher increases to bargaining unit employees compared to executive levels (page 104). Increases in respect of the bargaining unit are negotiated annually with NEHAWU, the recognised labour union, considering a variety of internal and external factors such as affordability, market conditions and benchmark information. PwC's Remchannel Salary Survey formed the basis for market benchmark information to facilitate the remuneration review.

Differences in remuneration policy for executives compared to other employees

There are differences in the remuneration policy's structure for Executive Directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role.

Senior executives, general management and key strategic resources at senior management, management or specialist levels may participate in both STI and LTI schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance.

General staff are eligible to participate in a short-term performance bonus scheme replacing the production incentive scheme which was not all inclusive.

Remuneration model

AfroCentric's remuneration model balances short-term and long-term financial and non-financial rewards to drive a high-performance culture. The key components of this model, including policy elements, are illustrated below:

Guaranteed pay

This comprises the benchmarked, market-related fixed component of AfroCentric's remuneration offering set to attract and retain qualified and experienced employees

Base pay	Benefits and allowances
Market-related salary reflecting individual contribution, roles and responsibilities	Market-related benefits including medical aid, retirement fund[1] and insured benefits such as Group death and disability benefits
Purpose To attract and retain qualified and experienced employees	**Purpose** To retain employees and contribute to their overall wellbeing
Mechanics • All employees • Pay bands are set with reference to industries • For executives, benchmarks are derived from similar comparator groups • Salaries are paid monthly • Employees are eligible for adjustments when promoted to other positions; however, specific conditions apply • Market benchmarking according to job family grouping, job grade and individual long-term performance	**Mechanics** • Applicable to all employees • Allowances are paid in terms of statutory requirements or policy • Contributions to all benefits are made by both the employer and employee • Beneficiaries of employees who pass away while in service receive additional benefits such as education benefits, medical aid premium waivers, etc.
Maximum opportunity • Cost of annual increases is approved by the Remuneration Committee and set in accordance with expected market movements, affordability and forecast inflation • Increases granted to bargaining and non-bargaining unit employees are linked to individual performance, effective 1 July	**Maximum opportunity** • In addition to the standard basket of benefits, employees can buy additional benefits at Group rates

[1] Employees elect participation in either a pension fund or the NEHAWU Provident Fund, the latter being available to NEHAWU members only.

[2] General management is defined as positions at grade levels E1 to E3 on the Paterson grading scale.

[3] Senior management is defined as positions at grade levels D4 and D5 on the Paterson grading scale.

[4] Management is defined as positions at grade levels D1 to D3 on the Paterson grading scale.

Variable pay

Additional financial compensation in the form of STIs and LTIs aligned to the Group's performance, strategy and value creation

STI	**LTI scheme**
Performance-based Group annual incentive schemes • Management strategic incentive scheme • Management performance bonus scheme • Performance-based bonus for all general staff	Share scheme designed to incentivise delivery of long-term strategic goals aligned with shareholder expectations
Purpose • To motivate employees management and executives to achieve short-term strategic, financial, and non-financial objectives • To reward Company and individual performance • To recognise, motivate, attract and retain	**Purpose** To retain, motivate and reward executives and senior management or individuals who influence the long-term sustainability, value creation and strategic objectives of the Group on a basis which aligns their interests with those of the Group's shareholders
Mechanics • Executive Committee members, general management[2], senior management[3] and management[4] at corporate and business unit level • The STI consists of Group and individual performance targets • Group targets on a BSC basis are set each year and cascaded • Business unit targets are set in line with the approved business plans • Individual targets are recorded in the performance contract with reference to the role's requirements • Performance below threshold results in a zero score, and the individual will not be eligible for an STI award • Hurdle for payment of any STI is the achievement of EBIT targets; however, sliding scale is applicable at the Remuneration Committee's discretion upon achieving all other KPA targets • Any payments in respect of performance-based STIs are approved by the committee • Other STIs such as general staff performance bonus or commissions are paid quarterly or monthly as per the respective set of rules	**Mechanics** • Vesting share scheme • Executive Committee members, general and senior management at Group and business unit levels • The LTI scheme consists of conditional shares subject to vesting conditions • Governing resides with the committee which considers annual awards for eligible employees and discretionary or bonus awards for retention purposes • Annual awards are linked directly to the role as well as long-term individual performance and potential • Vesting period is three years • Share value is determined by volume weighted average price measured 30 days prior to award date • Group performance targets include EBIT (40%), risk and audit management (10%), transformation (10%) and strategic impact (40%) (page 106 of the 2019 Integrated Report). • Participation subject to approval by Remuneration Committee • Allocation based on job grade with Remuneration Committee discretion

