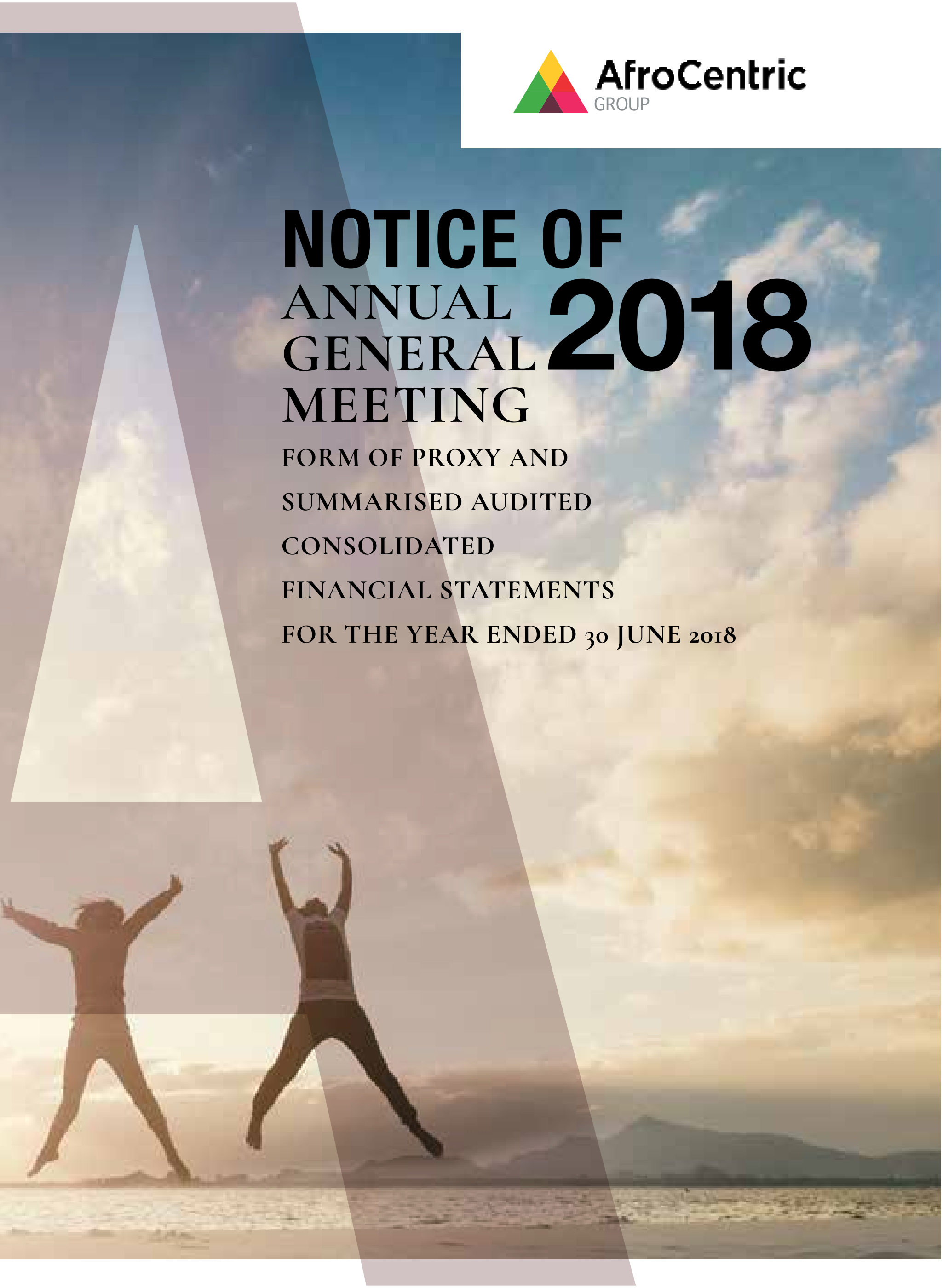
AfroCentric
GROUP



NOTICE OF ANNUAL GENERAL MEETING 2018

FORM OF PROXY AND SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

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, 8 November 2018 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 2018 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

9 October 2018

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 2018 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 twelfth Annual General Meeting of shareholders for the year ended 30 June 2018 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, 8 November 2018** 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, 5 October 2018;
- the last date to trade in order to be eligible to participate in and vote at the Annual General Meeting as Tuesday, 30 October 2018; and
- the record date in order to participate in and vote at the Annual General Meeting being the voting record date as Friday, 2 November 2018.

AGENDA

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

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 2018, 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 – 85 of the 2018 Annual Financial Statements. The Audit and Risk Committee report is set out on pages 2 – 4 of the 2018 Annual Financial Statements. The Integrated Annual Report is also available on the Company's website: www.afrocentric.za.com/cd-ar-reports.php.

Retirement of our Founding Directors

Shareholders are hereby informed that our Founding Directors, members and mentors, Meyer Kahn (79) and Motty Sacks (75), having concluded that their objectives on behalf of AfroCentric have been achieved, have decided to retire from the Board. Their retirement has resulted in them not being available for re-election as Directors and will be effective immediately after AfroCentric's Annual General Meeting, scheduled to take place on 8 November 2018. The Board would like to thank them both for their invaluable contribution to the Group. Their experience, guidance and wisdom will certainly be missed at Board and Committee meetings and generally within the Group. We wish them well on their retirement.

There were no changes to the Board during the period under review.

RESOLUTIONS

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

ORDINARY RESOLUTIONS

The Board has assessed the performance of the directors standing for re-election and has found them suitable for re-appointment.

ORDINARY RESOLUTION NUMBER 1

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 Annual General Meeting. Accordingly, the following directors retire by rotation at the Annual General Meeting,
Ms LL Dhlamini
Mr SE Mmakau
Ms HG Motau

Ordinary Resolution Number 1.1
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 1.2
Re-election of Mr SE Mmakau as an independent non-executive director

"**RESOLVED** that Mr SE Mmakau, 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 an independent non-executive director of the Company."

Ordinary Resolution Number 1.3
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 38 and 39 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 2

Appointment of Group Audit and Risk Committee members

"**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 Code on Corporate Governance for South Africa, 2016.

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 page 38 and 39 of this booklet.

Ordinary Resolution Number 2.1

"**RESOLVED** that, subject to the passing of Ordinary Resolution Number 1.1, Ms LL Dhlamini, is elected as a member and chairman of the Audit and Risk Committee."

Ordinary Resolution Number 2.2

"**RESOLVED** that, subject to the passing of Ordinary Resolution Number 1.2, Mr SE Mmakau, is elected as a member of the Audit and Risk Committee."

Ordinary Resolution Number 2.3

"**RESOLVED** that, subject to the passing of Ordinary Resolution Number 1.3, Ms HG Motau, 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 3

Re-appointment of independent auditor and designated audit partner

The Group Audit and Risk Committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for re-appointment as independent auditor 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 re-appointed 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 4

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 82 628 808 shares, being 15% (fifteen 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 4 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 15% (8 315 599 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 5

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 82 to 93 of the Integrated Report for 2018 be and is hereby endorsed."

Reason for and effect

The King Code on Corporate Governance for South Africa, 2016 recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution Number 5 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 6

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 82 to 93 of the Integrated Report for 2018 be and is hereby endorsed."

