26. Dividends

AfroCentric Investment Corporation Limited passed two resolutions whereby dividends were declared in the 2018 financial year. The first dividend was declared in September 2017 of 14 cents per share and the second dividend was declared in March 2018 of 16 cents per share, being the interim dividend. The value of R77.6 million was paid in November 2017 for the first dividend and R88.7 million was paid in May 2018 for the second dividend. These dividends were debited to retained earnings in 2018.

	Group		Company	
	30 June 2018 R'000	30 June 2017 R'000	**30 June 2018 R'000**	30 June 2017 R'000
Dividend declared by AfroCentric Investment Corporation Limited in September 2017	**77 613**	66 525	**77 613**	66 525
Dividend declared by AfroCentric Investment Corporation Limited in March 2018	**88 700**	77 613	**88 700**	77 613
Other dividends in the Group:				
Dividend declared and paid by ACT Healthcare Assets Proprietary Limited to non-controlling interests	**48 216**	14 350	**–**	–
Dividend declared and paid by Medscheme (Namibia) Proprietary Limited to non-controlling interests	**3 328**	15 222	**–**	–
Dividend declared and paid by Allegra Proprietary Limited to non-controlling interests	**–**	3 044	**–**	–

27. Share-based payments

New scheme

In the 2018 financial year a new share award plan was implemented. The purpose of the plan is to retain, motivate and reward eligible employees who are able to influence the performance and growth strategies of the Company, on a basis which aligns their interests with those of the Group's shareholders.

Share awards will be issued to identified participants by the Remuneration Committee and Board. The number of share awards to be allocated to an eligible employee, will primarily be based on the identified employee's annual salary, grade, performance, retention and attraction requirements and market benchmarks. The number of share awards will be recommended by the Remuneration Committee at the time that share awards are granted per an award letter.

Eligibility for participation to the plan will be considered on an annual basis. Share awards will constitute conditional shares in AfroCentric Investment Corporation and on vesting date this will be issued to the identified participant in equity shares at no cost. The maximum annual allocation is 5 543 773 share awards (1% of current issued share capital of 554 377 328) and the maximum dilution limit is 27 718 866 (5% of current issued share capital of 554 377 328).

The share price on 8 December 2017 of R6.20, which is grant date, was used to determine the IFRS 2 charge for 2018. AfroCentric expects that 90% of awards will vest to participants at the end of the plan. The share awards are subject to staggered vesting i.e. vesting of the share awards following the 3 year retention period in 3 equal tranches. The charge for the year is R3.5 million.

NOTES TO THE GROUP ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2018

27. Share-based payments (continued)

Old scheme

In the prior financial years, the Boards of AfroCentric and AfroCentric Health had approved an allocation of 7 million additional shares that was not originally stipulated in the 2008 Acquisition Agreement. The AfroCentric Investment Corporation Limited Group, of which the AHL Group is a subsidiary, had allocated share-based awards to certain Executive Directors of the AHL Group as part of their remuneration package. The share awards are at an AfroCentric Investment Corporation Limited Group level. The Group measured the fair value of the share awards or equity instruments granted, in line with the Group's accounting policy. The share price on 1 November 2013, which was grant date, was used to determine the IFRS 2 charge for 2017. AfroCentric had fully settled its obligation of the 7 million additional shares and the share based payment reserve has been released in the June 2017 financial year.

	Group		Company	
	30 June 2018 R'000	30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Executive awards	4 440	7 000	–	805
Movements in number of instruments:				
Outstanding at the beginning of the year	–	6 488	–	54
Exercised	–	(6 999)	–	(54)
Vested	565	511	–	–
Active employees	565	511	–	–
Outstanding at the end of the year	565	–	–	–

28. Contingencies, commitments and guarantees

28.1 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 Proprietary Limited

Neil Harvey & Associates has instituted a claim against Medscheme Holdings Proprietary Limited and three of its employees in 2007. The allegations concern alleged copyright infringement and a breach of the Medware 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 and the arbitration hearing has been scheduled for October 2018. We constantly monitor the merits of the case with our legal team. We remain confident that there will be no liability.