Variable pay

Additional financial compensation in the form of STIs and LTIs aligned to the Group's performance, strategy and value creation

STI	LTI scheme
Maximum opportunity • Stretch performance percentage of guaranteed pay of 150%, or 14th cheque depending on the scheme in which the employee participates • Participation is limited to one scheme only	**Maximum opportunity** • Maximum allocation is determined by the employee's job grade
Number of participants: 517 for management; 3 360 for general staff	**Number of participants:** 59

STI schemes

The Group relies on two bonus schemes both designed to achieve its strategic objectives.

Individual performance below threshold results in a zero score, and the employee will not be eligible for consideration for an STI award.

Management strategic incentive scheme

The annual, strategic management incentive scheme is focused on the executive team and tier two managers, being those who report directly to the executives and employees selected for value contribution and scarce and critical skills. This applies to employees whose roles have a direct impact on the Group's strategic imperatives.

Strategic incentives are calculated as shown below; however, any payment is subject to the achievement of the gatekeeper (EBIT) on a sliding scale.

On-target % X business multiplier X individual performance multiplier

ON-TARGET %		Group performance multiplier		Individual performance multiplier
Determined by employee's level/job grade	X	Group performance measured against targets set annually in advance	X	Determined by employee's individual performance score

Level	On-target % of annual CTC
Group CEO	60%
CEO	50%
Group CFO	45%
Group executives	40%

Financial target (EBIT)	Risk management	Transformation	Strategic Company objectives

Performance rating	IP multiplier
Above stretch	150%
Stretch	125%
On-target	100%
Below target	50%
Missed targets	0%

Group performance

As explained in the Group CFO's report, the Group achieved EBIT of R601 million. The performance conditions for the STI bonus were tested to determine if the minimum incentive trigger had been achieved. The payout for the management strategic incentive will be based on a sliding scale determined by a BSC achievement and the financial KPI. The Remuneration Committee's discretion will be applied in extraordinary circumstances.

Management performance bonus scheme

The management performance bonus scheme was introduced during the 2017 financial year at the Remuneration Committee's request. This scheme targets exceptional performance, through a reward of 100% of guaranteed monthly package and additional bonus payments as given in the rules.

STIs on termination of employment

There is no automatic entitlement to annual STIs on termination, but it may be considered at the committee's discretion considering performance measures during the period. Any such payment will be pro-rated to service. The governing rules require active employment on the date of payment. No bonus will be payable in the case of misconduct or resignation, unless done under extenuating circumstances.

LTI scheme

AfroCentric's LTI scheme (the vesting share scheme) commenced in November 2017, following approval by the Board and shareholders at the AGM held on 8 November 2017.

The allocations for all participants are approved by the Remuneration Committee.