Reason for and effect
The King Code on Corporate Governance for South Africa, 2016 recommends that the implementation of a Company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the Company's remuneration policy. 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

Authorise directors and/or 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 Code on Corporate Governance for South Africa, 2016 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 2019 until 31 December 2019 be and is hereby approved as follows:

	Position	Current (2018) (R)	Recommended increase (%)	Proposed (2019) (R)
	Chairman	1 200 000	6%	1 272 000
Main Board	Deputy	900 700	6%	954 750
(annualised fee)	Member	223 000	6.5%	237 500
Subsidiary Board	Chairman	20 400	6%	21 600
(Per meeting fee)	Member	15 000	6%	15 900
Audit and Risk Committee	Chairman	27 200	6%	28 800
(Per meeting fee)	Member	20 000	6%	21 200
Remuneration Committee	Chairman	20 400	6%	21 600
(Per meeting fee)	Member	15 000	6%	15 900
Nomination Committee	Chairman	20 400	6%	21 600
(Per meeting fee)	Member	15 000	6%	15 900
Social and Ethics Committee	Chairman	20 400	6%	21 600
(Per meeting fee)	Member	15 000	6%	15 900
Investment Committee	Chairman	20 400	6%	21 600
(Per meeting fee)	Member	15 000	6%	15 900
ICT Steering Committee	Chairman			21 600
(Per meeting fee)	Member	15 000	6%	15 900

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 2019 until 31 December 2019.

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 that 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:

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 of the 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 2018 Annual Financial Statements

Company's share capital – page 67 of the 2018 Annual Financial Statements

Directors' responsibility statement
The directors, whose names are given on page 1 of the 2018 Annual Financial Statements, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution no. 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 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 proxy forms 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, 6 November 2018.

All beneficial owners of AfroCentric shares who have dematerialised their shares through a 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 proxy forms 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.

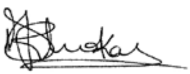
AfroCentric does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such AfroCentric shareholder of the Annual General Meeting.

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, 5 October 2018
Integrated Report and notice of Annual General Meeting to be posted on	Tuesday, 9 October 2018
The last date to trade in order to be eligible to participate in and vote at the Annual General Meeting on	Tuesday, 30 October 2018
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, 2 November 2018
Last day for lodging forms of proxy by 10h00 on	Tuesday, 6 November 2018
Date of the Annual General Meeting at 10h00 on	Thursday, 8 November 2018
Results of the Annual General Meeting published on SENS on	Thursday, 8 November 2018

By order of the Board



B Mokale
Group Company Secretary
Roodepoort
9 October 2018

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Summarised consolidated statement of financial position

As at 30 June 2018

	2018 R'000	2017 R'000
ASSETS		
Non-current assets	**2 306 326**	1 927 272
Property and equipment	**255 076**	179 731
Land and buildings	**120 573**	31 973
Investment property	**15 418**	15 418
Goodwill	**883 488**	855 436
Intangible assets	**855 598**	608 310
Available-for-sale investment	**9 000**	18 444
Listed investment	**–**	36 296
Managed funds and deposits	**65 028**	59 976
Investment in associates	**56 935**	38 823
Deferred income tax assets	**45 210**	82 865
Current assets	**823 735**	1 141 608
Trade and other receivables	**348 527**	320 236
Inventory	**83 532**	73 376
Current tax asset	**20 768**	25 235
Receivables from associates and joint venture	**5 740**	13 388
Managed funds and deposits	**152 250**	347 635
Cash and cash equivalents	**212 918**	361 738
Total assets	**3 130 061**	3 068 880
EQUITY AND LIABILITIES		
Capital and reserves	**1 940 614**	1 793 694
Issued ordinary share capital	**18 686**	18 686
Share premium	**999 058**	999 058
Share-based payment reserve	**3 501**	–
Treasury shares	**(2 324)**	(2 324)
Sanlam capital contribution	**55 874**	–
Foreign currency translation reserve	**793**	3 454
Distributable reserve	**865 026**	774 820
Non-controlling interest	**679 277**	585 359
Total equity	**2 619 891**	2 379 053

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Summarised consolidated statement of financial position (continued)

As at 30 June 2018

	2018 R'000	2017 R'000
Non-current liabilities	**153 860**	135 778
Deferred income tax liabilities	**121 667**	100 627
Non-current provisions	**8 350**	8 350
Post-employment medical obligations	**2 665**	2 771
Deferred payment	**5 263**	5 051
Accrual for straight lining of leases	**15 915**	18 979
Current liabilities	**356 310**	554 049
Provisions	**8 597**	8 947
Second tranche payment	**–**	194 475
Trade and other payables	**284 029**	264 394
Taxation	**13 729**	–
Employment benefit provisions	**49 955**	86 233
Total liabilities	**510 170**	689 827
Total equity and liabilities	**3 130 061**	3 068 880

Summarised consolidated statement of comprehensive income

For the year ended 30 June 2018

	2018 R'000	2017 R'000
Healthcare services revenue	2 982 284	2 715 266
Healthcare services operating costs	(2 433 582)	(2 219 292)
Healthcare service operating profit	548 702	495 974
Healthcare retail revenue	1 230 421	1 069 435
Healthcare retail cost of sales	(914 305)	(836 734)
Healthcare retail gross profit	316 116	232 701
Healthcare retail operating costs	(241 732)	(164 566)
Total healthcare operating profit	623 086	564 109
Loss on sale of investments	(2 717)	–
Impairment of assets	(1 667)	(19 851)
Net finance and investment income	43 481	16 106
– Finance and investment income	55 081	63 658
– Fair value loss in listed investment	(9 738)	(885)
– Finance costs: Conditional put option	–	(45 906)
– Finance costs	(1 862)	(761)
Share-based payment expense	(3 501)	(2 096)
Fair value of second tranche consideration	–	(59 582)
Indemnity expense	(3 150)	(14 787)
Share of associate profits	23 626	14 306
Profit before depreciation and amortisation	679 158	498 205
Depreciation	(51 109)	(45 098)
Amortisation of intangible assets	(89 603)	(86 450)
Profit before taxation	538 446	366 657
Taxation expense	(153 544)	(146 616)
Profit for the year after taxation	384 902	220 041
Other comprehensive loss	(2 753)	(3 778)
Comprehensive net income for the year	382 149	216 263
Attributable to:		
Equity holders of the Parent	253 858	113 891
Non-controlling interest	128 291	102 372
	382 149	216 263

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Summarised consolidated statement of changes in equity

For the year ended 30 June 2018

	2018 R'000	2017 R'000
Balance at beginning of the period	**2 379 053**	1 563 582
Share-based awards reserve	**3 501**	2 096
Distributions to shareholders	**(166 313)**	(144 138)
Net profit for the period	**253 858**	113 891
Transferred to conditional put option reserve	**–**	45 906
Conditional put option reserve	**–**	(45 906)
Profit attributable to minorities	**128 291**	102 372
Sanlam capital contribution	**55 874**	–
Conditional put option obligation reversal	**–**	773 866
Conditional put option obligation 2017 balance	**–**	727 960
Conditional put option finance obligation	**–**	45 906
Recognition of attributable non-controlling interest on Tendahealth, Klinnika and Essential Group	**17 171**	–
Distributions to non-controlling interests	**(51 544)**	(32 616)
Balance at end of the period	**2 619 891**	2 379 053

Summarised consolidated statement of cash flows

For the year ended 30 June 2018

	2018 R'000	2017 R'000
Net cash inflow from operating activities	**290 519**	205 188
Cash generated from operations	**552 695**	450 887
Net finance income	**34 869**	38 860
Distribution to shareholders	**(217 857)**	(176 754)
Dividends received	**5 209**	5 010
Tax and other payments	**(84 397)**	(112 815)
Net cash outflow from investing activities	**(298 077)**	(212 945)
Net additions to property and equipment	**(212 664)**	(68 802)
Net additions to intangible assets	**(310 845)**	(178 020)
Net disposal of financial assets investments and subsidiaries	**218 166**	27 943
Repayment of loan by associate	**7 266**	5 934
Net cash outflow from financing activities	**(138 601)**	–
Net second tranche settlement	**(138 601)**	–
Effect of foreign exchange benefit	**(2 661)**	(3 573)
Net increase in cash and cash equivalents	**(148 820)**	(11 330)
Cash and cash equivalents at beginning of the period	**361 738**	373 068
Cash and cash equivalents at end of the period	**212 918**	361 738

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Notes to the summarised audited consolidated financial statements

1. Basis of preparation

These summarised audited consolidated financial statements for the year ended 30 June 2018 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.

