EXTRACT FROM 2014 INTEGRATED ANNUAL REPORT

the future **TODAY**

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BOARD OF DIRECTORS

Livingstone, Jeffrey: 62

Acting chairman

Independent non-executive director

Member of the Audit, Remuneration and Litigation Committees and Risk and Transformation Committees

BCom, CA (SA), HDip Tax Law

Jeffrey is a practising Chartered Accountant and Chairman of Light & Livingstone Inc., Registered Accountants and Auditors. He qualified as a Chartered Accountant in 1976 after completing his articles at PKF. He completed the Higher Diploma in Tax Law in 1981. Jeffrey provides a wide range of professional services and has acted as a director of and consultant to several public and private companies. He joined the Board in 2008, and stepped in as Acting chairman in August 2014 upon the appointment of Leslie Maasdorp as Chief executive officer designate. Jeffrey remains a member of the Audit Committee but has stepped down as Chairman of that committee.

Boulle, Christopher: 43

Independent non-executive director

Acting chairperson of the Audit Committee, Chairperson of the Remuneration and Litigation Committees, Member of the Risk Committee

BCom, LLB, LLM

Chris is a commercial, corporate finance, tax and trust attorney. His experience as a non-executive director of listed companies spans more than a decade and he currently serves as a director of a number of companies listed on the JSE and is also trustee of various trusts, including the ADvTECH Limited Share Incentive Trust. He joined the Board as alternate director to Hymie Levin in September 2011, and was appointed as a director in March 2013.

Gourley, Brenda (Professor): 71

Independent non-executive director

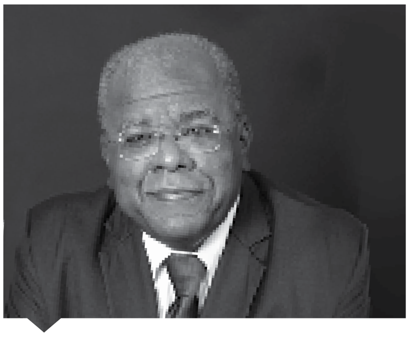
Member of the Audit Committee, Deputy chairperson of the Transformation, Social and Ethics Committee, Chairperson of the Risk Committee

CTA (Wits), MBL (UNISA), FCGI

Professor Gourley is an accountant by profession with a long career in business and academia. She was previously Vice chancellor of the University of KwaZulu-Natal, South Africa, and Vice chancellor and CEO of The Open University, United Kingdom.

Over the years, she has held a range of positions on various boards and trusts, in different parts of the world in both the public and private sectors including two terms of office as Chair of the Association of Commonwealth Universities. Her appointments currently include governor and member of the audit committee of the University of Brighton, governor of the University of the World, New York, USA, councillor of The City and Guilds Institute, London and trustee of the Royal Anniversary Trust. She also chairs the Council for Education in the Commonwealth.

She has received recognition in the form of prizes, fellowships and awards as well as honorary degrees from 12 universities on four continents. In October 2014 she was recipient of the 2014 UNISA Chancellor's Calabash Award as an Outstanding Educator in recognition of her contribution to higher education, especially in open distance learning. Professor Gourley joined the Board in 2008.



Jansen, Jonathan (Professor): 58

Independent non-executive director

Chairperson of the Transformation, Social and Ethics Committee

PhD (Stanford), MSc (Cornell), BEd, HEd (UNISA), BSc (UWC)

Jonathan is Rector and Vice chancellor of the University of the Free State and President of the South African Institute of Race Relations. He holds Honorary Doctorate of Education degrees from the University of Edinburgh, Cleveland State University and, more recently, the University of Vermont in recognition of his dedication to social justice and the process of reconciliation. He is a Fellow of the American Educational Research Association and the Academy of Science for the Developing World. He is a prominent author and speaker on educational matters around the world. He joined the Board in 2004.

Masie, Stafford: 40

Independent non-executive director

Stafford was born and commenced his education in South Africa before undertaking studies in Computer Science at Tel Aviv University. He has been involved in the IT industry for nearly 20 years, with an association with pre-eminent IT companies such as Dimension Data, Novell and Google. His passion for technology led to him holding senior executive positions at Novell USA and subsequently at Novell South Africa, and being responsible for establishing Google's presence in South Africa. After leaving Google in 2009, he established his own business and is now an entrepreneur with a particular interest in early stage start-up businesses in the IT industry. He is active as a business school lecturer, participant in several radio broadcasts and speaker on the influence of technology on modern day life, society and education. Stafford joined the Board in January 2014.

Nyati, Mteto: 50

Independent non-executive director

Member of Audit and Risk Committees

BSc Mechanical Engineering (KZN)

Mteto was born and completed his early education in the Transkei. He graduated from the University of KwaZulu-Natal and completed further studies at Yale University. He has spent the last 18 years in the IT industry, first with IBM, both in South Africa and abroad, IBM Global Technology Services and, more recently, Microsoft South Africa as Managing director focusing on education, skills for employability and enterprise development. During the second half of 2014 he joined MTN as Group chief enterprise officer. He was the joint winner in 2013 of IT Personality of the Year. Mteto joined the Board in January 2014.

BOARD OF DIRECTORS CONTINUED

Oesch, Didier: 49

Executive director, Group financial director

BCompt (Hons), CA (SA)

Didier qualified as a Chartered Accountant in 1991 after completing his articles at Betty & Dickson. He gained considerable experience with the Nampak Group in various financial positions culminating in a four-year term in Europe as Financial director of Nampak Plastics Europe. Didier joined ADvTECH as Group financial manager and was appointed a member of Exco and Group financial director in 2005.

Zinn, Shirley (Professor)**:** 53

Independent non-executive director

Member of Remuneration and Transformation, Social and Ethics Committees

BA, HDipEd (UWC), BEd (Hons) (Unisa), MEd (UWC), EdM and EdD (Harvard)

Shirley was previously Deputy global head of Human Resources at Standard Bank and HR Director at Nedbank, and now consults to various large companies on a variety of matters relating to the optimisation of HR strategy, transformation and leadership development. She was awarded the Top Woman in Business and Government and Top Executive in Corporate South Africa by Topco Media in 2008. She is a director and trustee of a number of companies and trusts, including DHL (where she is Chairperson), DHL Foundation, Boston Consulting Group and the Starfish Greatheart Foundation. Shirley joined the Board in October 2012.

EXECUTIVE COMMITTEE

Oesch, Didier

Group financial director

Isaakidis, Alex

Chief operating officer, Schools division

Honey, Lenn

Chief operating officer, Resourcing division

Douglas, Roy

Chief operating officer, Tertiary division

Coughlan, Felicity

Director, The Independent Institute of Education

Francesconi, Odette

Managing director, Varsity College

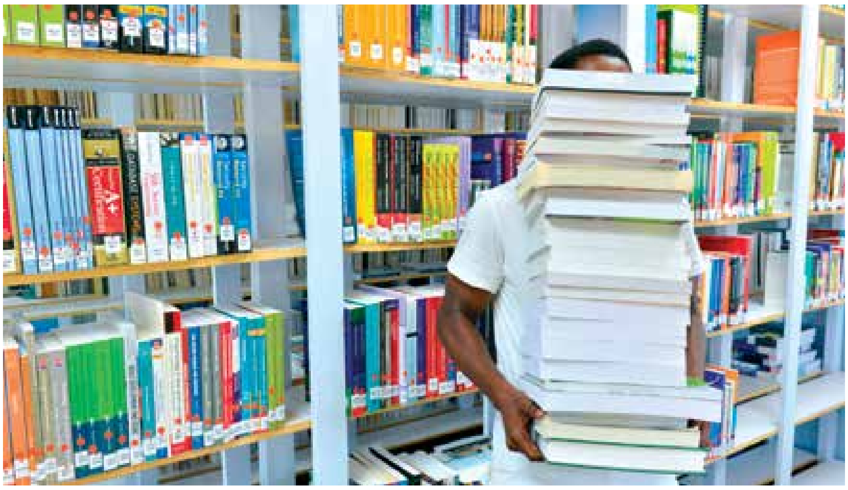
Shipalana, Eric

Human resources executive

van Zyl, Steven

ICT executive

CORPORATE GOVERNANCE



Introduction

The ADvTECH Group remains committed to the principles of effective corporate governance and ethical leadership in all its business activities and supports the values espoused in the King Report on Corporate Governance for South Africa, 2009 (King III). It complies substantially with the principles contained in the Code of Corporate Practices forming part of King III. A register in terms of King III, indicating instances of non-compliance, can be found on the website at www.advtech.co.za.

The Board acknowledges its responsibility to ensure that the principles of good corporate governance are observed, and the directors, collectively and individually, acknowledge their responsibilities in terms of the JSE Limited Listings Requirements.

The Board also acknowledges its role in leading by example and setting the tone for ethical behaviour and compliance with corporate governance best practice throughout the Group. It therefore continuously reassesses its principles and policies against King III, and makes changes as and when appropriate to ensure that they remain relevant.

Board of directors

ADvTECH has a unitary Board structure. At year-end the Board consisted of two executive and seven non-executive directors. Subsequent to year-end ADvTECH and LW Maasdorp reached a mutual agreement to part ways with effect from 23 March 2015. The majority of the directors are independent as defined by King III. The Chairman is an independent non-executive director and the roles of Chairman and CEO are separate, each with clearly defined responsibilities. Details of the directors with brief *curricula vitae* can be found on the website at www.advtech.co.za or on pages 40 to 42.

The Board, has reviewed the independence of directors and is satisfied that they all show independence of judgement and mind. It is satisfied that there are no relationships or circumstances, including length of service, likely to affect their judgement.

The Board as a whole considers and is responsible for the appointment of new directors, although they are assisted in this task by the Nominations Committee which evaluates suitable candidates and submits nominations to the Board. One third of all non-executive directors retire by rotation annually, and any director appointed by the Board is subject to election by the shareholders at the first General Meeting of shareholders held after their initial appointment. No director or prescribed officer holds any fixed term contract and the executive director and prescribed officers have standard employment contracts, requiring no more than three months' notice on termination.

SC Masie and M Nyati were appointed as independent non-executive directors of the Board with effect from 9 January 2014, which appointment was confirmed at the Annual General Meeting held on 27 May 2014. HR Levin retired as a director at that meeting and did not make himself eligible for re-election.

At the end of 2013, FR Thompson announced his intention to retire as CEO of the Group during the year under review.

LW Maasdorp (previously Chairman of the Board) was appointed as Chief executive officer designate with effect from 11 August 2014 and subsequently as Chief executive officer with effect from 24 October 2014. This appointment resulted in a number of additional changes to the Board:

- LW Maasdorp resigned as Chairman of the Board and as a member of the Remuneration and Litigation Committees with effect from 11 August 2014;
- JC Livingstone resigned as Chairman of the Audit Committee and was appointed as Acting chairman of the Board with effect from 11 August 2014;
- With effect from the same date, CH Boulle was appointed as Acting chairman of the Audit Committee;
- FR Thompson retired as a director and Chief executive officer with effect from 24 October 2014; and
- Subsequent to year-end, ADvTECH and LW Maasdorp reached a mutual agreement to part ways with effect from 23 March 2015.

The Board has established a number of Committees to assist in more effectively fulfilling its duties and responsibilities:

- Remuneration Committee (RemCom)
- Audit Committee
- Risk Committee
- Litigation Committee
- Transformation, Social and Ethics Committee (TSEC)
- Nomination Committee (NomCom)

Members of the Board are appointed to the Committees based on their areas of expertise and experience. One of the members is appointed as Chairperson of that Committee. In appropriate circumstances, a deputy Chairperson may also be appointed.

Each Committee operates within specific written terms of reference under which certain functions of the Board are delegated with defined purposes, duties and reporting procedures. These terms of reference are reviewed regularly.

The membership of the Committees is as follows:

Director	Executive/non-executive director	Audit Comm	Risk Comm	RemCom	TSEC	NomCom	Litigation Comm
CH Boulle	Independent non-executive	Chair (Acting)	Member	Chair		Member	Chair
BM Gourley	Independent non-executive	Member	Chair		Deputy Chair	Member	
JD Jansen	Independent non-executive				Chair	Member	
JC Livingstone	Independent non-executive – Acting chairman	Member	Member	Member		Member	Member
LW Maasdorp	Executive – Chief executive officer*	Invitee	Member	Invitee	Member	Member	Invitee
SC Masie	Independent non-executive					Member	
M Nyati	Independent non-executive	Member	Member			Member	
JDR Oesch	Executive – Group financial director	Invitee	Member				
SA Zinn	Independent non-executive			Member	Member	Member	

* *Resigned 23 March 2015*

The following tables record meetings attended by each member of the Board and Committees:

	Board		RemCom		Audit Comm		Risk Comm	
	Number of meetings attended	Number of possible meetings	Number of meetings attended	Number of possible attended	Number of meetings attended	Number of possible meetings	Number of meetings attended	Number of possible meetings
CH Boulle	6	6	7	7	3	3	3	3
BM Gourley	6	6	–	–	3	3	3	3
JD Jansen	4	6	–	–	–	–	–	–
HR Levin[1]	–	2	–	–	–	–	–	–
JC Livingstone[2]	6	6	7	7	3	3	3	3
LW Maasdorp[3]	5[7]	6	2[7]	5	–	–	2	2
SC Masie[4]	6	6	–	–	–	–	–	–
M Nyati[5]	6	6	–	–	1	2	1	1
JDR Oesch	6	6	–	–	–	–	3	3
FR Thompson[6]	5	5	–	–	–	–	2	2
SA Zinn	5	6	5	5	–	–	–	–

	Litigation Comm		TSEC		NomCom	
	Number of meetings attended	Number of possible meetings	Number of meetings attended	Number of possible meetings	Number of meetings attended	Number of possible meetings
CH Boulle	4	4	–	–	2	2
BM Gourley	–	–	2	2	2	2
JD Jansen	–	–	1	2	–	2
HR Levin[1]	–	–	–	–	–	–
JC Livingstone[2]	3	4	–	–	2	2
LW Maasdorp[3]	2	4	1	2	1[8]	2
SC Masie[4]	–	–	–	–	1	2
M Nyati[5]	–	–	–	–	1	2
JDR Oesch	–	–	–	–	–	–
FR Thompson[6]	–	–	1	1	1	1
SA Zinn	–	–	1	2	1	2

Note 1: On extended sabbatical during 2014. Retired as director with effect from 27 May 2014.
Note 2: Resigned as Chairman of Audit Committee and appointed as Acting chairman of Board with effect from 11 August 2014.
Note 3: Resigned as Chairman of Board and member of Remuneration and Litigation Committees with effect from 11 August 2014. Resigned 23 March 2015.
Note 4: Appointed as Director with effect from 9 January 2014.
Note 5: Appointed as Director with effect from 9 January 2014. Appointed as member of Audit Committee with effect from 27 May 2014.
Note 6: Retired as Director (and therefore all Committees) with effect from 24 October 2014.
Note 7: Recused from attendance on 8 July 2014.
Note 8: Recused from attendance on 4 June 2014.

Attendance by directors and committee members was in person or by teleconference or other electronic means.

Six Board meetings were held during the financial year under review.

The Board and its Committees are furnished with full information ahead of each meeting, ensuring that all relevant facts are brought to the attention of directors.

