36. Dividends

AfroCentric Investment Corporation Limited passed a resolution whereby a dividend, out of retained earnings was declared on 26 September 2013 of 15 cents per ordinary share. The rand value of R70.1 million was paid during February 2014. This dividend was debited to retained earnings in 2014.

	GROUP June 2014 R'000	GROUP June 2013 R'000	**COMPANY June 2014 R'000**	COMPANY June 2013 R'000
Dividend declared by AfroCentric Investment Corporation Limited on 26 September 2013 and paid during February 2014	**70 178**	33 219	**70 178**	33 219
Other dividends in the Group:				
Dividend declared by AfroCentric Health Limited on 26 September 2013 and paid to non-controlling interests during February 2014.	**7 485**	–	**–**	–
Dividend declared and paid by Medscheme (Namibia) (Proprietary) Limited to non-controlling interests	**6 838**	2 580	**–**	–
Dividend declared and paid by Allegra (Proprietary) Limited to non-controlling interests	**–**	1 473	**–**	–

37. Share-based payments

The 2008 Acquisition Agreement also contemplated an award of a minimum of 20 million AfroCentric shares to certain executives of AHL, to be awarded at the end of the warranty period 30 June 2013. During the course of that period, those executive shares already allocated, have been categorised as share-based payments in terms of IFRS 2 and the actuarially determined "non-cash" costs were provided for in each of the Company's relevant reporting periods. The Boards of AfroCentric and AHL have approved an allocation of 27 million shares, representing 7 million more shares than that which was originally stipulated in the 2008 Acquisition Agreement.

The issue of the 27 million share executive awards had no effect on the statement of cash flows.

The AfroCentric Investment Corporation Limited Group, of which the AHL Group is a subsidiary, has allocated share-based awards to certain executive directors of the AHL Group as part of their remuneration package. The share awards are at an Afrocentric Investment Corporation Limited Group level. The Group measures the fair value of the share awards or equity instruments granted, in line with the Group's accounting policy.

The granting of the share awards was based on job level, merit and performance and was entirely at the discretion of executive management acting on the recommendations of the shareholders. Grants were made in November 2013 and additional allocations are made annually, as deemed necessary to both existing and new employees.

Shares will be held by AfroCentric Management Services (Pty) Ltd until such time that the pre-determined conditions have been achieved over the period commencing 1 November 2013 and ending 1 November 2016.

These shares awarded are additional shares allocated to the Executive Directors of AHL Group depending on the rules as set out in the share awards agreement. The share price on 1 November 2013, which is grant date, was used to determine the IFRS 2 charge for 2014. The number of shares awarded, i.e. 2 625 641 multiplied by the share price of R4.10 on grant date resulted in a R10.6 million charge to the statement of comprehensive income. The remaining shares will be awarded up to the period 1 November 2016.

	GROUP June 2014 R'000	GROUP June 2013 R'000	**COMPANY June 2014 R'000**	COMPANY June 2013 R'000
Executive awards	**27 000**	20 000	**805**	4 660
Movements in number of instruments:				
Outstanding at the beginning of the year	**20 000**	15 250	**4 660**	357
Exercised	**(20 000)**	–	**(4 660)**	–
Awarded	**2 625**	7 800	**198**	4 500
Active employees	**2 625**	5 800	**198**	2 500
Former employee	**–**	2 000	**–**	2 000
Shares with additional conditions	**–**	(3 050)	**–**	(197)
Outstanding at the end of the year	**2 625**	20 000	**198**	4 660

37. Share-based payments (continued)

In 2014 there are 2 625 000 outstanding options (2013: 20 000 000 options). In 2014, 20 000 000 options (2013: 0) were exercised. The options exercised in 2014 resulted in 20 000 000 shares (2013: 0 shares) being issued at a weighted average price of R4.10 each. The related weighted average share price at the time of exercise was R4.10 per share.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Vesting date	Exercise price in rand per share share option	Share options 2014
1 November 2013	1 November 2016	4.10	7 000 000

The 20 million share options that were outstanding at the end of June 2013 have been fully exercised in 2014.

	GROUP June 2014 R'000	GROUP June 2013 R'000	COMPANY June 2014 R'000	COMPANY June 2013 R'000
Economic assumptions				
Total number of instruments granted	**7 000**	20 000	**–**	–
Weighted average share price	**4.10**	3.90	**–**	–
Weighted average vesting period	**3**	–	**–**	–

38. Contingencies, commitments and guarantees

38.1 Contingencies

Exposure to errors and omissions in ordinary course of business

As for any business with similar operations, the Group is exposed to various potential claims relating to alleged errors and omissions or non-compliance with laws and regulations in the conduct of its ordinary course of business. At the date of these annual financial statements, the Group is unaware of any material claims, actual or contemplated, by any of the Group's stakeholders or customers, except for those listed below.

Neil Harvey & Associates (Pty) Ltd

Neil Harvey & Associates has instituted a claim against Medscheme Holdings (Proprietary) Limited and three of its employees in 2008. The allegations concern alleged copyright infringement and a breach of the Medware licence agreement. The maximum capital amount of the claim as presently pleaded is R390.4 million. An amendment sought by the plaintiff was the cause of this. The increased sum has no impact on the merits of the claim which remain the same as before. The parties are still engaged in private arbitration; however, it is unlikely that the matter will be finalised during the current financial year. Medscheme Holdings (Proprietary) Limited will continue to vigorously defend the claim and is confident that there will still be no liability in this matter.

Bonitas Medical Fund ("BMF") / Louis Pasteur Hospital ("LPH")

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