AfroCentric Investment Corporation Limited

Annual Report 2008

For the year ended 30 June 2008

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Client: AFROCENTRIC

W/T no: T2IB01740 Proof no: 4

Date: 18 December 2008

DTP operator: Liz Reader: Carel

Contents

Statement of directors' responsibilities

for the year ended 30 June 2008

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of AfroCentric Investment Corporation Limited and its subsidiaries, in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, 1973 ("the Companies Act"). The annual financial statements presented on pages 4 to 34 have been prepared in accordance with the requirements of IFRS and the Companies Act, and includes amounts based on judgements and estimates made by management.

The directors consider that, having applied IFRS in preparing the annual financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the annual financial statements fairly present the results of operations for the year and the financial position of the group and company at year-end in accordance with IFRS.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the group and company to enable the directors to ensure that the annual financial statements comply with relevant legislation.

The company continues to monitor its internal control structures, which incorporate risk management and control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. To this end the company has, subsequent to the year-end, appointed a permanent Operations Officer to work closely with the directors and Board Investment Committee. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group and company will not be a going concern in the year ahead, based on forecasts and available cash resources. These financial statements support the viability of the group and company.

The company's external auditors, SizweNtsaluba VSP, audited the annual financial statements and their audit report is presented on page 3.

The annual financial statements which appear on pages 4 to 34 were approved for issue by the board of directors on 28 September 2008 and are signed on its behalf by:

MI Sacks
Director

JM Kahn
Director

Johannesburg
28 September 2008

Certificate by the company secretary

for the year ended 30 June 2008

In terms of section 268 G (d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief the company has lodged with the Registrar of Companies for the year ended 30 June 2008, all such returns as are required of a Public Company in terms of the Companies Act and that all such returns are true, correct and up to date.

MI Sacks

Johannesburg
28 September 2008

Letter to shareholders

Dear Shareholder

We are pleased to have the opportunity to advise shareholders of the activities of the Group and the Board Investment Committee for the year ended 30 June 2008.

AfroCentric is a black owned diversified investment holding company. During the year ended 30 June 2007, the company raised approximately R100 million for investment purposes. Save for concluding a select and potentially rewarding Co-operation Agreement with Rio Tinto Plc for BEE mining, prospecting and exploration projects, numerous investment opportunities were considered, none of which satisfied the selective criteria prescribed by the Board Investment Committee. Accordingly, until 31 March 2008, AfroCentric's revenues were generated exclusively from interest earned on the Company's treasury funds.

On 31 March 2008, the Company concluded an agreement, effective from 1 June 2008, for the acquisition of a 34,9% minority interest in JSE-listed Jasco Electronics Holdings Limited ("Jasco"). The purchase price of this investment was satisfied by the issue of AfroCentric ordinary shares. Simultaneously AfroCentric subscribed for R100 million of preference shares in a wholly-owned subsidiary of Jasco to part facilitate the acquisition of Jasco's investment in Malesela Taihan Technologies (Pty) Limited ("M-Tec"). Jasco's core focus of operations is in the electronics and communications industry. M-Tec is a leading manufacturer and distributor of fibre optic cable including a wide range of power and telecom cable, serving, *inter alia*, the infrastructural development demands in the South African and African continental markets.

The Board of Directors and Board Investment Committee of AfroCentric are satisfied with the general progress of AfroCentric to date. Given that there is great economic uncertainty in both local and international investment markets, the cautious and disciplined investment policy adopted by the Board Investment Committee has served the best interests of AfroCentric shareholders. The Board Investment Committee will continue to follow the rigid principles of its investment policy, even though it is becoming increasingly evident that investment opportunities now present greater value than options proffered in the more feverish years of 2006 and 2007.

On 23 September 2008, the Board of AfroCentric announced that, subject to certain conditions precedent being fulfilled, it had entered into a Share Purchase Agreement dated 22 September 2008 to acquire 365 865 029 ordinary shares in the issued ordinary share capital of Lethimvula Investments Limited ("Lethimvula") (the "Sale Shares"), representing 63.2% of the entire issued share capital of Lethimvula (the "Acquisition"), from certain Lethimvula shareholders (the "Sellers"). The purchase price for the Sale Shares (the "Purchase Price") is a maximum amount of R568,9 million or R1.55 per Sale Share plus such additional amount to be determined in accordance with the terms of the sale agreement. The purchase price will be paid partly in cash and partly in AfroCentric shares at R2.60 per share, subject to certain profit warranties being attained.

Subject to the conditions precedent being fulfilled, the Company has undertaken to make a similar offer to all Lethimvula minority shareholders in terms of Security Regulation Panel requirements.

Lethimvula is an investment holding company with its principal assets being 100% beneficial interest in Medscheme Limited and Rowan Angel (Proprietary) Limited, both multi-medical scheme administrators serving trustees and members of both open and determinate corporate medical schemes.

In addition to the expected advantages arising through the Lethimvula acquisition and the Jasco investment, progress was made during the year completing the targets for consolidation of certain mineral rights, in conjunction with Rio Tinto Plc. Notwithstanding the long-term nature of these mining-related activities, including the normal feasibility risks in such projects, the mineral exploration and prospecting presently being undertaken with Rio Tinto Plc is encouraging.

The directors will keep shareholders advised on the progress of the mining and exploration projects, including the process of events which need to be concluded in regard to the Lethimvula acquisition.

Sincerely

By order of the Board

Michael Sacks
Director and Secretary

Johannesburg
28 September 2008

SizweNtsaluba VSP
est.1985
20MorrisStreetEast,Woodmead,2191
POBox2939,Saxonwold,2132
Tel.+27861176877,Fax.+27112340933
www.sizwentsaluba.co.za

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of AfroCentric Investment Corporation Limited

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of AfroCentric Investment Corporation Limited, which comprise the directors' report, the balance sheet and consolidated balance sheet as at 30 June 2008, the income statement and consolidated income statements, the statement of changes in equity and consolidated statement of changes in equity and cash flow statement and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 34.

Directors' responsibility for the financial statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 June 2008, and of the financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

SizweNtsaluba VSP
Registered Auditor
Partner: S Lockhat

Johannesburg
28 September 2008

Directors' report

for the year ended 30 June 2008

The directors have pleasure in presenting their report for the year ended 30 June 2008, which forms part of the audited annual financial statements of the Group and the Company for the year then ended.

Business activities

AfroCentric is a black owned diversified investment holding company. During the year ended 30 June 2007, the company raised approximately R100 million for investment purposes. Save for concluding a select and potentially rewarding Co-operation Agreement with Rio Tinto Plc for BEE mining, prospecting and exploration projects, numerous investment opportunities were considered, none of which satisfied the selective criteria prescribed by the Board Investment Committee. Accordingly, until 31 March 2008, AfroCentric's revenues were generated exclusively from interest earned on the Company's treasury funds.

On 31 March 2008, the Company concluded an agreement, effective from 1 June 2008, for the acquisition of a 34,9% minority interest in JSE-listed Jasco Electronics Holdings Limited ("Jasco"). The purchase price of this investment was satisfied by the issue of AfroCentric ordinary shares. Simultaneously AfroCentric subscribed for R100 million of preference shares in a wholly-owned subsidiary of Jasco to part facilitate the acquisition of Jasco's investment in Malesela Taihan Technologies (Pty) Limited ("M-Tec"). Jasco's core focus of operations is in the electronics and communications industry. M-Tec is a leading manufacturer and distributor of fibre optic cable including a wide range of power and telecom cable, serving, *inter alia*, the infrastructural development demands in the South African and African continental markets.

Group results

AfroCentric's Group profits after tax amounted to R10 810 000 (2007: R4 673 000), an increase of 131% for the year under review. This increase arises substantially as a result of the escalating yields on the Company's cash resources for eleven months of the year, equity accounted earnings of Jasco for the month of June 2008 and the June month's dividend on the Company's preference share investment amounting to R1 006 000.

While the monthly profits of Jasco (which now also includes Jasco's share of earnings from M-Tec) could vary according to its industry business cycles, and the month of June does not necessarily indicate an average month, shareholders can nevertheless start to appreciate the effect Jasco profits can have on AfroCentric's basic and fully diluted earnings per share.

Changes in share capital

On 31 May 2008 the Company issued 49 954 741 ordinary shares of 1 cent each. These shares were issued in consideration of the acquisition of a 34,9% interest in Jasco Electronic Holdings Limited. Details of the Company's authorised and issued share capital is set out in note 8 to the financial statements.

