



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

14.29% Dividends

19.00% Headline EPS

12.59% Total revenue

13.10% Profit before tax

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 December 2017 R'000	Unaudited six months ended 31 December 2016 R'000	Audited year ended 30 June 2017 R'000
ASSETS			
Non-current assets	2 141 169	2 121 295	1 927 272
Furniture, fittings and equipment	197 396	176 690	179 731
Land and buildings (NOTE 1)	122 451	31 933	31 973
Investment property	15 418	15 000	15 418
Intangible assets (NOTE 2)	1 571 435	1 440 173	1 463 746
Available for sale investment	18 444	18 444	18 444
Listed investments	26 558	41 608	36 296
Managed funds and deposits (NOTE 6)	62 517	278 851	59 976
Investment in associates	45 385	29 374	38 823
Deferred income tax assets	81 565	89 222	82 865
Current assets	871 245	867 714	1 141 608
Trade and other receivables	351 257	361 100	320 236
Inventory	87 830	77 465	73 376
Current tax asset	34 130	30 792	25 235
Receivables from associates and joint venture	9 981	12 637	13 388
Managed funds and deposits (NOTE 6)	105 972	-	347 635
Cash and cash equivalents (NOTE 6)	282 075	385 720	361 738
Total assets	3 012 414	2 989 009	3 068 880
EQUITY AND LIABILITIES			
Capital and reserves	1 888 232	1 081 596	1 793 694
Issued ordinary share capital	18 686	18 686	18 686
Share premium	1 054 932	970 358	999 058
Share-based payment reserve	375	28 700	-
Treasury shares	(2 324)	(2 324)	(2 324)
Conditional put option reserve (NOTE 3)	-	(750 913)	-
Foreign currency translation reserve	(510)	4 020	3 454
Distributable reserve	817 073	813 069	774 820
Non-controlling interest	639 026	549 504	585 359
Total equity	2 527 258	1 631 100	2 379 053
Non-current liabilities	153 963	1 004 497	135 778
Deferred income tax liabilities	122 947	90 394	100 627
Non-current provisions	8 350	8 350	8 350
Post-employment medical obligations	2 771	2 691	2 771
Second tranche payment (NOTE 4)	-	134 893	-
Conditional put option obligation (NOTE 3)	-	750 913	-
Deferred payment	5 364	-	5 051
Accrual for straight lining of leases	14 531	17 256	18 979
Current liabilities	331 193	353 412	554 049
Provisions	3 705	11 406	8 947
Borrowings	23 850	-	-
Second tranche payment (NOTE 4)	-	-	194 475
Trade and other payables	246 941	288 076	264 394
Employment benefit provisions	56 697	53 930	86 233
Total liabilities	485 156	1 357 909	689 827
Total equity and liabilities	3 012 414	2 989 009	3 068 880

NOTE 1
The increased value of Land and Buildings reflects the cost of a new warehouse acquired in December 2017 to accommodate the expanding needs of the healthcare retail business.

	Carrying value 2017 R'000	Amortisation 2017 R'000	Amortisation 2016 R'000
Intangible assets			
Goodwill - AfroCentric Health	400 208	-	-
Goodwill - WAD acquisition	473 954	-	-
Customer relationships - WAD acquisition	72 333	(4 474)	(4 474)
AfroCentric Health intangible assets	624 940	(37 193)	(37 661)
AfroCentric Health Intangible PPA	37 620	(2 598)	(2 916)
AfroCentric Health intangible Software	510 577	(24 024)	(24 298)
Insurance Fraud Manager (Fraud Management Software)	76 743	(10 571)	(10 447)
	1 571 435	(41 667)	(42 135)

NOTE 3
Given the fulfilment of the Sanlam profit warranty, the conditional put option reserve was written back to capital and reserves.