A formal evaluation of the Board is conducted regularly. An external assessment of the Board's functioning was conducted by Ernst & Young during the year under review. The assessment largely confirmed that the Board operates effectively. Certain recommendations were made and action is being taken to implement the recommended improvements. As the Board is relatively small and all directors participate actively, the Board has not found it necessary to conduct formal assessments of the individual directors.

Group Executive Committee

The Board retains overall accountability for and is responsible to all stakeholders for the proper management and effective control of the Group. The Board has delegated authority to run the day-to-day affairs of the Group to the CEO and Exco. Exco facilitates the effective control of all the Group's operational activities, acting as a medium of communication and co-ordination between the various business units, Group companies and the Board. Exco is responsible for making recommendations to the Board with regard to the Group's policies and strategies and for monitoring their implementation in accordance with the Board's directives. It plays a role in monitoring risks applicable to the Group and reporting on these, together with recommendations and reports about action to be taken, to the Board. This includes the insurance review and formal risk analysis on an annual basis.

Exco has access to the expertise of Board members and meets with the Board at least once annually to ensure that they share a common vision for the future of the Group. The Chief operating officers (COOs) of each of the operating divisions attend at least two Board meetings annually.

At year-end, Exco consisted of two executive directors, three COOs (who are also identified as prescribed officers of the Company) and four senior executives. Subsequent to year-end ADvTECH and LW Maasdorp reached a mutual agreement to part ways with effect from 23 March 2015.

Each of the Group's three operating divisions (Schools, Tertiary and Resourcing) have formal management structures which meet on a regular basis to ensure the maintenance of standards and best practice in respect of corporate governance and internal controls.

Remuneration Committee

All members of the Remuneration Committee (RemCom) are independent non-executive directors.

RemCom meets as and when required. Because a new Chief executive officer needed to be appointed, RemCom met seven times during the year under review.

The Committee determines and approves the remuneration policy for all employees. The CEO and Group HR executive attend the meetings by invitation, but do not participate in any deliberations regarding their own remuneration.

Remuneration policy

RemCom seeks to entrench a culture of high performance by aligning the Group's remuneration philosophy with the business objectives, values and strategy. It also ensures that remuneration practices are based on the principles of sound governance. An essential feature of this is the independence of RemCom in determining the policy on remuneration and bonuses of all staff and individually for executive management.

Remuneration is required to be benchmarked regularly against the market and aligned with Group performance. This aims to ensure that remuneration, by its structure and level, attracts and retains outstanding individuals, recognises loyalty and dedication, and provides incentives for exceptional performance. This is achieved through a combination of guaranteed remuneration, incentive rewards of a long and short-term nature, and conditions of service. During the year, RemCom approved an Integrated Remuneration Policy which seeks to combine and calibrate all forms of remuneration. During the forthcoming year, each COO will be tasked with developing a divisional Integrated Remuneration Policy for their respective division.

Remuneration report

Conditions of employment are reviewed annually against best practice and, where necessary, improvements to conditions of employment are implemented with due regard to the cost implications and their impact on the Group's staff.

Guaranteed remuneration consists of a cost-to-company package, which includes benefits such as medical aid and retirement funding. Employees who are not on medical aid are offered free accident insurance, including funeral cover.

Performance remuneration in the form of incentives and bonuses is included in certain employment categories, the objective being to recognise, reward and retain high performing employees. Depending on the seniority and responsibility of the individual concerned, the incentive opportunity ranges from 5% to 100% of the guaranteed cost-to-company remuneration package. The Group has disclosed the remuneration of the prescribed officers who are also the three highest paid employees who are not also directors.

Remuneration is structured according to the following framework:

General staff

To encourage a high performance culture, each employee has agreed key performance indicators (KPIs) and, where applicable, performance objectives. This creates a direct link between performance and remuneration. Appropriate recognition is given to the qualifications of professional staff.

The remuneration of teachers and academic staff is benchmarked against state and other comparable institutions. Guidelines are then established for basic cost-to-company remuneration and, where appropriate, incentives for exceptional performance.

The remuneration of resourcing staff is based on an incentive structure linked to rigorous quality standards, with consultants and supervisors receiving performance related packages which include a significant portion of variable pay. Remuneration of resourcing staff is reviewed quarterly and adjusted in appropriate circumstances.

Senior staff and management

The remuneration structure for senior staff and management encompasses three elements:

- a guaranteed cost-to-company package;
- annual incentive remuneration based on predetermined KPIs; and
- long-term incentive remuneration in the form of an opportunity to participate in either the ADvTECH Limited Share Incentive Scheme, or the more recently established Long-Term Incentive Bonus Scheme.

Executive leadership

Executive leadership is offered a similar remuneration structure to that of senior staff and management. Annual incentive remuneration, however, is based on a combination of individual KPIs and the performance of the business unit for which the executive is responsible as well as Group performance. The bonus earned by the executive concerned is based on the extent to which agreed targets approved by RemCom at the beginning of the financial year under review were achieved. Stretch targets are set for executives at demanding levels to encourage growth taking cognisance of the operating environment and strategic objectives, including growth of the business, transformation of the Group and staff turnover.

For the 2014 financial year, executive bonuses, which were accrued at year-end and will be paid in March 2015 after approval of the annual financial statements, amounted to 46% (2013: 52%) of the maximum bonus opportunity.

Share Incentive Scheme

The Group has continued to offer share options to executives and senior management. An award of two million shares was made to the CEO on commencement of service with the Group. RemCom approved the award of an additional 2 071 000 (2013: 1 837 000) share options during the year under review to management; further details are set out on page 83.

Long-term Incentive Bonus Scheme

The Long-Term Incentive Bonus Scheme was established in 2013 to run alongside the Share Incentive Scheme. The amount of the bonus offered takes account of the fundamentally different nature of the incentive instrument. Participants may participate either in the Share Incentive Scheme or the Bonus Scheme, but not both. Participants will be entitled to receive a percentage of their individual bonus amount depending on the compounded annual growth rate of headline earnings per share (HEPS) achieved by the Group over a three-year period. Awards in terms of this scheme have been made to 105 key employees, with the first payment being due in 2017.

Directors

Senior management recommends the fees to be paid to non-executive directors to the Board and guarantees that no person is involved in any decisions relating to his or her own remuneration. Non-executive director remuneration is based on an annual fee structure. As is evident from this report regarding directors' attendance, it is clear that all members are fully engaged. Furthermore, directors' contribution to the Group is not limited to their attendance at Board meetings, and their responsibilities and liabilities continue whether or not they attend a specific meeting. In the current year, it was felt that payment of an annual (rather than an attendance based) fee allowed management greater freedom in approaching directors between meetings. The fees payable to non-executive directors were approved by special resolution of the shareholders at the Annual General Meeting held on 27 May 2014, as required by the Act.

During the year under review, the approach to non-executive director remuneration has been reviewed by management. It is therefore proposed that, with effect from 2015, non-executive director remuneration consist of two separate components – a base portion and an additional amount which will depend on the individual director's attendance at meetings. A fee for attendance at *ad hoc* meetings will also be provided for. The revised fees will be placed before shareholders at the Annual General Meeting to be held on a date to be confirmed for approval.

Remuneration payable to directors must continuously be assessed and adjusted, if necessary.

Audit Committee

As required by the Act, shareholders elected the members of the Audit Committee at the Annual General Meeting held on 27 May 2014. All members of the Committee are independent as defined by the Act. BM Gourley has a relative who was in full-time employment with the Group until 31 March 2014. Exemption from the provisions of Section 94 was obtained from the Companies Tribunal in July 2013 to allow her appointment as a member of the Committee. It is recorded that her relative did not hold a senior management post, and that BM Gourley's accounting qualifications and wide experience in the administration of tertiary institutions made her eminently suitable for this appointment.

The Board has recommended that the following directors be appointed to the Audit Committee at the Annual General Meeting:

- CH Boulle
- BM Gourley
- JC Livingstone
- M Nyati

As the establishment of the Audit Committee is a statutory requirement, its duties and responsibilities are a combination of statutory duties and such other oversight of the financial function and reporting thereof as may be mandated by the Board. This includes assisting the Board in discharging its responsibilities to safeguard the Group's assets, ensure that proper accounting records are maintained, oversee the financial reporting process and ensure compliance with accounting policies, Group policies, legal requirements and internal controls.

The Group's internal audit function is headed by the Group's internal audit manager. The Audit Committee monitors, supervises and evaluates the effectiveness of the internal audit function.

The Audit Committee met three times during the year under review. These meetings were attended by the internal and external auditors, the CEO, CEO designate (at the August meeting) and Group financial director, as well as other Board members and invitees as considered appropriate by the Chairman of the Audit Committee.

The Committee is responsible for the appointment of the auditors, agreeing fees payable to them and settling on the terms of their engagement, and provides recommendations to the Board with regard to:

- ensuring compliance with applicable legislation and the requirements of regulatory authorities;

- matters relating to financial accounting, accounting policies, reporting and disclosure;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- reviewing and approving external audit plans, findings, problems, reports and fees;
- reviewing and providing guidance on the Group's overall exposure to IT risks;
- compliance with the Group's values;
- ensuring that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence; and
- reviewing and recommending the approval of interim and annual results.

The Audit Committee fulfilled its responsibilities in terms of its mandate during the year under review.

Both the external and internal auditors have unrestricted access to the Audit Committee, which ensures that their independence is in no way impaired. At least once annually (but generally prior to every meeting) the Chairman meets independently with representatives of internal and external audit. Time is also set aside at least once annually (but generally at the end of every meeting) for the Committee to meet independently of executive management with representatives of the internal and external auditors.

The Audit Committee has considered and is satisfied with the continued appropriateness of the expertise and experience of the Group financial director and the finance function.

Risk Committee

While the Risk Committee has assumed responsibility for monitoring and overseeing the management of risk within the Group, the Board, Exco and the internal audit department continue to review and assess the integrity and the quality of risk control systems and ensure that risk policies and strategies are effectively managed. Management of risk is regarded as an integral aspect of every manager's responsibility within the Group. The Group's major assets are insured against loss and this, together with the disaster recovery plan, will ensure that the business, from an information technology and operational viewpoint, continues with the least amount of disruption.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Litigation Committee

The Litigation Committee has been charged with overseeing and providing management with guidance in relation to all major litigation which occurs outside the ordinary course of business.

Legal proceedings in respect of substantial claims against Andry Welihockyj, Marina Welihockyj and Meridian, a company controlled by them, are still in progress. Every effort is being made to bring these matters to a satisfactory conclusion in the interest of the Group and its stakeholders.

The Litigation Committee has advised the Board that legal counsel remains satisfied with the merits of the Group's claims and that the Group has no additional exposure other than for legal costs in these matters.

The Litigation Committee meets on an *ad hoc* basis, as and when required. It met four times during the year under review.

Transformation, Social and Ethics Committee (TSEC)

The Act requires that a Social and Ethics Committee be established. Because transformation is regarded as a high priority by the Board, it has elected to combine the mandate of the Social and Ethics Committee with that of the previously existing Transformation Committee.

TSEC monitors and oversees the Group's progress on various issues relating to transformation at every level, social and ethical aspects, and, where appropriate, provides management with guidance in this regard.

The COOs are required to attend the majority of meetings of TSEC during the year. This ensures that social and ethical matters, as well as matters pertaining to transformation, remain high on management's agenda. This approach seeks to entrench the Group's ethical approach to business.

Nomination Committee

The Nomination Committee (NomCom) consists of all the non-executive directors and the CEO, and is chaired by the Chairman of the Board.

In line with its mandate, NomCom meets on an *ad hoc* basis to nominate, evaluate and recommend possible new appointments to the Board. The Committee was very involved in the selection of the new Chief executive officer during 2014.

Internal control

The Board is responsible for ensuring that appropriate internal control systems are implemented and maintained to ensure that the Group's assets are safeguarded and managed in order to minimise potential losses arising from possible fraud and other illegal acts.

Internal control is implemented through the proper delegation of responsibility within a clearly defined approval framework, through accounting procedures and adequate segregation of duties. The Group's internal accounting controls and systems are designed to provide reasonable assurance as to the integrity of the Group's financial statements and to safeguard, verify and maintain accountability for all its assets.

Internal audit monitors the operation of the internal controls and systems and reports their findings and recommendations to management and the Board. Corrective action is taken to address control deficiencies and improve systems where opportunities are identified. The Board, operating through its Audit Committee, provides oversight of the financial reporting process and internal control systems.

Internal audit

The Group's Internal Audit Department has a specific mandate from the Audit Committee to independently appraise the adequacy and effectiveness of the Group's internal controls, governance and risk management processes. The Department, headed by the Group internal audit manager, reports to the Group financial director on an administrative basis but has direct access to the CEO and the Chairperson of the Audit Committee. The Group internal audit manager's conditions of service and remuneration are reviewed by the Audit Committee to further ensure the independence of the function.

The Board and Exco are ultimately responsible for overseeing the establishment of effective internal control systems in order to provide reasonable assurance that the Group's financial and non-financial objectives are achieved. The internal control and risk management process is ongoing and has remained in place up to the date of approval of the annual financial statements.

The internal audit coverage plan, which is subject to approval by the Audit Committee and updated annually, covers all major risk areas as identified and assessed by Internal Audit and the Group's risk management process. This ensures that the audit coverage is focused on and identifies areas of high risk.

Internal Audit provides a written assessment of the system of internal financial controls and risk management to the Board and the Audit Committee on an annual basis. Nothing has come to the attention of the Board to indicate that any material breach of these controls has occurred during the year under review.

Ethical standards

Compliance with ethical standards of behaviour is regarded as of primary importance to the Group; this has found expression in the Group's values – "Through our own ethical conduct, practices and policies we seek to set an example to our candidates, learners, students and clients". Integrity is fundamental to the manner in which the Group conducts its business, and permeates its approach to all activities. These values are communicated to all personnel during induction and emphasised regularly. TSEC monitors and oversees the Group's adherence to these ethical standards. Group personnel are required at all times to act with the utmost integrity and objectivity and in compliance with both the letter and the spirit of the law and Group policies.

A culture of ethics is integrated at all levels within the Group, with the Board accepting responsibility for ensuring that it is promoted throughout the Group. The Group espouses these principles not because it is required to do so by any legislative requirements, but simply because it is "the right thing to do".

Accounting and auditing

The Board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. The Board is committed to complying with International Financial Reporting Standards (IFRSs), the Act and the JSE Limited Listings Requirements.

The directors are responsible for ensuring that Group companies maintain adequate records in order to report on the financial position of the Group and the results of activities with accuracy and reliability. Financial reporting procedures are applied at all levels in the Group to meet this responsibility. The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with IFRSs.

It is the directors' responsibility to prepare financial statements that fairly present:

- the state of affairs as at the end of the financial year under review;
- profit or loss for the year;
- cash flows for the year; and
- other material non-financial information.

The external auditors, Deloitte & Touche, were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors, Exco and Committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented.

