

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page.

Action required by AfroCentric Shareholders

- This entire Circular is important and should be read with particular attention to the section titled “Action Required by AfroCentric Shareholders”, which commences on page 2 of this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Shares, please forward this Circular together with the attached form of proxy, to the purchaser of such Shares or the Broker or other agent through whom you disposed of such Shares.
- AfroCentric does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Dematerialised Shareholder of the Transaction and actions set out in this Circular.
- The General Meeting convened in terms of this Circular will be held on Monday, 7 September 2015 at 10:00 at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort.



AfroCentric
GROUP

AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share Code: ACT ISIN: ZAE000078416
 (“AfroCentric” or “the Company”)

CIRCULAR TO AFROCENTRIC SHAREHOLDERS

regarding:

- the subscription by Sanlam, or its nominee, for AHA Shares representing 28.7% of the total issued share capital of AHA after such subscription for a cash amount of R703 million

and incorporating:

- a notice convening the General Meeting; and
 - a form of proxy in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Own-Name Shareholders only)
-

Sponsor

sasfin
Capital

Sasfin Capital
A division of Sasfin Bank Limited

Corporate advisor



Sinergi Corporate Advisors
Proprietary Limited

Independent reporting accountant

Sizwe
Ntsaluba
Gobodo

AUDIT • ADVISORY • FORENSICS
SizweNtsalubaGobodo Inc.

Joint legal advisors



Attorneys, Notaries and Conveyancers

HR Levin Attorneys,
Notaries and Conveyancers



Rothbart Ingham Inc

Date of issue: Monday, 3 August 2015

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of AfroCentric, the Sponsor and the Transfer Secretaries at their respective addresses set out in the “Corporate Information and Advisors” section of this Circular, from the date of issue hereof until the date of the General Meeting.

CORPORATE INFORMATION AND ADVISORS

COMPANY SECRETARY AND REGISTERED OFFICE OF AFROCENTRIC

Shireen Lutchan
37 Conrad Street
Florida North, 1709
Johannesburg
(Private Bag, X34, Benmore, 2010)

Date and place of incorporation of AfroCentric
3 February 1988, Pretoria, South Africa

CORPORATE ADVISOR

Sinergi Corporate Advisors Proprietary Limited
(Registration number 2004/011875/07)
3rd Floor, Global House
28 Sturdee Avenue
Rosebank, 2196
Johannesburg
(PO Box 44470, Linden, 2104)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

CORPORATE INFORMATION RELATING TO AHA

ACT Healthcare Assets Proprietary Limited
(Registration number 2008/025969/07)
37 Conrad Street
Florida North, 1709
Johannesburg
(Private Bag, X34, Benmore, 2010)

Date and place of incorporation of AHA
4 November 2008, Pretoria, South Africa

SPONSOR

Sasfin Capital
(A division of Sasfin Bank Limited)
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
Johannesburg
(PO Box 95104, Grant Park, 2051)

INDEPENDENT REPORTING ACCOUNTANT

SizweNtsalubaGobodo Inc.
(Registration number 2005/034639/21)
20 Morris Street East
Woodmead, 2191
(PO Box 2939, Saxonwold, 2132)

JOINT LEGAL ADVISORS

Rothbart Ingham Incorporated
(Registration number 2013/117376/21)
118 Ivy Road
Norwood, 2192
(PO Box 95237, Ground Park, 2051)

JOINT LEGAL ADVISORS

HR Levin Attorneys
64 Kent Road
Corner Oxford Road
Dunkeld, 2196
(PO Box 52235, Saxonwold, 2132)

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ACTION REQUIRED BY AFROCENTRIC SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by AfroCentric Shareholders.

- If you have disposed of all of your Shares, this Circular should be handed to the purchaser of such Shares or the CSDP, Broker, banker, attorney or other agent who disposed of your Shares for you.
- If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- This Circular contains information relating to the Transaction and the WAD Acquisition. You should carefully read this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting. The General Meeting, convened in terms of the Notice incorporated in this Circular, will be held at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort, on Monday, 7 September 2015 commencing at 10:00, to consider and, if deemed fit, to pass, with or without modification, the Resolutions set out in the Notice.

1. IF YOU HAVE DEMATERIALISED YOUR SHARES

1.1 “Own-Name” Registration

You are entitled to attend in person, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Thursday, 3 September 2015.

1.2 Other than “Own-Name” Registration

You are entitled to attend in person, or be represented by proxy, at the General Meeting. You must not however, complete the attached form of proxy. You must advise your CSDP or Broker timeously if you wish to attend, or be represented at the General Meeting. If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the General Meeting, your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

2. IF YOU HOLD CERTIFICATED SHARES

You are entitled to attend, or be represented by proxy, at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Thursday, 3 September 2015.

SALIENT DATES AND TIMES

2015

Record Date for Shareholders to be recorded in the Register in order to receive this Circular on	Friday, 24 July
Circular containing the Notice convening the General Meeting posted to Shareholders on	Monday, 3 August
Notice convening the General Meeting published on SENS on	Monday, 3 August
Last Day to Trade in Shares in order to be recorded in the Register to vote at the General Meeting on (see note 3 below)	Friday, 21 August
Record Date for Shareholders to be recorded in the Register in order to be eligible to vote at the General Meeting on	Friday, 28 August
Forms of proxy for the General Meeting to be received by the Transfer Secretaries by 10:00 on (see note 4 below)	Thursday, 3 September
General Meeting held at 10:00 on	Monday, 7 September
Results of the General Meeting published on SENS on	Monday, 7 September

Notes:

1. The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this information on important dates and times.
2. The above dates and times are subject to amendment. Any amendment to the dates and times will be published on SENS.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore persons who acquire Shares after the Last Day to Trade will not be eligible to vote at the General Meeting.
4. A Shareholder may submit a form of proxy at any time before the commencement of the General Meeting (or adjourned or postponed General Meeting) or hand it to the chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder rights at the General Meeting (or adjourned or postponed General Meeting), provided that should a Shareholder lodge a form of proxy with the Transfer Secretaries less than 48 hours (excluding Saturdays, Sundays and official public holidays) before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the chairman of the General Meeting before the appointed proxy/ies exercises any of such Shareholder's rights at the General Meeting (or adjourned or postponed General Meeting).
5. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
6. All times given in this Circular are local times in South Africa.

DEFINITIONS AND INTERPRETATIONS

In this Circular, and the annexures hereto, unless otherwise stated or the context otherwise clearly indicates, the words in the first column shall have the meaning stated opposite them in the second column. Words in the singular shall include the plural and vice versa, words signifying any one gender shall include the other genders and references to natural persons shall include juristic persons and associations of persons:

“ABSA Bank”	ABSA Bank Limited, (Registration number 1986/004794/06), a public company duly incorporated in accordance with the laws of South Africa;
“the Act” or “the Companies Act”	the Companies Act, Act 71 of 2008, as amended;
“ACT Funding”	ACT Funding Proprietary Limited, (Registration number 2008/026008/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of AfroCentric;
“Activo”	Activo Health Proprietary Limited, (Registration number 2009/009541/07), a private company duly incorporated in accordance with the laws of South Africa;
“AfroCentric” or “the Company”	AfroCentric Investment Corporation Limited, (Registration number 1988/000570/06), a public company duly incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the Main Board of the exchange operated by JSE;
“AfroCentric Shareholders” or “Shareholders”	holders of AfroCentric Shares;
“AfroCentric Shares” or “Shares”	the ordinary shares in the capital of AfroCentric with a par value of 1 cent each, which are listed on the Main Board of the JSE;
“AHA”	ACT Healthcare Assets Proprietary Limited, (Registration number 2008/025969/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly owned Subsidiary of AfroCentric;
“AHA Group”	AHA and its Subsidiaries and associates from time to time;
“AHA Group’s Full Year Headline Earnings”	AHA Group’s full year headline earnings being, consolidated earnings after tax before minority interests and exceptional items (after tax) all calculated in accordance with IFRS and excluding certain items set out in the Subscription Agreement which include <i>inter alia</i> : <ul style="list-style-type: none">• once-off or exceptional items other than those agreed between the parties;• earnings derived during the 2017 financial year from any acquisitions or subscriptions which have been made during the period between the Subscription Date and 30 June 2017; and• profit derived, directly or indirectly from any entity or business acquired pursuant to the WAD Acquisition or the supply of medicine to retailers or pharmacies;
“AHA Shares”	ordinary shares in the capital of AHA, with a par value of R1 each;
“AHL”	AfroCentric Health Limited, (Registration number 2006/005087/06), a public company duly incorporated in accordance with the laws of South Africa, and a 94.1% Subsidiary of AHA. The remaining 5.9% of AHL is held by a wide base of medical practitioners. Mr SM Rothbart of the joint Legal Advisor Rothbart Ingham Inc., is a director of AHL;
“Board” or “Directors”	the current board of directors of AfroCentric whose names are set out on page 8 of this Circular;
“Britz”	Willem Hermanus Britz, Identity number 640901 5052 084;
“Broker”	a stockbroker as defined in the Financial Markets Act, or its duly authorised nominee;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Cents”	South African cents;
“Certificated Shares”	Shares represented by share certificates or other physical Documents of Title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Circular”	this bound document distributed to Shareholders, dated 3 August 2015, including its annexures, the Notice and the form of proxy;
“Commercial Terms”	the commercial terms regarding the acquisition of the WAD Assets agreed to by WAD, AfroCentric, Britz, van Buuren and van Rensburg on 30 September 2014;
“Co-Operation Agreement”	the co-operation agreement entered into between Sanlam Limited and AHA on 4 June 2015, setting out the terms on which Sanlam Limited and AHA will co-operate, which agreement is conditional upon the Subscription Agreement becoming unconditional;
“CSDP”	a Central Securities Depository Participant that holds in custody and administers securities or an interest in securities and that has been registered as a participant by a licensed central securities depository in terms of the Financial Markets Act;

“Competition Act”	the Competition Act, Act No 89 of 1998, as amended;
“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act or the tribunal established pursuant to Chapter 4, Part B of the Competition Act or the appeal court established pursuant to Chapter 4, Part C of the Competition Act;
“Corporate Advisor” or “Sinergi”	Sinergi Corporate Advisors Proprietary Limited, (Registration number 2004/011875/07), a private company duly incorporated in accordance with the laws of South Africa. Mr JG Appelgryn is a director and shareholder of Sinergi;
“Curasana”	Curasana Wholesaler Proprietary Limited, (Registration number 2003/021824/07), a private company duly incorporated in accordance with the laws of South Africa;
“Dematerialised” or Dematerialisation”	the process by which Certificated Shares are converted to, or held in an electronic form as uncertificated Shares and are recorded in the sub-register of Shareholders maintained by a CSDP;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Dematerialised Shareholders”	Shareholders who hold Shares which have been Dematerialised in terms of the requirements of Strate;
“Dematerialised Own-Name Shareholders”	Dematerialised Shareholders who have instructed their CSDP to hold their Shares in their own name on the sub-register;
“Documents of Title”	Share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the AfroCentric Shares in question acceptable to the Board;
“EPS”	earnings per Share;
“Financial Effects”	the <i>pro forma</i> financial effects of the WAD Acquisition and the Transaction, the details of which have been set out in paragraph 5 and Annexure 8 of this Circular;
“Financial Markets Act”	the Financial Markets Act No. 19 of 2012, as amended;
“Further Subscription Price”	the aggregate subscription price of R109 260 000 to be paid by Sanlam to AHA if the WAD Closing Date occurs after the Subscription Date and Sanlam subscribes for the Further Subscription Shares;
“Further Subscription Shares”	such number of AHA Shares as will ensure Sanlam’s shareholding in AHA is restored to 28.7% of all AHA Shares in issue, if the WAD Closing Date occurs after the Subscription Date;
“General Meeting”	the General Meeting of Shareholders to be held at 10:00 on Monday, 7 September 2015 at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort, to consider and if deemed fit, to approve, with or without modification, the Resolutions proposed in the Notice;
“Glen Eden”	Glen Eden Trading 58 Proprietary Limited, (Registration number 2012/194890/07), a private company duly incorporated in accordance with the laws of South Africa;
“Group” or “AfroCentric Group”	AfroCentric and its Subsidiaries and Associates from time to time;
“HEPS”	headline earnings per Share;
“IFRS”	International Financial Reporting Standards as issued by the board of the International Accounting Standards Committee, from time to time;
“Independent Reporting Accountant” or “SNG”	SizweNtsalubaGobodo Inc. (Registration number 2005/034639/21), a private company duly incorporated in accordance with the laws of South Africa;
“Interim Results”	AfroCentric’s reviewed interim results for the six months ended 31 December 2014 published on SENS on 30 March 2015;
“Joint Legal Advisors” or “HR Levin” and/or “RI Inc.”	HR Levin Attorneys, Notaries and Conveyancers, a firm of attorneys; and Rothbart Ingham Inc. (Registration number 2013/117376/21), a private company duly incorporated in accordance with the laws of South Africa;
“JSE”	JSE Limited, (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act, and listed on the exchange operated by the JSE;
“JSE Listings Requirements”	the JSE Limited Listings Requirements, as amended from time to time;
“Last Day to Trade”	Friday, 21 August 2015, being the last day to trade in the Shares in order to be reflected in the Register on the Record Date;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Circular, being Wednesday 22 July 2015;
“Management Fee Agreement”	the management fee agreement in respect of the management fee to be paid by AHL to AfroCentric in respect of services to be provided by AfroCentric to AHL;
“Material Adverse Change”	any development or event (or any development or event involving a prospective change of which AHA and/or AfroCentric is, or might reasonably be expected to be, aware affecting any member of the AHA Group) which will or is reasonably likely in the reasonable opinion of Sanlam to have a material adverse effect on the condition (financial, operational, legal or otherwise), prospects, solvency, liquidity, management, results of operations, financial position, business or general affairs of the AHA Group (taken as a whole), whether or not foreseeable and whether or not arising in the ordinary course of business of the AHA Group;