NOTE 4
The second tranche payment was calculated in terms of the contract formula for the WAD Asset acquisitions and settled in cash during September 2017.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2017 R'000	Unaudited six months ended 31 December 2016 R'000	Audited year ended 30 June 2017 R'000
Balance at beginning of the period	2 379 053	1 563 582	1 563 582
Share-based awards reserve	375	2 096	-
Distributions to shareholders	(77 613)	(66 525)	(144 138)
Net profit for the period	115 902	98 046	113 891
Transferred to conditional put option reserve	-	22 953	45 906
Conditional put option reserve accruals	-	(22 953)	(45 906)
Profit attributable to minorities	57 362	52 166	102 372
Sanlam second tranche contribution	55 874	-	-
Conditional put option obligation reversal (NOTE 3)	-	-	773 866
Conditional put option obligation 2016 balance	-	-	727 960
Conditional put option finance obligation accrual	-	-	45 906
Minority interest in subsidiary	(367)	-	-
Distributions to subsidiary minorities	(3 328)	(18 265)	(32 616)
Balance at end of the period	2 527 258	1 631 100	2 379 053

SEGMENTAL ANALYSIS

	Unaudited six months ended 31 December 2017			Unaudited six months ended 31 December 2016			Audited year ended 30 June 2017		
	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	1 339 982	126 353*	3 242 956	1 134 075	141 231*	3 508 397	2 378 130	209 843	3 435 646
Healthcare Africa	94 117	24 586	136 925	76 382	18 025	92 695	184 443	46 636	112 401
Healthcare Retail	596 239	44 625	395 106	509 778	32 502	305 149	1 069 435	67 990	353 504
Total Healthcare	2 030 338	195 564	3 774 987	1 720 235	191 758	3 906 241	3 632 008	324 469	3 901 551
Information technology	288 533	56 061*	478 646	269 686	33 849*	333 855	561 021	89 922	420 138
Other (including inter-segment elimination)	(281 071)	(2 999)	(1 241 219)	(179 988)	(5 788)	(1 251 087)	(408 328)	(47 734)	(1 252 809)
	2 037 800	248 626	3 012 414	1 809 933	219 819	2 989 009	3 784 701	366 657	3 068 880

* The change in profit before tax is as a result of a modification in the IT fee structure between the wholly owned subsidiaries, Medscheme and Helios.

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2017 R'000	Unaudited six months ended 31 December 2016 R'000	Audited year ended 30 June 2017 R'000
Healthcare services revenue	1 441 561	1 300 155	2 715 266
Healthcare services operating costs	(1 198 253)	(1 069 204)	(2 219 292)
Healthcare services operating profit	243 308	230 951	495 974
Healthcare retail revenue	596 239	509 778	1 069 435
Healthcare retail cost of sales	(442 928)	(409 909)	(836 734)
Healthcare retail gross profit	153 311	99 869	232 701
Healthcare retail operating costs	(112 970)	(72 070)	(164 566)
Total healthcare operating profit	283 649	258 750	564 109
Impairment of assets	-	2 895	(19 851)
Net finance and investment income	20 882	13 150	16 106
- Finance and investment income	31 284	31 704	50 380
- Fair value gain/(loss) in Listed Investments (NOTE 5)	(9 738)	4 426	12 393
- Finance cost: Conditional put option (NOTE 3)	-	(22 953)	(45 906)
- Finance cost	(664)	(27)	(761)
Share-based payment expense	(375)	(2 096)	(2 096)
Fair value of second tranche consideration (NOTE 4)	-	-	(59 582)
Indemnity expense	-	-	(14 787)
Share of associate profits	11 772	9 907	14 306
Profit before depreciation and amortisation	315 928	282 606	498 205
Depreciation	(25 635)	(20 652)	(45 098)
Amortisation of intangible assets (NOTE 2)	(41 667)	(42 135)	(86 450)
Profit before income taxation	248 626	219 819	366 657
Taxation expense	(71 398)	(66 600)	(146 616)
Profit for the period after taxation	177 228	153 219	220 041
Other comprehensive (loss)/income	(3 964)	(3 007)	(3 778)
Comprehensive net income for the period	173 264	150 212	216 263
Attributable to:			
Equity holders of the Parent	115 902	98 046	113 891
Non-controlling interest	57 362	52 166	102 372
	173 264	150 212	216 263

NOTE 5
This represents a decline in the share price of the listed investment.

EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS

	Unaudited six months ended 31 December 2017 R'000	Unaudited six months ended 31 December 2016 R'000	Audited year ended 30 June 2017 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	554 377 328	554 377 328
Weighted average number of shares for diluted EPS	554 377 328	580 570 230	554 377 328
Basic earnings	119 866	101 053	117 669
Adjusted by:	242	(111)	6 169
- Reversal of impairment	-	-	16 640
- Reversal of fair value gains	-	-	(4 818)
- Loss on disposal of assets	471	(216)	681
Total tax adjustments	(132)	60	(97)
Total non-controlling interest adjustments	(97)	45	(10 637)
Headline earnings	120 108	100 942	123 838
Earnings per share (cents)			
- Attributable to ordinary shares (cents)	21.62	18.23	21.23
- Diluted earnings per share (cents)	21.62	17.41	21.23
Headline earnings per share (cents)			
- Attributable to ordinary shares (cents)	21.67	18.21	22.34
- Diluted earnings per share (cents)	21.67	17.39	22.34

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2017 R'000	Unaudited six months ended 31 December 2016 R'000	Audited year ended 30 June 2017 R'000
Cash generated from operations	177 496	105 249	450 887
Net finance income	19 059	20 918	38 860
Distribution to shareholders	(80 941)	(84 791)	(176 754)
Dividends received	5 189	5 010	5 010
Tax and other payments	(64 392)	(55 063)	(112 815)
Net cash inflow/(outflow) from operating activities	56 411	(8 677)	205 188
Net cash (outflow)/inflow from investing activities	(155 960)	13 640	(212 945)
Net cash inflow from financing activities	23 850	10 696	-
Effect of foreign exchange benefit	(3 964)	(3 007)	(3 573)
Net (decrease)/increase in cash and cash equivalents	(79 663)	12 652	(11 330)
Cash and cash equivalents at beginning of the period	361 738	373 068	373 068
Cash and cash equivalents at end of the period (NOTE 6)	282 075	385 720	361 738

NOTE 6 TOTAL GROUP CASH RESOURCES

	Unaudited six months ended 31 December 2017	Unaudited six months ended 31 December 2016	Audited year ended 30 June 2017
Cash and cash equivalents	282 075	385 720	361 738
Managed funds and deposits (current)	105 972	-	347 635
Managed funds and deposits (non current)	62 517	278 851	59 976
Total cash resources	450 564	664 571	769 349

COMMENTARY

INTRODUCTION AND REVIEW

The Board is pleased to present comments on AfroCentric's ("ACT") summary interim results for the six months ended 31 December 2017. The period under review has been characterised by the consolidation and rationalization of several processes within Group enterprises, all having contributed positively to the Group's growing 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 in this period, such 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 Group's further range of health related subsidiary enterprises has similarly continued to make good progress during the period, as will be evident in the financial results set out herein.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements.

The Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these summarized interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

NATURE OF BUSINESS

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

AfroCentric's operating enterprises also provide a range of complementary services, which include, inter alia, information technology ("IT") solutions; fraud detection, transactional switching; specialised disease management; pharmaceutical wholesaling and courier distribution services.

INDUSTRY HIGHLIGHTS

- AfroCentric proudly advise that during the period under review:
 - AfroCentric Health (Pty) Ltd, a core operating subsidiary within the Group, achieved a level 2 B-BBEE status for the sixth consecutive year.
 - Medscheme Holdings (Pty) Ltd was awarded the "Service Excellence - Health Administrator Award", at the 2017 BHF Titanium Awards ceremony.
 - AfroCentric was awarded the "Diversity in the Workplace Award" at the 15th Annual National Business Awards ceremony.

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 optimize 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