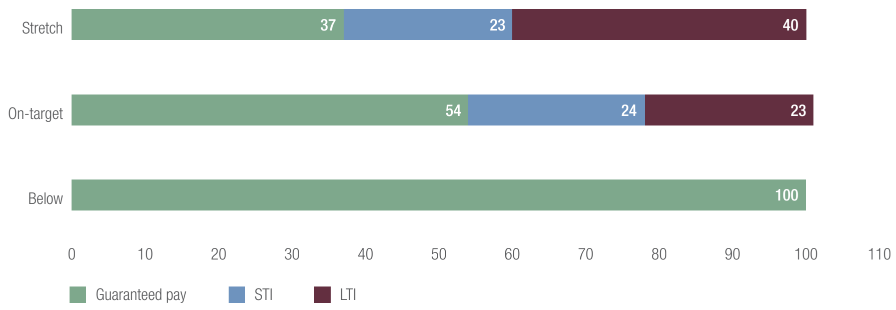
Vesting share scheme	
Award mechanism	Linked to job grade and allocated by the committee. The committee has discretion within a range per job grade with a maximum number of shares set per grade.
Bonus shares	Discretionary allocation by committee considering scarce skills, personal performance ratings, leadership and potential.
Vesting	Five-year vesting based on anniversary of allocation: Year 3 – 1/3, year 4 – 1/3 and year 5 – 1/3.
Participation	Individual participation is reviewed annually by the committee to ensure alignment to the strategic objectives of the Group and consideration is given to: • individual long-term performance (over a three-year period); • scarce and critical skills, particularly at other levels; • strategic importance of the role; and • potential or talent of the employee (in particular ability, attitude, aspiration).
Conditions	Share award is conditional to the retention period provided the employee is eligible.
Performance conditions	Long-term individual performance.

Remuneration mix

To maintain a high-performance culture and alignment with shareholders through value creation, the total reward mix for the Group CEO, Executive Directors, executives and senior management is geared towards a higher percentage of variable pay "at risk" for achieving stretch goals.

The chart below represents the potential mix of guaranteed pay, STI and LTI for the Group CEO at below, on-target and stretch levels. The below target assumes no variable incentive payments.

EXECUTIVE MANAGEMENT REMUNERATION (%)



Remuneration processes

Service contracts and notice periods

AfroCentric can summarily terminate executive employment for any reason recognised by law in the respective jurisdiction. It is policy that the Executive Directors and executives have employment agreements with the Group which may be terminated with a three-month notice period. Executive Directors may be required to work during the notice period but, if not, the full notice period may be provided with pay in lieu of notice (subject to mitigation where relevant).

Non-executive Directors' emoluments

The table below sets out the remuneration principles applied by the Group for the 2019 financial year for Non-executive Directors. These policies also apply for the 2019 financial year and form the underlying basis for the fees tabled for approval at the AGM held on 8 November 2018.

	Chairman	Deputy Chairman	Directors and Lead Directors	Committee
Objective	A market-related fee to attract and retain experienced and diverse Non-executive Directors		Fees to reflect the additional responsibilities undertaken through membership of committees. Committee chairmen receive an additional amount	
Fee principles	• Fees are reviewed annually, and fees in respect of the Chairman and Deputy Chairman were adjusted during the reporting period following the benchmark done by PwC • Fees reflect the time commitments in respect of meetings and additional stakeholder relations as well as other standard duties associated with each role • Fees are fully inclusive • The Remuneration Committee recommends the fees to the Board for final approval			
Payable	**Main Board:** quarterly **Subsidiary board:** monthly		Per meeting fee payable monthly	

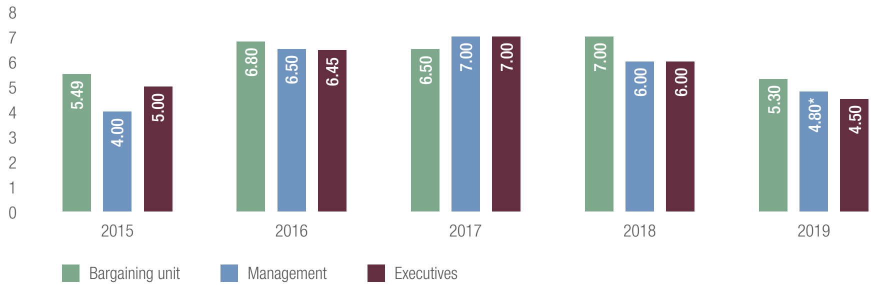
ANNEXURE 5 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY

IMPLEMENTATION REPORT

It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective.

