

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

17. NON-CONTROLLING INTEREST

	Group		Company	
	June 2016 R'000	June 2015 R'000	June 2016 R'000	June 2015 R'000
Balance at the beginning of the year	62 930	52 634	–	–
Dividend distributions (Note 30)	(9 522)	(14 446)	–	–
Share buy back from non-controlling interests ¹	(46 866)	–	–	–
Purchase of shares ²	(525)	–	–	–
Additional non-controlling interest arising on disposal of interest in ACT Healthcare Assets ³	456 263	–	–	–
Share of net profit of subsidiaries	53 323	24 742	–	–
	515 603	62 930	–	–

Note 1: During the year, AfroCentric Health (Pty) Ltd (a subsidiary of AfroCentric Incorporation Limited), bought back the remaining minority shareholding for R3.7 per share. The total amount paid for the minority buyout amounted to R122 million of which R46.8 million relates to the minority interest and R75.2 million which was recognised directly in equity.

Note 2: During the year AfroCentric Health (Pty) Limited had purchased an additional 22% shareholding in Klinikka (Pty) Limited, increasing its shareholding from 70% to 92%.

Note 3: Sanlam Life Insurance Limited ("Sanlam") acquired a 28.7% shareholding in ACT Healthcare Assets (Pty) Limited, a directly held subsidiary in AfroCentric Investment Corporation Limited. As the transaction with Sanlam does not result in a loss of control of ACT Healthcare Assets (Pty) Limited, the transaction will be regarded as an equity transaction resulting in Sanlam's non-controlling interest portion of R456 million being recognised on the transaction date. The profit portion relating to the transaction is recognised directly in equity amounting to R246 million.

18. PROVISIONS

	Contingent			Total R'000
	Audit Fees R'000	litigation liability R'000	Loss on guarantees R'000	
Group				
Balance as at 30 June 2014	4 105	8 350	5 000	17 455
Charged/(credited) to the statement of comprehensive income:				
– additional provisions	5 983	–	–	5 983
– prior period under provision	(703)	–	–	(703)
Utilised during the year	(5 174)	–	–	(5 174)
Balance as at 30 June 2015	4 211	8 350	5 000	17 561
Charged/(credited) to the statement of comprehensive income:				
– additional provisions	9 659	–	–	9 659
– prior period under provision	(34)	–	–	(34)
Utilised during the year	(9 081)	–	–	(9 081)
Balance as at 30 June 2016	4 755	8 350	5 000	18 105

	Audit fees R'000	Loss on guarantees R'000	Total R'000
Company			
Balance as at 30 June 2014	740	5 000	5 740
Charged/(credited) to the statement of comprehensive income:			
– additional provisions	1 063	–	1 063
– prior period under provision	(35)	–	(35)
Utilised during the year	(705)	–	(705)
Balance as at 30 June 2015	1 063	5 000	6 063
Charged/(credited) to the statement of comprehensive income:			
– additional provisions	1 060	–	1 060
– prior period under provision	(34)	–	(34)
Utilised during the year	(1 241)	–	(1 241)
Balance as at 30 June 2016	848	5 000	5 848

ANALYSIS OF PROVISIONS:

	Group		Company	
	June 2016 R'000	June 2015 R'000	June 2016 R'000	June 2015 R'000
Non-current portion	8 350	8 350	–	–
Current portion	9 755	9 211	5 848	6 063
	18 105	17 561	5 848	6 063

AUDIT FEES

The provision for audit fees relates services provided by the external auditors for the 2016 financial year. The fees will be settled within the 2016 financial year.

CONTINGENT LITIGATION LIABILITY

A claim was instituted against Medscheme Holdings (Pty) Ltd and three of its employees in 2008 for allegations concerning copyright infringements and the breach of the Medware license agreement. The amount that was raised as a provision was determined by the directors using the maximum loss and probability theory. The parties are currently engaged in arbitration.

LOSS ON GUARANTEES

The provision for loss on guarantees relates to a deposit put in place by the Company to serve as a good-faith deposit for an overdraft facility extended to a strategic target. The strategic target was placed in provisional liquidation during the 2012 year and as such, the Company has agreed that the R10 million deposit will, under certain conditions, be applied to reduce the overdraft indebtedness to Nedbank. Given the notarial bond held by the Company, 50% of the exposure is expected to be recovered in the near future.