Employment equity

The Group continues to subscribe to the philosophy of employee upliftment and has dedicated resources to both training and development programmes to achieve transformation of its workforce. All employees are encouraged to develop to their full potential both for their own benefit and for that of the Group. The ADvTalent and Mentoring Programmes form the cornerstone of the Group's approach. Further information on these programmes can be found on the website at www.advtech.co.za

ICT Governance

The Board is responsible for ICT governance and ensuring that ICT strategy is aligned with the Group's strategic objectives, and adopting and implementing an ICT control framework. The ICT Steercom assists with the implementation of ICT strategies and policies. All Exco members are members of the ICT Steercom to ensure that the Committee is able to make appropriate decisions. The Group is constantly reviewing its current technology and investigating opportunities to utilise technology and integrate it into its strategy and processes. Security, disaster recovery and data management are essential focusses of the ICT department.

Going concern

The Board has reviewed the assumption of the financial forecast and has concluded that the business will be a going concern for the next financial year. The Board's statement in this regard is contained in the directors' statement of responsibility on page 53.

Company secretary

All directors have access to the advice and services of the Company secretary, SK Saunders, whose appointment is in accordance with the Act. Although an employee of the Company, she is not a director. As an admitted attorney with more than 20 years of practical experience as a company secretary, she is considered to be a fit and proper person with appropriate skills and experience for the post.

The Company secretary provides guidance and advice to the Board on matters of ethics and good corporate governance, and ensures compliance with other statutory requirements.

The Company secretary works with the Board to ensure compliance with the rules of the JSE Limited Listings Requirements. The Company secretary oversees the induction of new directors and assists the Chairman and the CEO in formulating the annual Board plan and other related matters. The details of the Company secretary appear on page •• of this report.

Insider trading

The Group has a written policy on insider trading, adopted by the Board, which states that no director, executive, manager or any employee who is likely to come into possession of price-sensitive information may deal directly or indirectly in the Company's shares during closed periods. In line with the JSE Limited Listings Requirements, the Group adheres to two closed periods in each financial year. The first commences at the end of June until the publication of the interim results, and the second commences at the end of December, the Group's financial year-end, until the final audited results for the year are released. Further closed periods are declared as and when appropriate.

Dealing in the Company's shares by directors and members of Exco requires prior clearance from the Chairman, and the Company secretary retains a record of such dealings and approvals. Certain employees who are likely to have access to price-sensitive information require clearance from the CEO before trading in the Company's shares.

Related party transactions

Members of the Board are required to disclose any conflict of interest which they may have at Board meetings, and in any event are required to make disclosure of any potential conflicts of interest on an annual basis. During the year under review, no material contracts involving directors' interests were entered into.

Directors

CH Boulle is a senior partner at HR Levin Attorneys, which has provided occasional legal services to the Group in the past (2014: nil; 2013: R249 015). They are neither the only nor the Group's lead firm of legal advisors.

JDR Oesch has been awarded CrawfordSchools™ bursaries for his children in terms of the Group's bursary policy.

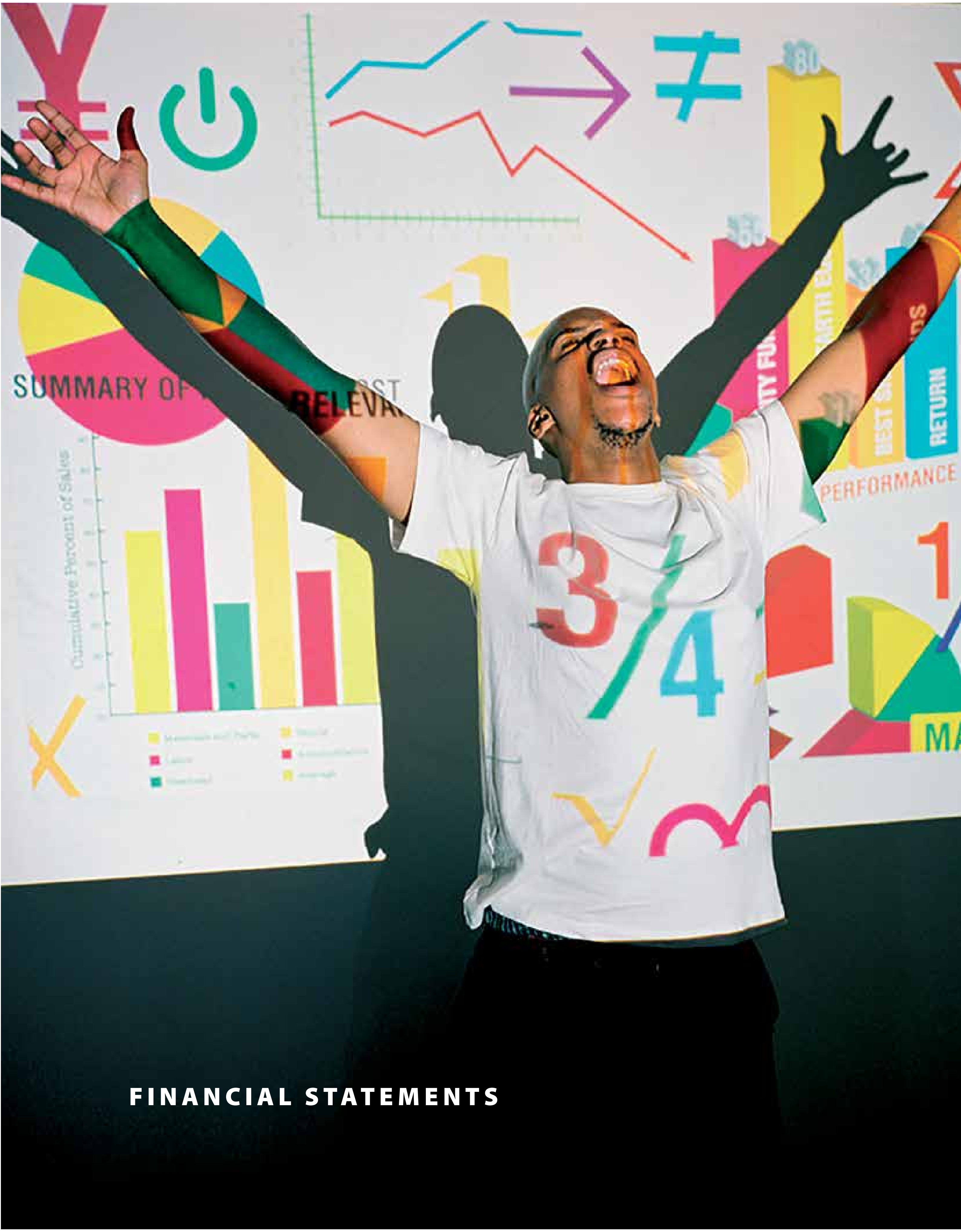
Prescribed officers

The Board has identified the divisional COOs, R Douglas, DL Honey and A Isaakidis, as prescribed officers in terms of the Act. They are also members of Exco.

DL Honey has been awarded CrawfordSchools™ bursaries for his children in terms of the Group's bursary policy. His brother, E Honey, is a director of Adams & Adams Attorneys, which firm provides legal services in respect of intellectual property to the Group.

Exco

S van Zyl, a member of Exco, has been awarded CrawfordSchools™ bursaries for his children in terms of the Group's bursary policy. O Francesconi, also a members of Exco, has been awarded CrawfordSchools™ and Varsity College bursaries for her children in terms of the Group's bursary policy.



FINANCIAL STATEMENTS

CONTENTS

FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, No 71 of 2008, as amended, and the JSE Limited Listings Requirements. The Group's external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report appears on page 54.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group and Company will not remain a going concern for the foreseeable future.

The preparation of the Group's consolidated financial results for the year ended 31 December 2014 was supervised by JDR Oesch CA(SA), the Group's financial director.

The annual financial statements set out on pages 55 to 102 were approved by the Board of directors on 20 March 2015 and are signed on its behalf by:

JC Livingstone
Acting chairman

JDR Oesch
Group financial director

CERTIFICATE BY GROUP COMPANY SECRETARY

I certify that ADvTECH Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

SK Saunders
Group company secretary

INDEPENDENT AUDITOR'S REPORT

to the shareholders of ADvTECH Limited

We have audited the consolidated and separate financial statements of ADvTECH Limited set out on pages 61 to 102, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 judgment, 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of ADvTECH Limited as at 31 December 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2014, we have read the Directors' report, the Audit Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: S Nelson
Partner

20 March 2015

National Executive: LL Bam*, **Chief Executive;** AE Swiegers*, **Chief Operating Officer;** GM Pinnock*, **Audit;** DL Kennedy, **Risk Advisory;** NB Kader*, **Tax;** TP Pillay, **Consulting;** K Black*, **Clients & Industries;** JK Mazzocco*, **Talent & Transformation;** MJ Jarvis*, **Finance;** M Jordan*, **Strategy;** S Gwala, **Managed Services;** TJ Brown*, **Chairman of the Board;** MJ Comber*, **Deputy Chairman of the Board.**

* *Partner and Registered auditor.*

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code.

Member of Deloitte Touche Tohmatsu Limited.

AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the financial year ended 31 December 2014. The Audit Committee is an independent statutory committee, with further duties being delegated to the Committee by the Board. This report covers both sets of duties. Terms of reference approved by the Board and adopted by the Committee set out the Committee's functions and responsibilities.

The Committee has discharged all its responsibilities and carried out all its functions as contained in its terms of reference and as required by the Companies Act, No 71 of 2008, as amended (the Act). In particular, the Committee:

- reviewed the interim and annual financial statements and recommended them for adoption by the Board;
- approved the annual audit plan of internal audit;
- received and reviewed reports from both internal and external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the Board;
- reviewed the independence of the external auditors Deloitte & Touche, and recommended them for re-appointment as auditors for the 2015 financial year, with S Nelson as the designated auditor at the Annual General Meeting;
- determined the fees to be paid to the external auditors and their terms of engagement;
- determined the nature and extent of non-audit services which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors; and
- received and dealt appropriately with any complaints, from within or outside the Group, relating to the accounting practices and internal audit of the Group, to the content or auditing of its financial statements, the internal financial controls, or any related matter.

The Committee members are all non-executive directors and satisfy the requirements of independence as required by the Act. Details of membership of the Committee can be found on page 45. The Committee was recommended by the Board of directors to hold office in respect of the financial year under review, and approved by the shareholders at the Annual General Meeting in May 2014. JC Livingstone resigned as Chairman of the Audit Committee to take up appointment as the Acting chairman of the Company; CH Boulle was appointed as Acting chairman of the Audit Committee in his place. Both changes took effect on 11 August 2014. The Board has proposed that the following non-executive directors be appointed as Committee members by the shareholders at the Annual General Meeting on a date to be confirmed: CH Boulle, BM Gourley, JC Livingstone and M Nyati. The Committee meets at least three times every year as required by its terms of reference. Meetings are attended by the internal and external auditors, the CEO and Group financial director, as well as other Board members and invitees as considered appropriate by the Committee's chairman. Details of the number of meetings held and attendance by Committee members can be found on page 45.

The Committee is satisfied that the Group financial director, JDR Oesch CA(SA), has appropriate expertise and experience.

The Audit Committee terms of reference provide for confidential meetings between Committee members and the internal auditors and external auditors without executive management being present. The internal and external auditors have unrestricted access to the Committee.

The Committee has evaluated the annual financial statements for the year ended 31 December 2014 and is satisfied that it complies in all material respects with the requirements of the Act and International Financial Reporting Standards.

On behalf of the Audit Committee

CH Boulle
Acting chairman: Audit Committee
20 March 2015

DIRECTORS' REPORT

for the year ended 31 December 2014

Your directors have pleasure in presenting their report on the activities of the Group and Company for the year ended 31 December 2014.

Nature of business

The ADvTECH Group is one of the largest diversified education, training and placement groups in South Africa. ADvTECH Limited (registration number 1990/001119/06) is listed in the Specialised Consumer Services sector of the JSE Limited (JSE). The Schools division offers quality pre-primary, primary and secondary education, while the Tertiary division offers quality education on diploma, degree and postgraduate levels. The Resourcing division is a significant force in niche areas of the placement industry, especially in IT, Finance and Engineering.

Financial results

The results for the year ended 31 December 2014 are set out herein.

Share capital

The Company's authorised share capital remains unchanged during the year under review:

Number of shares in issue at 31 December 2013	421 282 422
Number of shares in issue at 31 December 2014	421 282 422

There were no repurchases of shares in the Company by the Group during the year. All shares are fully paid up and none are encumbered.

Dividends

JSE code: ADH ISIN number: ZAE 0000 31035

The board is pleased to announce the declaration of a final gross dividend of 15.0 cents (2013: 15.0 cents) per ordinary share in respect of the year ended 31 December 2014. This brings the full year dividend to 26.0 cents (2013: 25.5 cents) per share.

This is a dividend as defined in the Income Tax Act, No 58 of 1962, as amended, and is payable from income reserves. The South African dividend taxation (DT) rate is 15% and no credits in terms of Secondary Taxation on Companies (STC) were available for utilisation. The net amount payable to shareholders who are not exempt from DT is 12.75 cents per share, while it is 15.0 cents per share to those shareholders who are exempt from DT. The total dividend amount payable is R63 million.

Post-balance sheet events

The directors are not aware of any matter or circumstance occurring between the date of the statement of financial position and the date of this report that materially affects the results of the Group for the year ended 31 December 2014 or the financial position at that date. Refer to major acquisitions for information on non-adjusting post-balance sheet events.

Special resolutions adopted by subsidiary companies

Special resolutions in terms of section 45 of the Companies Act, No 71 of 2008, as amended (the Act), were passed by subsidiaries of the Company with general authority to provide financial assistance to related and inter-related companies.

No other special resolutions of a significant nature were passed by subsidiaries.

Directorate

Details of directors appear on pages 40 to 42 of this report.

SC Masie and M Nyati were appointed as independent non-executive directors of the Board with effect from 9 January 2014. Their appointment was confirmed by shareholders at the Annual General Meeting on 27 May 2014.

Following FR Thompson's announcement in December 2013 that he intended to retire as Chief executive officer (CEO) of the Group by the end of the year under review, the Board undertook a search for a new CEO. After an exhaustive search, LW Maasdorp (previously Chairman of the Board) was appointed as CEO designate with effect from 11 August 2014 and subsequently as CEO with effect from 24 October 2014. This appointment resulted in a number of further changes to the Board:

- LW Maasdorp resigned as Chairman of the Board and as member of the Remuneration and Litigation Committees with effect from 11 August 2014;
- JC Livingstone resigned as Chairman of the Audit Committee and was appointed as Acting chairman of the Board with effect from 11 August 2014; and
- CH Boulle was appointed as Acting chairman of the Audit Committee with effect from 11 August 2014; and
- FR Thompson resigned as a director and Chief executive officer with effect from 24 October 2014.
- Subsequent to year-end ADvTECH and LW Maasdorp have reached a mutual agreement to part ways on 23 March 2015.

SA Zinn was appointed as a member of the Remuneration Committee with effect from 17 March 2014 and M Nyati was appointed as a member of the Audit Committee and the Risk Committee with effect from 27 May 2014.

In accordance with the provisions of the Company's Memorandum of Incorporation (MoI), CH Boulle, BM Gourley and JC Livingstone retire by rotation at the forthcoming Annual General Meeting, and, being eligible, have offered themselves for re-election. Brief biographical notes in respect of each director can be found on pages 40 to 42 of this report.