“Medscheme”	Medscheme Holdings Proprietary Limited, (Registration number 1970/015014/07), a private company duly incorporated in accordance with the laws of South Africa and a wholly owned Subsidiary of AHL;
“MOI” or “Memorandum of Incorporation”	the memorandum of incorporation of AfroCentric, or as the context may require any or all of its Subsidiaries;
“NAVPS”	net asset value per Share;
“Notice”	the notice of General Meeting forming part of this Circular in terms of which the General Meeting is convened;
“NTAVPS”	net tangible asset value per Share;
“Own-Name Registration”	the registration of Shareholders who hold Dematerialised Shares and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
“Parties” or “Party”	collectively, AfroCentric, AHA, AHL and Sanlam;
“Pharmacy Direct”	Pharmacy Direct Proprietary Limited, (Registration number 2003/031934/07), a private company duly incorporated in accordance with the laws of South Africa;
“Pre WAD Subscription Price”	the aggregate subscription price of R593 740 000 to be paid by Sanlam to AHA on the Subscription Date, if on the Subscription Date, the WAD Closing Date has not occurred;
“Prime”	the rate of interest which ABSA Bank from time to time quotes as being its prime rate, calculated daily on a 365-day year basis and compounded monthly in arrear, as certified by any manager or director of ABSA Bank;
“Rand” or “R”	Rand, the legal currency of South Africa;
“Record Date”	Friday, 28 August 2015, being the date on which Shareholders must be recorded in the Register in order to vote at the General Meeting;
“Register”	the securities register of AfroCentric maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act, including AfroCentric’s uncertificated securities register;
“Relationship Agreement”	the relationship agreement entered into between Sanlam Limited and AfroCentric on 4 June 2015, in terms of which the relationship between Sanlam Limited and AfroCentric pursuant to the Subscription Agreement will be regulated, which agreement is conditional upon the Subscription Agreement becoming unconditional;
“Resolutions”	the resolutions contained in the Notice, which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, approve the Transaction, as is required in terms of the JSE Listings Requirements;
“SAICA Guide”	the Guide on <i>Pro Forma</i> Financial Information issued by the South African Institute of Chartered Accountants;
“Sanlam”	Sanlam Life Insurance Limited, (Registration number 1998/021121/06), a public company duly incorporated in accordance with the laws of South Africa and a wholly owned Subsidiary of Sanlam Limited;
“Sanlam Group”	the group of companies comprising Sanlam Limited and its Subsidiaries from time to time;
“Sanlam Limited”	Sanlam Limited, (Registration number 1959/001562/06), a public company duly incorporated in accordance with the laws of South Africa and the ordinary shares of which are listed on the Main Board of the exchange operated by JSE;
“Sanlam Subscription”	the subscription by Sanlam, or its nominee, for AHA Shares representing 28.7% of the total issued share capital of AHA after such subscription in terms of the Subscription Agreement at the Subscription Price;
“Sanlam Investment” or “Transaction”	
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders’ Agreement”	the shareholders’ agreement entered into between Sanlam, AfroCentric and AHA on 4 June 2015 regulating the relevant parties’ shareholding in AHA pursuant to the Sanlam Subscription, which agreement is conditional upon the Subscription Agreement becoming unconditional;
“South Africa”	the Republic of South Africa;
“Sponsor” or “Sasfin”	Sasfin Capital, a division of Sasfin Bank Limited (Registration number 1951/002280/06), a public company duly incorporated in accordance with the laws of South Africa and the JSE sponsor of AfroCentric;
“Strate”	Strate Proprietary Limited, (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa and a registered central securities depository which operates the electronic settlement for transactions that take place on the exchange operated by JSE and off-market transactions;

“Subscription Agreement”	the subscription agreement, entered into between Sanlam, AfroCentric and AHA, on 4 June 2015, governing the terms and conditions of the Sanlam Subscription;
“Subscription Conditions”	certain outstanding conditions precedent to the Sanlam Subscription, as detailed in paragraph 2.3 of this Circular;
“Subscription Date”	the second Business Day after the date of fulfilment or waiver, as the case may be, of the last of the Subscription Conditions;
“Subscription Price”	the cash subscription price of R703 million in respect of the Sanlam Subscription which, if applicable, comprises the Pre WAD Subscription Price and the Further Subscription Price on the basis set out in paragraph 2.5.1;
“Subscription Shares”	such number of AHA Shares which after their issue will constitute 28.7% of the issued share capital of AHA and which are the subject of the Sanlam Subscription;
“Subsidiary”	a subsidiary as defined in the Companies Act;
“Transaction Agreements”	collectively the Subscription Agreement, the Co-Operation Agreement, the Shareholders’ Agreement and the Relationship Agreement;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/06), a private company duly incorporated in accordance with the laws of South Africa;
“van Buuren”	Antoine Vorster van Buuren, Identity number 631213 5048 083;
“van Rensburg”	Daniel Theodorus Janse van Rensburg, Identity number 720923 5038 080;
“WAD”	WAD Holdings Proprietary Limited, (Registration number 2012/194773/07), a private company duly incorporated in accordance with the laws of South Africa;
“WAD Acquisition”	the acquisition by AfroCentric of the WAD Assets from WAD and its Subsidiaries, the commercial terms of which were agreed on 30 September 2014, for an aggregate upfront purchase consideration of R400.7 million, the majority of which was settled through the issue of AfroCentric Shares, further details of which has been set out in Annexure 10 to this Circular;
“WAD Acquisition Agreement”	the definitive sale of shares agreement (subsequently amended in terms of addenda one to four) entered into between WAD, AfroCentric, Britz, van Buuren and van Rensburg on 10 March 2015 further to the Commercial Terms. Further details of the WAD Acquisition Agreement are set in Annexure 10 to this Circular;
“WAD Assets”	the various healthcare and related assets of WAD and its Subsidiaries that were acquired by AfroCentric, full details of which has been set out in Annexure 10 to this Circular;
“WAD Closing Date”	the date on which, the WAD Acquisition, becomes unconditional and has been implemented in full in accordance with its terms and the WAD Restructure has been implemented in full. The WAD Acquisition became unconditional on 7 July 2015;
“WAD Restructure”	the sale by AfroCentric of the shares in and claims on loan account against the WAD Assets to AHA;
“Warranties”	the warranties contained in the Subscription Agreement;
“Warrantors”	collectively WAD, Britz, van Rensburg and van Buuren in respect of the WAD Acquisition; and
“Year End Results”	AfroCentric’s abridged audited consolidated financial statements for the year ended 30 June 2014 published on SENS on 30 September 2014.



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share Code: ACT ISIN: ZAE000078416
("AfroCentric" or "the Company")

DIRECTORS

Non-executive

ATM Mokgokong (*Chairman*)

JM Kahn (*Founder*)

MI Sacks (*Founder*)

JG Appelgryn

MJ Madungandaba

Independent non-executive

Y Masithela

G Napier

NB Bam

Executive

D Dempers (*Chief Executive Officer*)

WRC Holmes (*Chief Financial Officer*)

CIRCULAR TO AFROCENTRIC SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Introduction

1.1.1 In joint announcements published on SENS on 30 September 2014 and 4 June 2015, Shareholders were advised that AfroCentric and Sanlam had, subject to Shareholder approval and the fulfilment or waiver, as the case may be, of certain suspensive conditions, concluded the Transaction Agreements in terms of which Sanlam, or its nominee, will *inter alia* subscribe for a 28.7% interest in the issued ordinary share capital of AHA for a cash subscription price of R703 million.

1.1.2 In a separate announcement on 30 September 2014, Shareholders were further advised that AfroCentric had concluded agreements governing the acquisition by AfroCentric of the WAD Assets from WAD and its Subsidiaries for an aggregate upfront purchase consideration of R400.7 million, the majority of which would be settled through the issue of AfroCentric Shares to WAD. The WAD Acquisition became unconditional on 7 July 2015. Full details of the WAD Acquisition have been included in Annexure 10.

1.1.3 In terms of the Subscription Agreement, pursuant to the WAD Closing Date, Sanlam, or its nominee, are entitled to subscribe for such number of AHA Shares as will ensure that it will acquire a 28.7% shareholding in AHA at the Subscription Price.

1.1.4 The Sanlam Subscription is subject to the fulfilment or waiver, as the case may be, of the Subscription Conditions set out in paragraph 2.3 of this Circular.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with the requisite information in accordance with the JSE Listings Requirements regarding the Sanlam Subscription and to enable Shareholders to make an informed decision as to how they will vote in respect of the Resolutions set out in the Notice incorporated in this Circular.

2. THE TRANSACTION

2.1 Background

AfroCentric, AHA and Sanlam have entered into the Subscription Agreement, in terms of which Sanlam, or its nominee, will subscribe for a 28.7% interest in the issued ordinary share capital of AHA for the Subscription Price. AHA is currently a wholly-owned Subsidiary of AfroCentric, which owns 94.1% of AHL, which in turn owns 100% of Medscheme.

2.2 Rationale

2.2.1 AfroCentric is a black-controlled, diversified investment holding company. AfroCentric holds a substantial 94.1% majority stake in AHL, indirectly, through AHA. Subsequent to the Sanlam Investment, AfroCentric's indirect interest in AHL will be 67.1% and Sanlam's indirect interest will be 27%. AHL owns 100% of the issued share capital in Medscheme, a multi-medical scheme administrator and managed care provider. As the largest health risk management services provider and third largest medical scheme administrator in South Africa, Medscheme's focus is to achieve sustainability through innovation, effective health risk management, complemented by a drive for operational and service excellence. Medscheme has over 3.2 million lives under management. Medscheme's healthcare management expertise has been gained over 41 years, which includes several years of experience with the Government Employees Medical Scheme, Bonitas and Fedhealth. Although Medscheme is essentially a South African enterprise, the Group has a meaningful presence in Botswana, Namibia, Mauritius, Swaziland, Kenya and Zimbabwe. Medscheme's operations in Mauritius provide a platform for further international expansion. Health management and technical support services are provided to clients in the Republic of Ireland out of the Medscheme Mauritius office.

2.2.2 The Sanlam Group is one of the largest financial services groups in South Africa, with business interests elsewhere in Africa, Europe, Australia, the United States of America, India and South East Asia. With Sanlam's extensive local and global distribution network and suite of financial products, together with the medical administration capabilities and membership base under management of AHL, the investment by Sanlam will establish a platform for the joint pursuit and expansion of the parties' traditional activities as part of an expanded administration and managed healthcare business model.

2.3 Suspensive conditions and effective dates

2.3.1 *The Subscription Conditions*

The Sanlam Subscription is conditional upon the fulfilment or waiver, as the case may be of the following outstanding conditions precedent:

- 2.3.1.1 the parties obtaining the necessary shareholder approvals at the General Meeting;
- 2.3.1.2 the parties obtaining the necessary regulatory approvals including, to the extent required, that of the Competition Authorities;
- 2.3.1.3 Sanlam and AfroCentric agreeing on an investment in a low risk liquid product provided by Sanlam with regard to the investment by AfroCentric of R150 million which will only be realised and released and be repaid to AfroCentric on 30 June 2017 or such earlier date agreed by Sanlam and AfroCentric in writing;
- 2.3.1.4 AHA, having procured that each of AHA, AHL, Medscheme and any other relevant members of the AHA Group, shall have adopted a new memorandum of incorporation in a form satisfactory to Sanlam;
- 2.3.1.5 no Material Adverse Change shall have occurred before the date two Business Days before the date of the Sanlam Subscription;
- 2.3.1.6 AfroCentric and Dewald Dempers shall have entered into an employment agreement in respect of Mr Dempers' appointment on 10 September 2012, as the Chief Executive Officer of AfroCentric; and
- 2.3.1.7 the Management Fee Agreement shall have been entered into on terms satisfactory to Sanlam and shall have become unconditional in accordance with its terms.

2.3.2 *The effective date of the Sanlam Subscription*

The Sanlam Subscription will become effective on the Subscription Date.

2.4 Subscription consideration

2.4.1 The subscription price in respect of the Sanlam Subscription shall be the Subscription Price, payable on the Subscription Date.

2.4.2 The entire amount of the Subscription Price shall be utilised by AHA to settle outstanding loan accounts with AfroCentric and its Subsidiary ACT Funding. After the settlement of the loans referred to hereinabove, AHA shall have no liabilities. ACT Funding will in turn use the cash received to settle the ABSA Bank borrowings detailed in Annexure 9 of this Circular while AfroCentric will invest R150 million in accordance with paragraph 2.3.1.3 of this Circular and place the remaining cash on call in anticipation of identifying future investment opportunities.

2.5 Salient terms of the Transaction Agreements

The Transaction Agreements contain the following salient terms:

2.5.1 Subscription Price

2.5.1.1 If the Sanlam Subscription occurs after the WAD Restructure, the Sanlam Subscription shall take the form of a single subscription at the Subscription Price. For the purposes of this Circular and all financial information presented herein, it has been assumed that the WAD Restructure has been implemented prior to the Subscription Date, based on AHA and AfroCentric's intention to do so and given that the WAD Transaction became unconditional on 7 July 2015.

2.5.1.2 The Subscription Agreement also caters for a scenario where the WAD Restructure occurs post the Subscription Date, in which event, the Subscription Agreement allows for a two-phase subscription process. In terms of this process, the Pre WAD Subscription Price is paid prior to the WAD Restructure and the Further Subscription Price is paid post the WAD Restructure in settlement of the Further Subscription Shares, in order for Sanlam to maintain its 28.7% equity shareholding level in AHA provided that no material adverse change has occurred and all warranties given to Sanlam remain true and accurate.

2.5.2 Board appointments and entitlements

2.5.2.1 AfroCentric shall, with effect from the Subscription Date, use its best endeavours to procure the appointment of two Sanlam nominees to the Board; and

2.5.2.2 Each of AfroCentric and Sanlam will be entitled to nominate for appointment and replacement, from time to time, one director for each completed 10% shareholding in AHA to the boards of AHA and certain of its Subsidiaries. Each of AfroCentric and Sanlam shall be obliged to vote in favour of the appointment of a director and/or alternate director nominated by the other. AfroCentric will be entitled to appoint the chairman of the board from one of the directors nominated by AfroCentric.

2.5.3 Pre-emptive rights

The Shareholders' Agreement confers pre-emptive rights to all shareholders on transfer/sale of their shares and claims to third parties, The Relationship Agreement also provides for the parties thereto to grant certain rights of first refusal to each other.

2.5.4 Warranties

Each of AfroCentric, AHA and Sanlam have provided warranties in terms of the Subscription Agreement.

2.5.5 Profit warranty

2.5.5.1 AfroCentric has warranted that AHA Group's Full Year Headline Earnings for the twelve month period ended 30 June 2017 ("**2017 Headline Earnings**") shall be no less than R330 million. Shareholders should note that the 2017 Headline Earnings is a derived and calculated amount (after excluding certain items set out in the Subscription Agreement) and Shareholders will not be able to relate the published Group headline earnings to the attainment of the warranty target.

2.5.5.2 In addition, AfroCentric has also warranted a limit on certain capital expenditure relating to future information technology development costs ("**IT Costs**").

2.5.5.3 Any headline earnings shortfall to that described in paragraph 2.5.5.1 above and/or excess spending on IT Costs (in aggregate, "**Headline Earnings Shortfall**"), shall result in a warranty claim arising in favour of Sanlam, to be settled at Sanlam's election in cash or through the transfer from AfroCentric of AHA Shares, determined in terms of the formula relating to the Profit Warranty Settlement Shares set out in Annexure 11 to this Circular.

2.5.5.4 If the issue of the Profit Warranty Settlement Shares results in:

- An increase of 5% (or less) of Sanlam's shareholding in AHA at 30 June 2017, then the Profit Warranty Settlement Shares shall be deemed to be zero;
- An increase of more than 5% and up to 15%, then the formula relating to the Profit Warranty Settlement Shares set out in Annexure 11 of this Circular will apply;
- An increase in Sanlam's shareholding in AHA at 30 June 2017 greater than 15%, then Sanlam shall be entitled to elect to:
 - receive such number of AHA Shares equal to an increase of 15% of its shareholding in AHA;
 - engage with AfroCentric with a view to agree on a higher percentage increase in its shareholding in AHA; or
 - require AfroCentric to repurchase all the AHA Shares held by Sanlam at a consideration equal to the Subscription Price escalated by a rate of interest equal to a deposit rate of interest.

2.5.6 Indemnities

AfroCentric has indemnified Sanlam against any and all losses, damages, costs, expenses or liabilities which may be instituted against or involve Sanlam in connection with or arising directly or indirectly out of or as a result of *inter alia*:

2.5.6.1 a breach of any warranty;

2.5.6.2 any litigation or arbitration proceedings instituted by or against the AHA Group before the Subscription Date, including *inter alia* the claim by Neil Harvey and Associates against Medscheme and three of its employees and the claim by Bonitas Medical Fund against Louis Pasteur Hospital referred to in paragraph 8 of this Circular; and

2.5.6.3 any contravention of applicable laws, legislation, regulations and directives before the Subscription Date.