Control of unissued share capital

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 221 of the Companies Act, 1973 (Act 61 of 1973) ("the Companies Act"). As this general authority remains valid only until the next annual general meeting, members will be asked at the forthcoming annual general meeting to consider an ordinary resolution placing the said unissued ordinary shares of the Company's issued share capital under the control of the directors until the next annual general meeting.

Dividends

No dividends were declared or paid during the current and prior year.

In terms of the Company's articles of association, all unclaimed dividends shall not bear interest and may be invested or otherwise made use of by the directors of the Company as they deem fit for the benefit of the Company until claimed, provided that dividends unclaimed and retained for a period of three years shall be forfeited and shall revert to the company and be dealt with by the directors of the Company as they deem fit.

Directors

The following acted as directors during the current and prior financial year:

NB Bam* *(Chairman)*
NMJ Canca*
MV Gantsho*
JM Kahn*
MI Sacks*
Prof DI Swartz*
B Joffe*

**Non-executive*

Company Secretary

The Company Secretary is MI Sacks, whose registered and postal addresses are set out below:

Registered address
42 Wierda Road West
Wierda Valley
Sandton
2196

Postal address
Private Bag X10046
Sandton
2146

Shareholders' interest

Major shareholders

The major shareholders and the directors' interests in ordinary shares and preference shares as at 30 June 2008 and 30 June 2007 are provided hereafter. Major shareholders are those which own directly or indirectly 5% or more of each class of shares.

Ordinary shareholders at 30 June 2008

An analysis of holdings extracted from the register of ordinary shareholders at 30 June 2008 is listed below:

Spread of ordinary shareholders	Number of shares 2008	Percentage	Number of shares 2007	Percentage
Public	**33 123 325**	**23,01**	32 595 500	34,68
Non-public	**110 831 416**	**76,99**	61 404 500	65,32
	143 954 741	**100,00**	94 000 000	100,00
Directors and major shareholders				
The AfroCentric Empowerment Trust	**47 100 000**	**32,72**	47 100 000	50,10
Community Investment Holdings (Pty) Limited	**49 426 916**	**34,34**	–	–
NB Bam (direct beneficial)	**150 000**	**0,10**	150 000	0,16
NMJ Canca (direct beneficial)	**150 000**	**0,10**	150 000	0,16
MV Gantsho (direct beneficial)	**250 000**	**0,17**	250 000	0,27
B Joffe (indirect non-beneficial)	**3 600 000**	**2,50**	3 600 000	3,83
JM Kahn (direct beneficial)	**5 002 250**	**3,47**	5 002 250	5,32
MI Sacks (direct beneficial)	**1 242 250**	**0,86**	1 242 250	1,32
MI Sacks (indirect non-beneficial)	**3 760 000**	**2,61**	3 760 000	4,00
Prof DI Swartz (direct beneficial)	**150 000**	**0,10**	150 000	0,16

Preference shareholders at 30 June 2008

An analysis of holdings extricated from the register of preference shareholders at 30 June 2008 is listed below:

Spread of preference shareholders	Number of shares 2008	Percentage	Number of shares 2007	Percentage
Public	**2 883 056**	**17,33**	2 883 056	17,33
Non-public	**13 754 944**	**82,67**	13 754 944	82,67
	16 638 000	**100,00**	16 638 000	100,00
Directors and major shareholders				
B Joffe (indirect non-beneficial)	**2 548 182**	**15,31**	2 548 182	15,31
JM Kahn (direct beneficial)	**3 784 981**	**22,75**	3 784 981	22,75
MI Sacks (direct beneficial)	**3 784 981**	**22,75**	3 784 981	22,75
Eagle Creek Investments 605 (Pty) Limited	**3 636 800**	**21,86**	3 636 800	21,86

Directors' remuneration

A fee of R40 000 each was paid to Messrs Bam, Canca, Gantsho and Swartz for services as director for the year under review (2007: R40 000 each). The remuneration policy is currently the subject of review by the directors, and will be assessed in light of the scope and nature of the Company's operations.

Directors' service contracts

At the date hereof, none of the directors has entered into a service contract with the Company.

The Board has since the year-end appointed a permanent Operations Officer. During the year under review, Messrs Kahn and Sacks continued to fulfil the roles of acting management (in consultation with Mr Joffe) in terms of an informal management agreement. The company has an Investment Committee which includes Messrs Canca, Joffe, Kahn and Sacks. All investment opportunities are presented to and reviewed by the Investment Committee. All material investments are presented to, and reviewed by the Board.

Directors' interests in contracts

During the year under review, no material contracts in which the directors have an interest were entered into which significantly impacted the business of the Company.

Share incentive scheme

The Company adopted a share incentive scheme for the incentivisation of employees and directors at a general meeting of shareholders held on 31 March 2006.

At balance sheet date no shares or options had been issued in terms of the scheme.

The salient features of the scheme are detailed below:

- The aggregate number of ordinary shares which may be made available for the purposes of the scheme shall not be more than 20% of the issued ordinary share capital from time to time of the Company.
- The aggregate number of ordinary shares which may be acquired by any one participant under the scheme shall not be more than 3% of the issued ordinary share capital from time to time of the Company.
- The percentages and numbers set out in the preceding paragraphs above shall not be exceeded without prior authority of the shareholders of the Company in general meeting and the approval of the JSE.
- The price at which shares shall be made available shall be the volume weighted average price at which shares are traded on the JSE on the five business days immediately preceding the date upon which the Board directs that the relevant shares are made available to participants as determined by the sponsors of the Company or such other valuators nominated by the Board for that purpose acting in their discretion.

The salient features of the offer to purchase scheme are set out hereunder:

- The shares issued in terms of the scheme shall rank *pari passu* with the existing issued ordinary shares in the Company.
- Participants in the scheme may be officers or other employees of the Company, including, but not limited to, executive and non-executive directors, selected by the Board. Participants may be offered the opportunity to acquire shares in terms of the so-called "offer to purchase scheme" and the so-called "option scheme".
- Under this scheme, shares ("scheme shares") are sold by the scheme to the participants on the basis that ownership thereof passes to the participants on conclusion of the contract of sale but the purchase price need not be paid immediately. The amount due is hereinafter referred to as the "share debt".
- The amount payable by a participant for his scheme shares shall, in respect of the allocation, be not less than the Volume Weighted Average Price at which shares are traded on the JSE on the five business days immediately preceding the date upon which the Board directs that the relevant shares are made available to participants as determined by the sponsors of the Company or such other valuators nominated by the Board for that purpose acting in their discretion ("share price").
- Scheme shares will be registered in the names of participants and will be pledged in favor of, and retained by, the scheme as security for payment of the share debt.

Share incentive scheme

- Subject to certain limitations, a participant's outstanding balance of the share price will bear interest at such rate (if any), as may from time to time be determined by the Board. Dividends on scheme shares will be paid to the scheme and be applied in payment of such interest and any excess shall be paid towards the reduction of the outstanding balance of the share price of such participant's shares.
- Unless the Board otherwise resolves at any time, notwithstanding that any scheme shares are paid for, in whole or in part, at any time by the participant concerned, no scheme shares shall be released from the scheme or from the pledge until a year specified in the relevant offer to purchase is reached.
- If any amount in respect of the share price of any scheme shares becomes payable on demand by the trustees in accordance with the provisions of the scheme and such amount is not paid by the due date thereof, the trustees shall be entitled, *inter alia*, to cancel that sale in terms of which those scheme shares were acquired by the participant concerned and, *inter alia*, the participant concerned shall cease to have any interest in the scheme shares in respect of which the balance of the share price was due to be paid, such scheme shares shall be transferred into the name of the trust and the trustees may repay to the participant all or any part of the share price which such participant has paid in respect of such scheme shares.

The salient features of the scheme relating to share options are set out hereunder:

- The trustees may, if the Board so directs, offer participants options ("share options") to purchase scheme shares. Each share option shall confer upon the holder thereof the right to purchase scheme shares upon the terms and conditions summarised below:
  - the amount payable by a participant for his scheme shares shall be calculated *mutatis mutandis* in accordance with the provisions above; and
  - share options may be exercised at any time but will only be released to a participant in accordance with the relevant terms and conditions upon which the relevant option is granted.

Borrowing powers

In terms of the Articles of Association of the Company, the borrowing powers of the Company are unlimited.

Subsidiaries and associates

The following information relates to the Company's interests in its subsidiaries and associates.