2019 guaranteed pay

GUARANTEED PAY, BASE PAY INCREASE (%)



* *Middle management was awarded a 5.0% increase; senior and general management were awarded a 4.8% increase.*

ANNEXURE 5 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY (CONTINUED)

Total remuneration outcomes

Single figure remuneration (R'000)

	Guaranteed pay			
	Base pay		Benefits and allowances	
	2019	2018	2019	2018
Executive directors				
A Banderker[1]	**1 148 904**		**187 882**	
W Britz	**3 795 626**	3 646 973	**358 987**	341 453
H Boonzaaier	**2 956 130**	2 824 019	**244 144**	213 094
Resigned/retired/separated				
A van Buuren	**2 750 327**	3 740 377	**376 916**	248 050
M Sacks				
M Khan				
TOTAL	**10 650 987**	10 211 369	**1 167 929**	802 597

[1] *A Banderker joined 1 April 2019 figures are pro rated.*

[2] *The figures reported in the 2018 reporting period were for the 2017 financial year.*

STI performance outcomes

Financial performance indicators are measured against audited annual financial results and are net of STI accruals. Non-financial performance KPIs are based on formal performance evaluation conducted by the Group CEO for executives and by the Remuneration Committee and Board Chairman for the Group Chief Executive.

Performance below threshold attracts no STI payments, where threshold for financial targets is 100% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale where a score of 2.75 represents threshold performance, 3 on-target performance, 4 excellent performance and 5 stretch performance.

R45.5 million was paid out on the management performance bonus scheme aligned to individual performance scores.

Variable pay				Total remuneration	
STI		LTI			
2019	2018[2]	2019	2018	2019	2018
1 326 786			0	1 336 786	0
Waived fee	2 689 391	0	0	4 154 613	6 677 817
1 684 924	1 509 468	1 006 000	1 208 000	4 206 274	5 754 581
Retired	2 689 391		0	3 127 243	6 677 818
Waived all fees					
Waived all fees					
3 011 710	6 888 250	1 006 000	1 208 000	12 824 916	19 110 216

Management strategic incentive scheme

Business multiplier		Outcome		Comments
Weighting – 40%	Finance (EBIT)	2.6 out of 5	Target partially met	EBIT of R601 million achieved relative to target of R610 million (on-target)
Weighting – 10%	Risk	3 out of 5	Met target	The risk management processes continue to evolve with more relevant aspects being monitored earlier in the process. The internal audit findings have reduced significantly
Weighting – 10%	Transformation	5 out of 5	Excellent performance	In respect of transformation, the Group achieved a level 1 with an increase in points from 97.37 in 2017 to 103.53 in 2018 (6.16% increase)
Weighting – 40%	Strategic impact • Lower cost of healthcare • Value chain optimisation • Enhanced leadership culture • Strategic projects	3 out of 5	Met target	While the Group achieved its targets of enhanced leadership culture, value chain optimisation and in lowering the cost of healthcare, targets set in respect of strategic projects were partially met

LTI performance outcomes

The Remuneration Committee reviewed participation in the scheme again to ensure alignment to strategic objectives of the Group and consideration was given to individual long-term performance (measured over three years), scarce and critical skills required, strategic importance of the role and the individual's talent measured in a nine box matrix.

The vesting share scheme was implemented in 2017, and the first 4 410 000 shares were awarded to participants in terms of the registered rules. The vesting period is three years, with the first third of shares awarded in 2017 vesting in 2020. An additional 5 060 000 shares were awarded by the Remuneration Committee to participants in 2018.

The exiting Group CEO and Executive Director did not participate in the LTI; however, to ensure market-related remuneration principles and mix, Group CEO, Ahmed Banderker, appointed 1 April 2019, will participate in the LTI scheme.

