ADVTECH GROUP

2015
INTEGRATED ANNUAL REPORT

Accelerated growth

ACADEMIC EXCELLENCE

OUR BRANDS

SCHOOLS

TERTIARY

RESOURCING

Image on front cover: Southdowns College
Image on back cover: Pecanwood College

TIMELINE

1998 – 2015

ADvTECH GROWS TO 124 EDUCATION, TRAINING AND RECRUITMENT SITES ACROSS SOUTH AFRICA AND THE AFRICAN CONTINENT.

1997 – 1998

ABBOTTS COLLEGE, COMMUNICATE PERSONNEL AND NETWORK INTRODUCE THE FIRST SCHOOL AND RESOURCING BRANDS.

1995 & 1996

ADvTECH MAKE ITS FIRST ACQUISITION IN THE EDUCATION SECTOR, INCLUDING ROSEBANK COLLEGE AND VARSITY COLLEGE IN 1996.

1990

THE END OF APARTHEID IS DECLARED, NELSON MANDELA IS RELEASED FROM PRISON. BRIAN BUCKHAM UNDERSTANDS THAT EDUCATION IS THE KEY TO SOUTH AFRICA'S SUCCESS.

1987

ADVANCED TECHNICAL SYSTEMS LIMITED LISTS ON THE JSE WITH A SHARE PRICE OF 55 CENTS.

1978

BRIAN BUCKHAM STARTS AN IT TRAINING BUSINESS IN ANDERSON STREET, JOHANNESBURG.

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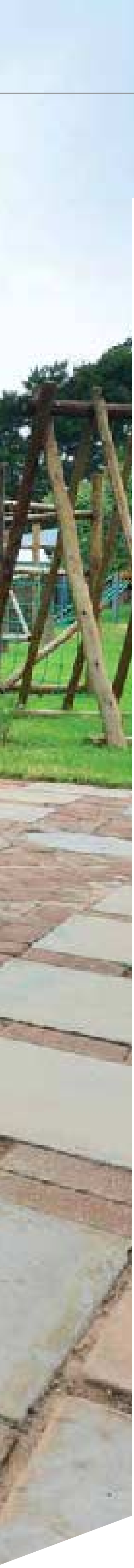
CORPORATE GOVERNANCE

About this report

ACADEMIC EXCELLENCE REMAINS CENTRAL TO OUR VALUE PROPOSITION.



OUR ANNUAL INTEGRATED REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 IS OUR PRIMARY REPORT TO STAKEHOLDERS.

We aim to provide concise and accurate information on matters material to the Group's overall strategy, performance and its ability to create value. We seek to make our report accessible and understandable to a broad range of stakeholders, while providing the information that shareholders traditionally require when making investment decisions.

This report, the complete annual financial statements and all supplementary reports referred to in this publication are available on our website *www.advtech.co.za* under the Investor Information tab.

Materiality

ADvTECH defines materiality as those issues that could substantially impact our ability to execute our strategic priorities and create value over time. The Group Executive Committee has determined the material issues contained in this year's report, taking into account the guidance received from the Board, feedback and concerns raised by stakeholders and information received from operational teams. The following material issues have been identified and are discussed throughout the report:

> **Maintaining academic excellence** is one of our main differentiating factors. It is the fundamental reason why parents choose an ADvTECH school or tertiary institution for their child's education.

> **We invest significant resources into the research and development of academically sound methods and processes,** to ensure that every student and job candidate receives preparation for the best possible chance at success.

> **Implementing an effective human resource strategy** ensures business continuity and positive societal impact. With the correct development interventions, our staff complement will be more reflective of the diverse communities which they serve. Transformation and succession planning initiatives enable us to attract, develop and retain the best talent. We need to ensure that our staff complement is appropriately skilled and available to fill any vacancies caused by attrition or expansion.

> **Regulatory changes and bureaucratic delays** could impact our ability to obtain licensing and accreditation approval, thereby affecting our expansion strategy.

> **Challenging economic conditions** could adversely affect enrolment rates and the rate at which we are able to execute our growth strategy.

> **Prudent capital expenditure to fund investment and expansion activities** will be a major focus this year. Our growth strategy includes expansion through organic growth, acquisitions and greenfield projects. Careful restructuring of our balance sheet has enabled us to pursue these future growth plans.

Assurance and auditor independence

We apply a combined assurance process, which consists of three lines of defense – namely management (Board, Exco and operational management), external assurance providers (external auditors) and internal assurance providers (internal auditors, risk and compliance functions and other Board committees).