3. Segment information

	2018		
	Revenue R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	2 788 428	225 986*	3 376 318
Healthcare Africa**	184 910	57 302	144 233
Healthcare Retail***	1 230 421	88 806	437 952
Total Healthcare	4 203 759	372 094	3 958 503
Information Technology	580 845	168 779*	511 217
Other (including inter-segment elimination)	(571 899)	(2 427)	(1 339 659)
	4 212 705	538 446	3 130 061

	2017		
	Revenue R'000	Profit before tax R'000	Total assets R'000
Healthcare SA	2 378 130	209 843*	3 435 646
Healthcare Africa**	184 443	46 636	112 401
Healthcare Retail***	1 069 435	67 990	353 504
Total Healthcare	3 632 008	324 469	3 901 551
Information Technology	561 021	89 922*	420 138
Other (including inter-segment elimination)	(408 328)	(47 734)	(1 252 809)
	3 784 701	366 657	3 068 880

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

** *Healthcare Africa relates to our businesses in Swaziland, Namibia, Zimbabwe, Botswana and Mauritius.*

*** *Healthcare Retail relates to the pharmaceutical businesses of Pharmacy Direct, Curasana Wholesaler and 26% interest in Activo Health.*

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Notes to the summarised audited consolidated financial statements (continued)

4. Earnings per share

	2018 R'000	2017 R'000
Number of ordinary shares in issue	**554 377 328**	554 377 328
Weighted average number of ordinary shares	**554 377 328**	554 377 328
Weighted average number of shares for diluted EPS	**558 667 328**	554 377 328
Basic earnings	**256 611**	117 669
Adjusted by:	**4 305**	6 169
– Reversal of impairment	**1 285**	16 640
– Reversal of fair value gains	**–**	(418)
– Loss on disposal of assets	**3 428**	681
Total tax adjustments	**1 325**	(97)
Total non-controlling interest adjustments	**(1 733)**	(10 637)
Headline earnings	**260 916**	123 838
Earnings per share (cents)		
– Attributable to ordinary shares (cents)	**46.29**	21.23
– Fully diluted EPS (cents)	**45.93**	21.23
Headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	**47.06**	22.34
– Fully diluted HEPS (cents)	**46.70**	22.34
Cash earnings per share (cents)		
– Attributable to ordinary shares (cents)	**99.70**	81.33
– Diluted earnings per share (cents)	**98.93**	81.33
Normalised earnings per share (Non-IFRS measure)		
Reconciliation of headline earnings	**260 916**	123 838
Adjusted by:	**3 150**	120 275
– Conditional put option finance obligation	**–**	45 906
– Fair value of second tranche consideration	**–**	59 582
– Sanlam indemnity expense	**3 150**	14 787
Total tax effects of adjustments	**–**	–
Total NCI effects of adjustments	**–**	–
Normalised headline earnings	**264 066**	244 113
Normalised headline earnings per share (cents)		
– Attributable to ordinary shares (cents)	**47.63**	44.03
– Fully diluted HEPS (cents)	**47.27**	44.03

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

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 2018:

	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
2018						
Collective investment schemes	**–**	**217 278**	**–**	**–**	**217 278**	**–**
Investment in AAR	**–**	**–**	**9 000**	**–**	**–**	**–**
Investment Property	**–**	**–**	**15 418**	**–**	**–**	**–**
	–	**217 278**	**24 418**	**–**	**217 278**	**–**
2017						
Investment in Jasco	36 296	–	–	36 296	–	–
Collective investment schemes	–	327 719	–	–	327 719	–
Investment in AAR	–	–	18 444	–	–	–
Contingent consideration	–	–	(194 475)	–	–	(194 475)
Investment Property	–	–	15 418	–	–	–
	36 296	327 719	(160 613)	36 296	327 719	(194 475)

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 use of quoted market prices or dealer quotes for similar instruments. The Jasco Electronics share price was obtained from the Johannesburg Stock Exchange (JSE)
- 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

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):

	Contingent consideration R'000	Investment in AAR R'000	Investment property R'000
Opening balance	194 475	18 444	15 418
Settlement/payment	(194 475)	–	–
Impairments	–	(1 285)	–
Disposal	–	(8 159)	–
Closing balance	–	9 000	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)

Contingent consideration

The fair value of the contingent consideration was determined by the ACT share price at 2017 year end, multiplied by the number of shares to be issued. The number of shares to be issued is stipulated in the shareholders agreement which is derived from the actual profits generated from Glen Eden. Under the contingent consideration arrangement, AfroCentric Investment Corporation Limited was required to issue WAD Holdings (Proprietary) Limited an additional 31 366 977 shares based on the above. R194.5 million was the estimated fair value of this obligation and was settled in cash and not shares the current financial year as cash was selected.

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 2018	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment in AAR (unlisted investment)	**9 000**	Price earnings ratio	8.50	If a P/E ratio of 7.50 were used the investment in AAR would decrease by R0.489 million in other comprehensive income. If a P/E ratio of 9.50 were used the investment in AAR would increase by R0.326 million in other comprehensive income.
Investment property	**15 418**	Price per square meter	R1 542	The higher the price per square meter the higher the fair value

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 year end to determine the fair value of investments unless there is an indication of impairment which will result in a write off of the investment in that point in time.

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 Wellness Odyssey Acquisition

On 1 July 2017 ("effective date and acquisition date") AfroCentric concluded agreements governing the acquisition of 100% of Wellness Odyssey (Proprietary) Limited. Wellness Odyssey (Proprietary) Limited is a service provider for Corporate wellness days – raising awareness and enhancing preventative care to the advantage of the medical scheme, employer groups and participating members. 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 Wellness Odyssey (Proprietary) Limited is R38 million in cash consideration.

The Wellness Odyssey (Proprietary) Limited has be accounted for using the acquisition method of accounting, which requires that the assets and liabilities of Wellness Odyssey (Proprietary) Limited be measured at fair value as at 1 July 2017.

		2018 R'000
Fair value of 100% net asset value at acquisition (Assets)		**23 143**
Property and equipment	274	
Trade and other receivables	3 565	
Cash and cash equivalents	2 099	
Deferred tax liability	(7 834)	
Intangible assets: customer relationships	28 178	
Trade and other payables	(2 934)	
Provisions	(205)	
Consideration for the purchase of 100% of net asset value		**38 000**
Goodwill arising from acquisition*		**14 857**

* *The goodwill arises from integrated synergies that are established through the acquisition of Wellness Odyssey.*

The acquired business contributed revenue of R30.5 million and net profit after tax of R6.9 million to the Group for the period from 1 July 2017 to 30 June 2018.

6. **Business combinations** (continued)

The Essential Group Acquisition

On 1 March 2018 ("effective date and acquisition date") AfroCentric concluded agreements governing the acquisition of 51% of Essential Group (Proprietary) Limited as well as 51% of Medinsure (Pty) Ltd. Essential Group (Proprietary) provides healthcare insurance. 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 Essential Group (Proprietary) Limited as well as Medinsure (Pty) Ltd is R7.64 million in cash consideration and R19.9 million in contingent consideration (fair value as at year-end). The contingent consideration is made up of five tranches of R5 million. For every R5 million profit after taxation achieved by Essential Group (including Medinsure), one of the tranches will be payable to Essential Group (up to the maximum amount of R25 million). Based on the expected future profits of Essential Group (including Medinsure) AfroCentric expect the contingent consideration to be fully paid by the end of June 2021.

The Essential Group (Proprietary) Limited as well as Medinsure (Pty) Ltd has be accounted for using the acquisition method of accounting, which requires that the assets and liabilities of Essential Group (Proprietary) Limited as well as Medinsure (Pty) Ltd be measured at fair value as at 1 March 2018. The amounts disclosed below are provisional.