Interests and emoluments of directors and prescribed officers

Interests of directors and prescribed officers

As at 31 December 2014, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company were 3% (2013: 7%) in aggregate. The apparently significant change in the interests of directors and prescribed officers in the Company is a result of the resignations of FR Thompson (3%) and HR Levin (2%) as directors and the subsequent exclusion of their interests from this disclosure. The interests of directors and prescribed officers is as follows:

	Beneficial				**Non-beneficial**			
	Direct		Indirect		Direct		Indirect	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Directors								
CH Boulle	**3 044**	3 044	**–**	–	**–**	–	**–**	–
BM Gourley	**–**	–	**–**	–	**–**	–	**–**	–
JD Jansen	**–**	–	**–**	–	**–**	–	**–**	–
HR Levin#	**–**	9 766 327	**–**	–	**–**	93 573	**–**	–
JC Livingstone	**–**	–	**–**	–	**–**	–	**–**	–
LW Maasdorp$	**309 337**	–	**–**	–	**–**	–	**–**	–
SC Masie	**–**	–	**–**	–	**–**	–	**–**	–
M Nyati	**–**	–	**–**	–	**–**	–	**–**	–
JDR Oesch	**1 407 979**	1 240 000	**–**	–	**–**	–	**32 000**	32 000
FR Thompson*	**–**	12 496 856	**–**	–	**–**	–	**–**	
SA Zinn	**–**	–	**–**	–	**–**	–	**–**	–
Prescribed officers								
RJ Douglas	**40 000**	–	**–**	–	**–**	–	**–**	–
DL Honey	**7 576 842**	7 000 621	**–**	–	**–**	–	**1 500**	1 000
A Isaakidis	**1 264 270**	870 937	**–**	–	**–**	–	**–**	–
Totals	**10 601 472**	31 377 785	**–**	–	**–**	93 573	**33 500**	33 000

Resigned 27 May 2014 as at date of resignation he held 9 766 327 shares.
$ *Resigned 23 March 2015.*
* *Retired 24 October 2014 as at date of retirement he held 12 367 169 shares.*

At the date that this financial report was prepared, none of the current directors or prescribed officers of the Group has disposed of any of the shares held by them as at 31 December 2014.

DIRECTORS' REPORT

for the year ended 31 December 2014 *(continued)*

Directors' and prescribed officers' share options

The directors and prescribed officers held the following share options at 31 December 2014:

	Share options as at 31 December 2013		Share options granted during the year		Share options exercised during the year			**Share options as at 31 December 2014**
	Number	Exercise price (cents)	Number	Exercise price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Number**
Directors								
LW Maasdorp#			2 000 000	819				**2 000 000**
JDR Oesch	120 000	375			120 000	814	526 500	**–**
	200 000	560			133 333	813	337 332	**66 667**
	275 000	575						**275 000**
	90 000	580			30 000	894	94 200	**60 000**
	120 000	664						**120 000**
			125 000	820				**125 000**
FR Thompson*	1 300 000	560						**–**
	420 000	575						**–**
	185 000	580						**–**
	175 000	664						**–**
Pescribed officers								
R Douglas	450 000	580			150 000	882	452 723	**300 000**
	120 000	664						**120 000**
			125 000	820				**125 000**
A Isaakidis	120 000	375			120 000	825	540 000	**–**
	350 000	560			233 333	825	618 332	**116 667**
	275 000	575						**275 000**
	120 000	580			40 000	890	124 000	**80 000**
	120 000	664						**120 000**
			125 000	820				**125 000**
DL Honey	600 000	560			400 000	819	1 036 000	**200 000**
	183 334	575						**183 334**
	120 000	580			40 000	890	124 000	**80 000**
	120 000	664						**120 000**
			100 000	820				**100 000**
	3 383 334		2 475 000		1 266 666		3 853 087	**4 591 668**

The share option exercise terms are detailed in note 16 on pages 82 to 83.

Resigned 23 March 2015.
* *Retired 24 October 2014.*

Directors' and prescribed officers' emoluments

Emoluments paid to directors and prescribed officers of the Group (excluding gains on share options exercised) for the year ended 31 December 2014, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	Consulting fees R	**Total 2014 R**	Total 2013 R
Executive								
LW Maasdorp#		1 119 837		10 086	94 987		**1 224 910**	–
FR Thompson$		2 607 942	750 000	215 420	351 638		**3 925 000**	5 358 333
JDR Oesch		1 849 020	1 300 000	150 000	254 875		**3 553 895**	2 745 244
Total executive		5 576 799	2 050 000	375 506	701 500		**8 703 805**	8 103 577
Prescribed officers								
RJ Douglas		2 236 851	1 250 000	180 000	308 148		**3 974 999**	3 408 333
DL Honey		1 991 858	400 000	175 992	266 202		**2 834 052**	2 738 587
A Isaakidis		1 990 440	1 016 000	223 464	242 693		**3 472 597**	3 311 698
Total prescribed officers		6 219 149	2 666 000	579 456	817 043		**10 281 648**	9 458 618
Non-executive								
CH Boulle	478 723						**478 723**	395 000
BM Gourley	560 400					100 000	**660 400**	470 000
JD Jansen	352 000						**352 000**	305 000
HR Levin**	–						**–**	–
JC Livingstone	554 376						**554 376**	430 000
LW Maasdorp#	322 355						**322 355**	460 000
SC Masie***	253 000						**253 000**	–
M Nyati***	322 000						**322 000**	–
SA Zinn	343 575						**343 575**	270 000
Total non-executive	3 186 429					100 000	**3 286 429**	2 330 000

* *The Company bonus plan approved by the Board and its Remuneration Committee makes provision for a bonus payment on the attainment of agreed profits as well as a payment for achievement of individual objectives.*
\# *Resigned as Chairman and non-executive director and appointed Chief executive officer designate with effect from 11 August 2014; appointed Chief executive officer with effect from 24 October 2014. Resigned with effect from 23 March 2015.*
$ *Retired as director with effect from 24 October 2014.*
** *On extended sabbatical. Resigned with effect from 27 May 2014.*
*** *Appointed as directors with effect from 9 January 2014.*

No directors' fees were paid to executive directors during 2014.

Major acquisitions

There were no major acquisitions made during the year under review, although acquisitions concluded during 2014 with effective dates subsequent to year end include Centurus Colleges, Gaborone International School and the Maravest Group (the latter acquisition still being conditional).

The Group concluded two minor acquisitions during the year under review – Snuggles and Tiny Town by the Junior Colleges group (refer to note 32 in the financial statements). Kathstan College (in Benoni) and Boleng Pre-primary and Primary School (in Northriding) were acquired subsequent to the year end. All acquisitions are within the Schools division and are in line with the published expansion programme.

The acquisitions of Centurus Colleges, Gaborone International School, Kathstan College and Boleng School were all effective from January 2015. The initial accounting for these business combinations are incomplete. The disclosure of the acquisition date fair values and related impact cannot be made at this time.

Centurus Colleges

ADvTECH acquired 100% of the shares in Centurus Colleges for a cash purchase price of R712.0 million. Centurus Colleges own and operate three independent premium co-educational schools, namely Pecanwood College, Southdowns College and Tyger Valley College. Each school includes pre-preparatory, preparatory and high school phases and boarding is offered at Pecanwood College and Southdowns College. The spacious campuses are comprehensively resourced with teaching, extramural and sporting infrastructure. The Southdowns campus also includes significant tertiary education infrastructure.

R1.0 billion was drawn down on the bridge facility on 13 January 2015 to settle the purchase consideration and replace the vendor's existing loans.

DIRECTORS' REPORT

for the year ended 31 December 2014 *(continued)*

Pecanwood College was established in 2005 and is situated in the Broederstroom area adjoining the Pecanwood Golf Estate and Country Club on the Hartebeespoort Dam. Southdowns College was established in 2006 and adjoins the Southdowns Estate in Irene, Centurion. Tyger Valley College was established in 2006 and is situated in the east of Pretoria on Lynwood Road extension.

Centurus Colleges have added a further 3 244 students from Grades 000 to 12 to the Schools division in 2015. The Centurus Colleges are in a rapid growth phase and enrolments are expected to reach 4 200 students by 2018.

The acquisition diversifies the existing Schools division portfolio and provides ADvTECH with a meaningful presence in the areas where they are located.

The transaction was approved by the Competition Commission in December 2014, and, as all other conditions had been fulfilled, ADvTECH therefore assumed control of the schools from the beginning of 2015.

Gaborone International School (GIS)

As announced at the beginning of December 2014, ADvTECH acquired the Gaborone International School (GIS) in Botswana for BWP70 million (about R84 million). This is ADvTECH's first acquisition outside of South Africa and is in line with the Group's strategy of investing in established school brands and developing a footprint in Africa.

GIS was founded in 1993 and acquired by the previous owner in 2007. GIS follows the Cambridge education syllabus and caters for students from crèche to Form 4. GIS has a track record of excellent academic outcomes, strong student demand and profitability.

It currently has 1 900 students, with sufficient space on the existing campus to reach capacity of 2 300 students. The transaction has been approved by the Botswana Competition Authority.

GIS will fall into the newly established ADvTECH Academies brand. These schools service their local communities and retain their own identity and ethos, whilst operating autonomously and maintaining their own brands. They are expected to offer a range of curricula and a variety of fee options.

Maravest Group

The Group has concluded agreements for the acquisition of the Maravest Group, which will strengthen ADvTECH's position as the leading private school provider in the premium school market while also providing an entry point into the mid fee and low fee markets.

The Maravest Group includes nursery, pre-primary, preparatory and high school phases through a number of models.

It owns and operates three premium independent schools, being the well-established Maragon Ruimsig and Charterhouse Preparatory in Honeydew, and Maragon Avianto which opened at the beginning of 2015. Two mid fee schools, Maragon Olympus and Maragon Raslouw, are situated in Pretoria East and Centurion respectively. In addition, Maravest has a management contract with Edendale, a low fee school in Pretoria North.

The Maravest Group adds a further 4 445 students from Grades 0000 to 12. With the exception of Maragon Avianto, the schools are established and all are profitable. Plans are in place to increase enrolments to 6 300 students by 2020.

The Maravest Group includes Maramedia, which creates and distributes digital curriculum content for schools and home schooling. This provides some exciting opportunities for the Group to extend its use of technology, especially within the Schools division.

The acquisition is subject to approval by the shareholders.

Kathstan College

Kathstan College is located in Benoni and was the first school to be acquired by the new ADvTECH Academies brand. It was established in 1988, offering education for 375 students in the pre-primary, primary and secondary phases. The Group believes that the acquisition of Kathstan College will further diversify the interests of the Schools division.

Boleng Pre-Primary and Primary School

The Group acquired a small independent school called Boleng Pre-primary and Primary school. The school, which has been rebranded Trinityhouse Northriding, forms one of a cluster of schools on the western side of Johannesburg, including Trinityhouse Randpark Ridge and Trinityhouse Little Falls.

Auditors

Deloitte & Touche continued in office as auditors of the Company and its subsidiaries during the year under review.

The Audit Committee has nominated Deloitte & Touche for re-appointment as auditors of the Group and, at the Annual General Meeting, shareholders will be requested to re-appoint them as the independent external auditors of the Company and its subsidiaries, and to confirm S Nelson as the lead independent external auditor.

Company secretary

The Company secretary is SK Saunders and her address, as well as the address of the registered office of the Company, is:

Business address	Postal address
ADvTECH House	PO Box 2369
Inanda Greens Office Park	Randburg
54 Wierda Road West	2125
Wierda Valley	Email address:
Sandton	groupsec@advtech.co.za
2196	

GROUP SEGMENTAL REPORT

for the year ended 31 December 2014

	Percentage increase/ (decrease)	**Audited 2014 R'm**	Audited 2013 R'm
Revenue		**1 931.8**	1 766.3
Schools	12%	**915.0**	818.6
Tertiary	10%	**826.9**	750.5
Resourcing	(3%)	**194.0**	200.0
Intra Group revenue		**(4.1)**	(2.8)
EBITDA		**340.8**	291.6
Schools	9%	**208.5**	191.4
Tertiary	47%	**116.9**	79.5
Resourcing	3%	**22.8**	22.1
Acquisition related costs		**(4.0)**	–
Litigation		**(3.4)**	(1.4)
Depreciation and amortisation		**84.4**	69.9
Schools	36%	**46.9**	34.4
Tertiary	4%	**32.9**	31.5
Resourcing	15%	**4.6**	4.0
Operating profit before interest		**256.4**	221.7
Schools	3%	**161.6**	157.0
Tertiary	75%	**84.0**	48.0
Resourcing	1%	**18.2**	18.1
Acquisition related costs		**(4.0)**	–
Litigation		**(3.4)**	(1.4)
Profit before taxation		**247.3**	224.7
Schools	(2%)	**142.7**	146.1
Tertiary	49%	**95.6**	64.4
Resourcing	14%	**17.8**	15.6
Acquisition and financing related costs		**(5.4)**	–
Litigation		**(3.4)**	(1.4)
Property, plant and equipment and proprietary technology systems		**1 492.1**	1 242.6
Schools	21%	**1 134.3**	940.0
Tertiary	18%	**354.1**	299.7
Resourcing	28%	**3.7**	2.9
Current assets		**314.2**	235.1
Schools	38%	**111.3**	80.4
Tertiary	36%	**176.3**	129.6
Resourcing	6%	**26.6**	25.1
Total assets		**1 960.2**	1 632.7
Schools	21%	**1 291.2**	1 070.6
Tertiary	21%	**625.6**	519.1
Resourcing	1%	**43.4**	43.0
Current liabilities		**1 031.4**	779.7
Schools	65%	**702.3**	424.6
Tertiary	4%	**309.8**	298.8
Resourcing	(66%)	**19.3**	56.3
Capital expenditure		**316.4**	334.5
Schools	(14%)	**221.1**	256.9
Tertiary	22%	**92.5**	76.0
Resourcing	75%	**2.8**	1.6

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Notes	Audited 2014 R'm	Audited 2013 R'm
Revenue	4	**1 931.8**	1 766.3
Staff costs	5	**(958.6)**	(900.6)
Rent and occupancy costs		**(164.8)**	(161.9)
Other operating expenses		**(467.6)**	(412.2)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**340.8**	291.6
Schools		**208.5**	191.4
Tertiary		**116.9**	79.5
Resourcing		**22.8**	22.1
Acquisition related costs		**(4.0)**	–
Litigation		**(3.4)**	(1.4)
Depreciation and amortisation	5	**(84.4)**	(69.9)
Operating profit before interest	5	**256.4**	221.7
Net (finance costs paid)/interest received		**(9.1)**	3.0
Interest received	6.1	**2.8**	6.1
Finance costs	6.2	**(11.9)**	(3.1)
Profit before taxation		**247.3**	224.7
Taxation	7	**(80.2)**	(69.0)
Total comprehensive income for the year		**167.1**	155.7
Earnings per share			
Basic (cents)	8	**41.3**	38.5
Diluted (cents)	8	**41.2**	38.5

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Notes	Share capital R'm	Share premium R'm	Share option reserve R'm	Shares held by the Share Incentive Trust R'm	Retained earnings R'm	Total equity R'm
Balance at 1 January 2013		4.2	117.3	9.2	(97.0)	759.4	793.1
Total comprehensive income for the year						155.7	155.7
Dividends declared to shareholders	11					(99.6)	(99.6)
Share-based payment expense	5, 16			2.9			2.9
Share awards granted					0.1		0.1
Share options exercised				–	0.8		0.8
Balance at 31 December 2013		**4.2**	**117.3**	**12.1**	**(96.1)**	**815.5**	**853.0**
Total comprehensive income for the year						167.1	167.1
Dividends declared to shareholders	11					(105.7)	(105.7)
Share-based payment expense	5, 16			3.2			3.2
Share options exercised				(1.6)	12.8		11.2
Balance at 31 December 2014		**4.2**	**117.3**	**13.7**	**(83.3)**	**876.9**	**928.8**