			Percentage holding	
	Nature of business	**Issued ordinary share capital R'000**	**June 2008**	June 2007
Subsidiaries				
AfroCentric Resources (Pty) Limited	Dormant	*	100,0	100,0
AfroCentric Capital (Pty) Limited	Dormant	*	100,0	100,0
Associates				
Jasco Electronics Holdings Limited	Electronics and communications	1 145	34,9	–

**Less than R1 000.*

Property, plant and equipment

The company did not own any property, plant or equipment during the current or previous financial years.

Auditors

SizweNtsaluba VSP are available to continue in office as auditors in accordance with section 270(2) of the Companies Act.

Material commitments, lease payments and contingent liabilities

No material capital commitments or lease payments have been contracted for or approved by the directors of AfroCentric. The Company has no contingent liabilities at balance sheet date.

Events after the balance sheet date

On 23 September 2008, the Board of AfroCentric announced that it had entered into a Share Purchase Agreement to acquire 365 865 029 ordinary shares in the issued ordinary share capital of Lethimvula Investments Limited ("Lethimvula") (the "Sale Shares"), representing 63,2% of the entire issued share capital of Lethimvula (the "Acquisition"), from certain Lethimvula shareholders (the "Sellers"). The purchase price for the Sale Shares (the "Purchase Price") is a maximum amount of R568,9 million or R1,55 per Sale Share plus such additional amount to be determined in accordance with the terms of the sale agreement. The purchase price will be paid partly in cash and partly in AfroCentric shares at R2,60 per share, subject to certain profit warranties being attained.

Lethimvula is an investment holding company with its principal assets being a 100% beneficial interest in Medscheme Limited and Rowan Angel (Proprietary) Limited, both multi-medical scheme administrators serving trustees and members of both open and determinate corporate medical schemes.

Should the agreement for the Lethimvula Sale Shares become unconditional, the Acquisition will be an "affected transaction" as defined in the SRP Code on Take-overs and Mergers ("SRP Code) and, accordingly, AfroCentric will be obliged to make an offer to the shareholders of Lethimvula (other than the Sellers) in accordance with the provisions of the SRP Code. AfroCentric has, accordingly, undertaken to make the obligatory offer to the Offeree Shareholders on the same terms and conditions as those on which the Lethimvula shares are purchased from the Sellers.

Material resolutions

Details of special resolutions and other resolutions of a significant nature passed by the Company during the year under review requiring disclosure in terms of the Listings Requirements of the JSE are as follows:

- application to the JSE for the listing of an additional 49 954 741 ordinary shares;
- acquisition of a 34,90% interest in Jasco Electronics Holdings Limited and subscription of Iningi preference shares; and
- authorisation of the directors and the Company Secretary to give effect to and implement above.

BALANCE SHEETS

as at 30 June 2008

		Group		Company	
	Note	**2008 R'000**	2007 R'000	**2008 R'000**	2007 R'000
ASSETS					
Non-current assets		**205 409**	–	**201 919**	*
Investment in subsidiaries	3	**–**	–	*****	*
Investment in associates	4	**105 409**	–	**101 919**	–
Investment in preference shares	5	**100 000**	–	**100 000**	–
Current assets		**17 294**	105 522	**17 294**	105 522
Other receivables	6	**6 872**	–	**6 872**	–
Cash and cash equivalents	7	**10 422**	105 522	**10 422**	105 522
Total assets		**222 703**	105 522	**219 213**	105 522
EQUITY AND LIABILITIES					
Capital and reserves		**212 348**	103 127	**208 858**	103 127
Issued capital	8	**196 720**	98 309	**196 720**	98 309
Distributable reserves	9	**15 628**	4 818	**12 138**	4 818
Current liabilities		**10 355**	2 395	**10 355**	2 395
Other payables	10	**3 733**	386	**3 733**	386
Bank overdraft	7	**5 114**	–	**5 114**	–
Taxation payable		**1 508**	2 009	**1 508**	2 009
Total equity and liabilities		**222 703**	105 522	**219 213**	105 522

**Amount less than R1 000*

Income statements

for the year ended 30 June 2008

		Group		Company	
	Note	**2008 R'000**	2007 R'000	**2008 R'000**	2007 R'000
Revenue		**–**	–	**–**	–
Administrative expenses		**(1 366)**	(1 144)	**(1 366)**	(1 144)
Net finance income	11	**11 346**	7 826	**11 346**	7 826
Finance income		**11 406**	7 844	**11 406**	7 844
Finance cost		**(60)**	(18)	**(60)**	(18)
Share of profit of associate	4	**3 490**	–	**–**	–
Profit before taxation	12	**13 470**	6 682	**9 980**	6 682
Income tax expense	13	**(2 660)**	(2 009)	**(2 660)**	(2 009)
Profit for the year		**10 810**	4 673	**7 320**	4 673
Attributable to:					
Equity holders of the Company		**10 810**	4 673	**7 320**	4 673
Earnings per share attributable to equity holders of the Company:					
– basic (cents)	14	**11,04**	5,58	**7,47**	5,58
– diluted (cents)	14	**8,76**	4,75	**5,93**	4,75

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2008

	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Distri-butable reserve R'000	Total R'000
Group					
Balance at 1 July 2006	94	–	–	145	239
Issue of share capital	846	166	98 728	–	99 740
Rights issue expenses capitalised	–	–	(1 525)	–	(1 525)
Net profit	–	–	–	4 673	4 673
Balance at 30 June 2007	940	166	97 203	4 818	103 127
Issue of share capital	500	–	97 911	–	98 411
Net profit	–	–	–	10 810	10 810
Balance at 30 June 2008	**1 440**	**166**	**195 114**	**15 628**	**212 348**
Company					
Balance at 1 July 2006	94	–	–	145	239
Issue of share capital	846	166	98 728	–	99 740
Rights issue expenses capitalised	–	–	(1 525)	–	(1 525)
Net profit	–	–	–	4 673	4 673
Balance at 30 June 2007	940	166	97 203	4 818	103 127
Issue of share capital	500	–	97 911	–	98 411
Net profit	–	–	–	7 320	7 320
Balance at 30 June 2008	**1 440**	**166**	**195 114**	**12 138**	**208 858**

Cash flow statements

for the year ended 30 June 2008

		Group		Company	
	Note	**2008 R'000**	2007 R'000	**2008 R'000**	2007 R'000
Cash flows from operating activities					
Cash utilised in operations	15	**(4 891)**	(784)	**(4 891)**	(784)
Interest paid	11	**(60)**	(18)	**(60)**	(18)
Income tax paid	16	**(3 161)**	–	**(3 161)**	–
Net cash utilised in operating activities		**(8 112)**	(802)	**(8 112)**	(802)
Cash flows from investing activities					
Acquisition of subsidiaries		**–**	–	**–**	(*)
Acquisition of associate		**(3 508)**	–	**(3 508)**	–
Acquisition of preference shares		**(100 000)**	–	**(100 000)**	–
Finance income	11	**11 406**	7 844	**11 406**	7 844
Interest received		**10 400**	7 844	**10 400**	7 844
Preference dividends received		**1 006**	–	**1 006**	–
Net cash (outflow)/inflow from investing activities		**(92 102)**	7 844	**(92 102)**	7 844
Cash flows from financing activities					
Capital raised		**–**	99 740	**–**	99 740
Rights issue expenses capitalised		**–**	(1 525)	**–**	(1 525)
Net cash inflow from financing activities		**–**	98 215	**–**	98 215
Net (decrease)/increase in cash and cash equivalents		**(100 214)**	105 257	**(100 214)**	105 257
Cash and cash equivalents at beginning of year	7	**105 522**	265	**105 522**	265
Cash and cash equivalents at end of year	7	**5 308**	105 522	**5 308**	105 522

** Amount less than R1 000.*

Notes to the financial statements

for the year ended 30 June 2008

Principal accounting policies

1. Summary of principal accounting policies

1.1 Basis of Preparation

The principal accounting policies applied in preparation of these separate and consolidated financial statements have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), and the requirements of the South African Companies Act, 1973. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year based on management's best knowledge of current events and actions.

Changes in accounting policies and comparability

The group has adopted certain new and amended International Financial Reporting Standards which were effective for the group for financial years beginning on or after 1 July 2007. There was no change in the accounting policies as a result of these new standards.

AfroCentric has implemented the following new and revised statements and interpretations for the year ended 30 June 2008:

- IFRS 7, Financial Instruments: Disclosures.
- Complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures.

