

# Unaudited Interim Results and Dividend Declaration

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

↑ **45.88% Profit before tax**

↑ **25.51% Total revenue**

↑ **16.66% Dividends**



A Member of AfroCentric Group



SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	208 623	159 689	189 362
Investment property	15 000	15 000	15 000
Intangible assets (NOTE 2)	1 440 173	1 417 866	1 388 815
Available for sale investment	18 444	18 444	18 444
Listed investments	41 608	27 001*	37 182
Managed funds and deposits	278 851	396 253*	411 934
Investment in associates	29 374	33 039	24 477
Deferred income tax assets	89 222	90 523	104 862
<b>Current assets</b>	<b>867 714</b>	<b>838 104</b>	<b>850 640</b>
Trade and other receivables	361 100	348 628	365 004
Inventory	77 465	79 321	72 310
Current tax asset	30 792	27 916	19 821
Receivables from associates and joint venture	12 637	-	20 437
Cash and cash equivalents	385 720	382 239*	373 068
<b>Total assets</b>	<b>2 989 009</b>	<b>2 995 919</b>	<b>3 040 716</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued ordinary share capital	18 686	18 686	18 686
Share premium	970 358	970 358*	970 358
Share-based payment reserve	28 700	23 382	26 604
Treasury shares	(2 324)	(2 324)	(2 324)
Conditional put option reserve	(750 913)	(703 000)	(727 960)
Foreign currency translation reserve	4 020	7 370	7 027
Distributable reserve	813 069	825 982	755 588
Non-controlling interest	549 504	525 194	515 603
<b>Total equity</b>	<b>1 631 100</b>	<b>1 665 648</b>	<b>1 563 582</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	90 394	163 518	82 390
Non-current provisions	8 350	8 350	8 350
Post-employment medical obligations	2 691	3 134	2 691
Second tranche payment	134 893	135 970	134 893
Conditional put option obligation	750 913	703 000	727 960
Accrual for straight lining of leases	17 256	18 014	21 289
<b>Current liabilities</b>	<b>353 412</b>	<b>298 285</b>	<b>499 561</b>
Provisions	11 406	9 636	9 755
Trade and other payables	288 076	255 762	383 029
Employment benefit provisions	53 930	32 887	106 777
<b>Total liabilities</b>	<b>1 357 909</b>	<b>1 330 271</b>	<b>1 477 134</b>
<b>Total equity and liabilities</b>	<b>2 989 009</b>	<b>2 995 919</b>	<b>3 040 716</b>

**NOTE 1**  
# Certain amounts have been regrouped for a more meaningful comparison with the June 2016 audited results.  
♦ The audited results for the year ended 30 June 2016 have been restated.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Restated audited year ended 30 June 2016 R'000
<b>Balance at beginning of the period</b>			
Issue of share capital	1 563 582	1 167 079	1 167 079
Share-based awards reserve	2 096	3 222	6 444
Distribution to shareholders	(66 525)	(55 438)	(121 963)
Net profit for the period	98 046	99 194	145 320
Transferred to conditional put option reserve	22 953	-	24 960*
Conditional put option reserve	(22 953)	(703 000)	(727 960)
Conditional put option reserve at inception	-	(703 000)	(703 000)
Transferred from distributable reserve	(22 953)	-	(24 960)
Profit attributable to minorities	52 166	15 531	53 323
Sanlam investment	-	703 000	703 000
Premium on subscription	-	246 738	246 738
Changes in ownership	-	456 262	456 262
AHL minorities share buy-back	-	-	(122 164)
Increase in shareholding of Klinikka	-	-	(525)
Distribution to minorities	(18 265)	(9 529)	(9 522)
<b>Balance at end of the period</b>	<b>1 631 100</b>	<b>1 665 648</b>	<b>1 563 582</b>

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## SEGMENTAL ANALYSIS

	Unaudited six months ended 31 December 2016			Unaudited six months ended 31 December 2015			Restated audited year ended 30 June 2016		
	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit before tax R'000	Total assets R'000	Revenue R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	1 134 075	141 231	3 508 397	968 743	110 414	3 342 946	2 066 327	170 115	3 328 479
Healthcare Africa	76 382	18 025	92 695	87 877	32 710	135 607	180 534	67 166	160 739
Healthcare Retail	509 778	32 502	305 149	320 406	13 582	236 146	748 477	46 310	238 198
Total Healthcare	1 720 235	191 758	3 906 241	1 377 026	156 706	3 714 699	2 995 338	283 591	3 727 416
Information technology	269 686	33 849	333 855	242 244	14 178	256 119	499 411	40 178	310 001
Other (including inter-segment elimination)	(179 988)	(5 788)	(1 251 087)	(177 203)	(20 204)	(974 899)	(346 603)	(52 582)	(996 701)
<b>Total</b>	<b>1 809 933</b>	<b>219 819</b>	<b>2 989 009</b>	<b>1 442 067</b>	<b>150 680</b>	<b>2 995 919</b>	<b>3 148 146</b>	<b>271 187</b>	<b>3 040 716</b>