2.5.7 Reserved matters

AfroCentric and Sanlam shall use their respective powers to procure, as far as they are legally able, that neither AHA nor any of its Subsidiaries shall take any action or decision relating to the reserved matters set out in the Shareholders' Agreement unless approved by special resolution by shareholders holding collectively or individually at least 80% of the entire issued share capital of AHA. Such reserved matters include *inter alia*:

2.5.7.1 the approval of AHA's annual business plan and budget and any changes thereto;

2.5.7.2 related party transactions over and about a value of R1 million not expressly provided for in a budget agreed by AfroCentric and Sanlam;

2.5.7.3 the incurring of any financial obligation greater than R25 million;

2.5.7.4 the acquisition or disposal of any business or shares in any company in a transaction of value greater than R10 million; and

2.5.7.5 any changes to the dividend policy of AHA.

2.5.8 Obligations of AfroCentric with regard to the Subscription Price

2.5.8.1 Immediately following the Subscription Date, AfroCentric shall invest an amount of R150 million in a Sanlam investment account on the basis that the amount held in such Sanlam investment account will only be realised and released to AfroCentric on 30 June 2017 or such earlier date agreed by Sanlam and AfroCentric in writing.

3. INFORMATION RELATING TO AHA

3.1 Nature of AHA's business

AHA is a wholly owned Subsidiary of AfroCentric. AHA in turn, holds a 94.1% interest in AHL. AfroCentric's most significant investment lies in its equity interest in AHL. AHL has built a formidable group of health administration, health risk management and technology businesses, with Medscheme being the largest operating company in the AHL group. Medscheme provides health risk management services and healthcare administration. AHA's main business is to provide capital resources for the acquisitions and capital expansion of the Company and its Subsidiaries.

3.2 Historical Financial Information on AHA and AHL

In terms of the JSE Listings Requirements, a report of historical information on the consolidated results of AHA for the three years ended 30 June 2012, 2013 and 2014 and the six months ended 31 December 2014 is required for purposes of this Circular as this entity is the subject of the Sanlam Investment. Historically, consolidated annual financial statements have not been prepared for AHA as it is a wholly owned Subsidiary of AfroCentric. Notwithstanding this, historically, consolidated annual financial statements have been prepared for AHL, AHA's only investment and 94.1% held Subsidiary. Consequently, the Issuer Regulation Division of the JSE has granted the Company a dispensation to disclose the following historical financial information:

3.2.1 a report of historical financial information relating to the consolidated results of AHL for the three years ended 30 June 2012, 2013 and 2014 and the six months ended 31 December 2014. This report has been incorporated by reference in Annexure 2 to this Circular and the independent reporting accountant's report thereon is set out in Annexure 1 to this Circular;

3.2.2 a report of historical financial information relating to the results of AHA (the company only i.e. the information is not consolidated) for the three years ended 30 June 2012, 2013 and 2014 and the six months ended 31 December 2014. This report has been incorporated by reference in Annexure 4 to this Circular and the independent reporting accountant's report thereon is set out in Annexure 3 to this Circular; and

3.2.3 a *pro forma* report of historical financial information relating to the *pro forma* consolidated results of AHA for the year ended 30 June 2014 and the six months ended 31 December 2014. This report has been prepared to provide consolidated financial information on AHA for one financial year and for one interim period. This report is set out in Annexure 6 to this Circular and the independent reporting accountant's report thereon is set out in Annexure 5 to this Circular.

3.3 AHA's prospects

AHA in its present form and under its present ownership is a mere six years old. From a state of virtual insolvency in 2008, AHA has become a meaningful participant in the healthcare industry in general and healthcare service enterprises in particular. The transactions which are considered and explained in this Circular, are likely to bring a new dimension to the AHA healthcare portfolio, immediately enhancing the Group's capital base and scale. These features are also likely to immediately raise AHA's commercial visibility and facilitate its market expansion. The assets acquired from WAD, their core competencies and WAD's entrepreneurial management, are expected to more easily facilitate a path to broaden the Group's pharma and service offering, the natural synergies for which WAD was identified as an acquisition. The unique and valued Sanlam relationship, presents a variety of healthcare related opportunities that are strategic for AHA. The AHA/Sanlam healthcare collaboration presents a number of potential opportunities bringing together two corporate contributors with a common objective. There is a lot of groundwork and research to be covered, and every endeavour will be made to develop and implement the common strategies, so as to extract the financial advantages expected to arise through this relationship.

3.4 Material loans relating to AHA

Details of material loans relating to AHA are set out in notes 4 and 6 of Annexure 4 of this Circular.

3.5 Material changes to the financial and/or trading position of AHA

Save for the WAD Acquisition and the imminent WAD Restructure, there have been no material changes to the financial or trading position of AHA and its subsidiaries between the date of the Interim Results and the Last Practicable Date.

3.6 Material contract entered into by AHA

Save for the Subscription Agreements, to the best knowledge of the Directors, neither AHA nor any of its Subsidiaries, have, either verbally or in writing, entered into any other material contracts, being restrictive funding arrangements, and/or a contract entered into otherwise than in the ordinary course of business, either:

- within two years prior to the date of this Circular; or
- at any time and containing any obligation or settlement that is material to AHA at the date of this Circular.

4. INFORMATION RELATING TO AFROCENTRIC

4.1 Prospects of the Company

The acquisition of the WAD Assets and the subscription by Sanlam for a significant minority interest in AfroCentric's Subsidiary AHA, is a unique milestone that is proudly celebrated by AfroCentric for several reasons. Apart from the pride in capturing certain of the business assets of WAD, the Sanlam participation in AHA represents an exciting opportunity for the Group, as it provides a platform for collaboration with one of the largest financial services groups in South Africa.

For AfroCentric, the recognition by Sanlam of AfroCentric's:

- growth and progress; and
- award winning healthcare service offerings;

and the willingness of Sanlam to partner with AfroCentric, a black-owned and controlled company for its own commercial and strategic purposes, reveals a genuine spirit of transformation.

AfroCentric has over the past years, developed its business, substantially in the healthcare sector and its average compound annual earnings growth over the period has been more than impressive. The prospects for AfroCentric going forward are (as with most companies) very dependent on the general economy in South Africa, but there is little doubt that appropriate and diligent exploitation of the new WAD and Sanlam relationships is expected to add momentum to the Group's general progress and hopefully contribute positively to the Group's earnings in the years ahead.

4.2 Major Shareholders

Insofar as is known to AfroCentric, the following Shareholders, other than Directors of the Company, beneficially held, directly or indirectly, an interest of 5% or more of the issued share capital of AfroCentric as at the Last Practicable Date:

Shareholder	Number of shares	Percentage shareholding % ⁽¹⁾
WAD	86 532 227	15.61
Golden Pond 175 Proprietary Limited ⁽³⁾	43 212 641 ⁽⁴⁾	7.79
AfroCentric Empowerment Trust	32 427 200	5.85
Total	162 172 068	29.25

Notes:

1. Based on 554 377 328 Shares in issue on the Last Practicable Date.
2. The Company held 3 518 605 Shares in treasury as at the Last Practicable Date.
3. Golden Pond 175 Proprietary Limited held 67 519 752 Shares as at the Last Practicable Date and is held 36% as to Community Healthcare Holdings Proprietary Limited and 64% as to SAMDP Group Holdings (representing the South African Medical and Dental Practitioner industry and various medical practitioners).
4. Representing SAMDP Group Holdings' interest in AfroCentric. The balance is reflected in the "Associate" column in paragraph 6.2 of this Circular.
5. The beneficiaries of the AfroCentric Empowerment Trust are The Baronga Trust, The Fort Hare Foundation Trust and the Leadership Foundation Trust.

4.3 Adequacy of Working Capital

The Directors, after considering the effect of the Transaction are of the opinion that the working capital available to the Group will be sufficient for the Group's present requirements, being for at least the next 12 months from the date of this Circular.

4.4 The WAD Acquisition

4.4.1 Set out below is a summary of the details of the WAD Acquisition:

Details	Date of WAD Acquisition Agreement	Consideration R'million
Acquisition of WAD Assets from WAD	10 March 2015	400.7 ⁽¹⁾

Notes:

1. The Commercial terms were agreed on 30 September 2014.
2. The WAD Acquisition Agreement was entered into on 10 March 2015.
3. The upfront purchase consideration was R400.7 million (the majority of which was settled through the issue of AfroCentric Shares) while a further 43 883 000 consideration Shares are to be issued subject to certain profit warranties being met, as further detailed in Annexure 10 of this Circular.
4. The vendor of the WAD Assets is WAD and its Subsidiaries.
5. The shareholders of WAD are Britz, van Buuren and van Rensburg, all of whom have the address WAD House, Block B, Arena Office Park, 272 West Avenue, Centurion. Britz, van Buuren and van Rensburg each have a one third shareholding in WAD.
6. WAD and its shareholders have provided warranties that are considered "normal" for this type of transaction and no specific provision was made in the WAD Acquisition Agreement with regard to the treatment of any liability for accrued taxation.
7. In terms of the WAD Acquisition Agreement, the shareholders of WAD, with regard to certain of the WAD businesses, are precluded from carrying on business in competition with the businesses conducted by the WAD Assets for a period of five years. No cash or other payments were made with regard to restraints of trade.
8. No promoter or director of AfroCentric has had any beneficial interest in the acquisition of the WAD Assets.
9. No cash or securities or benefit has been given or will be given to any promoter not being a director with regard to the WAD Acquisition.
10. Ownership of the WAD Assets has transferred to AfroCentric and in accordance with the warranties provided, none of the assets have been ceded or pledged.

The details of the WAD Acquisition are set out in Annexure 10 to this circular.

4.5 Material Loans of AfroCentric and its Subsidiaries

Details of the effect of the Transaction on material loans relating to the Group as at 30 June 2014 are set out in Annexure 9 to this Circular.

5. PRO FORMA FINANCIAL EFFECTS OF THE WAD ACQUISITION AND THE TRANSACTION

The table below sets out the *pro forma* financial effects of the WAD Acquisition and the Transaction. These *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information about how the WAD Acquisition and the Transaction might have affected the statement of financial position and statement of comprehensive income as at 31 December 2014.

Due to their nature, the Financial Effects may not fairly present the financial position, changes in equity, and results of operations of cash flows of AfroCentric after the WAD Acquisition and the Transaction. The preparation of the *pro forma* financial effects is the responsibility of the Directors. The *pro forma* financial effects have been prepared in accordance with the JSE Listings Requirements and the SAICA Guide. The accounting policies used in compiling the *pro forma* financial effects comply with IFRS and are consistent with those applied in compiling the Year End Results.

	Before the WAD Acquisition and the Transaction ⁽¹⁾	After the WAD Acquisition	After the WAD Acquisition and the Transaction ⁽²⁾	Percentage change between "After the WAD Acquisition" and "After the WAD Acquisition and the Transaction" %
EPS (Cents)	20.25	16.89	11.88	(29.67)
Fully diluted EPS (Cents)	20.25	16.00	11.25	(29.69)
HEPS (Cents)	21.84	18.22	13.21	(27.50)
Fully diluted HEPS (Cents)	21.84	17.26	12.52	(27.46)
NAVPS (Cents)	241.43	284.90	284.90	0.00
NTAVPS (Cents)	99.41	65.26	65.26	0.00
Number of Shares in issue as at 31 December 2014 ('000)	467 855 101	554 377 328	554 377 328	–
Weighted average number of Shares in issue for the period ended 31 December 2014 ('000)	467 855 101	554 377 328	554 377 328	–
Fully diluted number of Shares in issue for the period ended 31 December 2014 ('000)	467 855 101	585 260 328	585 260 328	–

Notes and assumptions:

1. Extracted from the Interim Results.
2. Prepared on the assumption that the WAD Acquisition and the Transaction took place on 1 July 2014 for purposes of the pro forma statement of comprehensive income and on 31 December 2014 for purposes of the pro forma statement of financial position.
3. The detailed pro forma financial information on the WAD Acquisition and the Transaction and the notes thereto are set out in Annexure 8 to this Circular.
4. The independent reporting accountant's reasonable assurance report on the pro forma financial information on the WAD Acquisition and the Transaction is set out in Annexure 7 to this Circular.

6. DIRECTORS

6.1 Directors' remuneration

There will be no changes to the remuneration and benefits paid to the Directors as a direct result of the Transaction.

6.2 Directors' interest in Shares

As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors (including any directors of AfroCentric who have resigned in the last 18 months and including any associates of the Directors) in the share capital of the Company are reflected below:

Name	Direct	Indirect	Associate ⁽³⁾	Total	Percentage shareholding % ⁽¹⁾
ATM Mokgokong	1 707 926	41 896 880	7 292 132	50 896 938	9.18
NB Bam	150 000	–	–	150 000	0.03
JM Kahn	18 535 608	–	–	18 535 608	3.34
MI Sacks	17 579 938	–	–	17 579 938	3.17
MJ Madungandaba	–	97 759 388	17 014 979	114 774 367	20.70
D Dempers	7 626 810	–	–	7 626 810	1.38
JG Appelgryn	1 447	–	–	1 447	0.00
B Joffe ⁽²⁾	–	12 928 856	–	12 928 856	2.33
Total	45 601 729	152 585 124	24 307 111	222 493 964	40.13

Notes:

1. Based on 554 377 328 Shares in issue on the Last Practicable Date.
2. Resigned with effect from 3 March 2014.
3. Representing Community Healthcare Holdings Proprietary Limited's 36% interest in Golden Pond 175 Proprietary Limited.

6.3 Directors' interest in transactions

The Directors' (including directors who have resigned in the last 18 months) material beneficial interests, whether direct or indirect, in any transactions that were effected by the Company:

6.3.1 during the current or immediately preceding financial year; or

6.3.2 during an earlier financial year and remain in any respect outstanding or unperformed,

will not change as a result of the Transaction.

7. EXPENSES

It is estimated that the total expenses relating to the Transaction will amount to approximately R8.7 million (costs are exclusive of VAT) and includes the following:

Parties	R'000
Corporate Advisor – Sinergi	5 272
Sponsor – Sasfin	600
Independent Reporting Accountant – SNG	100
Joint Legal Advisors – HR Levin	555
Joint Legal Advisors – RI Inc.	1 450
JSE documentation fee	24
Printing	250
Contingency	500
Total	8 751

8. LITIGATION STATEMENT

The Company is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Group or any such parties hereto which may have or may have had in the 12 months preceding the Last Practicable Date, a material effect on the Group's financial position. The following were included under the contingencies note in the annual financial statements for the year ended 30 June 2014 being the most recent year end:

Neil Harvey & Associates Proprietary Limited

Neil Harvey & Associates instituted a claim against Medscheme and three of its employees in 2008. The allegations concern alleged copyright infringement and a breach of the Medware licence agreement. The maximum capital amount of the claim as presently pleaded is R390.4 million. Medscheme will continue to vigorously defend the claim and the Board is confident that there will still be no liability in this matter.