The implementation of IFRS 7 and the amendment to IAS 1 did not result in a change in accounting policy as IFRS 7 affected the disclosure of financial instruments.

The following standards, amendments and interpretations were effective for the year ended 30 June 2008, but are considered not to be relevant to the Group's operations:

- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Re-assessment of Embedded Derivatives.
- IFRIC 10, Interim Financial Reporting and Impairment.
- IFRIC 11, Group and Treasury Share Transactions.

1.2 Functional and presentation currency

AfroCentric is a BEE investment holding company domiciled in South Africa. Items included in the financial statements are measured using the currency that best reflects the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in South African Rand, which is the functional and presentation currency of the Group and Company.

1.3 Consolidation

Investment in subsidiary companies

Subsidiaries are all entities (including special-purpose entities) over which the Group has the power to govern in terms of the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

1. Summary of principal accounting policies (continued)

1.3 Consolidation (continued)

Investment in subsidiary companies (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in associates

Associates are all entities over which the Group has significant influence but no control, generally linked to a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for at cost less impairment losses in the separate financial statements of the Company. These investments are accounted for using the equity method of accounting and are initially recognised at cost in the financial statements of the Group. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecurable receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.4 Investments

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. Investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the assets. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities are recognised in equity. Fair values for unlisted equity securities are estimated using the directors' valuation of those securities. When securities are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Dividends are brought to account at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.5 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount provided is the difference between the asset's carrying amount and the estimated recoverable amount, being the present value of expected future cash flows, discounted at the effective rate of interest. The movement in the provision is recognised in the income statement.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call and investments in money market instruments, all of which are available for use by the Company. Bank overdrafts are included within current liabilities on the balance sheet, unless the entity has a legally enforceable right to set-off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.7 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company purchase the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in shareholders' equity.

1.8 Impairment of non-financial assets

Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows/(cash-generating units).

Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date, in the event of which the impairment reversal is credited to the income statement.

1.9 Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

1.9.1 Financial assets

The Company classifies its financial assets in the following categories: financial instruments held at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification is dependent on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates such designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category consists of financial assets that management designated as held at fair value through profit or loss at inception. Assets in this category are classified as non-current assets unless they are expected to be realised within 12 months of the balance sheet date.

1. Summary of principal accounting policies (continued)

1.9 Financial instruments (continued)

1.9.1 Financial assets

(b) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. For the accounting policy in respect of trade receivables, please refer to note 1.5.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management has expressed their intention of holding the investment for less than 12 months from the balance sheet date.

Regular purchases and sales of investments are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial instruments held at fair value through profit or loss are subsequently carried at fair value. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss, including interest and dividend income, are included in the income statement in the periods they arise. Loans and other non-current receivables are carried at amortised cost using the effective yield method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Impairment

The Company assesses at each balance sheet date if there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in note 1.5.

Assets are derecognised when the enterprise loses control of contractual rights that comprise the assets and liabilities or when the obligation is extinguished.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.10 Trade and other payables

Trade and other payables are stated at amortised cost. Gains and losses on the derecognition process are recognised in profit and loss.

1.11 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company provides for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown, net of indirect taxes, estimated returns and trade discounts.

The main categories of revenue and the bases of recognition are as follows:

- *Interest income:* Revenue is recognised on the time : proportion basis with reference to the principal amount receivable and the effective interest rate applicable. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

- *Dividend income:* Dividends are recognised when the right to receive payment is established.

1.13 Dividends

Dividends payable are recorded in the Company's financial statements in the period in which they are approved by the Board.

1.14 Fair value estimation

The nominal value less impairment provision of trade payables and receivables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

1.15 Earnings per share

Earnings per share are calculated using the weighted average number of shares in issue during the year and are based on the net profit attributable to shareholders.

Headline earnings per share are calculated using the weighted average number of shares in issue during the year and are based on the earnings attributable to shareholders, after excluding those items as required by Circular 7/2002 issued by the JSE Limited.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.16 Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments and interpretations to existing standards have been published that are applicable in future accounting periods but have not been early adopted by the Group:

IAS 1 (amendment), Presentation of Financial Statements (effective 1 January 2009)

The amendment requires that all non-owner changes in equity (comprehensive income) be presented either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.

It also requires that a balance sheet is presented at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. The entity has to disclose income tax relating to each component of other comprehensive income and disclose reclassification adjustments relating to components of other comprehensive income.

Other main changes to IAS 1 require disclosure of income tax relating to each component of other comprehensive income and reclassification adjustments relating to components of other comprehensive income.

The Group still needs to determine which disclosure option for comprehensive income it will follow, but is not expecting the impact on the financial statements to be significant.

IAS 8 (amendment), Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2009)

The amendment to IAS 8 deals with the status of implementation guidance. This amendment will not have any impact on the Group's financial statements.

IAS 10 (amendment), Events after the Reporting Period (effective 1 January 2009)

The amendment to IAS 10 deals with dividends declared after the end of the reporting period. This amendment will not have any impact on the Group's financial statements.

IAS 16 (amendment), Property, Plant and Equipment (effective 1 January 2009)

The amendment to IAS 16 deals with the recoverable amount of assets and the sale of assets held for rental. This amendment will not have any impact on the Group's financial statements.

IAS 18 (amendment), Revenue (effective 1 January 2009)

The amendment to IAS 18 deals with the costs of originating a loan. This amendment will not have any impact on the Group's financial statements.

IAS 19 (amendment), Employee Benefits (effective 1 January 2009)

The amendments to IAS 19 deals with the following:

- Curtailments and negative past service cost;
- Plan administration costs;
- Replacement of term 'fall due'; and
- Guidance on contingent liabilities.

This amendment will not have any impact on the Group's financial statements.

IAS 23 (amendment), Borrowing Costs (effective 1 January 2009)

The amendment to the standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This amendment will not have an impact on the Group's financial statements as AfroCentric currently does not have any borrowing costs.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.16 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IAS 27 (amendment), Consolidated and Separate Financial Statements (effective 1 July 2009)

In accordance with IAS 27 amendments, acquisitions of additional non-controlling equity interests in subsidiaries have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit or loss.

It has always been the Group's accounting policy to treat all acquisitions of additional interests in subsidiaries, as well as disposals of interests in subsidiaries as equity transactions. The Group will, however, change its accounting policy relating to the loss of control when an equity interest is retained. In future, when control is lost, through sale or otherwise, the resulting gain or loss recognised in profit or loss will include any remeasurement to fair value of the retained equity interest.

The amendments to IAS 27 also require that losses (including negative other comprehensive income as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The Group will in future change its accounting polices on the allocation of losses to non-controlling interests. In the past losses were allocated only until the non-controlling interests had a zero balance.

IAS 28 (amendment), Investments in Associates (effective 1 January 2009)

The amendments to IAS 28 are as a consequence of changes to Business Combinations. The amendment requires disclosures when investments in associates are accounted for at fair value through profit or loss and the impairment of investment in associates. This amendment will not have any impact on the Group's financial statements.

IAS 29 (amendment), Financial Reporting in Hyperinflationary Economies (effective 1 January 2009)

The amendment to IAS 29 details the Description of Measurement Basis in Financial Statements. This amendment will not have any impact on the Group's financial statements.

IAS 31 (amendment), Interests in Joint Ventures (effective 1 January 2009)

The amendments to IAS 31 are as a consequence of changes to Business Combinations. The amendment requires disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss. This amendment will not have any impact on the Group's financial statements.

IAS 32 (amendment), Financial Instruments: Presentation and IAS 1 (amendment), Presentation of Financial Statements (effective 1 January 2009)

IAS 32 requires certain puttable instruments that meet the definition of a financial liability to be classified as equity if and only if they meet the required conditions. These amendments will not have any impact on the Group's financial statements.

IAS 34 (amendment), Interim Financial Reporting (effective 1 January 2009)

The amendment to IAS 34 requires earnings per share disclosures in interim financial reports. The impact of this amendment is still to be determined.

IAS 36 (amendment), Impairment of Assets (effective 1 January 2009)

The amendment to IAS 36 requires disclosure of estimates used to determine recoverable amount. This amendment will not have any impact on the Group's financial statements.

IAS 38 (amendment), Intangible Assets (effective 1 January 2009)

The amendments to IAS 38 deals with advertising and promotional activities and the unit of production method of amortisation. These amendments will not have any impact on the Group's financial statements.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.16 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IAS 39 (amendment), Financial Instruments: Recognition and Measurement (effective 1 January 2009)

The following amendments to IAS 39 were made:

- Amendment to eligible hedged item;
- Reclassification of derivatives into or out of the classification of at fair value through profit or loss;
- Designating and documenting hedges at the segment level; and
- Applicable effective interest rate on cessation of fair value hedge accounting.