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Restated audited year ended 30 June 2016 R'000
<b>Operating income</b>			
Healthcare service revenue	1 300 155	1 121 661*	2 399 669
Healthcare service operating costs	(1 069 204)	(913 173)*	(2 055 514)
<b>Healthcare service operating profit</b>	<b>230 951</b>	<b>208 488</b>	<b>344 155</b>
Healthcare retail revenue	509 778	320 406*	748 477
Healthcare retail cost of sales	(409 909)	(251 219)*	(588 204)
<b>Healthcare retail gross profit</b>	<b>99 869</b>	<b>69 187</b>	<b>160 273</b>
Healthcare retail operating costs	(72 070)	(69 113)*	(128 067)
<b>Total healthcare operating profit</b>	<b>258 750</b>	<b>208 562</b>	<b>376 361</b>
Impairment of assets	2 895	-	(21 469)
Net finance and investment income	13 150	11 230	29 964
- Finance and investment income	36 130	13 636	59 471
- Finance cost: Conditional put option obligation	(22 953)	-	(24 960)*
- Finance cost: Other	(27)	(2 406)	(4 547)
Share-based payment expense	(2 096)	(3 222)	(6 444)
Share of associate profits	9 907	2 469	10 118
<b>Profit before depreciation and amortisation</b>	<b>282 606</b>	<b>219 039</b>	<b>388 530</b>
Depreciation	(20 652)	(17 643)	(38 011)
Amortisation of intangible assets (NOTE 2)	(42 135)	(50 716)	(79 332)
<b>Profit before income taxation</b>	<b>219 819</b>	<b>150 680</b>	<b>271 187</b>
Taxation expense	(66 600)	(41 121)	(77 515)
<b>Profit for the period after taxation</b>	<b>153 219</b>	<b>109 559</b>	<b>193 672</b>
Other comprehensive (loss)/income	(3 007)	5 166	4 971
<b>Total comprehensive income for the period</b>	<b>150 212</b>	<b>114 725</b>	<b>198 643</b>
<b>Attributable to:</b>			
Equity holders of the Parent	98 046	99 194	145 320
Non-controlling interest (NOTE 3)	52 166	15 531	53 323
	<b>150 212</b>	<b>114 725</b>	<b>198 643</b>

**NOTE 3**  
The significant increase in the comparable amount attributable to Non-controlling interest arises substantially through the subscription by Sanlam for 28.7% of the shares in ACT Healthcare Assets (Pty) Ltd.

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS			
	Restated unaudited six months ended 31 December 2016 R'000	Restated unaudited six months ended 31 December 2015 R'000	Restated audited year ended 30 June 2016 R'000
Number of ordinary shares in issue	554 377 328	554 377 328	554 377 328
Weighted average number of ordinary shares	554 377 328	551 555 951	552 958 931
Weighted average number of shares for diluted EPS (including estimated second tranche share issue to WAD asset vendors)	580 570 230	577 957 910	579 151 833
<b>Basic earnings</b>	<b>101 053</b>	<b>94 028</b>	<b>140 349*</b>
Adjusted by:	(111)	612	5 218
- Reversal of impairment	-	-	10 217*
- Loss on disposal of assets	(216)	928	245
Total tax effects of adjustments	60	(260)	(1 429)
Total NCI effects of adjustments	45	(56)	(3 815)*
<b>Headline earnings</b>	<b>100 942</b>	<b>94 640</b>	<b>145 567*</b>
<b>Earnings per share (cents)</b>			
- Attributable to ordinary shares (Cents)	18.23	17.05	25.38*
- Diluted earnings per share (Cents)	17.41	16.27	24.23*
<b>Headline earnings per share (cents)</b>			
- Attributable to ordinary shares (Cents)	18.21	17.16	26.33*
- Diluted earnings per share (Cents)	17.39	16.37	25.13*

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS			
	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Restated audited year ended 30 June 2016 R'000
Cash generated from operations	105 249	23 670	393 851
Net finance income	20 918	7 999	27 839
Distribution to shareholders	(84 791)	(64 969)	(131 485)
Dividends received	5 010	-	4 112
Tax and other payments	(55 063)	(69 893)	(102 584)
Net cash (outflow)/inflow from operating activities	(8 677)	(103 193)	191 733
Net cash inflow/(outflow) from investing activities	13 640	(495 561)*	(677 151)*
Net cash inflow from financing activities	10 696	641 776	519 612*
<b>Net increase in cash and cash equivalents</b>	<b>15 559</b>	<b>43 022</b>	<b>34 194</b>
Effect of foreign exchange benefit	(3 007)	5 166	4 823
Cash and cash equivalents at beginning of the period	373 068	334 051	334 051
<b>Cash and cash equivalents at end of the period (NOTE 4)</b>	<b>385 720</b>	<b>382 239*</b>	<b>373 068</b>

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Managed funds and deposits	278 851	396 253	411 934
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**NOTE 4**  
TOTAL GROUP CASH RESOURCES

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Restated audited year ended 30 June 2016 R'000
Cash and cash equivalents	385 720	382 239	373 068
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## COMMENTARY

### INTRODUCTION

The Board is pleased to present the interim results of the AfroCentric Group for the six months ended 31 December 2016. Reference to the commentary for the previous corresponding reporting period, will reveal the number of determining corporate actions at that time, including new clients taken on during that reporting period. The Board is therefore pleased to record, that each of those events, has not only contributed towards the Group's overall profitability in this period, but has almost enabled the Group, within a year, to exceed the dilution in earnings impact, arising on the subscription by Sanlam for 28.7% ("the Sanlam subscription") of the shares in ACT Healthcare Assets (Pty) Ltd ("AHA") and the WAD acquisition through the issue of AfroCentric shares.

### ACCOUNTING POLICIES AND BASIS OF PREPARATION

The summarised consolidated interim financial statements for the six months ended 31 December 2016 are prepared in accordance