Bonitas Medical Fund/Louis Pasteur Hospital

Bonitas Medical Fund ("BMF") instituted action against the Louis Pasteur Hospital ("LPH"), more than four years ago, for damages suffered as a result of the cession of two Sanlam policies to LPH. In the alternative, BMF also instituted an action against Medscheme as the administrator. The maximum capital amount of the claim is R44 million. BMF was successful in its claim against LPH, but the order has been set aside and is to be reargued later. BMF has indicated it will withdraw the action against Medscheme if the LPH is unsuccessful with its appeal. It has not done so as yet but for the reasons which follow, this is not regarded in a sinister light. Medscheme has been advised that the merits of the claim of BMF against it in the alternative are in any event not legally sound and that the likelihood of any liability on the part of Medscheme is far removed under the circumstances.

9. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

- 9.1 The Board has considered the terms and conditions of the Transaction, and recommends that Shareholders vote in favour of the Transaction at the General Meeting.
- 9.2 All the Directors who own Shares in their personal capacity intend voting in favour of the Transaction.
- 9.3 The following Shareholders, including certain directors, holding an aggregate 56.10% of the issued share capital of AfroCentric have provided irrevocable undertakings to vote in favour of the Transaction:

Shareholder	Shares held	% Shareholding ⁽¹⁾
WAD	86 532 227	15.61
Community Healthcare Holdings Proprietary Limited	61 826 667	11.15
Community Investment Holdings Proprietary Limited	61 283 522	11.05
AfroCentric Empowerment Trust	32 427 200	5.85
JM Kahn	18 535 608	3.34
MI Sacks	17 579 938	3.17
Beyond Discovery Investments Proprietary Limited	11 198 029	2.02
D Dempers	7 626 810	1.38
Eagle Creek Investments 605 Proprietary Limited	6 456 608	1.16
Malesela Holdings No 1 Proprietary Limited	4 325 484	0.78
ATM Mokgokong	1 707 926	0.31
Inkonkoni Investment Holdings Trust	1 022 566	0.18
SM Rothbart	455 738	0.08
Total	310 978 323	56.10

Note:

1. Based on 554 377 328 Shares in issue as at the Last Practicable Date.

10. EXPERTS' CONSENTS

The advisors referred to in the "Corporate Information and Advisors" section of this Circular have each provided their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular and have not withdrawn their consent prior to the publication of this Circular.

11. CATEGORISATION IN TERMS OF THE JSE LISTINGS REQUIREMENTS

In terms of the JSE Listings Requirements, an issue of shares for cash in a Subsidiary (whether listed or unlisted) must be categorised in accordance with the provisions of section 9 of the JSE Listings Requirements. The Sanlam Investment is a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements and requires the approval of a majority of AfroCentric Shareholders at the General Meeting.

12. VOTING RIGHTS

All issued Shares rank *pari passu* with each other and at the General Meeting, every Shareholder present or represented by proxy shall have one vote for every Share held.

13. NOTICE OF GENERAL MEETING

The General Meeting will be held at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort, on Monday, 7 September 2015 commencing at 10:00, to consider the Resolutions required to implement the Transaction. The Notice convening the General Meeting is attached hereto and forms part of this Circular.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 8 of this Circular collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief that there are no facts that have been omitted which make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the JSE Listings Requirements.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, where applicable, relating to AfroCentric and the Transaction, are available for inspection at no charge during normal business hours at the registered office of AfroCentric, from the date of this Circular up to and including the date of the General Meeting:

- the MOI's;
- the Transaction Agreements;
- the Commercial Terms;
- the WAD Acquisition Agreement and the addenda thereto;
- the consent letters received from the advisors referred to in paragraph 10;
- the independent reporting accountant's report on the report of historical financial information of AHL set out in Annexure 1;
- the report of historical financial information of AHL set out in Annexure 2;
- the independent reporting accountant's report on the report of historical financial information of AHA set out in Annexure 3;
- the report of historical financial information of AHA set out in Annexure 4;
- the independent reporting accountant's reasonable assurance report on the *pro forma* consolidated financial information of AHA set out in Annexure 5;
- the *pro forma* consolidated financial information of AHA set out in Annexure 6;
- the independent reporting accountant's reasonable assurance report on the *pro forma* financial information of the WAD Acquisition and the Transaction set out in Annexure 7;
- the irrevocable undertakings referred to in paragraph 9;
- the annual reports of AfroCentric for the three years ended 30 June 2012, 30 June 2013 and 30 June 2014;
- the Year End Results; and
- the Interim Results.

16. INCORPORATED BY REFERENCE

The following information has been incorporated by reference and is available for viewing on the Company's website at <http://www.afrocentric.za.com/pdf/circulars-and-announcements/sanlam-circular-2015.pdf> and in accordance with the provisions of paragraph 15 above:

1. The report of historical financial information of AHL as referred to in Annexure 2 to this Circular.
2. The report of historical financial information of AHA as referred to in Annexure 4 to this Circular.

Signed on behalf of all of the Directors of AfroCentric in terms of the powers of attorney granted to him on 17 July 2015.



Director:

WRC Holmes

Group Chief Financial Officer

who warrants that he is duly authorised thereto.

Johannesburg

Gauteng

22 July 2015

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF AHL

22 July 2015

The Directors
AfroCentric Investment Corporation Limited
37 Conrad Street
Florida North
Roodepoort
1709
South Africa



Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AFROCENTRIC HEALTH LIMITED ("AHL") FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014 AND THE THREE YEARS ENDED 30 JUNE 2014, 30 JUNE 2013 AND 30 JUNE 2012

Introduction

At your request and for the purposes of the circular to AfroCentric Investment Corporation Limited ("AfroCentric") shareholders, to be issued on or about 29 July 2015 ("the Circular"), we present our report on the historical financial information of AHL presented in Annexure 2 to the Circular for the six month period ended 31 December 2014 and the three years ended 30 June 2014, 30 June 2013 and 30 June 2012 in compliance with the JSE Limited Listings Requirements.

Responsibilities

Directors' Responsibility

The directors of AfroCentric are responsible for the preparation, contents and presentation of the Circular.

The directors of AfroCentric are responsible for the fair presentation of the historical financial information in accordance International Financial Reporting Standards and in the manner required by the JSE Limited Listings Requirements and the Companies Act in South Africa.

The directors of AfroCentric are also responsible for the fair presentation in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the historical financial information that is free from material misstatements, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the historical financial information of AHL for the years ended 30 June 2014, 30 June 2013 and 30 June 2012, included in the Circular, based on our audit of the financial information for the years ended 30 June 2014, 30 June 2013 and 30 June 2012.

Our responsibility is to express a conclusion on the historical financial information of AHL for the six month period ended 31 December 2014, included in the Circular, based on our review of the interim financial information for the six month period ended 31 December 2014.

Scope of the audit

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical financial information, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the historical financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the historical financial information, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the historical financial information of AHL for the three years ended 30 June 2014, 30 June 2013 and 30 June 2012 fairly presents, in all material respects, for the purposes of the Circular, the financial position of AHL at that date and the results of the operations and cash flows for the years then ended in accordance with International Financial Reporting Standards, and the JSE Limited Listings Requirements.

Scope of the review

Our responsibility is to express a conclusion on the historical financial information, included in the Circular based on our review. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by The Independent Auditor of The Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the historical financial information in accordance with ISRE 2410 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained.

A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information does not present fairly, in all material respects, for the purposes of the Circular, the financial position of AHL as at 31 December 2014 and its financial performance and cash flows for the six month period then ended, in accordance with International Financial Reporting Standards, IAS 34 – Interim Financial Reporting and the JSE Limited Listings Requirements.

Consent

This report on the historical financial information is included solely for the information of the AfroCentric shareholders. We consent to the inclusion of our report on the historical financial information and the references thereto, in the form and context in which they appear.

Yours faithfully



SizweNtsalubaGobodo Inc.

Director: Dumisani Manana

Chartered Accountant (SA)

Registered Auditor

THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF AHL

This Annexure contains a report on the historical financial information of AHL. The information has been extracted *inter alia* from the audited financial statements of AHL which were prepared in the manner required by the Act, where applicable and in accordance with IFRS for the three years ended 30 June 2014, 30 June 2013 and 30 June 2012. The information presented in this Annexure 2 is the responsibility of the directors of AHL.

There has been no material change in the nature of the business of AHL since 31 December 2014 up to the Last Practicable Date.

The information for this report is incorporated by reference as per paragraph 11.61 of the JSE Listings Requirements.

For the full report of historical financial information of AHL, please refer to Annexure 2 on the Company's website at the following link:

<http://www.afrocentric.za.com/pdf/circulars-and-announcements/sanlam-circular-2015.pdf>

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF AHA

22 July 2015

The Directors
AfroCentric Investment Corporation Limited
37 Conrad Street
Florida North
Roodepoort
1709
South Africa



Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ACT HEALTHCARE ASSETS PROPRIETARY LIMITED ("AHA") FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2014 AND THE THREE YEARS ENDED 30 JUNE 2014, 2013 AND 2012

Introduction

At your request and for the purposes of the circular to AfroCentric Investment Corporation Limited ("AfroCentric") shareholders, to be issued on or about 29 July 2015 ("the Circular"), we present our report on the historical financial information of AHA presented in Annexure 4 to the Circular for the six month period ended 31 December 2014 and the three years ended 30 June 2014, 30 June 2013 and 30 June 2012 in compliance with the JSE Limited Listings Requirements.

Responsibilities

Directors' Responsibility

The directors of AfroCentric are responsible for the preparation, contents and presentation of the Circular.

The directors of AfroCentric are responsible for the fair presentation of the historical financial information in accordance International Financial Reporting Standards and in the manner required by the JSE Limited Listings Requirements and the Companies Act in South Africa.

The directors of AfroCentric are also responsible for the fair presentation in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of the historical financial information that is free from material misstatements, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the historical financial information of AHA for the years ended 30 June 2014, 30 June 2013 and 30 June 2012, included in the Circular, based on our audit of the financial information for the years ended 30 June 2014, 30 June 2013 and 30 June 2012.

Our responsibility is to express a conclusion on the historical financial information of AHA for the six month period ended 31 December 2014, included in the Circular, based on our review of the interim financial information for the six month period ended 31 December 2014.

Scope of the audit

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical financial information, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the historical financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the historical financial information, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the historical financial information of AHA for the three years ended 30 June 2014, 30 June 2013 and 30 June 2012 fairly presents, in all material respects, for the purposes of the Circular, the financial position of AHA at that date and the results of the operations and cash flows for the years then ended in accordance with International Financial Reporting Standards, and the JSE Limited Listings Requirements.

Scope of the review

Our responsibility is to express a conclusion on the historical financial information, included in the Circular based on our review. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by The Independent Auditor of The Entity". ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of the historical financial information in accordance with ISRE 2410 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained.

A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information does not present fairly, in all material respects, for the purposes of the Circular, the financial position of AHA as at 31 December 2014 and its financial performance and cash flows for the six month period then ended, in accordance with International Financial Reporting Standards, IAS 34 – Interim Financial Reporting and the JSE Limited Listings Requirements.

Consent

This report on the historical financial information is included solely for the information of the AfroCentric shareholders. We consent to the inclusion of our report on the historical financial information and the references thereto, in the form and context in which they appear.

Yours faithfully



SizweNtsalubaGobodo Inc.
Director: Dumisani Manana
Chartered Accountant (SA)
Registered Auditor

THE REPORT OF HISTORIC FINANCIAL INFORMATION OF AHA

This Annexure contains a report on the historical financial information of AHA. The information has been extracted *inter alia* from the audited financial statements of AHA which were prepared in the manner required by the Act, where applicable and in accordance with IFRS for the three years ended 30 June 2014, 30 June 2013 and 30 June 2012. The information presented in this Annexure 4 is the responsibility of the directors of AHA.

There has been no material change in the nature of the business of AHA since 31 December 2014 up to the Last Practicable Date.

The information for this report is incorporated by reference as per paragraph 11.61 of the JSE Listings Requirements.

For the full report of historical financial information of AHA, please refer to Annexure 4 on the Company's website at the following link:

<http://www.afrocentric.za.com/pdf/circulars-and-announcements/sanlam-circular-2015.pdf>

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF AHA

22 July 2015

The Directors
AfroCentric Investment Corporation Limited
37 Conrad Street
Florida North
Roodepoort
1709
South Africa



Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF ACT HEALTHCARE ASSETS PROPRIETARY LIMITED ("AHA" OR "THE COMPANY")

Introduction

We have completed our assurance engagement to report on the compilation of *pro forma* financial information by AfroCentric Investment Corporation Limited ("**AfroCentric**"), consisting of the *pro forma* consolidated financial statements of AHA for the year ended 30 June 2014 and for the six months ended 31 December 2014 as set out in Annexure 6 of the Circular issued by AfroCentric. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited Listings Requirements. Because of its nature, the *pro forma* financial information does not represent the Company's actual financial position, financial performance or cash flows.

The *pro forma* financial information has been compiled by the directors for inclusion in the Circular to AfroCentric shareholders to be issued on or about 29 July 2015 ("**the Circular**"), in accordance with a dispensation received from the Issuer Regulation Division of the JSE Limited to illustrate the *pro forma* consolidated financial results of AHA.

As part of this process, information relating to AHA's and AfroCentric Health Limited's ("**AHL**") (AHA's 94.1% held Subsidiary) financial position and financial performance has been extracted by the directors from the AHA's and AHL's published audited financial statements for the year ended 30 June 2014 and the reviewed results for the six months ended 31 December 2014 ("**Published Financial Information**").

Responsibilities

Directors' Responsibility for the pro forma financial information

The directors of AfroCentric are responsible for compiling the *pro forma* financial information in accordance with the applicable criteria detailed in paragraphs 8.15 to 8.33 of the JSE Limited Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("**Applicable Criteria**").

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors in accordance with the Applicable Criteria, based on our procedures performed.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *pro forma* financial information in accordance with the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 and 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria specified by the JSE Listings Requirements and described in Annexure 6 of this Circular.

Yours faithfully



SizweNtsalubaGobodo Inc.

Director: Dumisani Manana

Chartered Accountant (SA)

Registered Auditor

PRO FORMA FINANCIAL INFORMATION OF AHA

This annexure contains a report of historical financial information of the AHA Group on a *pro forma* consolidated basis for the year ended 30 June 2014 and the six months ended 31 December 2014. This report has been compiled in accordance with the dispensation provided by the Issuer Regulation Division of the JSE, as detailed in paragraph 3.2 of this Circular and reflects the *pro forma* consolidation of AHL into AHA.

The *pro forma* financial information has been prepared for illustrative purposes only, in order to provide information about how the AHA Group would be reflected on a consolidated basis for the year ended 30 June 2014 and the six months ended 31 December 2014. Because of its nature, the *pro forma* consolidation may not fairly present AHA's financial position.

The *pro forma* consolidation has been compiled using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated financial statements of AfroCentric for the year ended 30 June 2014.

The Directors are responsible for the *pro forma* consolidation.

The independent reporting accountant's reasonable assurance report on the *pro forma* consolidation is set out in Annexure 5 to this Circular.

The *pro forma* consolidation of AHL into AHA was prepared by extracting information for the year ended 30 June 2014 and the six months ended 31 December 2014 regarding AHL and AHA as set out in Annexures 2 and 4 respectively and processing the requisite *pro forma* consolidating entries.