		2018 R'000
Fair value of 100% net asset value at acquisition (Assets)		15 846
Property and equipment	353	
Trade and other receivables	802	
Cash and cash equivalents	15 503	
Trade and other payables	(812)	
Consideration to Essential Group		19 947
Non-controlling interest		(17 539)
Fair value of 51% net asset value at acquisition (Assets)		18 254
Consideration for the purchase of 51% of net asset value		27 587
Goodwill arising from acquisition*		9 333

* *The goodwill arises from integrated synergies that are established through the acquisition of Essential Group and Medinsure.*

The acquired business contributed revenues of R8.9 million and net loss after tax of R0.8 million to the Group for the period from 1 April 2018 to 30 June 2018. The loss after tax would be 0.1 million if Essential Group (including Medinsure) had been acquired from the beginning of the year.

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 8 December 2017 of R6.20, which is grant date, was used to determine the IFRS 2 charge for 2018. 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 R3.5 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)

	2018 R'000	2017 R'000
Executive awards	4 440	7 000
Movements in number of instruments:		
Outstanding at the beginning of the year	–	6 488
Exercised	–	(6 999)
Vested	565	511
Active employees	565	511
Outstanding at the end of the year	565	–

8. Contingent consideration

	2018 R'000	2017 R'000
Current liability		
Contingent consideration on Glen Eden Trading 58 (Pty) Ltd	–	194 475

On 1 August 2015 ("effective date") AfroCentric concluded agreements governing the acquisition of 100% of the WAD Healthcare Assets, being Pharmacy Direct (Proprietary) Limited, Curasana Wholesaler (Proprietary) Limited and Glen Eden Trading 58 (Proprietary) Limited, from WAD Holdings (Proprietary) Limited. The purchase consideration for the WAD Healthcare Assets Acquisition was 86.5 million AfroCentric shares as well as 31.366 million contingent shares being the maximum number of AfroCentric shares that management believed would be issued due to the attainment of certain profit levels in Glen Eden Trading 58 (Proprietary) Limited in the foreseeable future. WAD Holdings (Proprietary) Limited has elected to receive the contingent consideration in cash and not shares. The contingent consideration was settled in the 2018 financial year.

In the current financial year Sanlam had contributed 28.7% which amounts to R55.9 million to the WAD contingent consideration payment, in order to retain their non-controlling level of ownership in ACT Healthcare Assets (Proprietary) Limited.

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Notes to the summarised audited consolidated financial statements (continued)

9. 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 2018. 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 issued yet regarding this matter; there has however been an exchange of letters between the parties.

10. Subsequent events

Subsequent to the financial year-end, the following material events occurred, brief details of which are as follows:

Purchase of Activo Health

AfroCentric acquired a 26% interest in Activo Health (“Activo”) as a component of the WAD Assets acquisitions in 2015. Agreement has been reached in principle with the Activo vendors to anticipate the exercise of the call option negotiated at the time, for the remainder of the shares in Activo (74%) not already owned by AfroCentric. The terms of the call option are substantially dictated by the valuation formulae and payment options provided for in the WAD Master Agreement. The acquisition is a related party transaction and is therefore subject inter alia, to the approval of AfroCentric shareholders in general meeting and an appropriate Circular with full details will be sent to shareholders, subject to all other contractual matters being concluded.

10. Subsequent events (continued)

The Cheese has Moved

AfroCentric acquired 51% of The Cheese has Moved in the 2017 financial year. The shareholders agreement between the parties included a key clause which establishes a threshold of 75% of voting rights for key decisions affecting the strategy of the business. Apart from the mechanisms of power set out in the Shareholders' Agreement and reference to the "standard MOI" in terms of the Companies Act, there are no other mechanisms through which AfroCentric could exert power directly. Several different combinations of shareholders voting in favour of key decisions can achieve the threshold. Therefore, it is evident that AfroCentric did not have control over The Cheese has Moved (Pty) Ltd with its 51%. The Group exercised significant influence over this entity.

On 1 July 2018, the shareholders agreement has been amended and AfroCentric now controls The Cheese has Moved.

Directors

AfroCentric's founding directors, Meyer Kahn (79) and Motty Sacks (75), having concluded that their objectives on behalf of AfroCentric have been achieved, have decided to retire from the Board. Their retirement has resulted in them not being available as Directors and will be effective immediately after AfroCentric's Annual General Meeting, scheduled to take place on 8 November 2018. The Board would like to thank them both for their invaluable contribution to the Group. Their experience, guidance and wisdom will certainly be missed at Board and Committee meetings and generally within the Group.

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.

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Commentary on results

Total revenue	+11.3%
Profit before tax	+46.9%
Dividend per share	+14.3% to 32 cents

Introduction to the AfroCentric Group ("ACT")

AfroCentric is a 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. AfroCentric's principal subsidiary is Medscheme, which provides cost-effective and professional healthcare administration and managed care services to the growing memberships of its renowned institutional, corporate and government Medical Scheme clients, with lives presently under management, approximately 3 700 000. 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 network, 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. The Board is therefore pleased to present a summary of the solid AfroCentric (ACT) Audited Results for the year ended 30 June 2018, a period characterised by improved new business generation, certain complementary acquisitions and operative developments, which inter alia, included the ongoing consolidation, rationalisation and cost saving measures within all Group enterprises. We are also able to report, that all Group divisions and enterprises made a positive contribution to Group operations and earnings. The prior and continuing investment in system development and increased IT capacity, has already contributed favourably towards the current year results, anticipating repeated cost savings, through greater scale and procedural efficiencies into the 2019 financial year and beyond.

Financial performance

Profit before tax increased by 46.9% for the period under review amounting to R538.4 million (2017: R366.7 million). Profit after tax (PAT) increased by 74.9%, a satisfying and positive result delivered through great effort and efficient management control. Earnings per share (EPS) increased in this period by 118.0% and headline earnings per share (HEPS), increased by 110.7%. For a better appreciation of the above earnings statistics, Shareholder attention is drawn to the two IFRS provisions in the June 2017 Income Statement, one provision relating to the Sanlam share subscription profit warranty and the second provision pertaining to the suspensive Tranche 2 payment for the WAD acquisition. Both of these corporate matters were successfully concluded during the reporting period, making past IFRS provisions in each case no longer relevant or applicable. Absent the aforesaid provisions, EPS and HEPS now reveal a realistic measurement of the performance of the AfroCentric Group.

Developments

Given the years of debate surrounding National Health Insurance (NHI), including factors presently being considered by the Competition Commission Market Inquiry into the Private Healthcare Sector, AfroCentric have for some time been giving consideration to the creation of a platform model to establish a value chain of healthcare diagnosis, treatments, pharma and medical services, to optimise the purchasing power of the healthcare Rand.

The research dictated a concept through models of integration, consolidation, mergers, partnerships and incentives, generally to improve the means and matter of patient care, the most viable and cost effective treatments, not least the most rational outcomes within the broader healthcare delivery system. Having regard to the above, certain consolidations, cost reviews and component initiatives are already in place, several plans for parallel advantage are in the pipeline and broader discussions on these and other similar initiatives are in progress for presentation to and application in both the public and private healthcare sectors. We report on certain of these component initiatives that are under review, in progress or have been concluded during the year and since year end:

- Assisted and facilitated the successful consolidation of approximately 5 600 Community Medical Scheme members (COMMED) into Bonita's 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 80% of the shares in Scriptpharm Risk Management, a business which manages chronic script claims, this effective from 1 August 2017.
- The acquisition of 51% of the shares in Essential Group, which provides healthcare insurance, effective 1 March 2018.
- Recently awarded a license to establish a health administration and insurance business in Swaziland, Medscheme Health Insurance (Swaziland)
- The identification and recovery of fraudulent or improper claims through our Fraud Management Software has been a great developmental success, with direct savings and recoveries to our clients in excess of R500 million.