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
Assets			
Non-current assets			
Property, plant and equipment	12	**1 439.0**	1 198.6
Proprietary technology systems	13	**53.1**	44.0
Goodwill	14	**103.8**	98.2
Intangible assets	15	**25.3**	27.0
Deferred taxation assets	17	**12.8**	17.8
Investment	18	**12.0**	12.0
		1 646.0	1 397.6
Current assets			
Inventories	19	**1.3**	1.7
Trade and other receivables	20	**153.6**	111.5
Prepayments		**45.5**	24.3
Bank balances and cash	21	**113.8**	97.6
		314.2	235.1
Total assets		**1 960.2**	1 632.7
Equity and liabilities			
Capital and reserves			
Share capital	23.1	**4.2**	4.2
Share premium	23.2	**117.3**	117.3
Share option reserve		**13.7**	12.1
Shares held by the Share Incentive Trust	16	**(83.3)**	(96.1)
Retained earnings		**876.9**	815.5
Total equity		**928.8**	853.0
Current liabilities			
Bank loans	24	**550.0**	300.0
Trade and other payables	25	**269.8**	280.0
Provision	26	**–**	1.8
Taxation		**0.1**	3.1
Fees received in advance and deposits		**210.1**	193.4
Shareholders for capital distribution		**0.8**	0.9
Shareholders for dividend		**0.6**	0.5
		1 031.4	779.7
Total equity and liabilities		**1 960.2**	1 632.7

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
Cash flows from operating activities			
Cash generated from operations	29.1	**345.1**	295.9
Movement in working capital	29.2	**(59.4)**	67.2
Cash generated by operating activities		**285.7**	363.1
Net (finance costs paid)/interest received		**(9.1)**	3.0
– interest received	6.1	**2.8**	6.1
– finance costs	6.2	**(11.9)**	(3.1)
Taxation paid	29.3	**(78.2)**	(66.9)
Capital distributions paid	29.4	**(0.1)**	–
Dividends paid	29.5	**(105.6)**	(99.4)
Net cash inflow from operating activities		**92.7**	199.8
Cash flows from investing activities			
Additions to investment		**–**	(12.0)
Additions to property, plant and equipment			
– to maintain operations	29.6	**(72.5)**	(73.3)
– to expand operations	29.7	**(227.5)**	(260.8)
Additions to proprietary technology systems	13	**(16.4)**	(0.4)
Business combinations cash flows	32	**(22.5)**	–
Proceeds on disposal of property, plant and equipment		**1.2**	5.6
Net cash outflow from investing activities		**(337.7)**	(340.9)
Cash flows from financing activities			
Movement in bank loans		**250.0**	180.0
Cash movement in shares held by Share Incentive Trust		**11.2**	0.9
Net cash inflow from financing activities		**261.2**	180.9
Net increase in cash and cash equivalents		**16.2**	39.8
Cash and cash equivalents at beginning of the year		**97.6**	57.8
Cash and cash equivalents at end of the year	21	**113.8**	97.6

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014

1. General information

ADvTECH Limited is a limited company incorporated in South Africa.

The principal business activities are the provision of education, training and staff placement within South Africa.

2. Adoption of new and revised standards

During the current year, the Group adopted the following standards which are effective for annual reporting periods beginning on or after 1 January 2014:

- IFRS 1: *First-time Adoption of International Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle:* Amendments to the Basis of Conclusion to clarify the meaning of "effective IFRSs");
- IFRS 2: *Share-based Payment (Annual Improvements 2010 – 2012 Cycle:* Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions);
- IFRS 3: *Business Combinations (Annual Improvements 2010 – 2012 Cycle:* Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9);
- IFRS 3: *Business Combinations (Annual Improvements 2011 – 2013 Cycle:* Amendments to the scope paragraph for the formation of a joint arrangement);
- IFRS 8: *Operating Segments (Annual Improvements 2010 – 2012 Cycle:* Amendments to some disclosure requirements regarding the judgments made by management in applying the aggregation criteria, as well as those to certain reconciliations);
- IFRS 10: *Consolidated Financial Statements* (IFRS 10 exception to the principal that all subsidiaries must be consolidated. Entities meeting the definition of "Investment Entities" must account for investments in subsidiaries at fair value under IFRS 9 *Financial Instruments, or IAS 39 Financial Instruments: Recognition and Measurement)*;
- IFRS 12: *Disclosures of Interests in Other Entities* (New disclosure required for Investment Entities (as defined in IFRS 10);
- IFRS 13: *Fair value Measurement (Annual Improvements 2010 – 2012 Cycle:* Amendments to clarify the measurement requirements for those short-term receivables and payables);
- IFRS 13: *Fair value Measurement (Annual Improvements 2011 – 2013 Cycle:* Amendments to clarify that the portfolio exceptions applies to all contracts within IAS 39 or IFRS 9);
- IAS 16: *Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle:* Amendments to the Revaluation method – proportionate restatement of accumulated depreciation);
- IAS 19: *Employee Benefits* (Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties are linked to service have been amended);
- IAS 24: *Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle:* Amendments to the definitions and disclosure requirements for key management personnel);
- IAS 27: *Consolidated and Separate Financial Statements* (Requirement to account for interests in "Investment Entities" at fair value under IFRS 9 *Financial Instruments, or IAS 39 Financial Instruments: Recognition and Measurement*, in the separate financial statements of a parent);
- IAS 32: *Financial Instruments: Presentation (Annual Improvements 2009 – 2011 Cycle:* Amendments to clarify the tax effect of distribution to holders of equity instruments);
- IAS 36: *Impairment of Assets* (Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal);
- IAS 38: *Intangible Assets (Annual Improvements 2010 – 2012 Cycle:* Amendments to the Revaluation method – proportionate restatement of accumulated depreciation);
- IAS 39: *Financial Instruments: Recognition and Measurement* (Amendments for novation of derivatives the continuation of hedge accounting);
- IAS 40: *Investment Property (Annual Improvements 2011 – 2013 Cycle:* Amendments to clarify the interrelationship between IFRS and IAS 40 when classifying property as investment property or owner occupied property); and
- IFRIC Interpretation 21: *Levies*.

These have no financial impact on the Group.

3. Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements and with International Financial Reporting Standards (IFRSs), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council as well as the requirements of the Companies Act of South Africa.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The principal accounting policies adopted are set out below. These were consistently applied in the previous year.

3.3 Segmental reporting

The Group's operating segments are determined by reference to the level of operating results regularly reviewed by the Chief operating decision maker to make decisions about resources to be allocated and for which discrete financial information is available. Operating segments which exhibit similar long-term financial performance and have similar economic characteristics are amalgamated.

The revenue earned by the Schools and Tertiary segments are derived from educational services and that of the Resourcing segment from placement fees. All sources of revenue are earned within South Africa.

Interest received, finance costs and taxation are assessed by the Chief operating decision maker at a total Group level and not considered separately at a segmental level.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary as well as any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if those interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is assessed at each statement of financial position date for impairment.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added taxes.

Sale of goods is recognised when goods are delivered and title has passed.

Revenue from a contract to provide services is recognised by reference to stage of completion.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on the straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on the straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Retirement benefit costs

The Group operates pension and provident funds to which employees from certain defined divisions belong. Both funds are defined contribution plans and do not require to be actuarially valued.

These plans are governed by the Pension Fund Act of 1956.

Current contributions to the pension and provident funds are expensed when they become payable.

The Group has no liabilities in respect of post-retirement medical aid contributions or benefits.

3.12 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period with a corresponding movement in the share reserve, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Bermudan Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3.13 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis.

3.14 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Depreciation is calculated on the straight-line basis at rates that will reduce the cost of the assets to their estimated residual values over their expected useful lives.

The annual rates for this purpose are:

Buildings	2%
Computer equipment	25%
Computer software	33.3%
Furniture, fittings and equipment	10% – 20 %
Motor vehicles	20%
Video equipment	33.3%
Leasehold improvements	Period of lease

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or the term of the lease.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs incurred relating to the development of properties and software are capitalised and included in the cost of these assets until completion, less any identified impairment loss. The capitalisation rate used to determine the borrowing cost capitalised is the prevailing average borrowing rate. Depreciation of these assets, on the same basis as other property and software assets, commences when the assets are ready for their intended use.

3.15 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.16 Impairment of tangible and intangible assets, excluding goodwill

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct costs and other costs that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price and costs to be incurred in marketing, selling and distribution.

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.19 Share purchases

The ADvTECH Limited Share Incentive Trust purchases shares in the Company to be used for the settlement of its obligations under its share incentive schemes. When such purchases occur, these amounts are offset against share capital.

3.20 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a partner to the contractual provisions of the instrument. They are measured initially at fair value, being the transaction price. The subsequent accounting treatment depends on the classification of an instrument as set out below:

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (if the directors consider that the fair value can be reliably measured).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliable measured are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and comprise cash on hand net of outstanding bank overdrafts and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial liabilities

Loans and other payables are carried at amortised cost using the effective interest rate method if the time value of money is significant. Trade payables are generally carried at the original invoiced amount. Interest is recognised as an expense when incurred.

3.21 Derivative financial instruments

The Group enters into foreign exchange contracts to manage its foreign exchange risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated

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and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

Cash flow hedges

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3.22 Critical accounting judgements and key sources of estimation uncertainty

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme. In applying its judgement, management consulted with external expert advisers in the accounting and share-based payment advisory industry. The critical estimates as used in the Bermudan Binomial model are detailed in note 16 to the Group financial statements. This includes estimated option exercise behaviour, as well as anticipated forfeiture rates.

Impairment of assets

An assessment of impairment at a cash-generating unit level for tangible and intangible assets, as well as individual assessments of goodwill and financial assets (including related provisions), is performed at the end of each reporting period. Individual impairment assessments of assets are performed annually based on technical, economic and business circumstances.

Allowance for doubtful debts

An assessment of impairment of trade receivables is performed at the end of each reporting period based on various factors including the ageing of the receivables, projected future settlements based on prior period history and other pertinent information. Management judgement is required on estimating such information.

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable income will be available in future against which these can be utilised. Future taxable profits are estimates based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Contingent liabilities

Management applies its judgement based on facts and advice it receives from its legal and other advisers in assessing if an obligation is probable, more likely than not or remote. This judgement is used to determine whether the potential obligation is recognised as a liability, disclosed as a contingent liability or ignored for financial statement purposes.

Purchase price allocation relating to business combinations

The Group exercises judgement in determining the purchase price allocation in respect of intangible assets and resulting goodwill relating to the business combinations. The free cash flow method is used and the key assumptions involved were growth rates, discount rates and attrition rates.

3.23 Standards and interpretations not yet effective

At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

IFRS 7	*Financial Instruments: Disclosure* (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures)	Annual period beginning on or after 1 January 2015
IFRS 7	*Financial Instruments: Disclosure* (Amendments resulting from September 2014 Annual Improvements to IFRSs)	Annual period beginning on or after 1 January 2016
IFRS 9	*Financial Instruments* (New standard)	Annual period beginning on or after 1 January 2018
IFRS 10	*Consolidated Financial Statements* (Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture)	Annual period beginning on or after 1 January 2016
IFRS 10	*Consolidated Financial Statements* (Amendments related to the application of the investment entities exceptions)	Annual period beginning on or after 1 January 2016
IFRS 11	*Joint Arrangements* (Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions)	Annual period beginning on or after 1 January 2016
IFRS 12	*Disclosure of Interests in Other Entities* (Amendments related to the application of the investment entities exceptions)	Annual period beginning on or after 1 January 2016
IFRS 14	*Regulatory Deferral Accounts* (New standard)	Annual period beginning on or after 1 January 2016
IFRS 15	*Revenue from Contracts from Customers* (New standard)	Annual period beginning on or after 1 January 2017
IAS 1	*Presentation of Financial Statements* (Amendments arising under the Disclosure Initiative)	Annual period beginning on or after 1 January 2016
IAS 16	*Property, Plant and Equipment* (Amendments to IAS 16 and IAS 38 to clarify the basis of calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset)	Annual period beginning on or after 1 January 2016
IAS 19	*Employee Benefits* (Amendments resulting from 2012 – 2014 Annual Improvements Cycle)	Annual period beginning on or after 1 January 2016
IAS 27	*Separate Financial Statements* (Amendments relating to equity method in separate financial statements)	Annual period beginning on or after 1 January 2016
IAS 28	*Investments in Associates and Joint Ventures* (Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture)	Annual period beginning on or after 1 January 2016
IAS 28	*Investments in Associates and Joint Ventures* (Amendments related to the application of the investment entities exceptions)	Annual period beginning on or after 1 January 2016
IAS 34	*Interim Financial Reporting* (Amendments resulting from 2012 – 2014 Annual Improvements Cycle)	Annual period beginning on or after 1 January 2016
IAS 38	*Intangible Assets* (Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset)	Annual period beginning on or after 1 January 2016

None of the standards and interpretations that have been published, but not yet effective, are expected to have a significant impact on the amounts recorded in the financial statements.