PRO FORMA AHA GROUP

Statement of financial position at 30 June 2014

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
ASSETS				
Non-current assets	540 472	679 756	(391 113)	829 115
Plant and equipment	–	100 143	–	100 143
Investment property	–	15 000	–	15 000
Intangible assets	–	453 793	149 359	603 152
Investments in associates	–	31 250	–	31 250
Investment in holding company	–	5 041	–	5 041
Investment in subsidiaries	540 472	–	(540 472)	–
Deferred income tax assets	–	74 529	–	74 529
Current assets	90 628	629 007	–	719 635
Trade and other receivables	–	185 519	–	185 519
Receivables from subsidiaries	90 628	–	–	90 628
Receivable from associate	–	4 432	–	4 432
Loan to holding company	–	75 342	–	75 342
Cash, cash equivalents and deposits	–	356 739	–	356 739
Inventory	–	4 610	–	4 610
Taxation	–	2 365	–	2 365
Total assets	631 100	1 308 763	(391 113)	1 548 750
EQUITY AND LIABILITIES				
Capital and reserves	–	1 051 296	(433 937)	617 359
Issued share capital	–	5 599	(5 599)	–
Share premium	–	380 882	(380 882)	–
Share-based payment reserve	–	9 950	–	9 950
Foreign currency translation reserve	–	1 337	–	1 337
Retained earnings/(accumulated loss)	–	653 528	(47 456)	606 072
Non-controlling interest	–	16 543	36 091	52 634
Total equity	–	1 067 839	(397 846)	669 993
Non-current liabilities	–	43 088	6 733	49 821
Deferred income tax liabilities	–	36 455	6 733	43 188
Post-employment medical obligations	–	3 202	–	3 202
Accrual for straight-lining of leases	–	3 431	–	3 431
Current liabilities	631 100	197 836	–	828 936
Provisions	–	3 366	–	3 366
Loan from group company	631 100	–	–	631 100
Trade and other payables	–	104 350	–	104 350
Employment benefit liability	–	90 120	–	90 120
Total liabilities	631 100	240 924	6 733	878 757
Total equity and liabilities	631 100	1 308 763	(391 113)	1 548 750

PRO FORMA AHA GROUP

Statement of financial position at 31 December 2014

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
ASSETS				
Non-current assets	544 538	663 009	(395 854)	811 692
Plant and equipment	–	96 522	–	96 522
Investment property	–	15 000	–	15 000
Intangible assets	–	474 631	148 683	623 314
Investments in associates	–	12 635	–	12 635
Investment in holding company	–	5 577	–	5 577
Investment in subsidiaries	544 538	–	(544 537)	–
Equity investments	–	17 728	–	17 728
Deferred income tax assets	–	40 916	–	40 916
Current assets	104 849	613 528	–	718 377
Trade and other receivables	–	215 071	–	215 071
Receivables from subsidiaries	104 849	–	–	104 849
Loan to holding company	–	91 748	–	91 748
Cash, cash equivalents and deposits	–	283 685	–	283 685
Inventory	–	4 610	–	4 610
Taxation	–	18 414	–	18 414
Total assets	649 387	1 276 537	(395 854)	1 530 069
EQUITY AND LIABILITIES				
Capital and reserves	1	1 074 953	(439 885)	642 135
Issued share capital	–	5 599	(5 599)	–
Share premium	–	380 882	(380 882)	–
Share-based payment reserve	–	9 950	–	9 950
Foreign currency translation reserve	–	2 350	–	2 350
Retained earnings/(accumulated loss)	1	676 172	(46 338)	629 835
Non-controlling interest	–	15 478	30 421	45 899
Total equity	1	1 090 431	(402 398)	688 034
Non-current liabilities	–	13 582	6 544	20 126
Deferred income tax liabilities	–	4 480	6 544	11 024
Post-employment medical obligations	–	3 440	–	3 440
Accrual for straight-lining of leases	–	5 662	–	5 662
Current liabilities	649 386	172 524	–	821 909
Provisions	–	2 295	–	2 295
Loan from group company	649 386	–	–	649 386
Trade and other payables	–	95 386	–	95 385
Employment benefit liability	–	74 843	–	74 843
Total liabilities	649 386	186 106	6 544	842 035
Total equity and liabilities	649 387	1 276 537	(395 854)	1 530 069

PRO FORMA AHA GROUP

Statement of comprehensive income for twelve months ended 30 June 2014

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
Revenue	–	1 954 705	–	1 954 705
Revenue from healthcare administration, managed healthcare and related IT services	–	1 954 705	–	1 954 705
Other income	119 380	37 423	(119 380)	37 423
Dividends received	119 380	2	(119 380)	2
Sundry income	–	3 382	–	3 382
Finance income	–	34 039	–	34 039
Amortisation of intangible assets	–	(40 611)	(3 296)	(43 907)
Bad debt write-off	–	(189)	–	(189)
Share-based payment expense	–	(9 950)	–	(9 950)
Depreciation	–	(40 475)	–	(40 475)
Employee benefit costs	–	(1 112 616)	–	(1 112 616)
Finance costs	–	(754)	–	(754)
Information technology costs	–	(116 429)	–	(116 429)
Profit on disposal of plant and equipment	–	(235)	–	(235)
Impairment of Intangible assets	–	(40 620)	–	(40 620)
Other expenses	–	(239 482)	–	(239 482)
Rentals and property costs	–	(123 136)	–	(123 136)
Share of profits from associates	–	1 536	–	1 536
Reversal of impairment	–	2 717	–	2 717
Profit/(loss) before income tax	119 380	271 884	(122 676)	268 588
Income tax	–	(79 346)	923	(78 423)
Profit/(loss) for the year	119 380	192 538	(121 753)	190 165
Other comprehensive income (recycled to profit and loss)				
Movement in foreign currency translation reserve	–	83	–	83
Total comprehensive income/(loss) for the year	119 380	192 621	(121 753)	190 248
Attributable to:				
Ordinary shareholders	119 380	186 338	(132 390)	173 328
Non-controlling interest	–	6 283	10 637	16 920
	119 380	192 621	(121 753)	190 248

PRO FORMA AHA GROUP

Statement of comprehensive income for six months ended 31 December 2014

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
Revenue	–	1 017 196	–	1 017 196
Revenue from healthcare administration, managed healthcare and related IT services	–	1 017 196	–	1 017 196
Other income	90 432	16 793	(90 432)	16 793
Dividends received	90 432	164	(90 432)	164
Sundry income	–	571	–	571
Finance income	–	16 058	–	16 058
Amortisation of intangible assets	–	(20 502)	(5 753)	(26 255)
Bad debt write-off	–	(10)	–	(10)
Depreciation	–	(17 990)	–	(17 990)
Employee benefit costs	–	(592 439)	–	(592 439)
Finance costs	–	(710)	–	(710)
Information technology costs	–	(47 829)	–	(47 829)
Profit on disposal of plant and equipment	–	(108)	–	(108)
Impairment of Intangible assets	–	–	–	–
Other expenses	–	(137 771)	–	(137 771)
Rentals and property costs	–	(59 325)	–	(59 325)
Share of profits from associates	–	1 246	–	1 246
Reversal of impairment	–	536	–	536
Profit/(loss) before income tax	90 432	159 087	(96 185)	153 334
Income tax	–	(37 013)	189	(36 824)
Profit/(loss) for the year	90 432	122 074	(95 996)	116 510
Other comprehensive income (recycled to profit and loss)				
Movement in foreign currency translation reserve	–	1 013	–	1 013
Total comprehensive income/(loss) for the year	90 432	123 087	(95 996)	117 523
Attributable to:				
Ordinary shareholders	90 432	119 759	(95 996)	114 195
Non-controlling interest	–	3 328	–	3 328
	90 432	123 087	(95 996)	117 523

PRO FORMA AHA GROUP**Statement of cash flow for the twelve months ended 30 June 2014**

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
Cash flows from operating activities				
Cash receipts from customers	–	2 171 287	–	2 171 287
Cash paid to suppliers and employees	–	(1 859 567)	–	(1 859 567)
Cash generated from operations	–	311 720	–	311 720
Finance income	–	34 039	–	34 039
Finance costs	–	(754)	–	(754)
Dividend paid	(115 486)	(126 865)	126 865	(115 486)
Dividend paid to minorities	–	(6 838)	(7 485)	(14 323)
Dividends received	119 380	2	(119 380)	2
Taxation paid	–	(84 614)	–	(84 614)
Lease termination costs	–	–	–	–
Net cash inflow/(outflow) from operating activities	3 894	126 690	–	130 584
Cash flows from investing activities				
Purchase of plant and equipment	–	(49 956)	–	(49 956)
Purchase of intangible assets	–	(60 500)	(261)	(60 761)
Proceeds on disposal of PPE	–	367	–	367
Proceeds on disposal of intangible assets	–	77	–	77
Long term loan repaid	–	76 378	–	76 378
Purchase of DBC Assets in Klinikka	–	(7 980)	–	(7 980)
Purchase of Invisible Card Company	–	(6 346)	–	(6 346)
Purchase of Kenya Investment	–	(18 211)	–	(18 211)
Dividends received from associates	–	1 360	–	1 360
Decrease in receivables from associates	–	(4 432)	–	(4 432)
Increase in loans from group companies	19 993	–	–	19 993
Decrease in investment in subsidiary	(261)	–	261	–
Net cash (outflow)/inflow from investing activities	19 732	(69 244)	–	(49 512)
Cash flows from financing activities				
Loan to holding company	–	3 471	–	3 471
Loan to related company	(23 626)	–	–	(23 626)
Net cash (outflow)/inflow from financing activities	(23 626)	3 471	–	(20 155)
Net cash inflow/(outflow)	–	60 917	–	60 917
Effect of foreign exchange rate changes	–	83	–	83
Net increase/(decrease) in cash and cash equivalents	–	61 000	–	61 000
Cash and cash equivalents at the beginning of the period	–	295 739	–	295 739
Cash and cash equivalents at the end of the period	–	356 739	–	356 739
Disclosed as follows:				
Cash, cash equivalents and deposits	–	356 739	–	356 739

PRO FORMA AHA GROUP

Statement of cash flow for the six months ended 31 December 2014

	AHA Company R'000	AHL Group R'000	Consol Entries R'000	AHA Group R'000
Cash flows from operating activities				
Cash receipts from customers	–	1 135 426	–	1 135 426
Cash paid to suppliers and employees	–	(1 005 130)	–	(1 005 130)
Cash generated from operations	–	130 296	–	130 296
Finance income	–	16 058	–	16 058
Finance costs	–	(710)	–	(710)
Dividend paid	(90 431)	(96 102)	96 102	(90 431)
Dividend paid to minorities	–	(4 393)	(5 670)	(10 063)
Dividends received	90 432	164	(90 432)	164
Taxation paid	–	(47 032)	–	(47 032)
Lease termination costs	–	–	–	–
Net cash inflow/(outflow) from operating activities	1	(1 719)	–	(1 718)
Cash flows from investing activities				
Purchase of plant and equipment	–	(55 974)	–	(55 974)
Proceeds on disposal of PPE	–	158	–	158
Purchase of AAR Investment	–	(17 728)	–	(17 728)
Increase in loans from group companies	(18 288)	–	–	(18 288)
Increase in investment in subsidiary	4 066	–	–	4 066
Decrease in receivables from associates	–	18 615	–	18 615
Net cash (outflow)/inflow from investing activities	(14 222)	(54 929)	–	(69 151)
Cash flows from financing activities				
Loan to holding company	–	(16 406)	–	(16 406)
Loan to related company	14 221	–	–	14 221
Increase in borrowings	–	–	–	–
Net cash (outflow)/inflow from financing activities	14 221	(16 406)	–	(2 185)
Net cash inflow/(outflow)	–	(73 054)	–	(73 054)
Effect of foreign exchange rate changes	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	–	(73 054)	–	(73 054)
Cash and cash equivalents at the beginning of the period	–	356 739	–	356 739
Cash and cash equivalents at the end of the period	–	283 685	–	283 685
Disclosed as follows:				
Cash, cash equivalents and deposits	–	283 685	–	283 685

PRO FORMA AHA GROUP

Statement of changes in equity

Group	Share capital	Share-based payment reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance as at 31 December 2013	*	31	621 755	1 437	654 393	54 540	708 933
Total comprehensive income for the year	–	–	99 802	(100)	99 702	12 417	112 119
Share-based payment expense	–	9 950	–	–	9 950	–	9 950
Share-based payment reversal upon issue of shares	–	(31 201)	–	–	(31 201)	–	(31 201)
Dividends paid			(115 486)		(115 486)	(14 323)	(129 809)
Balance as at 01 July 2014	*	9 950	606 072	1 337	617 359	52 634	669 993
Total comprehensive income for the year	–	–	114 194	1 013	115 207	3 328	118 535
Dividend paid	–	–	(90 431)	–	(90 431)	(10 063)	(100 494)
Balance as at 31 December 2014	*	9 950	629 835	2 350	635 069	5 899	688 034

* Amount less than R1 000.

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF THE TRANSACTION

29 July 2015

The Directors
AfroCentric Investment Corporation Limited
37 Conrad Street
Florida North
Roodepoort
1709



Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANT'S REASONABLE ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF AFROCENTRIC INVESTMENT CORPORATION LIMITED ("AFROCENTRIC" OR "THE COMPANY")

Introduction

We have completed our assurance engagement to report on the compilation of *pro forma* financial information by AfroCentric, consisting of the *pro forma* statement of financial position as at 31 December 2014 and the *pro forma* statement of comprehensive income for the six months ended 31 December 2014 as set out in Annexure 8 of the circular to be issued by AfroCentric on or about 29 July 2015 ("the Circular"). The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited Listings Requirements. Because of its nature, the *pro forma* financial information does not represent the Company's actual financial position, financial performance or cash flows.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the subscription by Sanlam Life Insurance Limited ("Sanlam"), or its nominee, for a 28.7% interest in ACT Healthcare Assets Proprietary Limited ("AHA") ("Sanlam Investment") and the acquisition by AfroCentric of various healthcare and related assets from WAD Holdings Proprietary Limited ("WAD Acquisition"), on the group's financial position as at 31 December 2014 and the group's financial performance for the period then ended, as if the Sanlam Investment and WAD Acquisition had taken place on 31 December 2014 for purposes of the statement of financial position and 1 July 2014 for purposes of the statement of comprehensive income.

As part of this process, information relating to AfroCentric's financial position and financial performance has been extracted by the directors from the Company's published reviewed interim results for the six month period ended 31 December 2014 ("Published Financial Information"). In addition, the directors have calculated the effects of the WAD Acquisition based on information extracted from the financial statements and management accounts of the entities the subject of the WAD Acquisition.

Responsibilities

Directors' responsibility for the pro forma financial information

The directors of AfroCentric are responsible for compiling the *pro forma* financial information in accordance with the applicable criteria detailed in paragraphs 8.15 to 8.33 of the JSE Limited Listings Requirements and the SAICA Guide on *Pro forma* Financial Information revised and issued in September 2012 ("Applicable Criteria").

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors in accordance with the Applicable Criteria, based on our procedures performed.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Reports on the Process to Compile Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *pro forma* financial information in accordance with the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria specified by the JSE Listings Requirements and described in paragraph 5 and Annexure 8 of this Circular.

Yours faithfully



SizweNtsalubaGobodo Inc.