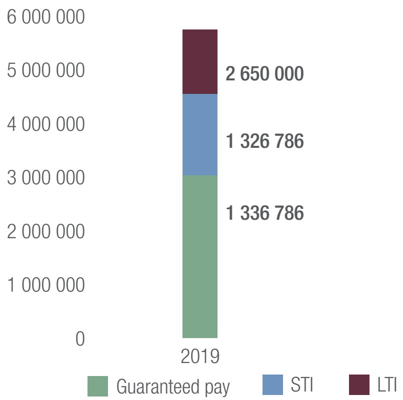
	Date awarded	Number of shares awarded	Grant value (R)	Date vesting		
				Tranche 1 33.33%	Tranche 2 33.33%	Tranche 3 33.33%
Hannes Boonzaaier	November 2018	200 000	1 208 000	402 667	402 667	402 667
	November 2019	200 000	1 006 000	335 333	335 333	335 333
Ahmed Banderker	April 2019	500 000	2 650 000	883 333	883 333	883 333

Individual remuneration outcomes

Ahmed Banderker (Group CEO)

	2019 (R)
Salary	**1 148 904**
Medical aid	**10 786**
Retirement benefits	**76 000**
Other employee benefits	**101 096**
Total guaranteed pay	**1 336 786**
Increase in guaranteed pay	**0**
STI	**1 326 786**
Number of Shares Awarded	**500 000**
Value of Awarded Shares	**2 650 000**
Total variable pay	**3 976 786**
TOTAL REMUNERATION	**5 313 572**

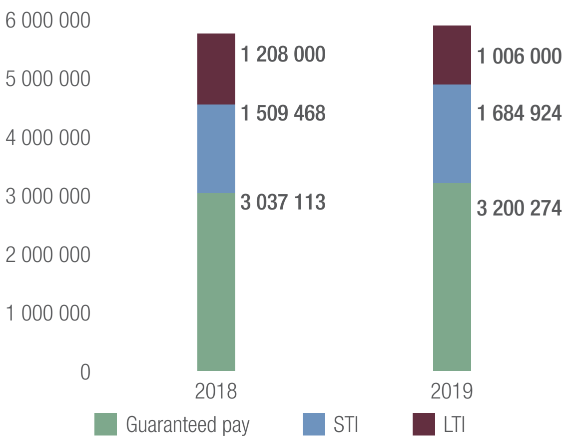
Note: A Banderker's remuneration is pro rated for three months, he joined in April 2019.



Hannes Boonzaaier (Group CFO)

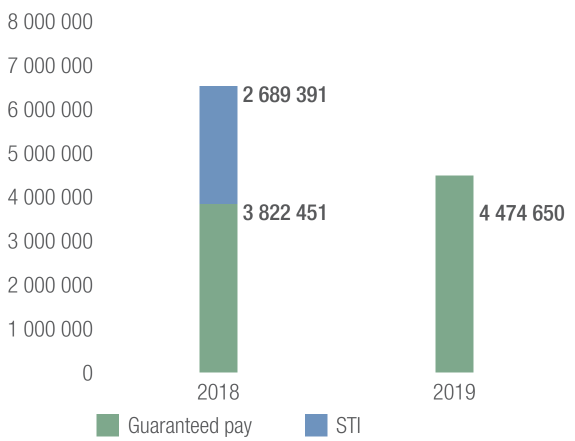
	2019 (R)	2018 (R)
Salary	**2 956 130**	2 824 019
Medical aid	**47 192**	42 152
Retirement benefits	**158 094**	150 565
Other employee benefits	**38 858**	20 377
Total guaranteed pay	**3 200 274**	3 037 113
Increase in guaranteed pay	**4.5%**	7%
STI	**1 684 924**	1 509 468
Number of Shares Awarded[1]	**200 000**	200 000
Value of Awarded Shares	**1 006 000**	1 208 000
Total variable pay	**2 690 924**	2 717 468
TOTAL REMUNERATION	**5 891 198**	5 754 581

[1] *One third of the awarded shares will vest in 2020*



Willem Britz (prescribed officer)