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for the year ended 31 December 2014 *(continued)*

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
4. Revenue			
Tuition fees		**1 741.8**	1 534.3
Placement fees		**176.5**	178.3
Sale of goods and services		**17.6**	56.5
Intra Group revenue		**(4.1)**	(2.8)
		1 931.8	1 766.3
5. Operating profit before interest			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration		**4.3**	4.4
– Current year audit fee		**4.1**	4.0
– Other services		**0.2**	0.4
Amortisation of proprietary technology systems	13	**7.3**	6.5
Amortisation of intangible assets	15	**3.2**	4.1
Depreciation	12	**73.9**	59.3
– Land and buildings		**16.9**	10.3
– Computer equipment		**21.3**	18.4
– Computer software		**0.6**	0.2
– Furniture, fittings and equipment		**15.4**	13.8
– Motor vehicles		**3.4**	3.3
– Video equipment		**0.2**	0.3
– Leasehold improvements		**16.1**	13.0
Total depreciation and amortisation		**84.4**	69.9
Operating lease charges		**90.1**	95.0
– Premises		**89.2**	93.9
– Equipment		**0.9**	1.1
Professional fees		**10.1**	9.2
Loss on sale of property, plant and equipment		**0.5**	0.4
Directors' emoluments		**12.0**	10.4
– For services as directors		**3.2**	2.2
– For managerial and other services		**8.8**	8.2
Pension and provident fund contributions		**58.9**	53.4
Share-based payment expense	16	**3.2**	2.9
Staff costs		**884.5**	833.9
Total staff costs		**958.6**	900.6
Number of staff (at year-end)		**4 036**	3 942
Number of staff covered by retirement plans (at year-end)		**2 508**	2 461

	Notes	Audited 2014 R'm	Audited 2013 R'm
6. Net (finance costs paid)/interest received			
6.1 Interest received			
Call accounts		**2.0**	4.7
Current accounts		**0.7**	1.1
Other		**0.1**	0.3
		2.8	6.1
6.2 Finance costs			
Bank loans		**(8.9)**	(2.5)
Bank loans facility fees		**(2.2)**	(0.4)
South African Revenue Service		**(0.2)**	–
Unwinding of discount on provision	26	**(0.3)**	(0.2)
Other		**(0.3)**	–
		(11.9)	(3.1)
Net (finance costs paid)/interest received		**(9.1)**	3.0
7. Taxation			
7.1 Taxation expense comprises			
Current taxation – current year		**75.4**	63.1
– prior year (over)/under provision		**(0.2)**	1.1
Deferred taxation – current year	17	**3.5**	6.4
– prior year under/(over) provision	17	**1.5**	(1.6)
Total taxation expense		**80.2**	69.0
Estimated taxation losses for the Group carried forward at year-end were R2.1 million (2013: R4.8 million).			
Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Group.			
7.2 Reconciliation of taxation			
Profit before taxation		**247.3**	224.7
Taxation at 28%		**69.2**	62.9
Permanent differences		**9.7**	6.6
Disallowable expenditure – depreciation on buildings		**5.4**	4.1
– other		**4.5**	2.8
Taxation allowances		**(0.2)**	(0.3)
Current taxation – prior year (over)/under provision		**(0.2)**	1.1
Deferred taxation – prior year under/(over) provision		**1.5**	(1.6)
Taxation expense recognised in profit		**80.2**	69.0

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

		Audited 2014 R'm	Audited 2013 R'm
8.	**Earnings per share**		
	The calculation of basic and diluted earnings per share attributable to equity holders is based on the following data:		
	Earnings		
	Earnings for the purpose of basic and diluted earnings per share	**167.1**	155.7
	Number of shares		
	Weighted average number of shares in issue at year-end ('m)	**421.3**	421.3
	Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(16.6)**	(17.3)
	Weighted average number of shares for purposes of basic earnings per share ('m)	**404.7**	404.0
	Effect of dilutive potential ordinary shares ('m)	**0.4**	0.3
	Weighted average number of shares for purposes of diluted earnings per share ('m)	**405.1**	404.3
	Earnings per share		
	Basic (cents)	**41.3**	38.5
	Diluted (cents)	**41.2**	38.5

		Audited 2014 R'm		Audited 2013 R'm	
		Gross	**Net**	Gross	Net
9.	**Headline earnings per share**				
	Earnings				
	Earnings for the purpose of basic and diluted earnings per share		**167.1**		155.7
	Items excluded from headline earnings per share				
	Loss on sale of property, plant and equipment	**0.5**	**0.4**	0.4	0.3
	Earnings for the purpose of headline earnings per share		**167.5**		156.0

	Audited 2014 R'm	Audited 2013 R'm
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**421.3**	421.3
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(16.6)**	(17.3)
Weighted average number of shares for purposes of basic headline earnings per share ('m)	**404.7**	404.0
Effect of dilutive potential ordinary shares ('m)	**0.4**	0.3
Weighted average number of shares for purposes of diluted headline earnings per share ('m)	**405.1**	404.3
Headline earnings per share		
Basic (cents)	**41.4**	38.6
Diluted (cents)	**41.3**	38.6

	Audited 2014 R'm		Audited 2013 R'm	
	Gross	**Net**	Gross	Net
10. Normalised earnings per share				
Earnings				
Earnings for the purpose of basic and diluted headline earnings per share		**167.5**		156.0
Items excluded from normalised earnings per share	**8.8**	**8.4**	1.4	1.4
Litigation costs	**3.4**	**3.4**	1.4	1.4
Acquisition and financing related costs				
Acquisition related costs	**4.0**	**4.0**	–	–
Facility initiation costs	**1.4**	**1.0**	–	–
Earnings for the purpose of normalised earnings per share		**175.9**		157.4

	Audited 2014 R'm	Audited 2013 R'm
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**421.3**	421.3
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(16.6)**	(17.3)
Weighted average number of shares for purposes of basic normalised earnings per share ('m)	**404.7**	404.0
Effect of dilutive potential ordinary shares ('m)	**0.4**	0.3
Weighted average number of shares for purposes of diluted normalised earnings per share ('m)	**405.1**	404.3
Normalised earnings per share		
Basic (cents)	**43.5**	39.0
Diluted (cents)	**43.4**	38.9
11. Dividends declared		
Final dividend No 9 paid on 14 April 2014: 15.0 cents per share (2013: No 7: 14.0 cents per share)	**63.2**	59.0
Interim dividend No 10 paid on 22 September 2014: 11.0 cents per share (2013: No 8: 10.5 cents per share)	**46.3**	44.2
Dividend attributable to treasury shares	**(3.8)**	(3.6)
Total dividends	**105.7**	99.6
On 20 March 2015 the directors declared a gross dividend No 11 of 15.0 cents per share payable on 20 April 2015 to share holders registered on the record date, being 17 April 2015.		
Analysis of dividends per share declared in respect of current year's earnings:		
Interim	**11.0**	10.5
Final	**15.0**	15.0
	26.0	25.5

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Cost				
	1 Jan 2014 R'm	Additions R'm	Acquisitions through business combinations R'm	Disposals R'm	**31 Dec 2014 R'm**
12. Property, plant and equipment					
Land and buildings	1 042.8	198.9	16.0	–	**1 257.7**
Computer equipment	153.9	25.3	–	(4.7)	**174.5**
Computer software	9.6	0.2	–	–	**9.8**
Furniture, fittings and equipment	156.4	24.0	–	(3.2)	**177.2**
Motor vehicles	26.1	4.3	–	(0.5)	**29.9**
Video equipment	2.5	0.4	–	–	**2.9**
Leasehold improvements	219.5	46.9	–	(12.2)	**254.2**
	1 610.8	300.0	16.0	(20.6)	**1 906.2**

	Accumulated depreciation and impairment				
	1 Jan 2014 R'm	Depreciation R'm	Acquisitions through business combinations R'm	Disposals R'm	**31 Dec 2014 R'm**
Land and buildings	60.4	16.9	–	–	**77.3**
Computer equipment	114.7	21.3	–	(4.1)	**131.9**
Computer software	7.1	0.6	–	–	**7.7**
Furniture, fittings and equipment	119.2	15.4	–	(2.9)	**131.7**
Motor vehicles	17.9	3.4	–	(0.5)	**20.8**
Video equipment	2.0	0.2	–	–	**2.2**
Leasehold improvements	90.9	16.1	–	(11.4)	**95.6**
	412.2	73.9	–	(18.9)	**467.2**

	Net book value	
	31 Dec 2014 R'm	31 Dec 2013 R'm
Land and buildings	**1 180.4**	982.4
Computer equipment	**42.6**	39.2
Computer software	**2.1**	2.5
Furniture, fittings and equipment	**45.5**	37.2
Motor vehicles	**9.1**	8.2
Video equipment	**0.7**	0.5
Leasehold improvements	**158.6**	128.6
	1 439.0	1 198.6

12. Property, plant and equipment *(continued)*

Included in land and buildings is an amount of R21.1 million (2013: R58.4 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R10.3 million (2013: R13.4 million) which relates to improvements that are still in progress.

Included in computer software is an amount of R0.5 million (2013: R2.0 million) which relates to systems that are still under development.

The amount of borrowing costs capitalised to current year additions amounted to R3.9 million (2013: R0.8 million) at a capitalisation rate of 7.1% (2013: 6.8%).

The Group valued its fixed property during 2013. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuators. Their valuation based on present land use amounted to R1 718.9 million, a premium of R736.5 million or 75% over book value as at December 2013.

Valuations are done on a triennial basis with the next valuation due in 2016.

Land and buildings having a net book value of R793.4 million (2013: nil) have been pledged as security for the banking facilities (refer to note 24).

	Cost				
	1 Jan 2013 R'm	Additions R'm	Disposals R'm	Reallocation R'm	31 Dec 2013 R'm
Land and buildings	803.8	244.6	(5.6)	–	1 042.8
Computer equipment	134.6	22.1	(2.8)	–	153.9
Computer software	8.1	2.4	(0.9)	–	9.6
Furniture, fittings and equipment	142.5	17.5	(3.7)	0.1	156.4
Motor vehicles	24.4	2.1	(0.4)	–	26.1
Video equipment	2.1	0.4	–	–	2.5
Leasehold improvements	176.0	45.0	(1.4)	(0.1)	219.5
	1 291.5	334.1	(14.8)	–	1 610.8

	Accumulated depreciation and impairment				
	1 Jan 2013 R'm	Depreciation R'm	Disposals R'm	Reallocation R'm	31 Dec 2013 R'm
Land and buildings	50.7	10.3	(0.6)	–	60.4
Computer equipment	99.0	18.4	(2.7)	–	114.7
Computer software	7.7	0.2	(0.8)	–	7.1
Furniture, fittings and equipment	108.7	13.8	(3.4)	0.1	119.2
Motor vehicles	15.0	3.3	(0.4)	–	17.9
Video equipment	1.7	0.3	–	–	2.0
Leasehold improvements	78.9	13.0	(0.9)	(0.1)	90.9
	361.7	59.3	(8.8)	–	412.2

	Net book value	
	31 Dec 2013 R'm	31 Dec 2012 R'm
Land and buildings	982.4	753.1
Computer equipment	39.2	35.6
Computer software	2.5	0.4
Furniture, fittings and equipment	37.2	33.8
Motor vehicles	8.2	9.4
Video equipment	0.5	0.4
Leasehold improvements	128.6	97.1
	1 198.6	929.8

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
13. Proprietary technology systems			
Cost			
Balance at beginning of the year		**62.8**	62.4
Additions		**16.4**	0.4
Balance at end of the year		**79.2**	62.8
Accumulated amortisation			
Balance at beginning of the year		**18.8**	12.3
Amortisation expense	5	**7.3**	6.5
Balance at end of the year		**26.1**	18.8
Carrying amount			
At beginning of the year		**44.0**	50.1
At end of the year		**53.1**	44.0

The System for Academic Management forms the bulk of the amount above. Useful lifes of between six and ten years are used in the calculation of amortisation on a straight-line basis.

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
14. Goodwill			
Cost			
Balance at beginning of the year		**98.2**	98.2
Additional amounts recognised from business combinations occurring during the year	32	**5.6**	–
Balance at end of the year		**103.8**	98.2
Accumulated impairment losses			
Balance at beginning of the year		**–**	–
Impairment losses recognised in the year		**–**	–
Balance at end of the year		**–**	–
Carrying amount			
At beginning of the year		**98.2**	98.2
At end of the year		**103.8**	98.2

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of the cash-generating units (CGU) are determined using value-in-use calculations taking into account estimated discount rates and growth rates.

14. Goodwill *(continued)*

A terminal value is calculated based on conservative growth rates. Notwithstanding the conservative assumptions used in the assessments, no impairments are required. The assumptions used are as follows:

Cash-generating unit	**Goodwill R'm**	**Indefinite life intangible asset R'm**	**Period of projected cash flows Years**	**Growth rate %**	**Discount rate %**
Schools	**26.0**	**10.8**	**3**	**3.6**	**12.08**
Tertiary	**70.4**	**–**	**3**	**4.9**	**12.08**
Resourcing	**7.4**	**–**	**3**	**9.0**	**12.08**
	103.8	**10.8**			

The assumptions used in 2013 are as follows:

Cash-generating unit	Goodwill R'm	Indefinite life intangible asset R'm	Period of projected cash flows Years	Growth rate %	Discount rate %
Schools	20.4	10.8	3	5.6	12.08
Tertiary	70.4	–	3	8.4	12.08
Resourcing	7.4	–	3	4.0	12.08
	98.2	10.8			

As the Group integrates the acquired customers into existing platforms as part of the business model, the Group aggregates the CGU's into the core business segments and has used these segments as CGU's for the purpose of performing the value-in-use calculations.

The directors were satisfied that there were no impairment indicators.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Notes	Customer bases R'm	Brand values R'm	**Total audited R'm**
15. Intangible assets				
Cost				
Balance at 1 January 2013 and 1 January 2014		44.7	19.5	**64.2**
Additions through business combinations	32	0.9	0.6	**1.5**
At 31 December 2014		45.6	20.1	**65.7**
Accumulated amortisation and impairment				
Balance at 1 January 2013		29.3	3.8	**33.1**
Amortisation expense	5	3.2	0.9	**4.1**
Balance at 1 January 2014		32.5	4.7	**37.2**
Amortisation expense	5	2.3	0.9	**3.2**
At 31 December 2014		34.8	5.6	**40.4**
Carrying amount				
As at 31 December 2013		12.2	14.8	**27.0**
As at 31 December 2014		10.8	14.5	**25.3**

The following useful lives are used in the calculation of amortisation on a straight-line basis:

Customer bases	4 to 13.4 years
Brand values	5 to 10 years, indefinite life

The brand value of Trinityhouse has a life span in excess of 20 years and therefore an indefinite period of amortisation was selected. The carrying amount of this asset is R10.8 million (2013: R10.8 million). Refer to note 14 for details of the assumptions applied in assessing the indefinite useful life intangible asset for impairment.

16. ADvTECH share incentive scheme

Certain employees and directors are eligible to participate in the scheme. The option offer value is the closing price at which shares are traded on the JSE Limited on the trading day immediately preceding the offer date. Share options accepted by participants are exercisable at intervals of two, four and six years after the offer date. On exercise of the options, the participant pays the Share Incentive Trust an amount equal to the offer price multiplied by the number of options exercised. If a participant leaves the employ of the Group prior to exercising the options, the options lapse. Variations to the vesting periods are possible with the written consent of the Remuneration Committee of the Board and the Trustees of the Trust.

Date options granted	Expiry date year ending	Exercise price of outstanding options (cents)	Weighted average estimated contractual life (years)	Fair value at grant date (cents)
21 October 2013	31 Dec 2019	664	4.3	176
26 September 2014	31 Dec 2020	819	4.5	235
2 October 2014	31 Dec 2020	820	4.2	235

Reconciliation of options	Number of share options 2014	Weighted average exercise price (cents) 2014	Number of share options 2013	Weighted average exercise price (cents) 2013
16. ADvTECH share incentive scheme *(continued)*				
Options outstanding on 1 January	**9 284 334**	**568**	8 186 000	532
Add – Options granted during the year	**2 000 000**	**819**	–	–
– Options granted during the year	**2 071 000**	**820**	1 837 000	664
Less – Exercised	**(2 291 665)**	**490**	(154 666)	575
– Lapsed	**(388 667)**	**601**	(584 000)	534
Options outstanding at 31 December	**10 675 002**	**679**	9 284 334	568

As at 31 December 2014 there were 65 (2013: 49) participants (including executive directors) in the ADvTECH share incentive scheme.

Reconciliation of shares owned	Number of shares 2014	Number of shares 2013	Loan receivable R'm 2014	Loan receivable R'm 2013
Shares owned by the Trust as at 1 January	**17 158 954**	17 320 620	**96.1**	97.0
Add – Share awards forfeited	**–**	23 000	**–**	0.1
Less – Share awards to staff 2013	**–**	(30 000)	**–**	(0.2)
– Options exercised during the year	**(2 291 665)**	(154 666)	**(12.8)**	(0.8)
Shares owned by the Trust at 31 December	**14 867 289**	17 158 954	**83.3**	96.1

The groups of persons to whom the shares will be allocated by the Trust have been identified.