ANNEXURE 1 – SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Commentary on results (continued)

Developments (continued)

- Pharmacy Direct, our medication logistics business, was awarded several contracts by the Department of Health for chronic pharma distribution to its vast provincial networks, substantially to alleviate congestion at public hospitals and clinics. Given the renewal of certain of these contracts and certain additional contracts awarded, AfroCentric invested R100 million in the acquisition and refurbishment of a larger warehouse to cope with the increased script volumes for dispensing and delivery to state and private patients with chronic conditions.
- Sanlam and AfroCentric management diligently progressed towards the finalisation of the commencing portfolio of healthcare, life and lifestyle solution products to be jointly introduced into the broader market.

Prospects

Notwithstanding the South African operating environment being burdened with several economic and political challenges, the Board are more than satisfied with AfroCentric's sound operating results for the year ended 30 June 2018. Good progress was made by all of the Group's business units, in particular the growing divisional interests in supplementary medical specialities, including the group's rapidly expanding pharmaceutical operations. The broad, but adverse commercial impact on consumer disposable incomes, compounded by the increases in medical costs, has not unexpectedly focused the attention of all healthcare stakeholders, that alternative models for more affordable healthcare delivery has become an imperative. The Group have recognised this state of affairs and references under Developments above, capture certain of the initiatives and strategic plans already introduced and being explored by the Group to address the "value chain" concept referred to therein. Afrocentric remains well positioned and well capitalised to continue on its progressive plans for expansion, rationalisation and synergistic acquisitions, to provide value for money services and long term compounding shareholder value.

Dividends

The Board has pleasure in announcing that in addition to the interim gross dividend per ordinary share of 16 cents, a final gross dividend of 16 cents per ordinary share has been declared for the year ended 30 June 2018. Dividends are subject to Dividends Withholding Tax.

The payment date for the dividend is 12 November 2018.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 16 cents per ordinary share.
- The net cash dividend amount is therefore 12.8 cents per ordinary share.
- The Company has 554 377 328 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, 6 November 2018
Shares commence trading ex-dividend	Wednesday, 7 November 2018
Dividend record date	Friday, 9 November 2018
Dividend payment date	Monday, 12 November 2018

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 7 November 2018 and Friday, 9 November 2018, both days inclusive.

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

Lindani Dhlamini
(BSC, CA (SA))
(Age 45)

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.

Sello Ernest Mmakau
(BCom, MBL, BA)
(Age 43)

Appointed: 30 November 2016

Committees:

- Audit and risk committee
- ICT Steering Committee

Sello has a Master's of Business leadership degree, Bachelor of Arts and a Bachelor of Commerce degree with more than 16 years' experience in the IT and ICT industry, in both the public and private sectors. He currently holds a position as the Chief Information Officer at ACSA (Airports Company South Africa) and previously served as a member of various committees at the Department of Home Affairs.

During Sello's tenure as Chief Information Officer/Deputy Director General in Home Affairs, he played a critical role in turning around the department using technology by digitising, automating key processes and implemented mission critical projects including the designed and successfully implementation of the 1st National Smart ID Card, successfully integrated Home Affairs online biometric verification system with SA Banks and SABRIC which drastically reduced identity fraud, saving millions of rands, increased efficiencies and improved turnaround time.

In 2012/2013 financial year, Sello was chosen as the South African Visionary Chief Information Officer of the year by the Computer Society of SA, Gartner, IT Web and GIBS. He was also awarded the best managed DDG Branch and Project of the year in 2013/ 2014.

Hlokammoni Grathel Motau (CA (SA), MPhil) (Age 44) **Appointed:** 15 May 2017 **Committees:** • Audit and risk 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 COMMITTEE

Lindani Dhlamini as chairman (existing member)
Independent non-executive director
Refer Annexure 2

Sello Ernest Mmakau (existing member)
Independent non-executive director
Refer Annexure 2

Hlokammoni Grathel Motau (existing member)
Independent non-executive director
Refer Annexure 2

ANNEXURE 4 – REMUNERATION POLICY

Overview and background

The Board mandates the Group's Remuneration Committee (the Committee) to assist in exercising its responsibilities by overseeing all aspects of remuneration presenting feedback on all Committee decisions to the Board. These duties are carried out in accordance with the approved terms of reference that are reviewed and approved annually.

As in previous years, the Committee aligns pay to performance, while ensuring that we attract and retain the employees critical to our strategy. The Committee believes that our pay outcomes for 2018 reflect overall Group performance and significant achievements such as maintaining a Level 2 B-BBEE rating, membership and Group growth through the Hosmed take-on, COMMED amalgamation including lowering healthcare costs within our control, e.g. claim containment projects on behalf of clients which resulted in positive financial returns for clients.

Focus areas

During the 2018 financial year, the Committee focused on a number of issues, and, where required, amended the remuneration and related policies as disclosed in the table overleaf.

As a focus for 2019 financial year, the Committee will continue to ensure that our reward and remuneration strategies supports the Group's strategic efforts of going the extra mile for our clients, reducing healthcare spend, promoting leadership accountability while supporting talent and succession strategies.

In summary, the Committee:

- Approved the Long-Term Incentive Plan for implementation in the 2018 financial year
- Completed peer survey for Non-executive Directors' remuneration with particular focus on the Chairman and Deputy Chairman roles
- Reviewed and finalised Executive Directors' and Company Secretary remuneration for 2018
- Set strategic incentive targets for 2018 and approved incentive payments in respect of the 2017 financial year
- Approved long-term incentives to eligible management-level employees
- Approved Executive Directors' and Company Secretary appointments
- Adopted King IV remuneration principles
- Approved the Remuneration Charter for 2017

Changes to the remuneration and related policies for the 2018 financial year

The Committee reviewed the Group remuneration policy as well as other related policies for the 2018 financial year. The following changes were effected and implemented during the 2018 financial year.

Remuneration element	Change	Reason or need for change
Differentiated pay models	Pay percentile in respect of IT employees was amended	Attracting and retaining IT skills within the organisation is challenging Greater need for IT skills in line with the Group's IT and digital strategy
Long-Term Incentive (LTI) Plan	Committee review of the Group's remuneration mix during the 2017 financial year identified the need for an LTI scheme The scheme was designed and rules approved by means of a majority shareholder vote	The Group's remuneration mix was not aligned to market benchmark and best practices Challenges in respect of attracting and retaining skills
Retention bonuses	Policy guideline implemented in respect of retention bonuses	Need for retention bonuses to be paid to scarce, critical and key employees within the Group not eligible for participation in other LTI schemes
Succession planning and talent management	Succession management process developed and implemented	Necessary to ensure business continuity and sustainability Drive employee engagement and retention and targeted employee development and learning with particular focus on designated groups
Annual increases for general managers and senior managers	Annual increases in respect of general and senior managers will be subject to the financial year-end review and will be reviewed by the Committee	General and senior managers have a direct impact on the financial performance of the Group. Therefore, individual performance scores in relation to financial targets directly link to the Group's achievement against those financial targets and budget practices
Management strategic incentive	Amended the on-target STI percentage in respect of divisional CEO	Closer alignment to similar roles in comparator peers
Revised management performance bonus scheme	Designed and implemented a more sustainable management performance bonus scheme	The previous scheme was not sustainable in the long-term, and an alternative scheme that achieves similar objectives had to be developed
Non-pensionable allowances	The principle with regards to an event when an employee will receive a non-pensionable allowance was amended	The principle differs between members of bargaining unit and management teams to drive internal parity objectives

Independent external advice

As in previous years, the Committee actively sought independent external advice on remuneration trends and market benchmarks. This year, PricewaterhouseCoopers (PwC) provided market practice advisory in terms of Board Chairman and Executive Director roles in stakeholder engagements, governance considerations, remuneration structuring and bench-marking on fees, while Synntech designed and developed the LTI model and plan. The Committee is satisfied that these advisors are independent and objective.

King IV application

The Committee has applied Principle 14 of King IV and is committed to fair, responsible and transparent remuneration. As a result, the remuneration and related policies are reviewed regularly to make them more transparent and comprehensive. We have considered the recommended practices under Principle 14 by mindfully contemplating how each practice could enhance the quality of our disclosures, considering each recommended practice in light of what is appropriate for the Group, and in light of other required and voluntary governance standards with which we comply.