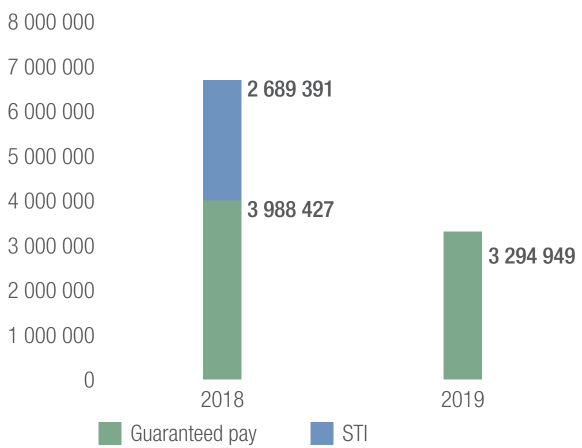
	2019 (R)	2018 (R)
Salary	**3 795 626**	3 646 973
Medical aid	**114 800**	103 672
Retirement benefits	**205 238**	40 753
Other employee benefits	**358 987**	31 143
Total guaranteed pay	**4 474 650**	3 822 541
Increase in guaranteed pay	**4.5%**	4.5%
STI	**–**	2 689 391
Total variable pay	**1 144 905**	2 689 391
TOTAL REMUNERATION	**4 474 650**	6 511 932



Antonie van Buuren (retired Group CEO)

	2019 (R)	2018 (R)
Salary	**2 750 327**	3 740 377
Medical aid	**14 188**	17 755
Retirement benefits	**153 518**	209 918
Other employee benefits	**376 916**	20 377
Total guaranteed pay	**3 294 949**	3 988 427
Increase in guaranteed pay	**4.5%**	4.5%
STI	**–**	2 689 391
Total variable pay	**–**	2 689 391
TOTAL REMUNERATION	**3 294 949**	6 677 818

Note: STI payments were not made in respect of the 2018 financial year, 2017 values are reflected.



Non-executive Directors' 2019 emoluments

The following table sets out the fees for the period 1 January 2019 to 31 December 2019 approved by means of majority vote during the AGM:

	Current 2019 (R)	Proposed 2020 (R)	Increase (%)
Main Board (annualised retainer fee)			
Chairman	1 272 000	1 329 240	4.5
Deputy Chairman	954 750	997 713	4.5
Member	237 500	248 188	4.5
Subsidiary board (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Audit and Risk Committee (per meeting)			
Chairman	28 800	30 096	4.5
Member	21 200	22 154	4.5
Remuneration Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Nomination Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Social and Ethics Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Investment Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
ICT Steering Committee (per meeting)			
Chairman*	21 600		
Member	15 900	16 615	4.5

** The Chairman is currently an Executive Director and does not receive fees.*

Payments made to Non-executive Directors

The following fees were paid in respect of the AfroCentric Board:

Name of Director	Board Fees	Audit Committee	Investment Committee	Remuneration Committee
ATM Mokgokong	1 421 400			
MJ Madungandaba	1 150 368		96 384	48 300
ND Munisi	230 250		61 800	
IM Kirk	264 787			
A Banderker	196 506	–	35 535	35 535
SE Mmakau	111 500	80 000		
LL Dhlamini	264 787	191 360		
HG Motau	264 787	150 880	18 285	
JB Fernandes	137 333	63 600	31 800	
SA Zinn	157 933			36 570
R Mundalamo	–			61 800
Total	**4 199 651**	**485 840**	**243 804**	**182 205**

Termination of office payments

No payments were made on termination of employment or office of any members of executive management.

Statement regarding compliance with remuneration policy

The committee has satisfied itself that the remuneration policy as detailed in the report was complied with, and there were no substantial deviations from the policy during the year.

Advisory vote on the implementation report

The implementation report as it appears above is subject to an advisory vote by shareholders at the 2019 AGM. Accordingly, shareholders are requested to cast an advisory vote on the remuneration policy's implementation for 2019.

Approval of the remuneration report by the Board

The remuneration report was approved by the Board on 12 September 2019.