The loan receivable from the Share Trust is unsecured, interest free and has no fixed terms of repayment.

The loan is eliminated on a Group basis but is reflected in the Company annual financial statements.

The fair values relating to the share option expense were calculated using the Bermudan Binomial model. The inputs into the model of options granted during the year were as follows:

	2014	2013
Weighted average exercise price (cents)	**820**	664
Expected volatility	**25%**	25%
Expected life	**5.8 years**	5.8 years
Risk free rate	**8%**	7%
Expected dividend yield	**3%**	4%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous six years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The broad-based scheme allocated shares to all employees based on a predefined period of employment. This scheme ran for a period of five years commencing September 2007. All shares issued per the broad-based scheme have fully vested but the Company still holds 584 550 (2013: 663 850) shares on behalf of the employees.

The Group recognised total expenses of R3.2 million (2013: R2.9 million) related to share-based payment transactions during the year.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Audited 2014 R'm	Audited 2013 R'm
17. Deferred taxation assets		
Opening deferred taxation assets	**17.8**	22.6
	(3.5)	(6.4)
Current year temporary differences	**(3.8)**	(6.6)
Movement in deferred taxation assets relating to taxation losses	**0.3**	0.2
Prior year (under)/over provision	**(1.5)**	1.6
Balance at end of the year	**12.8**	17.8
The balance comprises:		
Deferred and prepaid expenditure	**(2.2)**	(0.6)
Allowance for future expenditure (S24C)	**(34.1)**	(28.9)
Fees received in advance	**44.5**	38.7
Commercial building allowance	**(16.4)**	(10.3)
Allowance for doubtful debts	**17.4**	12.6
Leave pay accrual	**3.4**	2.6
Property, plant and equipment	**(13.8)**	(12.8)
Estimated taxation losses carried forward	**0.5**	1.3
Lease smoothing	**8.9**	9.3
Bonus provision	**4.6**	5.9
	12.8	17.8
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	**(1.6)**	3.8
Allowance for future expenditure (S24C)	**(4.3)**	(4.5)
Fees received in advance	**5.8**	5.5
Commercial building allowance	**(6.1)**	(4.5)
Allowance for doubtful debts	**4.9**	(1.6)
Leave pay accrual	**0.8**	(0.2)
Property, plant and equipment	**(1.0)**	(7.0)
Movement in taxation losses	**(0.9)**	0.2
Lease smoothing	**(0.4)**	(0.7)
Bonus provision	**(0.7)**	2.6
	(3.5)	(6.4)
18. Investment		
Available-for-sale investment		
Shares	**12.0**	12.0

The Group holds 15% of the ordinary share capital of Star Schools (Pty) Ltd, a company involved in schooling, matric re-writes and the supply of educational study guides. The directors of the Company do not consider that the Group is able to exercise significant influence over Star Schools (Pty) Ltd as the other 85% of the ordinary share capital is held by two other shareholders, who also manage the day-to-day operations of that Company.

The Group has an option to acquire up to 49% of the shares in Star Schools (Pty) Ltd after 31 December 2014, and the balance of the shares in Star Schools (Pty) Ltd after 31 December 2017 at a price to be determined at the time in accordance with the agreement, based on the average annual profit after taxation for the preceding 24 months in each instance.

	Audited 2014 R'm	Audited 2013 R'm
19. Inventories		
Books	**0.3**	0.9
Other	**1.0**	0.8
	1.3	1.7
20. Trade and other receivables		
Amounts receivable from tuition fees	**164.6**	131.4
Amounts receivable for placement fees	**11.8**	13.3
Amounts receivable from the sale of goods and services	**1.3**	2.2
Trade receivables	**177.7**	146.9
Allowance for doubtful debts	**(83.1)**	(60.1)
	94.6	86.8
Other receivables	**59.0**	24.7
	153.6	111.5
There are no customers who individually represent more than 5% of the total balance of trade receivables net of allowance for doubtful debts.		
Ageing of past due trade receivables but not impaired		
30 days	**14.6**	14.9
60 days	**13.8**	10.5
90 days	**9.9**	7.3
120+ days	**44.7**	33.9
Total	**83.0**	66.6
Movement in the allowance for doubtful debts		
Balance at beginning of the year	**60.1**	67.9
Impairment losses recognised on receivables	**32.5**	35.0
Impairment losses reversed	**(9.5)**	(42.8)
Balance at end of the year	**83.1**	60.1
The concentration of credit risk is limited due to the customer base being large and unrelated. This allowance for doubtful debts has been determined by reference to past default experience.		
The directors consider that the carrying amount of trade and other receivables approximates their fair value.		
Ageing of impaired trade receivables		
30 days	**0.1**	0.2
60 days	**0.7**	1.0
90 days	**1.2**	1.0
120+ days	**81.1**	57.9
Total	**83.1**	60.1

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Audited 2014 R'm	Audited 2013 R'm
21. Cash and cash equivalents		
Bank balances	**113.5**	97.3
Cash	**0.3**	0.3
	113.8	97.6

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

The carrying amounts of the Group's bank balances are denominated in South African Rands.

Nature of monetary item	Foreign currency	Foreign currency 2014 'm	Foreign currency 2013 'm	Rand equivalent 2014 R'm	Rand equivalent 2013 R'm
22. Foreign currency exposure					
Trade credit	British Pounds	**–**	0.01	**–**	0.1

	Audited 2014 R'm	Audited 2013 R'm
23. Share capital and share premium		
23.1 Share capital		
Authorised		
500 000 000 shares of 1 cent each (2013: 500 000 000 shares of 1 cent each)	**5.0**	5.0

	Number of shares 2014 'm	Share capital 2014 R'm	Number of shares 2013 'm	Share capital 2013 R'm
Issued				
Balance at 1 January	**421.3**	**4.2**	421.3	4.2
Balance at 31 December	**421.3**	**4.2**	421.3	4.2

In terms of the ordinary resolution passed at the Annual General Meeting, 3 935 878 (2013: 3 935 878) of the unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of the JSE Limited.

	Audited 2014 R'm	Audited 2013 R'm
23.2 Share premium		
Balance at 1 January	**117.3**	117.3
Balance at 31 December	**117.3**	117.3

	Audited 2014 R'm	Audited 2013 R'm
24. Bank loans		
Revolving credit facility	**350.0**	300.0
Bridge facility	**200.0**	–
	550.0	300.0

These facilities are secured by mortgage bonds over properties having a net book value of R793.4 million. Refer to note 12.

Revolving credit facility

This represents the R350 million revolving credit facility that is available to the Group for a three year period commencing on 5 December 2012. The Group also has options to extend this facility for up to a further two years and at 31 December 2014 these options have been exercised.

The facility utilised bears interest at the following rates on a proportionate basis:

- 0.00% – 33.33% of utilisation JIBAR + 1.50%
- 33.34% – 66.66% of utilisation JIBAR + 1.75%
- 66.67% – 100.00% of utilisation JIBAR + 2.00%

The Group has the option to make draw-downs for periods of 30, 60 and 90 days and can elect to roll these for further periods.

Bridge facility

This is a one year facility amounting to R1.350 billion which came into effect on 27 October 2014 and attracts interest at JIBAR + 1.50%.

This facility was obtained in order to finance the acquisitions referred to in the directors report on pages 59 to 60. The directors are currently considering the Group's capital structure and the refinancing of this facility.

The directors are confident of the Group's ability to secure funds to settle this obligation as and when it falls due as detailed in note 33.

Refer to note 31 for details on securities.

	Audited 2014 R'm	Audited 2013 R'm
25. Trade and other payables		
Trade payables and accruals	**246.7**	259.7
Leave pay accrual	**12.1**	9.3
Vendor claims	**11.0**	11.0
	269.8	280.0

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables, including the leave pay accrual, approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The Group has financial risk management policies in place to ensure that payables are paid within the credit time frame.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Audited 2014 R'm	Audited 2013 R'm
26. Provision		
Onerous lease	**–**	1.8

	Note	Onerous lease R'm	**Total audited R'm**
Balance as at 1 January 2014		1.8	**1.8**
Reduction arising from payments		(2.1)	**(2.1)**
Unwinding of discount	6.2	0.3	**0.3**
Balance at 31 December 2014		–	**–**

The provision for onerous lease represented the present value of future lease payments and related expenses that the Group was obligated to make under a non-cancellable onerous operating lease contract, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable.

The unexpired term of the lease is nil years (2013: 0.7 years).

	Audited 2014 R'm	Audited 2013 R'm
27. Commitments		
27.1 Capital commitments		
Capital expenditure approved by the directors:		
Contracted but not provided for	**343.1**	186.4
Not contracted	**738.9**	989.8
	1 082.0	1 176.2
Capital commitments will be financed through existing facilities and working capital.		
Anticipated timing of spend:		
0 – 2 years	**473.4**	357.9
3 – 5 years	**348.1**	306.6
more than 5 years	**260.5**	511.7
	1 082.0	1 176.2
27.2 Operating lease commitments in cash		
Commitments under non-cancellable operating leases are as follows:		
Premises:		
Due within one year	**88.9**	72.9
Due within two to five years	**222.5**	155.7
Due thereafter	**69.2**	72.2
	380.6	300.8
Equipment:		
Due within one year	**0.1**	0.3
Due within two to five years	**0.1**	0.2
	0.2	0.5
	380.8	301.3

The operating leases relate to premises and equipment with various lease terms.

28. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise investment, bank and cash equivalents and various items such as trade receivables and payables that arise directly from operations. All financial instruments are categorised as loans and receivables except for investments which are categorised as available-for-sale. The main purpose of these instruments is to finance the Group's operations.

Capital risk management

The Group manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of bank and cash equivalents and equity, comprising issued capital, share premium, reserves and retained earnings.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

Liquidity risk

Cash balances are monitored daily and surplus funds are placed on short-term deposits.

Bank overdraft, bridge and revolving credit facilities available at 31 December 2014 amounted to R1 782.2 million (2013: R387.6 million) of which R550.0 million (2013: R300.0 million) has been utilised at year end.

The bank overdraft facility expires within a year whereas the bridge facility is available for a one year period ending October 2015 and the revolving credit facility is available to the Group until December 2017. These are considered adequate to finance operations. Refer to note 24.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are shown net of allowances for doubtful debts. The Group has no concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group's maximum credit risk exposure relates to the trade receivables of R177.7 million (2013: R146.9 million) and bank and cash balances of R113.8 million (2013: R97.6 million).

Interest risk

The Group is exposed to interest risk on the bridge and revolving credit facilities and bank balances as these attract interest at a floating interest rate. The Group's exposures to interest rate are managed as stipulated in the liquidity risk.

If interest rates varied by 1% higher or lower and all other variables were held constant the Group's profits would have increased or decreased by R1.4 million (2013: R0.9 million).

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises. Material foreign exchange exposures are hedged with a corresponding foreign exchange contract.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
29. Notes to the statement of cash flows			
29.1 Cash generated from operations			
Profit before taxation		**247.3**	224.7
Adjust for non-cash IFRS and lease adjustments (before taxation)		**3.8**	3.9
		251.1	228.6
Adjust:		**94.0**	67.3
Depreciation and amortisation	5	**84.4**	69.9
Net finance costs paid/(interest received)	6	**9.1**	(3.0)
Loss on sale of property, plant and equipment	5	**0.5**	0.4
		345.1	295.9
29.2 Movement in working capital			
Decrease/(increase) in inventories		**0.4**	(1.2)
Increase in trade and other receivables and prepayments		**(63.3)**	(6.3)
(Decrease)/increase in trade and other payables and provisions		**(12.6)**	50.3
Increase in fees received in advance and deposits		**16.1**	24.4
(Increase)/decrease in working capital		**(59.4)**	67.2
29.3 Taxation paid			
Balance at beginning of the year		**(3.1)**	(5.8)
Current charge	7.1	**(75.2)**	(64.2)
Balance at end of the year		**0.1**	3.1
Cash amount paid		**(78.2)**	(66.9)
29.4 Capital distributions paid			
Balance at beginning of the year		**(0.9)**	(0.9)
Balance at end of the year		**0.8**	0.9
Cash amount paid		**(0.1)**	–
29.5 Dividends paid			
Balance at beginning of the year		**(0.5)**	(0.3)
Declared during the year	11	**(105.7)**	(99.6)
Balance at end of the year		**0.6**	0.5
Cash amount paid		**(105.6)**	(99.4)

	Note	**Audited 2014 R'm**	Audited 2013 R'm
29. Notes to the statement of cash flows *(continued)*			
29.6 Additions to property, plant and equipment to maintain operations			
Land and buildings		**(34.6)**	(24.6)
Computer equipment		**(16.5)**	(19.2)
Computer software		**(0.1)**	(2.4)
Furniture, fittings and equipment		**(14.8)**	(15.5)
Motor vehicles		**(2.6)**	(1.6)
Video equipment		**(0.4)**	(0.4)
Leasehold improvements		**(3.5)**	(9.6)
		(72.5)	(73.3)
29.7 Additions to property, plant and equipment to expand operations			
Land and buildings		**(164.3)**	(220.0)
Computer equipment		**(8.8)**	(2.9)
Computer software		**(0.1)**	–
Furniture, fittings and equipment		**(9.2)**	(2.0)
Motor vehicles		**(1.7)**	(0.5)
Leasehold improvements		**(43.4)**	(35.4)
		(227.5)	(260.8)
29.8 Additions to property, plant and equipment through business combinations			
Land and buildings		**(16.0)**	–
	32	**(16.0)**	–

30. Related party transactions

The parent and ultimate controlling party of the Group is ADvTECH Limited.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Directors and prescribed officers

Details regarding directors' emoluments, interest and share options are disclosed in the Directors' report on pages 58 to 59.

31. Group securities

In terms of the Group's banking arrangement, ADvTECH Limited, ADvTECH Resource Holdings (Pty) Ltd, ADvTECH Resourcing (Pty) Ltd, Kapele Appointments (Pty) Ltd and The Independent Institute of Education (Pty) Ltd have issued to its bankers unlimited cross guarantees including cessions of loan accounts on behalf of each other's overdraft, bridge and revolving credit facilities. These facilities are also secured by mortgage bonds over properties having a net book value of R793.4 million. As at 31 December 2014 the total amount utilised amounted to R550.0 million (2013: R300.0 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Notes	Audited 2014 R'm
32. Business combinations		
The assets and liabilities of the following entities were acquired:		
Snuggles was acquired on 1 January 2014 for consideration amounting to R12.0 million. The principal business activity is the provision of education.		
Non-current assets acquired		
Intangible assets		**0.3**
Goodwill		**1.7**
Property, plant and equipment		**10.0**
		12.0
Tiny Town was acquired on 1 July 2014 for consideration amounting to R10.5 million. The principal business activity is the provision of education.		
Non-current assets acquired		
Intangible assets		**1.2**
Goodwill		**3.9**
Property, plant and equipment		**6.0**
Current liabilities acquired		
Current liabilities		**(0.6)**
		10.5
Total intangible assets	15	**1.5**
Total goodwill	14	**5.6**
Total property, plant and equipment	12, 29	**16.0**
Total current liabilities		**(0.6)**
Total consideration paid		**22.5**

Revenue of R6.7 million and profit after taxation of R1.1 million has been included in the consolidated statement of comprehensive income for the abovementioned entities.