The recommended practices which have been applied in this remuneration report are listed below. We have:

- Restructured our remuneration report according to the three parts recommended in King IV. The remuneration policy overview and implementation report focus on executive management as defined within King IV. In addition, within the section on the remuneration policy, the remuneration elements and design principles informing the remuneration arrangements for other employees are included at a high level
- Focused on fair and responsible remuneration, especially how our policy addresses remuneration for executive management in the context of overall employee remuneration
- Provided details of any obligations in executive employment contracts which could give rise to payments on termination of employment or office
- Adopted the single, total figure reporting within our remuneration disclosures
- Implemented the new voting regime and have requested advisory endorsement of our remuneration policy and the implementation report

Fair and responsible pay agenda

The Group is committed to fair pay, ensuring that all our employees are appropriately and fairly rewarded for their contributions. This concept touches on many areas of our work, including fair pay for the lowest-paid people in our organisation, as well as the alignment of executive reward outcomes with business performance.

Additionally, the Board is committed to individuals being able to progress through the organisation based on capability and performance, irrespective of any other difference such as gender, race, age, ethnicity, religion or sexual orientation. We consider employees' views throughout our deliberations and review potential approaches. We have embarked on extensive training with managers to entrench our remuneration philosophy, principles and policy.

Synntech previously conducted a comprehensive analysis of our annual basic pay to assess equal pay for work of equal value. This analysis showed that there are no unjustifiable variances in annual basic pay across management and bargaining unit populations, as well as across gender and race groups. The Group continues this analysis on an annual basis, and the positive impact of the remuneration policy and governance is evident in the year-on-year progress.

Shareholder engagement and voting

The revised remuneration policy was presented for voting at the AGM and the policy was accepted by majority vote of 99.44%.

No material issues were raised for consideration.

Overview of remuneration policy

Employees are at the core of our business as we require highly skilled, competent and experienced employees to drive our business growth. Therefore, we need to reward them for their performance and contribution towards wealth maximisation for our shareholders.

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

Key principles, consistent with the previous financial year, that govern Group-wide remuneration at all levels are:

- Pay for performance methodology, linking executive reward to business performance. This allows for differentiated increases based on the individual's contribution and performance
- Ensure (i) that external parity is maintained, (ii) market relevance, and (iii) internal equitability is balanced and that pay adjustments are affordable to the organisation
- Ensure a remuneration mix that will attract the best talent in the market and retain top talent in the organisation
- Align executives to shareholder interest by linking STI and LTI to performance indicators not limited to financial indicators

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 below table shows the relationship between the Group's strategy, its pay for performance philosophy and requirements set out in the King IV:

Strategic objective: Maximise shareholder value and return sustainably	
Strategic aspiration: 15% return on investment year on year	
Annual target: R 554 million EBIT	
Strategic goals	
Enhance shareholder value Maximise growth opportunities Diversity revenue sources	Achieve objectives
Transformation and skills development	Spend resources wisely
Reduced cost of healthcare	Do it sustainably

Our deliverables, contained in our Balanced Scorecards (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 support the BSC above it, ultimately supporting the Group strategy.

Remuneration structure and relation to remuneration policy

The key components of our remuneration policy, structure and incentive targets are set out in the table below:

	Guaranteed Pay		Variable Pay	
Remuneration Element	**Base Pay**	**Benefits and Allowances**	**Short-Term Incentive (STI)**	**Long-Term Incentive Plan (LTIP)**
	Monthly salary	• Medical aid • Retirement fund[1] • Death benefit • Disability benefit	• Management performance bonus scheme • Management strategic incentive scheme	Vesting share scheme

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

	Guaranteed Pay		Variable Pay	
Remuneration Element	**Base Pay**	**Benefits and Allowances**	**Short-Term Incentive (STI)**	**Long-Term Incentive Plan (LTIP)**
Policy principles	• Broad bands are set with reference to industries. • For executives, benchmarks are derived from similar comparator groups. • Cost of annual increases are 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 with effective date of 1 July.	• Allowances are paid in terms of statutory requirements or policy. • Contributions to all benefits are made by both the employer and employee.	• A dual STI structure applies to all employees, managers and senior managers at Patterson grades D1 and above; however, participation is limited to only one scheme. • The STI consists of Group and individual performance targets. • Bi-annual and annual payments are approved by the Committee. • Payment is made in April and September respectively. • Production incentives are paid out quarterly whereas commissions are paid monthly.	• The LTIP 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 purposes of retention. • 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.
Policy application	• Salaries are paid monthly, including in countries other than South Africa. • Employees are eligible for adjustments when promoted to other positions; however, specific conditions apply.	• In addition to the standard basket of benefits, employees have the option to buy additional benefits at Group rates. • Beneficiaries of employees who pass away while in service receive additional benefits such as education.	• Group targets in terms of a BSC basis are set each year and cascaded. Business unit targets are also set in line with the approved business plans. • Individual targets are recorded in the performance contract with reference to the requirements of the role.	• Group performance targets include EBIT (40%), risk and audit management (10%) and strategic impact (50%).

Remuneration structure and relation to remuneration policy (continued)

Remuneration Element	Base Pay (Guaranteed Pay)	Benefits and Allowances (Guaranteed Pay)	Short-Term Incentive (STI) (Variable Pay)	Long-Term Incentive Plan (LTIP) (Variable Pay)
Objective of the element	Attraction and retention	• Comprehensive remuneration offering inclusive of cash and benefits • Retention	• Rewards Company and individual performance • Recognition, motivation, attraction and retention	• Rewards Company and individual performance • Rewards contribution to the Group's success • Attraction and retention
Eligibility	All employees		• Executive Committee members • General management[1], Senior management[2] and management[3] at corporate and business unit level	• Executive Committee members • General management at Group and business unit level • Senior managers and managers at Group and business unit level
Pay level is set through	Market benchmarking according to job family grouping, job grade and individual long-term performance.		• Hurdle rate for payment is the achievement of EBIT targets • Hurdle for individuals is individual performance targets (below target performance not reawarded)	• Participation subject to approval by Remuneration Committee • Allocation based on job grade with Remuneration Committee discretion
Number of participants			402	54

[1] General management is defined as positions at grade levels E1 to E3 on the Patterson grading scale.
[2] Senior management is defined as positions at grade levels D4 and D5 on the Patterson grading scale.
[3] Management is defined as positions at grade levels D1 to D3 on the Patterson grading scale.

Guaranteed pay

AfroCentric's policy is to reward its employees fairly and consistently according to their role and their individual contribution to the Group and its performance.

STIs

The strategic management incentive scheme is focused on the executive team as well as tier two managers, being those that report directly to the executive as well as employees selected for value contribution and scarce and critical skills.

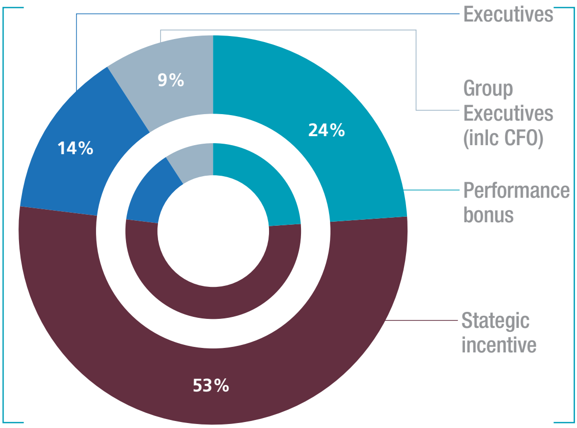
Strategic Management STI

STI = GP X On-target %		X	Business Multiplier			X	Personal performance multiplier	
			Based on below threshold – 0%, on-target – 100%, stretch – 150%				Performance rating	Range
Level			Measure 1	Measure 2	Measure 3		5	150%
Group CEO	60%		EBIT (40%)	Risk (10%)	Strategic impact (50%)		4	125%
Executive Director	60%						3	100%
Group CFO	45%						2	50%
Executive Committee	40 to 50%						1	0%

Earning potential between on-target and stretch performance is interpolated on a linear basis. Also, using the eligibility percentages, organisational and personal performance regulate actual bonus outcomes for the Group. The Group CEO's, CFO's and executives' performance are 100% based on the Group performance and relates to the 'business multiplier' component shown on the previous page.