The impact of these amendments is still to be determined.

IAS 40 (amendment), Investment Property (effective 1 January 2009)

The following amendments to IAS 40 were made:

- Property under construction or development for future use as investment property;
- Consistency of terminology with IAS 8; and
- Investment property held under lease.

These amendments will not have any impact on the Group's financial statements.

IAS 41 (amendment), Agriculture (effective 1 January 2009

The Group is not involved in agricultural activities therefore these amendments will not have any impact on the Group's financial statements.

IFRS 2 (amendment), Share-based Payment (effective 1 January 2009)

The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and non-vesting conditions.

Vesting conditions are now limited to service conditions (as defined in the current IFRS 2) and performance conditions. Non-vesting conditions are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no true-up for differences between expected and actual outcomes.

These changes will have no impact on the Group's financial statements as the treatment of 'non-vesting' conditions is consistent with the Group's current accounting policies.

IFRS 3 (revised), Business Combinations (effective 1 July 2009)

IFRS 3 applies to all new Business Combinations that occur after 1 April 2010. The statement requires that all transaction costs be expensed and the contingent purchase consideration be recognised at fair value on acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will have to be recognised in profit and loss. These amendments are not expected to have a significant impact on the Group's financial statements.

IFRS 5 (amendment), Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009)

The amendment to IFRS 5 deals with plans to sell the controlling interest in a subsidiary. This amendment is not expected to have a significant impact on the Group's financial statements.

IFRS 7 (amendment), Financial Instruments: Disclosures (effective 1 July 2009)

The amendment to IFRS 7 specifies how an entity should present its finance costs. The Group is not expecting the impact of this amendment on the financial statements to be significant.

Principal accounting policies (continued)

1. Summary of principal accounting policies (continued)

1.16 Standards, interpretations and amendments to published standards that are not yet effective (continued)

IFRS 8, Operating Segments (effective from 1 January 2009)

IFRS 8 specifies how an entity should report information about its operating segments in the annual financial statements. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. This statement will not have any impact on the Group's financial statements.

IFRIC 12, Service Concession Arrangements (effective 1 January 2008)

IFRIC 12 gives guidance on the accounting by operators for public-to-private concession arrangements. This statement will not have any impact on the Group's financial statements.

IFRIC 13, Customer Loyalty Programmes (effective 1 July 2008)

IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. This statement will not have any impact on the Group's financial statements.

IFRIC 14 and IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (effective 1 January 2008)

This interpretation clarifies that the economic benefits from a defined benefit asset that are available to an employer as a refund or a reduction in future contributions only when the employer has an unconditional right to realise the asset. An unconditional right would not exist if it is contingent on the approval of a third party, such as the benefit fund's trustees. This statement will not have any impact on the Group's financial statements.

2. Financial risk management

The Group is exposed to various financial risks due to the nature and diversity of the activities performed by the Group and the use of various financial instruments. These risks include:

- Liquidity risk;
- Market risk; and
- Credit risk.

Information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing these risks are included in this note. The Group's management of capital is also discussed. Further quantitative disclosures are included throughout the consolidated financial statements.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for the development and monitoring of the Group's risk management. The Board meets as necessary throughout the year. The Group's risk management processes are to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The roles and responsibilities of the Board include:

- Approval of all counter-parties;
- Approval of new instruments;
- Approval of the investment policy; and
- Approval of long-term funding requirements.

2. Financial risk management

2.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Group's receivables from customers (loans receivable and sundry receivables) and its treasury activities (investing of cash and cash equivalents).

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts.

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

The following table represents the Group's concentrations of risk for all non-derivative financial assets:

		2008		2007	
	Note	**Domestic R'000**	**Total R'000**	Domestic R'000	Total R'000
GROUP					
Loans receivable		**105 866**	**105 866**	–	–
Non-current	5	**100 000**	**100 000**	–	–
Current	6	**5 866**	**5 866**	–	–
Other receivables		**1 006**	**1 006**	–	–
Non-current		**–**	**–**	–	–
Current	6	**1 006**	**1 006**	–	–
Total carrying amount		**106 872**	**106 872**	–	–
COMPANY					
Loans receivable		**105 866**	**105 866**	–	–
Non-current	5	**100 000**	**100 000**	–	–
Current	6	**5 866**	**5 866**	–	–
Other receivables		**1 006**	**1 006**	–	–
Non-current		**–**	**–**	–	–
Current	6	**1 006**	**1 006**	–	–
Total carrying amount		**106 872**	**106 872**	–	–

During the year and at balance sheet date the Company was not exposed to any significant foreign exchange risk.

2. Financial risk management (continued)

2.1 Credit risk (continued)

Ageing

The ageing of financial assets at the reporting date is included below. The ageing categories include:

	Note	2008 Receivables capital R'000	2008 Receivables capital R'000	2008 Carrying value R'000	2007 Receivables impaired R'000	2007 Receivables impaired R'000	2007 Carrying value R'000
GROUP							
Loans receivable		**105 866**	**–**	**105 866**	–	–	–
Not past due							
Non-current	5	**100 000**	**–**	**100 000**	–	–	–
Current	6	**5 866**	**–**	**5 866**	–	–	–
Other receivables		**1 006**	**–**	**1 006**	–	–	–
Not past due							
Non-current		**–**	**–**	**–**	–	–	–
Current	6	**1 006**	**–**	**1 006**	–	–	–
Total carrying amount		**106 872**	**–**	**106 872**	–	–	–
COMPANY							
Loans receivable		**105 866**	**–**	**105 866**	–	–	–
Not past due							
Non-current	5	**100 000**	**–**	**100 000**	–	–	–
Current	6	**5 866**	**–**	**5 866**	–	–	–
Other receivables		**1 006**	**–**	**1 006**	–	–	–
Not past due							
Non-current		**–**	**–**	**–**	–	–	–
Current	6	**1 006**	**–**	**1 006**	–	–	–
Total carrying amount		**106 872**	**–**	**106 872**	–	–	–

Security held over non-derivative financial assets

In relation to the non-current loans and receivables, AfroCentric has entered into a Put Option Agreement with Jasco. The Put Option Agreement grants AfroCentric the right to sell the Iningi preference shares to Jasco for a consideration under certain circumstances.

The Group does not hold any security over its financial assets that are classified as current.

2.2 Liquidity risk

The Investment Committee manages the liquidity structure of the Group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the Group as a whole. The cash flow requirements of the Group are determined on a regular basis and measures to ensure the availability of cash required taken.

Surplus funds are deposited in liquid assets (i.e. negotiable certificates of deposits and call deposits).

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000

2. Financial risk management (continued)

2.2 Liquidity risk (continued)

Undrawn credit facilities

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Cash at bank and on hand	**10 422**	105 522	**10 422**	105 522
Bank overdraft	**(5 114)**	–	**(5 114)**	–
Net cash on hand	**5 308**	105 522	**5 308**	105 522
Undrawn facilities	**886**	–	**886**	–

The general banking facilities are unsecured, bear interest at a rate linked to prime, have no specific maturity date and are subject to annual review. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

AfroCentric has undertaken not to withdraw a R10 million interest bearing term deposit invested with Nedbank Limited for as long as a facility extended to the strategic target for acquisition remains utilised.