Nominations Committee	SEC	ICT Steerco	Total Current Year 2018-2019	Total Previous Year 2017-2018
41 745			1 463 145	734 650
41 745	–		1 336 797	816 319
	63 600		355 650	291 155
			264 787	216 200
35 535	–		303 111	376 435
	–	30 000	221 500	433 698
			456 147	427 156
			433 952	298 146
			232 733	–
	18 285		212 788	–
			61 800	59 047
119 025	**81 885**	**30 000**	**5 342 410**	**3 652 806**

ANNEXURE 6 – DIRECTORS' AND PRESCRIBED OFFICERS' INTERESTS IN THE SHARES OF THE COMPANY

Directors ordinary shareholdings as at 30 June 2019:

Director	Direct beneficial	Indirect beneficial	Held by associate	Total	%
ATM Mokgokong (Chairperson)	**1 707 926**	**42 172 403**	**9 326 441**	**53 206 770**	**9.60**
MJ Madungandaba	**–**	**97 818 886**	**21 761 697**	**119 580 583**	**21.57**
JM Kahn	**–**	**18 535 608**	**–**	**18 535 608**	**3.23**
MI Sacks	**–**	**17 579 938**	**–**	**17 579 938**	**3.09**
ND Munisi	**–**	**69 084 752**	**–**	**69 084 752**	**12.46**
AV Van Buuren	**–**	**45 972 571**	**–**	**45 972 571**	**8.20**
JW Boonzaaier	**30 000**	**–**	**–**	**30 000**	**0.00**
WH Britz	**–**	**45 972 571**	**–**	**45 972 571**	**8.20**
	1 737 926	**337 286 729**	**31 088 138**	**370 112 793**	**66.34**

Directors ordinary shareholdings as at 30 June 2018:

Director	Direct beneficial	Indirect beneficial	Held by associate	Total	%
ATM Mokgokong (Chairperson)	1 707 926	42 172 403	9 326 441	53 206 990	9.60
MJ Madungandaba	–	97 818 886	21 761 697	119 580 583	21.57
JM Kahn	18 535 608	–	–	18 535 608	3.34
MI Sacks	17 579 938	–	–	17 579 938	3.17
AV Van Buuren	–	30 664 002	–	30 664 002	5.53
JW Boonzaaier	30 000	–	–	30 000	0.00
WH Britz	–	30 664 002	–	30 664 002	5.53
	37 853 472	201 319 293	31 088 138	270 260 903	48.74

Since the end of the financial year and up to the date of this report, the interests of Directors have remained unchanged.

ANNEXURE 7 – SHAREHOLDER ANALYSIS

MAJOR SHAREHOLDERS

Major shareholders holding more than 5% of the issued share capital	Number of share	% of total share
2019		
Community Healthcare Holdings (Pty) Ltd	127 520 673	22.21
WAD Holdings (Pty) Ltd	91 945 142	16.39
Golden Pond Trading 175 (Pty) Ltd	69 084 752	12.46
ARC Health (Pty) Ltd	48 765 030	8.49
Total	337 315 597	59.55

PUBLIC/NON-PUBLIC SHAREHOLDERS

Public/non-public shareholder spread	Number of shareholders	% of Total Shareholders	Number of shares	% of shares in issue
2019				
Non-public shareholders	14	0.35	285 270 727	49.68
Directors and Associates of the Company holdings	7	0.17	156 822 506	27.31
Treasury Shares	2	0.05	927 548	0.16
Strategic Holder (more than 10%)	5	0.13	127 520 673	22.21
Public Shareholders	3 933	99.65	288 970 521	50.32
Total	3 947	100	574 241 248	100

ORDINARY SHAREHOLDERS

Shareholder spread	Number of shareholders	% of Total Shareholders	Number of shares	% of shares in issue
2019				
1 – 1 000 shares	971	24.60	331 350	0.06
1 001 – 10 000 Shares	1 736	43.98	8 630 349	1.50
10 001 – 100 000 shares	1 044	26.45	30 018 988	5.23
100 001 – 1 000 000 shares	155	3.93	46 852 058	8.16
Over 1 000 000 shares	41	1.04	488 408 503	85.05
Total	3 947	100	574 241 248	100