These acquisitions were made as additions to our Junior Colleges brand in line with our expansion strategy and will provide appointments for synergies.

33. Going concern

The annual financial statements of the Group and Company are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future. The directors are confident of the Group's ability to secure funds to settle the short-term bank loans as reflected in note 24, as well as the facilities amounting to R1.0 billion which were drawn down subsequent to year-end.

The bridge facility is to be settled in October 2015 through three possible Take Out Arrangements summarised as follows:

- A rights issue or other capital raising event;
- Long-term debt facilities if preferable to equity raising; or
- A Domestic Medium Term Programme.

Management and the Board is in the process of investigating the most favourable take out option but is confident that all of the options are achievable and have engaged advisers to assist in determining the optimal financing structure going forward. Post year-end proposals have been received from banks on more permanent financing arrangements which the Board is considering. The key factors supporting the Group's ability to replace the short-term financing with permanent financing options include:

- the strength of the Group's statement of financial position;
- the fact that there is sufficient security available to secure long-term debt should this be required; and
- the Group is expecting to continue to generate cash flows from operations to meeting any future debt and interest obligations.

34. Subsequent events

Details regarding major acquisitions that concluded subsequent to year end are disclosed in the Director's report on pages 59 to 60.

The directors are not aware of any matter or circumstance between the date of the statement of financial position and the date of these financial statement that materially affects the results of the Group and Company for the year ended 31 December 2014 or the financial position at that date.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
Dividends received from subsidiaries		**50.0**	125.0
Staff costs	1	**(3.8)**	(2.7)
Other operating income		**5.3**	3.4
Operating profit before interest	1	**51.5**	125.7
Net finance costs		**(0.7)**	(0.4)
Interest received	2.1	**0.1**	–
Finance costs	2.2	**(0.8)**	(0.4)
Profit before taxation		**50.8**	125.3
Taxation	3	**(0.3)**	(0.1)
Total comprehensive income for the year		**50.5**	125.2

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital R'm	Share premium R'm	Share option reserve R'm	Retained earnings R'm	Total equity R'm
Balance at 1 January 2013	4.2	117.3	(6.5)	108.4	223.4
Total comprehensive income for the year				125.2	125.2
Dividends declared to shareholders*				(99.6)	(99.6)
Share options exercised			–		–
Balance at 31 December 2013	**4.2**	**117.3**	**(6.5)**	**134.0**	**249.0**
Total comprehensive income for the year				50.5	50.5
Dividends declared to shareholders*				(105.7)	(105.7)
Share options exercised			(1.6)		(1.6)
Balance at 31 December 2014	**4.2**	**117.3**	**(8.1)**	**78.8**	**192.2**

* *Refer to note 11 of the Group annual financial statements.*

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	4	**0.1**	–
Investments in subsidiaries at cost	5	**161.0**	161.0
Loan to Share Incentive Trust*		**83.3**	96.1
Deferred taxation assets	6	**0.3**	0.6
		244.7	257.7
Current assets			
Loans to subsidiaries	5	**76.5**	76.5
Trade and other receivables	7	**4.5**	3.0
Prepayments		**0.1**	0.2
		81.1	79.7
Total assets		**325.8**	337.4
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8.1	**4.2**	4.2
Share premium	8.2	**117.3**	117.3
Share option reserve		**(8.1)**	(6.5)
Retained earnings		**78.8**	134.0
Total equity		**192.2**	249.0
Current liabilities			
Trade and other payables	9	**3.5**	0.7
Loans from subsidiaries	5	**128.7**	86.3
Shareholders for capital distribution		**0.8**	0.9
Shareholders for dividend		**0.6**	0.5
		133.6	88.4
Total equity and liabilities		**325.8**	337.4

* *Refer to note 16 of the Group annual financial statements.*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	Notes	**Audited 2014 R'm**	Audited 2013 R'm
Cash flows from operating activities			
Cash generated from operations	12.1	**1.5**	0.7
Movement in working capital	12.2	**1.4**	(5.2)
Cash generated/(utilised) by operating activities		**2.9**	(4.5)
Net finance costs		**(0.7)**	(0.4)
– interest received	2.1	**0.1**	–
– finance costs	2.2	**(0.8)**	(0.4)
Capital distributions paid	12.3	**(0.1)**	–
Dividends paid	12.4	**(105.6)**	(99.4)
Net cash outflow from operating activities		**(103.5)**	(104.3)
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	12.5	**(0.1)**	–
Effects of share options exercised on the share option reserve		**(1.6)**	–
Movement in the loan to the Share Incentive Trust		**12.8**	0.9
Net cash inflow from investing activities		**11.1**	0.9
Cash flows from financing activities			
Increase in net loans from subsidiaries		**92.4**	103.4
Net cash inflow from financing activities		**92.4**	103.4
Net increase in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of the year		**–**	–
Cash and cash equivalents at end of the year		**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2014

		Note	Audited 2014 R'm	Audited 2013 R'm
1.	**Operating profit before interest**			
	Operating profit before interest is stated after taking the following into account:			
	Auditors' remuneration		**0.6**	0.5
	– Current year audit fee		**0.5**	0.4
	– Prior year under provision		**0.1**	0.1
	Directors' emoluments – for services as directors		**3.2**	2.2
	Staff costs		**0.6**	0.5
	Total staff costs		**3.8**	2.7
2.	**Net finance costs**			
2.1	**Interest received**			
	Call accounts		**0.1**	–
2.2	**Finance costs**			
	Revolving credit facility fees		**(0.8)**	(0.4)
	Net finance costs		**(0.7)**	(0.4)
3.	**Taxation**			
3.1	**Taxation expense comprises**			
	Deferred taxation – current year	6	**0.3**	0.1
	Total taxation expense		**0.3**	0.1
	Estimated taxation losses for the Company carried forward at year-end was R1.5 million (2013: R2.5 million). Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Company.			
3.2	**Reconciliation of taxation**			
	Profit before taxation		**50.8**	125.3
	Taxation at 28%		**14.2**	35.1
	Permanent differences		**(13.9)**	(35.0)
	Disallowable expenditure		**0.1**	–
	Non-taxable income		**(14.0)**	(35.0)
	Taxation expense recognised in profit		**0.3**	0.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Cost			
	1 Jan 2014 R'm	Additions R'm	Disposals R'm	**31 Dec 2014 R'm**
4. Property, plant and equipment				
Computer equipment	–	0.1	–	**0.1**
	–	0.1	–	**0.1**

	Accumulated depreciation			
	1 Jan 2014 R'm	Depreciation R'm	Disposals R'm	**31 Dec 2014 R'm**
Computer equipment*	–	–	–	**–**
	–	–	–	**–**

	Net book value	
	31 Dec 2014 R'm	31 Dec 2013 R'm
Computer equipment	**0.1**	–
	0.1	–

* *Nil due to rounding*

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company: Shares		Interest of Holding Company: Loans receivable/ (payable)		
	31 Dec 2014 R	31 Dec 2013 R	**31 Dec 2014 %**	31 Dec 2013 %	**31 Dec 2014 R'm**	31 Dec 2013 R'm	**31 Dec 2014 R'm**	31 Dec 2013 R'm	Principal activity
5. Investments in and loans to and from subsidiaries									
Direct:									
The Independent Institute of Education (Pty) Ltd	**2**	2	**100**	100	**101.2**	101.2	**(128.7)**	(86.3)	1
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59.8**	59.8	**70.0**	70.0	2
Indirect:									
ADvTECH Resourcing (Pty) Ltd	**10**	10	**100**	100			**6.5**	6.5	3
ADvTECH Training (Pty) Ltd	**2**	2	**100**	100					4
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					4
Business Learning Systems (Pty) Ltd	**1 000**	1 000	**100**	100					4
Elezean Institute (Pty) Ltd	**100**	100	**50**	50					1/5
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					3
Resource Development International (Pty) Ltd	**200**	200	**100**	100					4
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					4
The Design School Southern Africa (Pty) Ltd	**1**	1	**100**	100					4
					161.0	161.0	**(52.2)**	(9.8)	

1 *Independent provider of education.*
2 *Investment Holding Company.*
3 *Recruitment, placement and temporary staffing Company.*
4 *Dormant Company.*
5 *Dormant in the second half of the year.*

Results of subsidiaries so far as they concern members of the Company: Aggregate profit after taxation R167.1 million (2013: R155.7 million). All companies are incorporated in the Republic of South Africa.

The loans are interest free and there are no fixed terms of repayment. The inter-company loans do not carry any credit risk as the underlying entities are profitable and generate sufficient cash to meet their obligations.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Audited 2014 R'm	Audited 2013 R'm
6. Deferred taxation assets		
Opening deferred taxation assets	**0.6**	0.7
	(0.3)	(0.1)
Current year temporary differences	**0.1**	(0.1)
Movement in deferred taxation assets relating to taxation losses	**(0.4)**	–
Balance at end of the year	**0.3**	0.6
The balance comprises:		
Deferred and prepaid expenditure	**–**	(0.1)
Estimated taxation losses carried forward	**0.3**	0.7
	0.3	0.6
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	**0.1**	(0.1)
Movement in taxation losses	**(0.4)**	–
	(0.3)	(0.1)
7. Trade and other receivables		
Other receivables	**4.5**	3.0

Other receivables consist of inter-company receivables. The inter-company receivables are unsecured, interest free and have no fixed terms of repayment.

The inter-company receivables do not carry any credit risk as the underlying entities are profitable and generate sufficient cash to meet their obligations.

The directors consider that the carrying amount of other receivables approximates their fair value.

	Audited 2014 R'm	Audited 2013 R'm
8. Share capital and share premium		
8.1 Share capital		
Authorised		
500 000 000 shares of 1 cent each (2013: 500 000 000 shares of 1 cent each)	**5.0**	5.0

	Number of shares 2014 'm	**Share capital 2014 R'm**	Number of shares 2013 'm	Share capital 2013 R'm
Issued				
Balance at 1 January	**421.3**	**4.2**	421.3	4.2
Balance at 31 December	**421.3**	**4.2**	421.3	4.2

The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of the JSE Limited.

		Audited 2014 R'm	Audited 2013 R'm
8.	**Share capital and share premium** *(continued)*		
8.2	**Share premium**		
	Balance at 1 January	**117.3**	117.3
	Balance at 31 December	**117.3**	117.3
9.	**Trade and other payables**		
	Trade payables and accruals	**3.5**	0.7

Trade payables and accruals principally comprise amounts outstanding for ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value. The average credit period on purchases is two months. The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

10. Financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments comprise various items such as trade receivables and payables that arise directly from operations. These items have been classified as loans and receivables. The main purpose of these instruments is to finance the Company's operations.

Capital risk management

The Company manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity, comprising issued capital, share premium, reserves and retained earnings.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

11. Contingent liabilities

In terms of the Group's banking arrangement, the Company has issued to its bankers unlimited cross guarantees including cession of loan accounts on behalf of The Independent Institute of Education (Pty) Ltd, ADvTECH Resourcing (Pty) Ltd, ADvTECH Resource Holdings (Pty) Ltd and Kapele Appointments (Pty) Ltd for bridging, overdraft and revolving credit facilities, which at 31 December 2014 were utilised and amounted to R550.0 million (2013: R300.0 million). (See note 24 and 31 of the Group financial statements).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2014 *(continued)*

	Note	**Audited 2014 R'm**	Audited 2013 R'm
12. Notes to the statement of cash flows			
12.1 Cash generated from operations			
Profit before taxation		**50.8**	125.3
Adjust for non-cash items		**(50.0)**	(125.0)
		0.8	0.3
Net finance costs	2	**0.7**	0.4
		1.5	0.7
12.2 Movement in working capital			
Increase in trade and other receivables and prepayments		**(1.4)**	(1.2)
Increase/(decrease) in trade and other payables		**2.8**	(4.0)
Decrease/(increase) in working capital		**1.4**	(5.2)
12.3 Capital distributions paid			
Balance at beginning of the year		**(0.9)**	(0.9)
Balance at end of the year		**0.8**	0.9
Cash amount paid		**(0.1)**	–
12.4 Dividends paid			
Balance at beginning of the year		**(0.5)**	(0.3)
Declared during the year		**(105.7)**	(99.6)
Balance at end of the year		**0.6**	0.5
Cash amount paid		**(105.6)**	(99.4)
12.5 Additions to property, plant and equipment to maintain operations			
Computer equipment		**(0.1)**	–
		(0.1)	–

13. Related party transactions

ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Pty) Ltd and for ADvTECH Resourcing (Pty) Ltd for which management fees of R6.8 million (2013: R4.0 million) and R1.7 million (2013: R1.0 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments. Refer to directors' report for directors' remuneration on pages 58 to 59.

SHAREHOLDERS' ANALYSIS

at 31 December 2014

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of total shares
1 to 10 000	3 449	76.1%	7 973 886	1.9%
10 001 to 100 000	781	17.2%	24 971 183	5.9%
100 001 to 500 000	176	3.9%	40 826 728	9.7%
500 001 to 1 000 000	41	0.9%	29 975 343	7.1%
more than 1 000 000	83	1.9%	317 535 282	75.4%
	4 530	**100.0%**	**421 282 422**	**100.0%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2014, the spread of shareholders was as follows:

Shareholder spread

ADvTECH Share Incentive Scheme	1	0.0%	14 867 289	3.5%
Directors (including prescribed officers and subsidiary directors)	9	0.2%	11 600 472	2.8%
Non-public shareholding	10	0.2%	26 467 761	6.3%
Public shareholding	4 520	99.8%	394 814 661	93.7%
Total of all shareholders	**4 530**	**100.0%**	**421 282 422**	**100.0%**

Major shareholders

According to the information available to the Company after reasonable enquiry, the following shareholders are directly or indirectly interested in 5% or more of ADvTECH's share capital:

	Shares held	
	Number	%
Coronation Fund Managers	109 501 983	26.0%
Kagiso Asset Management	51 308 542	12.2%
Old Mutual Investment Group	29 259 317	6.9%
BD Buckham	23 587 611	5.6%

Share information

	2014	2013	2012	2011	2010
Closing price at period end (cents)	**870**	657	620	620	595
JSE market price high (cents)	**966**	725	703	630	640
JSE market price low (cents)	**658**	600	561	540	505
Total number of transactions on JSE	**19 877**	12 610	8 402	6 481	5 306
Total number of shares traded	**86 044 866**	119 944 745	89 283 288	105 998 458	74 704 485
Total value of shares traded (R)	**694 794 222**	789 563 625	527 358 137	604 571 019	439 713 207
Average price per share (cents)	**807**	659	602	572	589
Shares in issue *	**421 282 422**	421 282 422	421 282 422	420 880 090	400 838 181
Percentage volume traded to shares in issue	**20%**	28%	21%	25%	19%
PE ratio	**21.1**	17.1	18.0	15.9	16.0

* *Shares in issue per JSE as at 31 December 2014.*

SHAREHOLDERS' DIARY

	2015
Announcement of annual results	Monday, 23 March
Integrated annual report	TBA
Last date to trade to be eligible to participate and vote at Annual General Meeting	TBA
Last date to be recorded as shareholder	TBA
Annual General Meeting	TBA
Announcement of interim results for the six months ended 30 June 2015	Monday, 24 August

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ADvTECH GROUP