Performance below threshold results in a zero score, and the individual will not be eligible for consideration for an STI award. This principle is central to all variants of incentive schemes.

STI pool distribution



Remuneration structure and relation to remuneration policy (continued)

During the 2017 financial year, an alternative STI or management performance bonus targeted at 100% of guaranteed monthly package was introduced at the request of the Remuneration Committee. Exceptional performance was rewarded with additional bonus payments as provided for in the rules. Due to the close relationship to financial targets, payment of any incentives in terms of the strategic management incentive scheme is done on the back of the audited financial results.

Unlike in the 2017 financial year, the gate-keeper target (EBIT) was met in the 2018 financial year, and the Committee approved STI payments at a 100% of the allowable bonus pool. The below graph shows the distribution of payments in respect of the various incentive schemes.

A total STI pool approved for distribution by the Committee in respect of the 2018 financial year was R79 157 million (2017: R60 568 million[1]).

All payments in relation to the strategic management incentive scheme, as well as the performance bonus scheme, were approved by the Committee. In addition, the Remuneration Committee approved the Group's performance areas for the 2018 financial year as well as long-term objectives over a three to five-year period, thus ensuring long-term business sustainability.

LTI Plan

2018 saw the LTI Plan approved by the Board and shareholders at the Annual General Meeting held on 8 November 2017 with a majority vote.

The LTI Plan is aimed at retaining, motivating and rewarding executives and senior management 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. It also, provides necessary market related remuneration, particularly at executive level.

The mechanism of the LTI Plan is shown below:

	Share appreciation rights
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 taking into account 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 • Potential or talent of the employee (in particular ability, attitude, aspiration)
Eligibility	Executives, general managers, senior managers and specialists
Conditions	Share award is conditional to the retention period provided employee is eligible

[1] *Represents the 75% bonus as result of a penalty applied by the Remuneration Committee.*

The first award has been made in terms of the registered rules and a total of 4 440 000 shares were awarded to participants. The allocations for all participants were approved by the Remuneration Committee. The Group CEO and Executive Directors do not participate in the LTI Plan.

Service contracts and notice periods

AfroCentric can terminate executive employment summarily for any reason recognised by law in the respective jurisdiction.

It is the policy that the Executive Directors and executives have employment agreements with the Group which may be terminated with notice periods of three months. 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).

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 taking into account 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.

Unvested share awards

Outstanding unvested bonus awards would lapse if the Executive Director or prescribed officer leaves by reason of resignation or termination for gross misconduct. However, in the case of death, the Executive Director (through his/her estate) will continue to be eligible to be considered for unvested portions or deferred awards, subject to the rules of the plan. In instances of termination on the basis of injury, disability, ill-health, retirement or redundancy, unvested shares will be managed in accordance with the rules of the plan.

Any unvested shares in the case of misconduct will lapse with immediate effect.

ANNEXURE 5 – IMPLEMENTATION OF THE REMUNERATION REPORT AND REMUNERATION POLICY

The implementation report details the principles implemented in 2018.

Fixed remuneration increases

Recognising the need to remunerate executive management fairly and responsibly in the context of overall remuneration, we award higher increases to bargaining unit employees than to executive levels as shown. Increases in respect of the bargaining unit are negotiated annually with NEHAWU, the recognised labour union, taking into account a variety of internal and external factors such as affordability, market conditions, benchmark information, to name but a few.

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory notes in terms of the notice of annual general meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes excised at the annual general meeting, the Board of Directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections and will, where possible and prudent, given the objectives of the remuneration policy, take objections into consideration when formulating any amendments to the company's remuneration policy and implementation report in the following financial year.

Remuneration increase (%)

Executive and Non-executive Directors' remuneration

Non-executive Directors

The table below sets out the remuneration principles applied by the Group for the 2018 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 2017.

	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 but also 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 (continued)

The below table sets out the fees for the period 1 January 2018 to 31 December 2018 approved by means of majority vote during the Annual General Meeting.

	Approved 2018 (R)	Current 2017 (R)	Increase (%)
Main Board (annualised retainer fee)			
Chairman	**1 200 000**	833 000	Benchmarked
Deputy Chairman	**900 700**	861 000	Benchmarked
Member	**223 000**	209 400	6.5
Subsidiary Board (per meeting)			
Chairman	**20 400**	19 155	6.5
Member	**15 000**	14 047	6.5
Audit and Risk Committee (per meeting)			
Chairperson	**27 200**	25 539	6.5
Member	**20 000**	18 574	6.5
Remuneration Committee (per meeting)			
Chairperson	**20 400**	19 155	6.5
Member	**15 000**	14 047	6.5
Nomination Committee (per meeting)			
Chairperson	**20 400**	19 155	6.5
Member	**15 000**	14 047	6.5
Social and Ethics Committee (per meeting)			
Chairperson	**20 400**	19 155	6.5
Member	**15 000**	14 047	6.5
Investment Committee (per meeting)			
Chairperson	**20 400**	19 155	6.5
Member	**15 000**	14 047	6.5
ICT Steering Committee (per meeting)			
Member	**15 000**	14 047	6.5

Payments made to Non-executive Directors

The below fees were paid in respect of the ACT Board

Name of Director	Board fees (R)	Audit Committee (R)	Remuneration Committee (R)	SEC (R)	ICT Steerco (R)	Nominations (R)	Investment Committee (R)	Total current year 2017 – 2018 (R)	Total previous year 2016 – 2017 (R)
AT Mokgokong	714 250	–	–	–	–	20 400	–	**734 650**	261 060
MJ Madungandaba	639 919	–	61 200	–	–	–	61 200	**816 319**	323 461
A Banderker	216 200	–	58 094	–	–	15 000	87 141	**376 435**	260 888
I Kirk	216 200	–	–	–	–	–	–	**216 200**	204 700
SE Mmakau	216 200	154 296	–	–	63 202	–	–	**433 698**	174 469
ND Munisi	216 200	–	–	59 955	–	–	15 000	**291 155**	223 855
LL Dhlamini	216 200	210 956	–	–	–	–	–	**427 156**	281 317
GH Motau	200 998	97 148	–	–	–	–	–	**298 146**	34 900
R Mundalamo	–	–	59 047	–	–	–	–	**59 047**	–
Total	2 690 167	462 400	178 341	59 955	63 202	35 400	163 341	**3 652 806**	1 764 650

Mr Michael (Motty) Sacks and Meyer Kahn waived all fees.

Fees paid in respect of AHL Board

The AHL Board was incorporate into the ACT Board effective 1 January 2018 and hence fees received are for the period 1 July 2017 to 31 December 2017.

Name of Director	Status	Board fees (R)	Audit and Risk Committee (R)	Remuneration Committee (R)	Other committees (R)	Total current year 2017 – 2018 (R)	Total year 2016 – 2017 (R)
AT Mokgokong	Active	324 929				**324 929**	649 858
MJ Madungandaba	Active	207 338				**207 338**	504 375
A Banderker	Active	207 338				**207 338**	441 508
Total		739 605				**739 605**	1 595 741

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

Executive management remuneration

To maintain a high-performance culture and an 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 (GP), STI and LTI for the Group CFO[1] at below, on-target and stretch levels. The below target assumes no STI payments.

Payments made to Executive Directors

Antoine van Buuren – Group CEO

The Group CEO does not participate in the LTI scheme.