Shareholder spread	Number of shareholders	% of Total Shareholders	Number of shares	% of shares in issue
Banks/Brokers	21	0.53	25 698 693	4.48
Close Corporations	16	0.40	360 862	0.07
Empowerment	1	0.03	10 522 200	1.83
Endowment Funds	30	0.76	3 379 848	0.59
Individuals	3 495	88.55	106 490 047	18.54
Insurance Companies	18	0.46	4 787 944	0.83
Medical Scheme	1	0.03	3 558	0.00
Mutual Funds	41	1.04	18 058 458	3.14
Other Corporations	8	0.20	2 129 761	0.37
Private Companies	68	1.72	79 399 513	13.83
Public Companies	2	0.05	220 002	0.04
Retirement Fund	45	1.14	25 210 622	4.39
Strategic Holders	7	0.18	281 869 053	49.09
Treasury Shares	2	0.05	927 548	0.16
Trusts	192	4.86	15 183 139	2.64
Total	3 947	100	574 241 248	100

Top 10 institutional shareholders	Number of shares	% of Total Shares
Visio Capital Management	35 815 736	6.46
Vele Asset Managers	8 534 435	1.54
Bateleur Capital	5 867 790	1.06
RBC Investor & Treasury Services	3 760 000	0.68
Sovereign Asset Management	3 009 955	0.54
Old Mutual Investment Group	2 650 376	0.48
Metal & Engineering Industries	2 367 346	0.43
Nedbank Private Wealth	1 546 900	0.28
STANLIB Asset Management	1 221 764	0.22
Mazi Capital	1 184 486	0.21
Visio Capital Management	35 815 736	6.46
Vele Asset Managers	8 534 435	1.54
Total	69 958 788	11.90

ANNEXURE 8 – SHARE CAPITAL

	2019 R'000	2018 R'000
Authorised:		
1 billion ordinary shares at no par value	10 000	10 000
60 million redeemable preference shares of 1 cent each	600	600
Issued:		
Issued ordinary shares at 30 June 2018:		
554 377 328 made up as follows:		
Issued ordinary share capital		
574 241 248 (June 2018: 554 377 328) ordinary shares of 1 cent each	18 885	18 686
– Opening balance	18 686	18 686
– Issue of share capital	199	–
	18 885	18 686

The Directors are authorised, by resolution of the members and until the forthcoming Annual General Meeting, to issue the unissued shares in accordance with the limitation set by members. All issued shares have been fully paid.

There were no shares repurchased during the period.

ANNEXURE 9 – MATERIAL CHANGE STATEMENT

The Directors report that there have been no material changes to the affairs, financial or trading position of the company and group since 30 June 2019 to the date of posting of this report other than disclosed in this report.

ANNEXURE 10 – GOING CONCERN STATEMENT

The Board has performed a review of the group and company's ability to continue trading as a going concern in the foreseeable future and, based on this review, consider that the presentation of the financial statements on this basis is appropriate.

NOTES

ANNEXURE 11 – COMPANY INFORMATION

DIRECTORS

ATM Mokgokong** (Chairman), MJM Madungandaba** (Deputy Chairman),
A Banderker*** (CEO), JW Boonzaaier*** (CFO), SE Mmakau*** (CIO), WH Britz***,
LL Dhlamini*, HG Motau*, FG Allen**, ND Munisi**, JB Fernandes*, SA Zinn*, T Alsworth-Elvey**

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

GROUP COMPANY SECRETARY

B Mokale

SPONSOR

Sasfin Capital (A member of the Sasfin Group)

TRANSFER SECRETARIES

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2196
Tel: +27 861 100933

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1709

REGISTRATION NUMBER

1988/000570/06

GREYMATTER & FINCH # 13262

AfroCentric GROUP

www.afrocentric.za.com