Exposure to liquidity risk

The following are the contractual maturities of financial assets and liabilities, including interest payments and excluding the impact of netting agreements:

	Note	Carrying amount R'000	Total cash flows R'000	Less than 3 months R'000	4 to 12 months R'000	1 to 5 years R'000
GROUP						
2008						
Non-current assets						
Investments in preference shares	5	**100 000**	**100 000**	**–**	**–**	**100 000**
Current assets						
Other receivables	6	**6 872**	**6 872**	**1 006**	**5 866**	**–**
Cash and cash equivalents	7	**10 422**	**10 422**	**10 422**	**–**	**–**
Current liabilities						
Other payables	10	**(3 733)**	**(3 733)**	**(3 733)**	**–**	**–**
Bank overdraft	7	**(5 114)**	**(5 114)**	**(3 018)**	**(2 096)**	**–**
		108 477	**108 447**	**4 677**	**3 770**	**100 000**
2007						
Current assets						
Cash and cash equivalents	7	105 522	105 522	105 522	–	–
Current liabilities						
Other payables	10	(386)	(386)	(386)	–	–
		105 136	105 136	105 136	–	–

	Note	Carrying amount R'000	Total cash flows R'000	Less than 3 months R'000	4 to 12 months R'000	1 to 5 years R'000
2. Financial risk management (continued)						
2.2 Liquidity risk (continued)						
COMPANY						
2008						
Non-current assets						
Investments in preference shares	5	**100 000**	**100 000**	**–**	**–**	**100 000**
Current assets						
Other receivables	6	**6 872**	**6 872**	**1 006**	**5 866**	**–**
Cash and cash equivalents	7	**10 422**	**10 422**	**10 422**	**–**	**–**
Current liabilities						
Other payables	10	**(3 733)**	**(3 733)**	**(3 733)**	**–**	**–**
Bank overdraft	7	**(5 114)**	**(5 114)**	**(3 018)**	**(2 096)**	**–**
		108 477	**108 447**	**4 677**	**3 770**	**100 000**
2007						
Current assets						
Cash and cash equivalents	7	105 522	105 522	105 522	–	–
Current liabilities						
Other payables	10	(386)	(386)	(386)	–	–
		105 136	105 136	105 136	–	–

2.3 Market risk

Market risk is the risk that movements in market risk factors, including foreign exchange rates, interest rates and commodity prices will affect the Group's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the Group's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

The Investment Committee is responsible for reporting to the Board on market risk elements at each Board meeting. The report submitted includes important information on currency, interest rates, commodity prices and other relevant indicators used by the Board to determine the market risk strategy going forward.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The Group is primarily exposed to downward interest rate movements on floating investments purchased and liabilities incurred. There is no other exposure to fair value interest rate risk.

The Board determines the interest rate risk strategy based on economic expectations and reports received. The Board monitors interest rates on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest. Interest rate and funding transactions are governed by the Board.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000

2. Financial risk management (continued)

2.3 Market risk (continued)

Interest rate risk (continued)

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Variable rate instruments				
Loans receivable	**105 866**	–	**105 866**	–
Cash and cash equivalents	**10 422**	105 522	**10 422**	105 522
Bank overdraft	**(5 114)**	–	**(5 114)**	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points increase in interest rates at the reporting date would have increased/(decreased) profit by the amounts shown below. This assumes that all other variables remain constant.

	Group		Company	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Loans receivable	**529**	–	**529**	–
Cash and cash equivalents	**52**	528	**52**	528
Bank overdraft	**(26)**	–	**(26)**	–

Net effect on profit or loss is equal but opposite for a 50 basis points decrease on the financial instruments listed above.

2. Financial risk management (continued)

2.4 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, are included below:

	Note	Loans and receivables R'000	Liabilities at amortised cost R'000	Held for trading R'000	Total carrying value R'000	Fair value R'000
GROUP						
2008						
Financial assets						
Loans receivable	6	**5 866**	**–**	**–**	**5 866**	**5 866**
Loans receivable:						
Iningi preference shares	5	**100 000**	**–**	**–**	**100 000**	**100 000**
Other receivables	6	**1 006**	**–**	**–**	**1 006**	**1 006**
Cash and cash equivalents	7	**10 422**	**–**	**–**	**10 422**	**10 422**
		117 294	**–**	**–**	**117 294**	**117 294**
Financial liabilities						
Bank overdraft	7	**–**	**5 114**	**–**	**5 114**	**5 114**
Other payables	10	**–**	**3 733**	**–**	**3 733**	**3 733**
		–	**8 847**	**–**	**8 847**	**8 847**
2007						
Financial assets						
Cash and cash equivalents	7	105 522	–	–	105 522	105 522
		105 522	–	–	105 522	105 522
Financial liabilities						
Other payables	10	–	386	–	386	386
		–	386	–	386	386
COMPANY						
2008						
Financial assets						
Loans receivable	6	**5 866**	**–**	**–**	**5 866**	**5 866**
Loans receivable:						
Iningi preference shares	5	**100 000**	**–**	**–**	**100 000**	**100 000**
Other receivables	6	**1 006**	**–**	**–**	**1 006**	**1 006**
Cash and cash equivalents	7	**10 422**	**–**	**–**	**10 422**	**10 422**
		117 294	**–**	**–**	**117 294**	**117 294**
Financial liabilities						
Bank overdraft	7	**–**	**5 114**	**–**	**5 114**	**5 114**
Other payables	10	**–**	**3 733**	**–**	**3 733**	**3 733**
		–	**8 847**	**–**	**8 847**	**8 847**
COMPANY						
2007						
Financial assets						
Cash and cash equivalents	7	105 522	–	–	105 522	105 522
		105 522	–	–	105 522	105 522
Financial liabilities						
Other payables	10	–	386	–	386	386
		–	386	–	386	386

2. Financial risk management (continued)

2.4 Fair value of financial assets and liabilities (continued)

Determination of fair values

Non-derivative financial instruments

Quoted market prices at reporting date have been used to determine the fair value of loans and receivables and interest bearing borrowings. Where there is no quoted market price a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables the fair value was determined using discounted cash flow method at market-related interest rate. All other financial assets and liabilities carrying amount approximates fair value.

2.5 Capital management

The Board's policy is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The Group considers its capital to comprise of total equity. The Group may adjust its capital structure by way of issuing new shares and is dependent on the market for additional capital, as required. The Group manages its capital structure in light of changes in economic conditions and the Board monitors the capital adequacy, solvency and liquidity of the Group on a continuous basis.

	Company	
	2008 R'000	2007 R'000
3. Investment in subsidiaries		
Unlisted investments at cost	*	*
Carrying value/Directors' valuation	*	*

The Company acquired the following subsidiaries in 2007. These subsidiaries were dormant and held no assets on acquisition. These subsidiaries were acquired for a nominal amount. These subsidiaries did not trade during the 2007 and 2008 years.

Name	**Main business**	**Country of incorporation**	**Issued share capital**	**Interest held**
2008 and 2007				
Directly held				
Afrocentric Resources (Pty) Limited	Dormant	South Africa	*	100%
Afrocentric Capital (Pty) Limited	Dormant	South Africa	*	100%

** Amount less than R1 000.*

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
4. Investment in associates				
Balance at beginning of year	**–**	–	**–**	–
Acquisition of investment	**98 411**	–	**98 411**	–
Expenses capitalised	**3 508**	–	**3 508**	–
Share of profit after tax	**3 490**	–	**–**	–
Balance at end of year	**105 409**	–	**101 919**	–
Market value	**100 709**	–	**100 709**	–

Investments in the Company are accounted for at cost, while the share of profits since acquisition are accounted for in the Group.

The investment was considered for impairment but it was concluded that no impairment was necessary.

	Name	Country of incorporation	Assets R'000	Liabilities R'000	Revenues (June) R'000	Profit (June) R'000	% interest held R'000
4.	**Investment in associates (continued)**						
	The Group's share of the results of its principal associate, which is listed, and its share of the assets (including goodwill and liabilities) are as follows:						
	2008						
	Directly held						
	Jasco Electronics Holdings Limited	**South Africa**	**464 693**	**220 105**	**47 104**	**9 262**	**34,9**

		Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
5.	**Investment in preference shares**				
	40 000 redeemable Iningi preference shares	**100 000**	–	**100 000**	–

- A monthly dividend is paid to AfroCentric calculated at 80% of the ruling prime interest rate on the issue price per Iningi preference share.
- The Iningi preference shares will be redeemable at the discretion of Jasco after three years, but no later than five years, from the date of issue.
- AfroCentric has entered into a Put Option Agreement with Jasco. The Put Option Agreement grants AfroCentric the right to sell the Iningi preference shares to Jasco for a consideration under certain circumstances.

		Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
6.	**Other receivables**				
	Loans receivable	**5 866**	–	**5 866**	–
	Preference dividend receivable	**1 006**	–	**1 006**	–
		6 872	–	**6 872**	–
	Interest bearing unsecured loan provided to secure an option to acquire a 50% interest in strategic acquisition.				
7.	**Cash and cash equivalents**				
	Cash at bank and on hand	**10 422**	105 522	**10 422**	105 522
	Bank overdraft	**5 114**	–	**5 114**	–
	AfroCentric has undertaken not to withdraw a R10 million interest bearing term deposit invested with Nedbank Limited for as long as a facility extended to the strategic target for acquisition remains utilised.				
	For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:				
	Cash at bank and on hand	**10 422**	105 522	**10 422**	105 522
	Bank overdraft	**(5 114)**	–	**(5 114)**	–
		5 308	105 522	**5 308**	105 522

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
8. Share capital				
Authorised				
1 billion ordinary shares of 1 cent each	**10 000**	10 000	**10 000**	10 000
60 million redeemable preference shares of 1 cent each	**600**	600	**600**	600
Issued				
143 954 741 (2007: 94 000 000) ordinary shares of 1 cent each	**1 440**	940	**1 440**	940
Opening balance	**940**	94	**940**	94
Issue of share capital	**500**	846	**500**	846
16 638 000 (2007: 16 638 000) preference shares of 1 cent each	**166**	166	**166**	166
Opening balance	**166**	–	**166**	–
Issue of share capital	**–**	166	**–**	166
Share premium net of expenses capitalised	**195 114**	97 203	**195 114**	97 203
	196 720	98 309	**196 720**	98 309

Preference shareholders will be entitled to 15% of the aggregate dividend declared payable to preference and ordinary shareholders in proportion to the number of preference shares in issue.

Each preference shareholder has an option to convert their preference shares for ordinary shares subject to the following terms and conditions:

- Options may be exercised by giving written notice in respect of each of the periods ending 30 November 2010, 2011, 2012 and 2013.
- The number of ordinary shares to which the preference shareholders will be entitled and the price of the option shall be calculated by pre-defined formulae.
- All options may be exercised in whole or in part and any options not exercised by 31 December 2013 shall lapse.

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
9. Reserves				
Distributable reserves				
Retained income – beginning of year	**4 818**	145	**4 818**	145
Net profit for year	**10 810**	4 673	**7 320**	4 673
Retained income – end of year	**15 628**	4 818	**12 138**	4 818
10. Other payables				
Other payables	**3 733**	386	**3 733**	386

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
11. Net finance income				
Finance income	**11 406**	7 844	**11 406**	7 844
Interest received	**10 400**	7 844	**10 400**	7 844
Preference dividend received	**1 006**	–	**1 006**	–
Interest paid – bank overdraft	**(60)**	(18)	**(60)**	(18)
	11 346	7 826	**11 346**	7 826
12. Profit before taxation				
The following items have been included in arriving at profit before tax:				
Auditors' remuneration	**122**	233	**122**	233
Audit fees	**122**	233	**122**	233
Fees for other services	**–**	–	**–**	–
Fees paid for services	**1 084**	1 144	**1 084**	1 144
Administrative	**264**	51	**264**	51
Professional	**444**	423	**444**	423
Secretarial	**376**	670	**376**	670
Directors' emoluments				
Fees for services as director	**160**	160	**160**	160
13. Income tax expense				
Current tax				
Normal tax	**2 660**	2 009	**2 660**	2 009
Reconciliation of effective tax rate:				
Tax at standard rate	**29,0**	29,0	**29,0**	29,0
Dividends received not taxable	**(2,0)**	–	**(3,0)**	–
Share of profit of associate	**(8,0)**	–	**–**	–
Expenses not deductible for tax purposes	**1,0**	1,0	**1,0**	1,0
Tax at effective rate	**20,0**	30,0	**27,0**	30,0

14. Earnings per share

The calculation of basic earnings per share for the Group is based on net income for the year of R10 810 000 (2007: R4 673 000) and a weighted average number of shares of 97,9 million (2007: 83,8 million) shares in issue. The calculation of basic earnings per share for the Company is based on net income for the year of R7 320 000 (2007: R4 673 000) and a weighted average number of shares of 97,9 million (2007: 83,8 million) shares in issue.

The calculation of adjusted headline earnings per share for the Group is calculated on adjusted headline earnings of R10 810 000 (2007: R4 673 000), and a weighted average number of shares of 97,9 million (2007: 83,8 million) shares in issue. The calculation of adjusted headline earnings per share for the Company is calculated on adjusted headline earnings of R7 320 000 (2007: R4 673 000) and a weighted average number of shares of 97,9 million (2007: 83,8 million) shares in issue.

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
14. Earnings per share (continued)				
Net income for the year	**10 810**	4 673	**7 320**	4 673
Adjusted headline earnings	**10 810**	4 673	**7 320**	4 673
Earnings per share (cents)				
Basic	**11,04**	5,58	**7,47**	5,58
Adjusted headline	**11,04**	5,58	**7,47**	5,58
Diluted earnings per share (cents)				
Basic	**8,76**	4,75	**5,93**	4,75
Adjusted headline	**8,76**	4,75	**5,93**	4,75
Weighted average number of shares	**97 958 163**	83 801 644	**97 958 163**	83 801 644
Adjusted for:				
– dilutionary impact of preference shares	**25 403 778**	14 632 323	**25 403 778**	14 632 323
Weighted average number of shares for diluted earnings per share	**123 361 941**	98 433 967	**123 361 941**	98 433 967
15. Cash utilised in operations				
Profit before tax	**13 470**	6 682	**9 980**	6 682
Adjustments for:				
Interest received	**(11 406)**	(7 844)	**(11 406)**	(7 844)
Interest paid – bank overdraft	**60**	18	**60**	18
Share of profit of associate	**3 490**	–	**–**	–
	(1 366)	(1 144)	**(1 366)**	(1 144)
Changes in working capital	**(3 525)**	360	**(3 525)**	360
(Increase)/Decrease in other receivables	**(6 872)**	303	**(6 872)**	303
Increase in other payables	**3 347**	57	**3 347**	57
	(4 891)	(784)	**(4 891)**	(784)
16. Income tax paid				
Opening balance	**(2 009)**	–	**(2 009)**	–
Amounts charged to income statement	**(2 660)**	(2 009)	**(2 660)**	(2 009)
Closing balance	**1 508**	2 009	**1 508**	2 009
	(3 161)	–	**(3 161)**	–

	Group		Company	
	2008 R'000	2007 R'000	**2008 R'000**	2007 R'000
17. Related party transactions				
Goods and services are bought from related parties on an arm's length basis at market-related prices.				
The following transactions were carried out with related parties:				
Finance income				
Preference dividend received from Iningi Investments (Pty) Limited	**1 006**	–	**1 006**	–
Year-end balances arising from transactions				
Other receivables	**1 006**	–	**1 006**	–
Director's remuneration				
Directors' remuneration has been disclosed in the directors' report.				
Amounts owed at year-end in respect of director's remuneration	**200**	160	**200**	160

18. Events after the balance sheet date

On 23 September 2008, the Board of AfroCentric announced that it had entered into a Share Purchase Agreement to acquire 365 865 029 ordinary shares in the issued ordinary share capital of Lethimvula Investments Limited ("Lethimvula") (the "Sale Shares"), representing 63,2% of the entire issued share capital of Lethimvula (the "Acquisition"), from certain Lethimvula shareholders (the "Sellers"). The purchase price for the Sale Shares (the "Purchase Price") is a maximum amount of R568,9 million or R1,55 per Sale Share plus such additional amount to be determined in accordance with the terms of the sale agreement. The purchase price will be paid partly in cash and partly in AfroCentric shares at R2,60 per share, subject to certain profit warranties being attained.

Lethimvula is an investment holding company with its principal assets being a 100% beneficial interest in Medscheme Limited and Rowan Angel (Proprietary) Limited, both multi-medical scheme administrators serving trustees and members of both open and determinate corporate medical schemes.

Should the agreement for the Lethimvula Sale Shares become unconditional, the Acquisition will be an "affected transaction" as defined in the SRP Code on Take-overs and Mergers ("SRP Code) and, accordingly, AfroCentric will be obliged to make an offer to the shareholders of Lethimvula (other than the Sellers) in accordance with the provisions of the SRP Code. AfroCentric has, accordingly, undertaken to make the obligatory offer to the Offeree Shareholders on the same terms and conditions as those on which the Lethimvula shares are purchased from the Sellers.

Notice of annual general meeting

for the year ended 30 June 2008

AFROCENTRIC INVESTMENT CORPORATION LIMITED
(formerly WB Holdings Limited)
Registration number: 1988/000570/06
JSE share codes: ACT/ACTP
ISIN: ZAE000078416, ZAE000082269
("AfroCentric" or "the Company")

Notice is hereby given that the third Annual General Meeting of shareholders of AfroCentric Investment Corporation Limited will be held in the Auditorium, Ground Floor, 76 Maude Street, corner West Street, Sandton on Monday, 26 January 2009 at 10:00 for the following purposes:

1. **Ordinary Resolution Number 1**
   To receive and adopt the Annual Financial Statements of the Company for the year ended 30 June 2008.