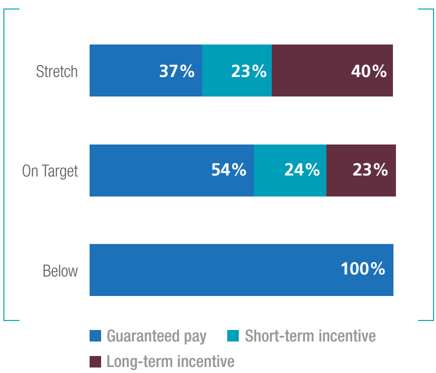
	2017 (R)	2018 (R)
Salary	3 488 792	**3 740 377**
Medical aid	27 758	**17 755**
Retirement benefits	191 991	**209 918**
Other employee benefits		**20 377**
Total fixed remuneration	3 708 541	**3 988 428**
Increase in guaranteed pay	6.5%	**7%**
STI	1 533 000[2]	**2 689 391[3]**
Total variable remuneration	1 533 000	**2 689 391**
Total remuneration	5 241 541	**6 677 819**

[1] *Group CEO and Executive Directors participate only in the STI and not the LTI Plan.*

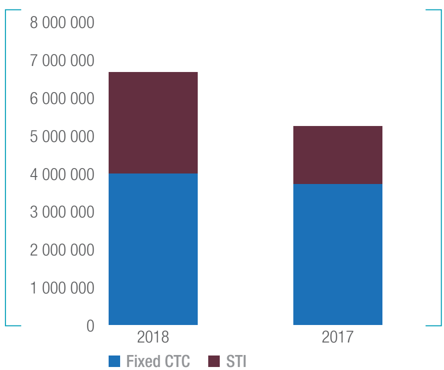
[2] *Incentive pay-out calculated at 75% of the allowable bonus.*

[3] *Relates to the FY2017.*

Executive management remuneration (%)



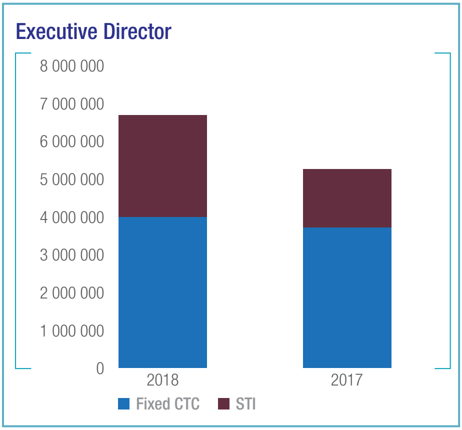
Group CEO



Willem Britz – Executive Director

Executive Directors do not participate in the LTI scheme with the exception of the Group CFO.

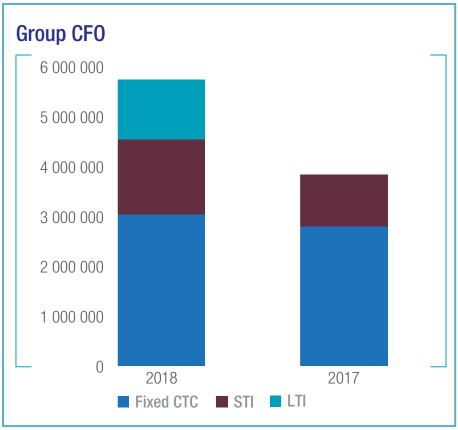
	2017 (R)	2018 (R)
Salary	3 376 407	**3 646 973**
Medical aid	140 143	**103 672**
Retirement benefits	191 991	**197 028**
Other employee benefits		**40 753**
Total fixed remuneration	3 708 541	**3 988 428**
Increase in guaranteed pay	6.5%	**7%**
STI	1 533 000	**2 689 391**
Total variable remuneration	1 533 000	**2 689 391**
Total remuneration	5 241 541	**6 677 819**



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

Hannes Boonzaaier – Group CFO

	2017 (R)	2018 (R)
Salary	2 593 947	**2 824 019**
Medical aid	65 594	**42 152**
Retirement benefits	135 204	**150 565**
Other employee benefits		**31 143**
Total fixed remuneration	2 794 745	**3 030 644**
Increase in guaranteed pay	13.3%	**7%**
STI	1 043 544	**1 509 468**
Number of shares awarded[1]		**200 000**
Value of awarded Shares		**1 208 000**
Total variable remuneration	1 043 544	**2 717 468**
Total remuneration	3 838 290	**5 748 112**



Termination of office payments

No payments were made on termination of employment or office of any members of the 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 2018 Annual General Meeting. Accordingly, shareholders are requested to cast an advisory vote on the implementation of the remuneration policy for 2018.

Approval of the remuneration report by the Board of Directors

The remuneration report was approved by the Board of Directors on 12 September 2018.

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

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	53 206 770	9.60
MJ Madungandaba	–	97 818 886	21 761 697	119 580 583	21.57
JM Kahn	18 535 608	–	–	18 535 608	3.34
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

Directors ordinary shareholdings as at 30 June 2017

Director	Direct beneficial	Indirect beneficial	Held by associate	Total	%
ATM Mokgokong (Chairperson)	1 707 926	42 146 880	7 292 133	51 146 939	9.22
MJ Madungandaba	–	97 868 886	17 014 979	114 883 865	20.72
JM Kahn	18 535 608	–	–	18 535 608	3.34
MI Sacks	17 579 938	–	–	17 579 938	3.17
AV Van Buuren	–	29 874 896	–	29 874 896	5.39
JW Boonzaaier	2 500	–	–	2 500	0.00
WH Britz	–	29 874 896	–	29 874 896	5.39
NB Bam (Resigned 1 November 2016)	150 000	–	–	150 000	0.03
JG Appelgryn (Resigned 1 November 2016)	1 447	–	–	1 447	0.00
	37 977 419	199 765 558	24 307 112	262 050 089	47.26

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
2018		
Community Healthcare Holdings (Pty) Ltd	123 195 189	22.22
WAD Holdings (Pty) Ltd	88 889 689	16.03
Golden Pond Trading 175 (Pty) Ltd	69 084 752	12.46
ARC Health (Pty) Ltd	48 765 030	8.79
Total	329 934 660	59.50

Public/non-public shareholders

Public/non-public shareholder spread	Number of shareholders	Number of shares	% of shares in issue
2018			
Non-public shareholders	19	284 688 102	51.35
Directors and Associates	15	270 260 903	48.75
Treasury and Empowerment trusts	4	14 427 199	2.60
Public Shareholders	4 185	269 689 226	48.65
Total	4 204	554 377 328	100

Ordinary shareholders

Shareholder spread	Number of shareholders	% of Total shareholders	Number of shares	% of shares in issue
1 – 1 000 shares	947	22.53%	338 442	0.06
1 001 – 10 000 Shares	1,927	45.84%	9 500 434	1.71
10 001 – 100 000 shares	1,141	27.14%	32 806 648	5.92
100 001 – 1 000 000 shares	156	3.71%	48 294 463	8.71
Over 1 000 000 shares	33	0.78%	463 437 341	83.60
Total	4 204	100	554 377 328	100

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
Individuals	3 793	90.22%	90 279 141	16.28
Nominees and trusts	178	4.23%	29 156 553	5.26
Other corporate bodies	129	3.07%	72 430 762	13.07
Treasury	3	0.07%	1 999 999	0.36
Private companies	80	1.90%	359 726 175	64.89
Close corporations	21	0.51%	784 698	0.14
Total	4 204	100	554 377 328	100

ANNEXURE 8 – SHARE CAPITAL

	2018 R'000	2017 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		
554 377 328 (June 2017: 554 377 328) ordinary shares of 1 cent each	**18 686**	18 686
– Opening balance	**18 686**	18 686
– Issue of share capital	**–**	–
	18 686	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 2018 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.

ANNEXURE 11 – COMPANY INFORMATION

Directors

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

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

Company Secretary

B Mokale

Sponsor

Sasfin Capital (A member of the Sasfin Group)

Transfer secretaries

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Proprietary Limited
Rosebank Towers
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Rosebank
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Tel: +27 861 100933

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1988/000570/06


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