Director: Dumisani Manana

Chartered Accountant (SA)

Registered Auditor

PRO FORMA FINANCIAL INFORMATION ON THE WAD ACQUISITION AND THE TRANSACTION

The *pro forma* financial information has been prepared for illustrative purposes only, in order to provide information about how the Transaction and WAD Acquisition might have affected Shareholders had the Transaction and WAD Acquisition been implemented on the dates indicated in the notes below. Because of its nature, the Financial Effects may not fairly present AfroCentric's financial position nor the effect and impact of the Transaction and the WAD Acquisition going forward.

The only subsequent event that has been adjusted for in the Financial Effects is the WAD Acquisition. Details of the WAD Acquisition are set out in Annexure 10 to this Circular. The WAD Acquisition is treated as a subsequent event because the assets will be acquired after the period 31 December 2014 but before the implementation of the Transaction. The acquisition of three WAD assets are recognised and accounted for in terms of IFRS 3 business combinations, with one asset, Activo, being equity accounted.

The Sanlam Investment and the WAD Acquisition are not inter-conditional and whilst each will be implemented independently of the other, the timing of the WAD Restructure shall influence the mechanics of the Sanlam Investment implementation as further detailed in paragraph 2.5.1 of this Circular.

The Financial Effects illustrate the effect on AfroCentric's basic EPS, diluted basic EPS, HEPS and diluted HEPS as if the WAD Acquisition and the Transaction had become effective on 1 July 2014 for the purpose of the statement of comprehensive income.

The Financial Effects illustrate the effect on AfroCentric's NAVPS and NTAVPS, as if the WAD Acquisition and the Transaction had become effective on 31 December 2014 for purposes of the statement of financial position.

The Financial Effects have been compiled using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated financial statements of AfroCentric for the year ended 30 June 2014.

The Directors are responsible for the Financial Effects.

The independent reporting accountant's reasonable assurance report on the Financial Effects is set out in Annexure 7 to this Circular.

Below is a table detailing the settlement of each transaction:

Transaction	Consideration to be settled in cash R'000	Consideration to be settled in Shares R'000	Contingent consideration to be settled in Shares R'000	Total R'000
Acquisition of Pharmacy Direct and Curasana	–	(350 507)	–	(350 507)
Acquisition of Glen Eden	–	(99 408)	(160 592)	(260 000)
Acquisition of Activo	(20 000)	–	–	(20 000)
Sanlam Subscription	703 000	–	–	703 000
Net effect	683 000	(449 915)	(160 592)	72 493

Notes:

In calculating the *pro forma* effects of the WAD Acquisition and the Transaction, the following assumptions were made:

- Based on management's view as at the Last Practicable Date, it has been assumed that the right to exercise a call option to acquire the remaining 74% of ordinary shares and shareholder loan claims in Activo from WAD and the right to exercise a put option to dispose of the 26% of ordinary shares and shareholder loan claims in Activo to WAD will not be exercised. These scenarios have therefore not been included in the Financial Effects.
- Based on management's view as at the Last Practicable Date, it has been assumed that the option, exercisable in the sole discretion of AfroCentric, to acquire the warehouse properties currently occupied and used by Pharmacy Direct that are owned by another subsidiary of WAD, ("Properties"), within 18 months of the effective date of the WAD Acquisition, will not be exercised.
The scenario on the basis that the option is exercised and the Properties are acquired, based on a most recent valuation of the Properties of R52 million, has been assessed and does not have any impact NAVPS, or NTAVPS as disclosed in this Annexure 8. The impact on each of EPS, fully diluted EPS, HEPS and fully diluted HEPS as disclosed in this Annexure 8 is less than 1.5%.
- Information regarding the WAD Acquisition has been extracted from the relevant entity's audited annual financial statements for the year ended 28 February 2015 for purposes of the statement of financial position. The financial statements were audited by Buys de Beer Jonck Incorporated Chartered Accountants (SA) and Registered Auditors and were reported on without qualification. For purposes of the statement of comprehensive income, information was extracted from the relevant WAD entity's management accounts for the six months ended 28 February 2015. Management is satisfied with the quality of such management accounts.
- For the purposes of the A class shares it was assumed that the following number of shares will be acquired:
 - In the case of Curasana and Pharmacy Direct, no A class shares will be acquired as it is management's view that certain profit targets will not be met by these entities; and
 - In the case of Glen Eden 100% of the A class shares for a maximum consideration of 30 883 000 million AfroCentric Shares at R5.20 being the fair value of the shares at 31 December 2014. This is the maximum number of consideration shares should Glen Eden meet certain profit targets.
 A deferred payment liability of R160.592 million has been raised regarding this contingent consideration and the issue of the aggregate 30 883 000 deferred consideration shares has been included in the calculation of diluted earnings per share and headline earnings per share.

THE PRO FORMA STATEMENT OF FINANCIAL POSITION IS BASED ON THE ASSUMPTION THAT THE WAD ACQUISITION AND THE WAD RESTRUCTURE OCCUR BEFORE THE SANLAM TRANSACTION

Consolidated statement of financial position

	Reviewed Results as 31 December 2014 ⁽¹⁾ R'000	WAD Acquisition ⁽²⁾ R'000	Post WAD R'000	Sanlam Subscription ⁽³⁾ R'000	After the Sanlam Investment and WAD Acquisition R'000
Assets					
Non-current assets	853 116	607 709	1 460 825	–	1 460 825
Property, plant and equipment	96 522	28 292	124 814	–	124 814
Goodwill	398 123	324 932	723 055	–	723 055
Intangible assets	225 191	227 425	452 616	–	452 616
Investment Property	15 000	–	15 000	–	15 000
Deferred tax Asset	52 165	869	53 034	–	53 034
Investments in Associates	48 387	20 000	68 387	–	68 387
Investment in AAR	17 728	–	17 728	–	17 728
Loans to shareholders	–	6 191	6 191	–	6 191
Current assets	652 489	102 733	755 222	553 000	1 308 222
Trade and other receivables	212 059	63 612	275 671	–	275 671
Investment in Preference shares	90 000 ⁽¹⁾	–	90 000	–	90 000
Receivables from associates and JV	4 712	–	4 712	–	4 712
Inventory	4 610	57 392	62 002	–	62 002
Cash and cash equivalents	320 523	(18 682)	301 841	553 000	854 841
Taxation	20 585	411	20 996	–	20 996
Total assets	1 505 605	710 442	2 216 047	553 000	2 769 047
Capital and reserves	1 083 633	449 916	1 533 549	(480 514)	1 053 034
Share capital	543 454	449 916	993 370	(703 000)	290 370
Share premium	–	–	–	–	–
Share based payment reserve	12 886	–	12 886	–	12 886
Foreign currency translation reserve	2 350	–	2 350	–	2 350
Distributable reserves	527 267	–	527 267	222 486	749 753
Contingent Shares to be issued	–	–	–	–	–
Treasury shares	(2 324)	–	(2 324)	–	(2 324)
Minority Interest	45 899	–	45 899	480 514	526 413
Total equity	1 129 532	449 916	1 579 448	–	1 579 448
Non-current Liabilities	178 476	173 792	352 268	553 000	905 268
Deferred Payment Liability	–	160 592	160 592	–	160 592
Conditional Financial Obligation	–	–	–	703 000	703 000
Non-current Borrowings	150 000	–	150 000	(150 000)	–
Non-current provisions	8 350	–	8 350	–	8 350
Deferred tax liability	11 024	–	11 024	–	11 024
Accrual for straight-lining of leases	5 662	–	5 662	–	5 662
Provision for post-retirement benefit	3 440	–	3 440	–	3 440
Loan from Shareholders	–	13 200	13 200	–	13 200
Current liabilities	197 597	86 735	284 332	–	284 332
Trade and other payables	114 322	86 678	201 000	–	201 000
Borrowings	–	–	–	–	–
Provisions	8 431	–	8 431	–	8 431
Employee benefit provisions	74 844	–	74 844	–	74 884
Taxation	–	57	57	–	57
Total liabilities	376 073	260 527	636 600	553 000	1 189 600
Total Equity and Liabilities	1 505 605	710 442	2 216 047	553 000	2 769 047
NAV	241.43		284.90	–	284.90
NTAV	99.41		65.26	–	65.26

Notes:

1. The financial information in the "Reviewed Results as at 31 December 2014" column has been extracted from the Interim Results.
2. The figures in the "WAD Acquisition" column assumes that the WAD Acquisition has taken place and that Pharmacy Direct, Curasana, Glen Eden and Activo have been acquired. Further, it has been assumed that 100% of the Glen Eden A class shares have been acquired. The assets acquired in terms of the WAD Acquisition are Pharmacy Direct, Curasana and Glen Eden which all result in a business combination. A non-controlling interest of 26% in Activo is acquired resulting in the asset being accounted for as an associate. The A class shares subject to certain profit levels being achieved forms part of the consideration paid for Glen Eden. The WAD Acquisition regarding Pharmacy Direct, Curasana and Glen Eden are to be acquired through the issue of 86.5 million new shares as a share price of R5.20 (R449.9 million), the A class shares are acquired for a deferred payment of R160.592 million to be settled in shares while, Activo is to be acquired for a cash consideration of R20 million.

A breakdown of the intangible assets that have arisen due to the WAD Acquisition is set out below:

	Rand million
Customer relations from Pharmacy Direct and Curasana	203.689
Customer relations from Glen Eden	112.178
Goodwill	324.932
Deferred tax	(88.442)
Total	552.357

3. "Sanlam Subscription" column represent the effects of Sanlam subscribing for a 28.7% interest in AHA. The subscription price is R703 million in terms of the total Sanlam Subscription (after the acquisition of the WAD assets). As the transaction with Sanlam does not result in a loss of control of AHA, the transaction will be regarded as an equity transaction resulting in a non-controlling interest of R480.5 million on the Subscription Date (being the date upon which Sanlam is entitled to participate in Company distributions and profits, and where substantially the risks of holding the 28.7% equity are transferred). The difference between fair value of the consideration paid (R703 million) and the relevant share acquired of the carrying value of net assets of the subsidiary (R480.5 million), which includes the WAD assets and liabilities is recorded in equity (R222.4 million) as a gain on disposal of its non-controlling interest. As a result of the consideration received from Sanlam (R703million), an outstanding loan from ABSA Bank will be settled (R150 million). The Conditional Financial Obligation is raised in order to comply with IAS 32.23, as a result of a conditional put option created in terms of paragraph 2.2.2.3 in Annexure 11. IAS 32 requires the Financial Conditional Obligation to be recognised at the redemption amount and does not take into account the probability of the conditional put option vesting (and, if so, the likelihood of it being exercised) and its fair value. Consequently, the maximum Conditional Financial Obligation has been accounted for in the Financial Effects. Management views the probability of the conditional put option vesting as remote. The Conditional Financial Obligation will be reclassified as equity once the conditional put option period expires on 30 June 2017 (if not vested and exercised), restoring the share capital to its intended level.

Below is a breakdown of cash and cash equivalents:

– Cash and cash equivalents (703 million -150 million = 553 million).

4. It has been assumed that the Sanlam Investment and WAD Acquisition occurred on 31 December 2014.
5. A detailed purchase price allocation ("PPA") required in terms of IFRS (3) Business Combinations is an estimate arrived at by management for purposes of the Financial Effects. All factors will be considered during the period after the WAD Acquisition date to determine whether information obtained after that date results in an adjustment to this estimate.

THE PRO FORMA STATEMENT OF COMPREHENSIVE INCOME IS BASED ON THE ASSUMPTION THAT THE WAD ACQUISITION AND THE WAD RESTRUCTURE OCCUR BEFORE THE SANLAM TRANSACTION

Condensed consolidated statement of Comprehensive Income

	Reviewed Results as 31 December 2014 R'000 ⁽¹⁾	WAD Acquisition ⁽²⁾ R'000	Post WAD R'000	Sanlam Subscription ⁽³⁾ R'000	After the Sanlam Investment and WAD Acquisition R'000
Revenue	1 016 170	351 334	1 367 504	–	1 367 504
Cost of sales	–	(303 136)	(303 136)	–	(303 136)
Gross Profit	1 016 170	48 198	1 064 368	–	1 064 368
Other income	10 959	1 511	12 470	14 931	27 401
Operating Expenses	(893 194)	(51 443)	(944 637)	(2 715)	(947 352)
Net Profits before Taxation	133 935	(1 734)	132 201	12 216	144 417
Taxation	(36 862)	595	(36 267)	(3 420)	(39 687)
Net Profit	97 073	(1 138)	95 935	8 795	104 730
Other comprehensive income:					
Movement in FCT Reserve	1 013	–	1 013	–	1 013
Total comprehensive income attributable to equity holders of the Company	98 086	(1 138)	96 948	8 795	105 743
Profit/(loss) attributable to:	98 086	(1 138)	96 948	8 795	105 743
Ordinary shareholders	94 758	(1 138)	93 620	(27 773)	65 847
Minority interest expense	3 328	–	3 328	36 568	39 896

Earnings per Share Disclosure

	Reviewed results as 31 December ⁽¹⁾ 2014	WAD acquisition ⁽²⁾	Post WAD	Sanlam subscription ⁽³⁾	After the Sanlam investment and WAD acquisition
Number of ordinary Shares in issue	467 855 101	86 522 227	–	–	554 377 328
Number of contingent Share in issue	–	30 883 000	–	–	30 883 000
Weighted average number of ordinary shares	467 855 101	86 522 227	–	–	554 377 328
Weighted average number of ordinary shares and contingent shares	467 855 101	117 405 227	–	–	585 260 328
Basic Earnings	94 758	(1 138)	93 620	(27 773)	65 847
Adjusted for:					
Profit on disposal of investment	–	–	–	–	–
Fair value gain of investment	–	–	–	–	–
Impairment of intangible assets	–	–	–	–	–
Reversal of impairment	10 577	–	10 577	–	10 577
Adjustments of impairments recognised by associate	–	–	–	–	–
Total tax effects of adjustments	(3 273)	–	(3 273)	–	(3 273)
Total non-controlling interest effect of adjustments	–	–	–	–	–
(Profit)/loss on disposal of assets	108 ³⁾	–	108	–	108
Fair value adjustments (other)	–	–	–	–	–
Headline earnings	102 169	(1 138)	101 032	(27 773)	73 259
Earnings per share (Cents)					
– Attributable to ordinary shareholders (Cents)	20.25	–	16.89	–	11.88
– Diluted earnings per share (Cents)	20.25	–	16.00	–	11.25
Headline Earnings per share (Cents)					
– Attributable to ordinary shareholders (Cents)	21.84	–	18.22	–	13.21
– Diluted headline earnings per share (Cents)	21.84	–	17.26	–	12.52

Notes:

- The financial information in the "Reviewed Results as at 31 December 2014" column has been extracted from the Interim Results.
- The figures in the "WAD Acquisition" column assumes that the WAD Acquisition occurred on 1 July 2014. Further, it has been assumed that 100% of the Glen Eden A shares have been acquired. The assets acquired in terms of the WAD Acquisition are Pharmacy Direct, Curasana and Glen Eden which all result in a business combination in exchange for 86.5 million Shares. Therefore, 100% of the income and expenses are recognised in the statement of comprehensive income which represents the post-acquisition profits for the year attributable to these companies. It has been assumed the A class shares in Glen Eden has been acquired through a contingent share issue of 30.8 million shares having a dilutionary effect on AfroCentric's EPS and HEPS. It has been assumed that a non-controlling interest of 26% of Activo was also acquired for a cash consideration of R20 million resulting in the post acquisition profits of the associates income being equity accounted.
The following have been included in operating expenses
 - the amortisation of intangible assets of R19.5 million; and
 - transaction costs of R6.4 million (the total cost of the WAD Acquisition is approximately R10.3 million of which R3.9 million has already been expensed).
- The "Sanlam Subscription" column represents interest of R20.9 million earned on R553 million cash placed on call at an interest rate of 5.4% further to the use of the Subscription Price noted in paragraph 2.4.2 of this Circular. Furthermore interest saved through the settlement of interest bearing borrowings (R150 million) at a rate of 8.0475% has been taken into account. The total transaction costs of R8.75 million have been taken into account for pro forma purposes.