2. **Ordinary Resolution Number 2**
   To elect, by separate ordinary resolutions, directors in place of those retiring in accordance with the provisions of paragraph 52 of the Company's Articles of Association.

   NMJ Canca and MV Gantsho retire and being eligible, offer themselves for re-election.

3. **Ordinary Resolution Number 3**
   To ratify and approve, as required by the Company's articles of association, the remuneration of the directors of AfroCentric Investment Corporation Limited, for the financial year ended 30 June 2008, as reflected in the Directors' Report of the Annual Financial statements.

4. **Ordinary Resolution Number 4**
   To authorise the directors to determine the remuneration of the auditors.

5. **Ordinary Resolution Number 5**
   To confirm that SizweNtsaluba VSP (Mr S Lockhat as the audit partner) be re-appointed auditors for the ensuing financial year.

6. **Ordinary Resolution Number 6**
   To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED that the unissued ordinary shares of 1,0 cent each in the capital of the Company be placed under the control of the directors."

7. **Ordinary Resolution Number 7**
   To consider and, if deemed fit to pass with or without modification, the following ordinary resolution:

   "RESOLVED that, subject to the passing of ordinary resolution number 6, and in terms of the Listings Requirements of the JSE Limited ("JSE") as presently constituted and which may be amended from time to time, the directors are hereby authorised to issue ordinary shares and/or any options/convertible securities that are convertible into ordinary shares for cash, without restricting to whom the ordinary shares will be issued, but subject to 6(f) below, as and when suitable opportunities arise, subject to the following conditions:

   (a) that this authority shall be valid only until the next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;

   (b) that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of ordinary shares in issue prior to the issue/s;

   (c) that issues in the aggregate in any one financial year shall not exceed 15% of the number of ordinary shares of the Company's issued ordinary share capital (including the number to be issued in the future as a result of the exercise of options or conversion of convertible securities issued in the same financial year);

   (d) that, in determining the price at which an issue of ordinary shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the ordinary shares in question, as determined over the 30 business days prior to the date of the price of the issue being determined or agreed by the directors of the Company;

   (e) that the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue; and

7. Ordinary Resolution Number 7 (continued)

(f) that any issue will only be made to public shareholders as defined in the Listings Requirements of the JSE, and not to any related parties."

In respect of options and convertible securities granted/issued for cash, if the discount to the market price at the time of exercise of the option or conversion of the convertible security is not known at the time of the grant/issue of the option or convertible security, or if it is known that the discount will exceed 10% of the 30-day weighted average traded price of the security at the date of exercise, then the grant/issue will be subject to the issuer providing its holders of securities with a fair and reasonable statement complying with Schedule 5 of the JSE Listings Requirements from an independent professional expert acceptable to the JSE, indicating whether or not the issue is fair and reasonable to the Company's holders of securities.

The approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting, is required for this ordinary resolution to become effective.

8. Ordinary Resolution Number 8

To consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED that any two directors of AfroCentric Investment Corporation Limited, be and they are hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions to be proposed at the Annual General Meeting convened to consider this resolution and, insofar as any of the aforegoing may have occurred prior to such Annual General Meeting, same be and is hereby confirmed, ratified and approved."

9. To transact any other business that may be transacted at an annual general meeting

Voting

Each ordinary shareholder entitled to attend and vote at the above Annual General Meeting is entitled to appoint a proxy (who need not be member of the Company) to attend, speak and vote in his or her stead.

Proxies

All beneficial owners of ordinary shares who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than those shareholders who have elected to dematerialise their ordinary shares in "own name" registrations, and all beneficial owners of ordinary shares who hold certificated ordinary shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise the Company or its Transfer Secretaries of this instruction not less than 24 hours before the time appointed for the holding of the Annual General Meeting.

Should you as the beneficial owner, however, wish to attend the Annual General Meeting in person, you may do so by requesting your CSDP, broker or nominee to issue you with a Letter of Representation in terms of the custody agreement entered into with your CSDP, broker or nominee. Letters of Representation must be lodged with the Company's Transfer Secretaries or at the registered office of the Company not less than 24 hours before the time appointed for the holding of the Annual General Meeting.

Shareholders who hold certificated ordinary shares in their own name and shareholders who have dematerialised their ordinary shares in "own name" registrations must lodge their completed forms of proxy with the Company's Transfer Secretaries or at the registered office of the Company not less than 24 hours before the time appointed for the holding of the Annual General Meeting.

By order of the Board

MI Sacks
Company Secretary

Sandton

A copy of the existing Memorandum and Articles of the Company may be inspected at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and official South African public holidays excluded).

Form of proxy

AFROCENTRIC INVESTMENT CORPORATION LIMITED
(formerly WB Holdings Limited)
Registration number: 1988/000570/06
JSE share codes: ACT/ACTP
ISIN: ZAE000078416, ZAE000082269
("AfroCentric" or "the Company")

THIS FORM OF PROXY IS ONLY FOR USE BY:

1. **Registered Members who have not yet dematerialised their shares in the Company; and**
2. **Registered Members who have already dematerialised their shares in the Company and are registered in their own names in the company's sub-register*.**

I/WE ______________________________

of (address) ______________________________

being a shareholder/shareholders of ______________________________ votes,

hereby appoint ______________________________

of ______________________________

or failing him/her, ______________________________

the chairman of the Annual General Meeting, as my/our proxy to vote for me/us and on my/our behalf at the first Annual General Meeting of the Company to be held in the Auditorium, Ground Floor, 76 Maude Street (corner West Street), Sandton on Monday, 26 January 2009 at 10:00 and at any adjournment thereof, as follows:

	Number of votes (one vote per ordinary share)		
Resolution	**For**	**Against**	**Abstain**
1. To receive and adopt the Annual Financial Statements of the Company for the year ended 30 June 2008			
2. Re-election of directors: 2.1. NMJ Canca			
2.2. MV Gantsho			
3. To ratify and approve the remuneration of the directors			
4. To authorise the directors to determine the remuneration of the auditors			
5. To confirm the re-appointment of SizweNtsaluba VSP as auditors			
6. To provide a general authority to the directors over the Company's unissued shares			
7. To provide authority to the directors to issue unissued shares for cash			
8. To give any two directors the authority to implement resolutions taken at the Annual General Meeting			

Every person present and entitled to vote at the Annual General Meeting as a Member or as a Representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, every share shall have one vote.

Indicate instructions to proxy by way of a cross in space provided overleaf.

Unless otherwise instructed, my/our proxy may vote as he or she thinks fit.

Signed at ____________________ on ____________________ 2009

Signature ____________________

Assisted by (if applicable) ____________________

This form of proxy is **NOT** for use by Members who have already dematerialised their AfroCentric shares, other than those with own-name registration.

Contact details: ____________________

Tel: ( ) ____________________

Fax: ( ) ____________________

E-mail: ____________________

* *Members registered in their own names are Members who have appointed Computershare Custodial Services Limited as their Central Securities Depository Participant with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of Members in their own names.*

Notes

1. A Member may insert the name(s) of one or more proxies (none of whom needs to be a Member of the Company) in the space provided, with or without deleting the words "the Chairman of the Annual General Meeting". The person whose name stands first on this form of proxy and has not been deleted and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the Annual General Meeting ("AGM").
2. A Member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote as he or she thinks fit or, where the proxy is the Chairman, such failure shall be deemed to authorise the Chairman to vote in favour of the resolutions in respect of all the Members' votes exercisable thereat.
3. The completion and lodging of this form of proxy shall in no way preclude the Member from attending, speaking and voting in person at the AGM to the exclusion of any proxy appointed in terms hereof.
4. Should this form of proxy not be completed and or received in accordance with these notes, the Chairman may accept or reject it, provided that, in respect of this acceptance, the Chairman is satisfied as to the manner in which the Member wishes to vote.
5. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretaries or waived by the Chairman of the Annual General Meeting.
6. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with the Company.
7. Where shares are held jointly, all joint holders are required to sign.
8. A minor must be assisted by his or her parent or guardian unless the relevant documents establishing his or her legal capacity have been produced or have been registered by the Transfer Secretaries of the Company.
9. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatories.
10. This form of proxy must be lodged with the registered office of the Company or the Transfer Secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) not later than 24 hours before the Annual General Meeting.

Designed by motiv
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Investment Corporation Limited