



AfroCentric GROUP



Unaudited Interim Results and Dividend Declaration FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

14.29% Dividends

12.59% Total revenue

19.00% Headline EPS

13.10% Profit before tax

SALIENT FEATURES

	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016	% Change
Basic earnings (rands)	119.9 million	101.1 million	18.60
Headline earnings (rands)	120.1 million	100.9 million	19.03
Basic earnings (cents per share)	21.62	18.23	18.60
Headline earnings (cents per share)	21.67	18.21	19.00
Diluted headline earnings (cents per share)	21.67	17.39	24.61
Profit before income tax (rands)	248.6 million	219.8 million	13.10

INTRODUCTION AND REVIEW

The Board is pleased to present short form comments on AfroCentric's ("ACT") interim results for the six months ended 31 December 2017. The period under review has been characterised by the consolidation and rationalisation of several processes within Group enterprises, all having contributed positively to the Group's expanding operations and earnings. In addition, the Group continued to invest in system development and increased IT capacity, early benefits already having arisen through further client consolidation and improved income, expected to continue to impact the full year results, including results for financial year 2019 and beyond.

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 in excess of 3.7 million lives), the Groups operating enterprises include, *inter alia*, information technology ("IT") solutions, fraud detection, transactional switching, specialised disease management, pharmaceutical wholesaling and pharma courier services.

FINANCIAL PERFORMANCE

Profit before tax increased by 13.10% for the period under review amounting to R248.6 million (2016: R219.8 million). Profit after tax (PAT) increased by 15.67%, a satisfying and positive result delivered through great effort and efficient management control. Earnings per share (EPS) increased in this period by 18.60% and headline earnings per share (HEPS), increased by 19.00%, substantially through consistent growth in almost all divisions and sound cost management.

DEVELOPMENTS

AfroCentric has for some time been focused on opportunities which will serve to create a platform, designed to establish a value chain of healthcare services, to optimise the purchasing power of every healthcare 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. Several such proposals are already in place, several are in the pipeline and discussions on these initiatives are in progress, both for the public and private healthcare sectors.

During the period under review and prior to publishing these results, the following projects are in progress or have been concluded:

- Assisted and facilitated the successful consolidation of approximately 5 600 Community Medical Scheme members (COMMED) into Bonitas Medical Scheme.
- Secured the Hosmed Administration contract for Medscheme of approximately 24 000 members, a contract for providing Administration services for a significant number of members of the South African Local Government Association (SALGA).
- Acquired 100% of the shares in Wellness Odyssey, a wellness company providing wellness days, health awareness and clinical guidance to medical schemes, including the broader corporate market, this effective from 1 July 2017.
- Acquired 80% of the shares in Scriptpharm Risk Management, a business which manages chronic script claims, this effective from 1 August 2017.
- Acquisition of 51% of the shares in Essential Group, which provides healthcare insurance, effective 1 March 2018.



AfroCentric's Insurance Fraud Manager ("IFM") provides comprehensive analytics which enable client schemes to identify and assess fraud and abuse related to medical claims. It is common cause that fraud, both by members and practitioners have over the years, become a material source of concern for all Medical Schemes. The identification and recovery of fraudulent or improper claims has been a great developmental success within our client portfolio and fraudulent claims amounting to in excess of R300 million have been detected, with a large percentage having already been recouped or are in the process of recovery.

Pharmacy Direct, our distribution subsidiary of pharmaceuticals, continues to make impressive progress. Pharmacy Direct now procures, dispenses and distributes chronic medication to public and private sector patients in seven provinces of South Africa, presently dispensing and distributing in excess of 500 000 pharmaceutical scripts per month. Given the positive growth and the divisions expanding market, a new warehouse was acquired in December 2017 to accommodate this growth in business.

Having regard to confirmation during this reporting period, that the AfroCentric/Sanlam profit warranty was comfortably fulfilled, the Board is pleased to report that both Sanlam and AfroCentric management are diligently working towards the finalisation of a range of healthcare products and lifestyle solutions to be jointly introduced into the market, this initiative, substantially being the very purpose of Sanlam's interest in AfroCentric in the first place. The roll out is expected to occur towards year end and we are confident that this associate relationship could well evolve into a meaningful source of income and profit.



DIVIDENDS

The Board has pleasure in announcing that an interim dividend of 16 cents per ordinary share (gross) has been declared for the six months ended 31 December 2017. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 14 May 2018. This interim dividend will constitute part of the Group's annual dividend, to be considered in due course with the results for the year ending on 30 June 2018. For further details on the dividend declaration, refer to the full announcement on AfroCentric's Website (www.afrocentric.za.com).



FULL ANNOUNCEMENT

The content of this short form announcement is the responsibility of the Board of Directors. Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement, published on the Stock Exchange News Service ("SENS") on 19 March 2018 and on AfroCentric's website (www.afrocentric.za.com). Any investment decisions should be made based on consideration of the full announcement. Any reference to the Group's future financial performance has not been reviewed or reported on by the Group's external auditors.

On behalf of the Board

Dr ATM Mokgokong
Chairperson

Johannesburg
20 March 2018

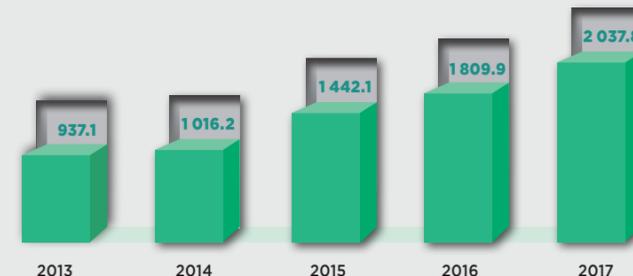
Mr AV Van Buuren
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS (comparative 6 month analysis)

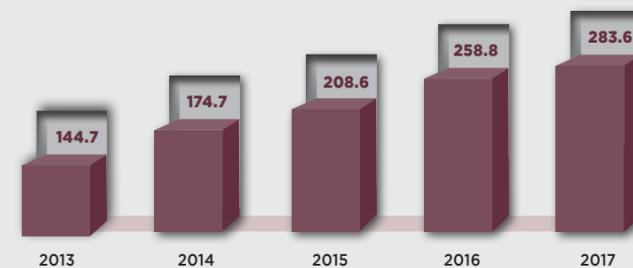
Profit before tax (R'million)



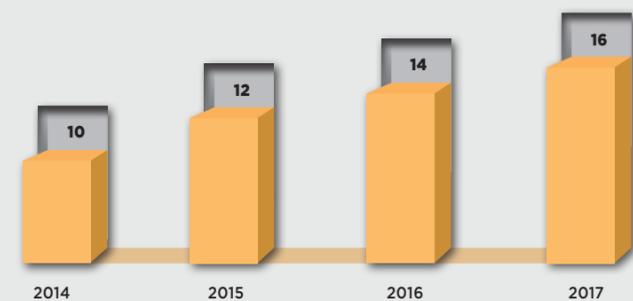
Total revenue (R'million)



Healthcare operating profit (R'million)



Dividends paid per share (Cents)



Directors

ATM Mokgokong** (Chairperson), MJM Madungandaba* (Deputy Chairperson), AV Van Buuren*** (CEO), JW Boonzaaier*** (CFO), A Banderker**, WH Britz**, LL Dhlamini*, JM Kahn (lead), IM Kirk**, SE Mmakau*, ND Munisi**, MI Sacks*, HG Motau*

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

Company Secretary

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Sponsor

Sasfin Capital (a member of the Sasfin group)

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