Below is a breakdown of the profits attributable to the non-controlling interest:

	Rand million
AHA Group profit for the period	119.759
WAD loss	(1.138)
Profits due to Sanlam Acquisition	8.795
Total	127.416
Non-controlling interest share of profits	36.568

- Save for the transaction costs, the pro forma adjustments will have a continuing effect on AfroCentric.

MATERIAL LOANS

United Towers Proprietary Limited, a special purpose vehicle of ABSA Capital, a division of ABSA Bank advanced a preference share funding facility to ACT Funding of R200 million to facilitate the acquisition of shares in AHL (formerly Lethimvula Investments Limited) by AHA. Consequently, ABSA Bank provided ACT Funding with a preference share facility of R200 million (Both AfroCentric and AHA provided guarantees and as at June 2014 R157.8 million had been drawn down). This facility was initially due for redemption in March 2014, but agreement was reached with the lenders to extend the redemption over a period of 3 years to 11 February 2017. Following the Sanlam Subscription, the ACT Funding borrowings provided by ABSA Bank envisaged to be R150 million at the Subscription Date, will be settled in its entirety and all guarantees and securities provided by the AHA Group shall be released.

The effect of the repayment of the ABSA Bank borrowings on AfroCentric Group's current and non-current borrowings held at 31 December 2014 is as follows:

	Reviewed results for the six months ended 31 December 2014 R'000	Application of cash received from the Sanlam Subscription R'000	After the Sanlam Subscription R'000
Current and non-current borrowings	150 000	(150 000)	–

The interest bearing borrowings above bear interest at 87% of Prime.

There are no conversion rights attaching to the borrowings.

Security currently provided under the guarantees:

Pledge and cession by AHA of its shares in AHL ordinary shares;

Pledge and cession by AfroCentric of

- R90 million (2013: R100 million) preference shares issued by Jasco Cables Proprietary Limited and all its rights pertaining to such shares including a cession of the put option agreement dated 31/03/2008; and
- 20.27% listed ordinary shares in Jasco Limited;

A pledge and cession by ACT Funding of 200 000 000 preference shares in AHA was also provided.

THE WAD ACQUISITION

Full details of the WAD Acquisition were announced on SENS on 30 September 2014. As set out in paragraph 4.3 of the aforementioned announcement, the conclusion and execution of definitive transaction agreements was *inter alia* a condition precedent to the WAD Acquisition.

Subsequent to the publication of the WAD Acquisition SENS announcement and upon fulfilment of the aforementioned condition precedent, minor variations were made to the terms of the WAD Acquisitions.

For the avoidance of doubt, the original terms of the WAD Acquisition as announced on SENS are set out below, including the variations which were made to such terms upon the conclusion of the WAD Acquisition Agreement.

ORIGINAL SENS ANNOUNCEMENT:

“AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1988/000570/06)

JSE Code: ACT

ISIN: ZAE000078416

(“AfroCentric” or “the Company”)

ACQUISITION OF VARIOUS ASSETS BY AFROCENTRIC FROM WAD HOLDINGS PROPRIETARY LIMITED (“WAD”) AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

AfroCentric shareholders (“Shareholders”) are advised that on 30 September 2014, AfroCentric concluded the commercial terms of an agreement in terms of which it will acquire or has the right to acquire certain assets from WAD or its respective subsidiaries (“WAD Assets”), subject to the fulfilment of certain conditions precedent, for an aggregate upfront purchase consideration of R400.7 million, the majority of which will be settled through the issue of AfroCentric ordinary shares (collectively the “WAD Acquisitions”).

2. THE WAD ASSETS

2.1 Composition of the WAD Assets

In terms of the WAD Acquisition, the WAD Assets will comprise the following:

2.1.1 on the effective date (referred to in paragraph 4.2 below), 100% of the ordinary shares and on 1 September 2018 up to a 100% of the A class shares in both Pharmacy Direct Proprietary Limited (“PD”) and Curasana Proprietary Limited (“CS”), (collectively “Pharmacy Direct”), a business that specialises in the wholesaling, dispensing and delivery of chronic medication for and on behalf of private and public sector clients and patients in South Africa.

2.1.2 on the effective date, 100% of the ordinary shares and on 1 March 2017 up to 100% of the A class shares of a wholly owned newly incorporated subsidiary of WAD (“Newco”), housing certain of the contracts and business previously conducted by an agency enterprise of WAD.

2.1.3 on the effective date, 26% of the ordinary shares in and shareholder loan claims against Activo Health Proprietary Limited (“Activo”), a Southern African distributor of generic medicines as well as complementary nutraceutical products (“Activo Acquisition”);

2.1.3.1 the right to exercise a call option to acquire the remaining 74% of ordinary shares and shareholder loan claims in Activo from WAD during the six month period after 1 September 2019 (“the Call Option”);

2.1.3.2 the right to exercise a put option to dispose of the 26% of ordinary shares and shareholder loan claims in Activo to WAD during the six month period after 1 September 2019; and

2.1.4 an option, exercisable in the sole discretion of AfroCentric, prior to 30 June 2018 to acquire the warehouse properties currently occupied and used by Pharmacy Direct that are owned by another subsidiary of WAD, by 30 June 2018 (“Properties”).

2.2 Description of the WAD Assets and rights attaching to the equity instruments

2.2.1 Pharmacy Direct

Pharmacy Direct was established 10 years ago and is the designated service provider to a wide range of South African medical aid schemes. The business supplies chronic medication under prescribed minimum benefits regulation and normal chronic benefits to 110,000 patients nationally. In January 2014, Pharmacy Direct was awarded a tender with the Department of Health (“the DOH Tender”) in terms of which chronic medication are dispensed on behalf of the Government to districts in 5 of the 9 provinces.

PD and CS shall, at the time of the WAD Acquisitions, have two classes of equity shares in issue, being ordinary and A class shares. The A class shares are intended to represent an incentive for WAD to develop and grow the profitability of the DOH Tender.

Accordingly and in terms of the DOH Tender incentive mechanism, AfroCentric shall acquire 100% of the ordinary shares on the effective date and have the right to acquire up to 100% of the A class shares as detailed in 4.4 below. The principal rights attaching to the shares are as follows:

- Ordinary shareholders have 100% of the voting rights in respect of all company and business matters;
- A class shareholders shall have no voting rights and no initial claim on economic benefits of the Company. Economic benefits shall vest in the A class shares from 1 July 2018 following the achievement of certain profitability levels relative to the DOH Tender by 30 June 2018.

2.2.2 Newco

Newco will acquire a software marketing contract (“**Agency Contract**”) from an agency enterprise of WAD. The purchase consideration for Newco shall be payable in two tranches, as detailed in paragraph 4.4 below. Newco shall, at the time of the WAD Acquisitions, have two classes of shares in issue, being ordinary shares and A class shares. The A class shares will act as an incentive for the ongoing development and growth of this business and facilitate a deferred payment should certain profitability thresholds be achieved.

The principal rights attaching to the shares are as follows:

- Ordinary shareholders have 90% of the voting rights in respect of all company and business matters and 100% of the economic benefits;
- A class shareholders shall have 10% of the voting rights and no initial claim on economic benefits of Newco. Economic benefits shall vest in the A class shares from 1 January 2017 following a determination of the prospective contract based profitability of the business for the following three fiscal years. From 1 January 2017, the A shares will rank pari passu with the ordinary shares and, prior to the second tranche as contemplated in 4.4.2.2, will represent 50% of the fully diluted shares outstanding.

2.2.3 Activo

Activo is a wholesale pharmaceutical distributor to South African-based customers, including Pharmacy Direct. In terms of the WAD Acquisitions a strategic minority interest in Activo will be acquired in order to align the interests of the parties and to provide AfroCentric with an opportunity to increase its interest in Activo by means of the Call Option.

2.2.4 Properties

AfroCentric shall have the option to acquire, in its sole discretion, prior to 30 June 2018, the Properties. The Properties comprise warehouses and packaging and distribution facilities based in Centurion and Midrand that are occupied and used by Pharmacy Direct.

2.3 Profits and net asset value attributable to the WAD Assets

The after tax profits attributable to the WAD Assets (Pharmacy Direct, 26% of Activo and the Agency Contract in Newco) for the year ended 28 February 2014, being WAD’s most recent year end, is R45 million while the net asset value as at 28 February 2014 was R79 million.

3. RATIONALE FOR THE WAD ACQUISITIONS

AfroCentric is a black-controlled, diversified investment holding company. AfroCentric holds a 94.1% majority stake in AfroCentric Healthcare Limited (“**AHL**”). AHL owns 100% of the issued share capital in Medscheme Holdings Proprietary Limited (“**Medscheme**”), a multi-medical scheme administrator and managed care provider. As the largest health risk management services provider and third largest medical scheme administrator in South Africa, Medscheme’s focus is to achieve sustainability through innovation, effective health risk management, complemented by a relentless drive for operational and service excellence. Medscheme has over 3.2 million lives under management. Medscheme’s healthcare management expertise has been gained over 41 years, which includes several years of experience with the Government Employees Medical Scheme, Bonitas and Fedhealth. Although Medscheme is essentially a South African enterprise, the Group has a meaningful presence in Botswana, Namibia, Mauritius, Swaziland, Kenya and Zimbabwe. Medscheme’s operations in Mauritius provide an excellent platform for further international expansion. Health management and technical support services are provided to clients in the Republic of Ireland out of the Medscheme Mauritius office.

The WAD Acquisitions will not only add diversification to ACT’s investment portfolio, but are complementary to AHL’s core business through their provision of services and products to the broader healthcare community, both private and public. The integration of the WAD Assets will unlock value, as AHL will extend the acquired product and service offerings to the healthcare market. The incorporation of key members of WAD management in the AfroCentric group will further expand management capacity, provide executive continuity and strengthen core skills required in an ever-changing and challenging business environment.

4. TERMS OF THE WAD ACQUISITIONS

4.1 Acquisition of the WAD Assets by an AfroCentric subsidiary

Upon completion of the WAD Acquisitions by AfroCentric, the WAD Assets will be transferred to its currently wholly owned subsidiary ACT Healthcare Assets Proprietary Limited (“ACT Assets”) (“ACT Acquisition”).

4.2 Effective date of the WAD Acquisitions

The effective date of the WAD Acquisitions shall be the date of fulfilment or waiver, as the case may be, of the conditions precedent detailed in paragraph 4.3 below.

4.3 Conditions precedent

The WAD Acquisitions is subject to the fulfilment or waiver, as the case may be, by or before 15 December 2014, of, *inter alia*, the following outstanding conditions precedent:

4.3.1 the conclusion and execution of definitive transaction agreements;

4.3.2 Mr Antoine van Buuren, currently the Chief Executive Officer (“CEO”) of Pharmacy Direct, is appointed as CEO of AHL;

4.3.3 Mr Willem Britz, currently CEO of WAD, is appointed as an executive director of AfroCentric;

4.3.4 the approval of the WAD Acquisitions by the Medicine Control Council; and

4.3.5 regulatory approvals of the WAD Acquisitions including by, and to the extent that such approval may be required, the Takeover Regulation Panel and Competition Commission.

4.4 Consideration for the WAD Acquisitions

The maximum total aggregate purchase consideration for the WAD Assets, including the second tranches, is R593.8 million (based on a price of R4.40 per AfroCentric share) and will be payable by AfroCentric to WAD, substantially through the issue of AfroCentric ordinary shares (“AfroCentric Shares”) and a certain amount in cash, as follows:

4.4.1 Pharmacy Direct

The aggregate purchase consideration payable by AfroCentric in respect of Pharmacy Direct will be settled in two tranches as follows:

4.4.1.1 Tranche 1 – in respect of 100% of the ordinary shares of PD and CS – the issue of 67 405 228 AfroCentric Shares (valued at R296.6 million at R4.40 per AfroCentric share) to WAD on the effective date;

4.4.1.2 Tranche 2 – in respect of up to 100% of the A class shares in PD and CS – an amount to be determined based on a multiple of the after tax profit attributable to the DOH Tender for the year ended 30 June 2018, adjusted for aggregate capital expenditure and net accumulated losses on the DOH Tender since the effective date. The purchase price will; and

4.4.1.3 be settled on 1 September 2018 through the issue of AfroCentric Shares based on the volume weighted average price of AfroCentric Shares for the 90 days preceding 1 September 2018. The multiple will be a 10% discount to the average price earnings multiple of AfroCentric Shares for the 90 (ninety) trading days immediately prior to 1 September 2018. The maximum number of shares AfroCentric will be obliged to issue for this tranche is 13 000 000 AfroCentric Shares plus any AfroCentric Shares that were not issued in terms of the maximum referred to in 4.4.2.2 below (“the Maximum Share Issue”).

If the tranche 2 payment as calculated requires more than the Maximum Share Issue, the percentage of the A shares of PD and CS to be acquired by AfroCentric will be reduced accordingly. AfroCentric shall have the option to acquire, in its sole discretion, prior to 1 March 2019, any remaining A shares.

4.4.2 Newco

The aggregate purchase consideration payable by AfroCentric in respect of Newco will be settled in two tranches as follows:

4.4.2.1 Tranche 1 – in respect of 100% of the ordinary shares of Newco –the issue of 19 117 000 AfroCentric Shares (valued at R84.1 million at R4.40 per AfroCentric share)to WAD on the effective date; and

4.4.2.2 Tranche 2 – in respect of up to 100% of the A class shares in Newco – an amount to be determined based on a multiple of 5 times the expected annual average after tax earnings in contracted income from the Agency Contract for the three forecast years ending 30 June 2018, 2019 and 2020. The purchase price will be settled on 1 March 2017 through the issue of AfroCentric Shares at an agreed upon price of R4.40 per share. The maximum number of shares Afrocentric will be obligated to issue for this tranche is 30 883 000 AfroCentric Share.

If the tranche 2 payment as calculated requires more than 30 883 000 AfroCentric Shares to be issued, the A class shares of Newco to be acquired by AfroCentric will be reduced accordingly. AfroCentric shall have the option to acquire, in its sole discretion, prior to 1 March 2019, any remaining A class shares.

4.4.3 Activo

4.4.3.1 The aggregate purchase consideration payable by AfroCentric for the Activo Acquisition will be R20 million payable in cash on the effective date.

4.4.3.2 ACT or its nominee shall have the option to increase or dispose of its shareholding after 30 June 2019 but before 1 March 2020, by means of:

- 4.4.3.2.1 a call option on the remaining 74% at the higher of:
- the average profit after tax of the company for the 12 (twelve) month periods ending 30 June 2019 and 30 June 2018 respectively multiplied by 10; or
 - fair market value at 30 June 2019.

4.4.4 Option to acquire Properties

AfroCentric has the option to acquire the Properties by 30 June 2018 at the fair market value thereof, as agreed between AfroCentric and WAD, in consultation with a jointly appointed property valuer and payable in cash.

4.4.5 Warranties and indemnities

AfroCentric and WAD have given each other the warranties and indemnities that are usual in transactions of this nature.

4.4.6 WAD interest in AfroCentric post the WAD Acquisitions

Following the implementation of the WAD Acquisitions and at the effective date WAD will hold a total beneficial interest of 16% in AfroCentric.

WAD has undertaken not to dispose nor transfer any of the AfroCentric Shares held by it for a period of 24 months after the effective date (“**the Restricted Period**”), but subject to, the ability to dispose of up to 15% of its holding per annum under certain circumstances during the Restricted Period.

5. CATEGORISATION OF THE WAD ACQUISITIONS

The WAD Acquisitions are considered a Category 2 transaction in terms of the JSE Limited Listings Requirements and do not require shareholder approval.

6. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 10 June 2014 and the subsequent renewal thereof dated 23 July 2014 and 3 September 2014.

Shareholders are advised that further to the announcement published today, 30 September 2014, on the Stock Exchange News Service regarding the subscription for shares by Sanlam in ACT Assets and this announcement regarding the WAD Acquisitions, Shareholders no longer need to exercise caution when dealing in the Company’s securities.

Sponsor

Sasfin Capital (a division of Sasfin Bank Limited)

Corporate Advisor to AfroCentric

Sinergi Corporate Advisors Proprietary Limited

Joint Legal Advisor to AfroCentric

HR Levin Attorneys, Notaries and Conveyancers

Joint Legal Advisor to AfroCentric

Rothbart Ingham Inc

Corporate Advisor to WAD

KPMG Services Proprietary Limited

Johannesburg

30 September 2014”

VARIATIONS MADE TO THE COMMERCIAL TERMS OF THE WAD ACQUISITION WHEN THE DEFINITIVE WAD ACQUISITION AGREEMENT WAS ENTERED INTO AND ADDENDA TO THE WAD ACQUISITION AGREEMENT:

Set out below are the minor variations to the Commercial Terms of the WAD Acquisition when the definitive WAD Acquisition Agreement was entered into and information regarding the addenda to the WAD Acquisition Agreement.

1. PHARMACY DIRECT

The Pharmacy Direct acquisition, being 100% of the ordinary shares of Pharmacy Direct and Curasana, was made in two tranches, with the second tranche specifically linked to the performance relating to the DOH Tender granted in January 2014, for the distribution of chronic medication to Government patients. A separate new class of shares (“**PD CS A-class shares**”) to be linked specifically to the DOH Tender profits has been created, meaning that the holder of the PD CS A-class shares has the rights to the profits from the DOH Tender. AfroCentric will acquire the PD CS A-class shares, determined by a formula, calculated as a multiple of headline earnings generated specifically by the DOH Tender. The formula incorporates a ceiling for the issue of AfroCentric Shares to a maximum of 13 million AfroCentric Shares.

2. RESTRICTIONS AND NON-COMPETE

The rationale of the WAD Acquisition is not only to add diversification to AfroCentric’s investment portfolio and to complement AHL’s core business, but to expand management capacity by incorporating key individuals in the management structure to provide executive continuity and strengthen core skills required in an ever-changing and challenging business environment. To this effect, and to acknowledge the fact that WAD was involved in the healthcare industry, AfroCentric recommended certain restrictions and non-compete measures to allow the integration of the WAD Assets and management team members. The following measures, over and above the standard warranties and undertakings associated with a transaction of this nature, have been added to mitigate any potential conflicts of interest:

- A restriction on the sale of AfroCentric Shares by WAD, restricting the sale of AfroCentric Shares within 24 months after their issue to a maximum sale of 15% per annum and subject to a minimum selling price of R5.50;
- The issue of a first right of refusal in favour of AfroCentric to acquire healthcare related businesses currently owned by WAD which are excluded from this transaction, eg. its 49% in Bonitas Marketing Company Proprietary Limited, its 80% interest in Wellness Odyssey Proprietary Limited and its 100% interest in MyCare Health Solutions Proprietary Limited;
- A non-compete clause has been included, limiting the Warrantors’ activity in the potential competing healthcare businesses. The Warrantors will be restricted for a minimum of 5 years, in which period they will not be allowed to be involved in any capacity in a competing business to Pharmacy Direct (being a courier pharmacy) and Medscheme (specifically the administration, managed care services and the related IT services offered to medical schemes), unless prior written approval has been obtained from the Board;
- The non-compete provisions will apply to the Warrantors until the later of 30 June 2020 and the date of which they cease to be employees or directors of the AfroCentric Group.

3. ACTIVO

- A tag along has been added in addition to the call and put options to allow WAD to dispose of 100% of Activo subject to a right of first refusal to AfroCentric and subject to the offer for AfroCentric’s 26% not being less than R30 million (put option value).
- If AfroCentric’s call option in respect of Activo is exercised but cannot be implemented due to an inability to obtain the relevant regulatory approvals then AfroCentric will acquire an additional put option to sell the Activo investment on the same commercial terms.

4. OPTIONS

WAD’s vendors requested a reduction in the option period for AfroCentric to acquire the Properties from the end of the DOH Tender option period (June 2018) to 18 months post the effective date of the WAD Acquisition.

5. ADDENDA TO THE WAD ACQUISITION AGREEMENT

The amendments in addenda one to four relate *inter alia* to the extension of dates and are not considered material.

THE PROFIT WARRANTY CLAIM

The Subscription Agreement includes certain AHA Group performance thresholds which need to be attained and determined in accordance with the formulae as outlined below.

1. PROFIT WARRANTY CLAIM FORMULA

$$\text{Profit Warranty Claim} = [(\text{HEF} \times 7.4) + (\text{F} \times (1-t) \times m)] \times S$$

Where:

HEF is the Headlines Earnings Shortfall (as described in paragraph 2.5.5 of this Circular);

F is the excess above a targeted amount expended by the AHA Group, directly or indirectly, between 1 July 2014 and 30 June 2017, including amounts budgeted at 30 June 2017 in respect of future periods, in relation to specified and defined information system and technology development costs, specifically excluding normal ongoing maintenance expenditure;

t is AHA's effective rate of tax on the basis that all of F constitutes a (historic or future) deductible expense;

m is AHA's effective shareholding in AHL at 30 June 2017; and

S is the Sanlam Group's shareholding in AHA at 30 June 2017, expressed as a decimal.

2. PROFIT WARRANTY CLAIM SETTLEMENT

The AHA Group performance undertakings, as calculated in 1 above, and the contingent implications and settlement provisions are outlined below.

2.1 If a Profit Warranty Claim amount is determined (being the Headline Earnings Shortfall), Sanlam at its election may demand:

2.1.1 payment equal to the Profit Warranty Claim, or

2.1.2 subject to the limitations of 2.2 below, such number of AHA Shares held by AfroCentric as shall equal the Profit Warranty Claim per the formula below:

$$\text{Profit Warranty Settlement Shares} = \text{Profit Warranty Claim} / \text{FMV} \times \text{TS}$$

Where:

FMV is the 2017 Headline Earnings x 7.4, and

TS is the total number of AHA shares in issue

2.2 If the issue of the Profit Warranty Settlement Shares results in:

2.2.1 An increase of 5% (or less) of Sanlam's shareholding in AHA at 30 June 2017, then the Profit Warranty Settlement Shares shall be deemed to be zero;

2.2.2 An increase in Sanlam's shareholding in AHA at 30 June 2017 greater than 15%, then Sanlam shall be entitled to elect to:

2.2.2.1 receive such number of AHA Shares equal to an increase of 15% of its shareholding in AHA;

2.2.2.2 engage with AfroCentric with a view to agree on a higher percentage increase in its shareholding in AHA; or

2.2.2.3 require Afrocentric to repurchase all the AHA Shares held by Sanlam at a consideration equal to the Subscription Price escalated by a rate of interest equal to a deposit rate of interest.

The maximum conditional financial obligation resulting from 2.2.2.3 above, regardless of conditionality or probability, is required by IFRS to be classified in terms of IAS 32 as a "**Conditional Financial Obligation**" until the magnitude, of the Profit Warranty Claim is determined post 30 June 2017. Consequently, the maximum Conditional Financial Obligation has been accounted for in the Financial Effects.

2.2.3 As management believes that the probability of the option being exercised is remote, the Conditional Financial Obligation will reverse against share capital to restore share capital to its intended level.



AfroCentric

GROUP

AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1988/000570/06)

Share Code: ACT ISIN: ZAE000078416

("AfroCentric" or "the Company")

NOTICE OF GENERAL MEETING OF AFROCENTRIC SHAREHOLDERS

Where appropriate and applicable, the terms defined in this Circular to which this Notice is attached and forms part, bear the same meanings in this Notice, and in particular in the Resolutions set out below.

NOTICE IS HEREBY GIVEN that the General Meeting will be held at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort, on Monday, 7 September 2015 commencing at 10:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions set out below.

IMPORTANT DATES TO NOTE

2015

Last day to trade in order to be eligible to vote at the General Meeting	Friday, 21 August
Record Date to be able to vote at the General Meeting	Friday, 28 August
Forms of proxy to be received by no later than 10:00 on	Thursday, 3 September
General Meeting to be held at 10:00 on	Monday, 7 September
Results of the General Meeting published on SENS on	Monday, 7 September

In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the General Meeting in the place of the Shareholder, by completing the form of proxy in accordance with the instructions set out therein;
- a proxy need not be a Shareholder; and
- all Shareholders are required to provide reasonably satisfactory identification before being entitled to participate and vote in the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SANLAM SUBSCRIPTION

“RESOLVED THAT:

- the issue of the Subscription Shares by AHA to Sanlam or its nominee for cash in accordance with the terms and conditions of the Subscription Agreement;
- any future transfer of AHA shares from AfroCentric to Sanlam or its nominee or payment of cash pursuant to any Headline Earnings Shortfall for the year ending 30 June 2017 as referred to in paragraph 2.5.5 of this Circular; and
- the Company's and the AHA Group's entry into, and performance pursuant to, the Transaction Agreements

be and is hereby approved in accordance with the provisions of paragraph 9.20 of the JSE Listings Requirements.”

The percentage of voting rights that will be required for this Ordinary Resolution Number 1 to be adopted is at least 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER 2

“RESOLVED THAT any director of AfroCentric or the company secretary be and are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to ordinary resolution number 1.”

The percentage of voting rights that will be required for this Ordinary Resolutions Number 2 to be adopted is at least 50% of the voting rights exercised on the resolutions.

QUORUM

The General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. A matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Shareholders personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting on matters to be decided by Shareholders.

FORM OF PROXY

A form of proxy is attached for the convenience of Certificated Shareholders and Dematerialised Own-Name Shareholders who cannot attend the General Meeting and who wish to be represented thereat. Forms of proxy may also be obtained on request from AfroCentric's registered office. The completed forms of proxy must be deposited at or posted to the office of the Transfer Secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 48 hours prior to the General Meeting, i.e. by 10:00 on Thursday, 3 September 2015. The form of proxy may also be handed to the chairman of the General Meeting or adjourned General Meeting before the General Meeting is due to commence or recommence. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Attached to the form of proxy as an appendix, is an extract of section 58 of the Companies Act, to which Shareholders are referred.

Shareholders who have already Dematerialised their Shares through a Broker or CSDP and who wish to attend the General Meeting must instruct their Broker or CSDP to issue them with the necessary letter of representation to attend.

By order of the Board



AfroCentric

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AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1988/000570/06)

Share Code: ACT ISIN: ZAE000078416

("AfroCentric" or "the Company")

FORM OF PROXY – GENERAL MEETING

Where appropriate and applicable the terms defined in this Circular to which this form of proxy is attached forms part of and shall bear the same meaning in this form of proxy.

For use by the holders of Certificated Shares and/or Dematerialised Shares held through a Broker or CSDP who have selected "own name" registration, registered as such at the close of business on the Record Date, at the General Meeting to be held at 10:00 at the AfroCentric Group Head Office, 37 Conrad Street, Florida North, Roodepoort, on Monday, 7 September 2015 or any postponement or adjournment thereof. The form of proxy may also be handed to the chairman of the General Meeting or adjourned or postponed General Meeting before the General Meeting is due to commence or recommence.

Dematerialised Shareholders who have not selected "own name" registration must not complete this form.

They must inform their broker or CSDP timeously of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the Broker or CSDP to issue them with the necessary letter of representation to do so or provide the Broker or CSDP timeously with their voting instructions should they not wish to attend the General Meeting in order for the Broker or CSDP to vote in accordance with their instructions at the General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE) _____

of (address) [BLOCK LETTERS PLEASE] _____

Telephone no: (WORK)(area code) _____

Cellphone no: _____ Telephone no: (HOME) (area code) _____

E-mail address: _____

being the holder/s of _____ Shares hereby appoint _____

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the General Meeting _____

as my/our proxy to act for me/us on my/our behalf at the General Meeting of in accordance with the following instructions (see note 2):

	Number of votes		
	For*	Against*	Abstain *
Ordinary Resolution Number 1 – Approval of the Sanlam Subscription			
Ordinary Resolution Number 2 – To allow a director and company secretary to do all such things and to sign all such documents as may be necessary to implement the resolution set out above			

* One vote per Share held by Shareholders on the Record Date.

Signed at _____ on _____ 2015

Full name _____ Capacity _____

Signature(s) _____

Assisted by (where applicable) _____

Please see the notes on the reverse side hereof.

Notes:

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a Shareholder in terms hereof may not delegate his authority to act on behalf of the Shareholder to any other person.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat.
4. Forms of proxy must be lodged at or posted to Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by not later than 10:00 on Thursday, 3 September 2015 or not less than 48 hours before the recommencement of any adjourned or postponed meeting, or 10 minutes before the General Meeting is due to commence or recommence.
5. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so. In addition to the foregoing, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to AfroCentric. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. The chairman of the General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the Shareholder (s) concerned wish(es) to vote.
7. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder) to attend, speak and vote in place of that Shareholder at the General Meeting.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by AfroCentric or the Transfer Secretaries or waived by the chairman of the General Meeting.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. Where there are joint holders of Shares:
 - 10.1 any one holder may sign this form of proxy; and
 - 10.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Shares.
11. The form of proxy may be used at any adjournment or postponement of the General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Shareholder.
12. An extract from the Companies Act reflecting the provisions of section 58 of the Companies Act is attached as an appendix to this form of proxy.

APPENDIX – EXTRACT FROM SECTION 58 OF THE COMPANIES ACT

“58. Shareholder right to be represented by proxy

- (1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to:
 - (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
 - (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
- (2) A proxy appointment:
 - (a) must be in writing, dated and signed by the shareholder; and
 - (b) remains valid for:
 - (i) one year after the date on which it was signed; or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).
- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
 - (b) a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy:
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
- (5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any; or
 - (b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).
- (6) If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company’s Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
 - (a) the shareholder; or
 - (b) the proxy or proxies, if the shareholder has:
 - (i) directed the company to do so, in writing; and
 - (ii) paid any reasonable fee charged by the company for doing so.
- (7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.
- (8) If a Company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
 - (a) the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - (b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:
 - (i) bear a reasonably prominent summary of the rights established by this section;
 - (ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and
 - (iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
 - (c) the company must not require that the proxy appointment be made irrevocable; and
 - (d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).
- (9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.”