The Group's independent external auditors, Deloitte & Touche, have provided unqualified assurance of the Group annual financial statements as set out on pages 71 to 121 of the report.

Reporting frameworks

We have used the requirements of the following frameworks to guide and inform our decisions during the preparation of this report:

> South African Companies Act No 71 of 2008;

> JSE Limited (JSE) Listings Requirements;

> Reporting principles as contained in the King Report on Corporate Governance (III);

> The International Integrated Reporting Framework, December 2013;

> International Financial Reporting Standards (IFRS); and

> SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Board approval

The Group's Annual Financial Statements for the year ended 31 December 2015 were approved by the Board of directors on 12 March 2016.

The Board has applied its collective mind to the contents of this report and is satisfied that it provides an accurate representation of the Group's performance for the year under review. This report was approved by the Board of directors on 12 March 2016 and signed on its behalf by:

Chris Boulle
Chairman

RJ Douglas
Chief Executive Officer

2015 Performance at a glance

REVENUE
40%
2014: 9%

OPERATING PROFIT
75%
2014: 16%

HEADLINE EARNINGS PER SHARE
27%
2014: 7%

DIVIDENDS PER SHARE
29.5 cents
2014: 26.0 cents

	Percentage change	2015	2014
Revenue (R'm)	*40%*	**2 707.7**	1 931.8
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) (R'm)	*64%*	**557.9**	340.8
Operating profit before interest (R'm)	*75%*	**448.3**	256.4
Profit before taxation (R'm)	*33%*	**328.6**	247.3
Shareholders' equity (R'm)	*143%*	**2 254.5**	928.8
Total assets (R'm)	*120%*	**4 302.7**	1 960.2
EBITDA margin (%)	*17%*	**20.6**	17.6
Net asset value per share (cents)	*93%*	**424.7**	220.5
Free operating cash flow before capex per share (cents)	*60%*	**75.5**	47.2
Headline earnings per share (cents)	*27%*	**51.0**	40.3
Diluted headline earnings per share (cents)	*27%*	**51.0**	40.2
Normalised earnings per share (cents)	*27%*	**53.9**	42.3
Diluted normalised earnings per share (cents)	*27%*	**53.9**	42.3
Gross dividend (cents)	*13%*	**29.5**	26.0
Number of employees (at year-end)	*35%*	**5 441**	4 036

TOTAL ENROLMENT
43%
2015: 48 053
2014: 33 654

SCHOOL ENROLMENT
75%
2015: 23 721
2014: 13 541

TERTIARY FULL-TIME ENROLMENT
21%
2015: 24 332
2014: 20 113

2015 Scope of operations

MATRIC CANDIDATES
1 728
2014: 1 348

NUMBER OF EMPLOYEES
5 441
2014: 4 036

EDUCATION SITES
96
2014: 63

TOTAL NUMBER OF DISTINCTIONS
3 137
2014: 2 740

EMPLOYEES WITH DOCTORATES
44
2014: 37

JOB CANDIDATES PLACED
3 759
2014: 3 182

MATRIC PASS RATE
99%
2014: 100%

EMPLOYEES WITH MASTERS DEGREES
421
2014: 297

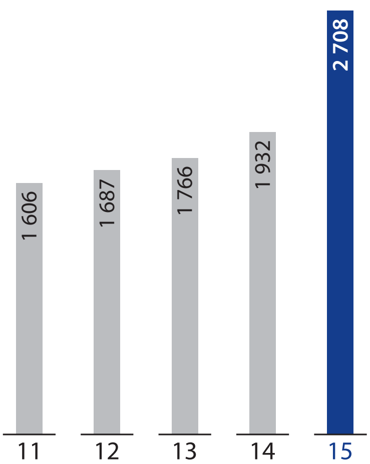
RESOURCING BRANCHES
28
2014: 19

Five year financial review

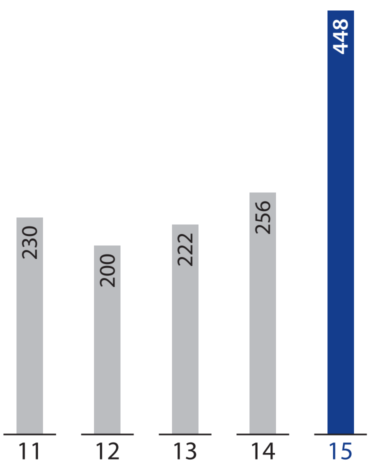
for the year ended 31 December 2015

	2015 R'm	2014 R'm	2013 R'm	2012 R'm	2011 R'm
Summarised statements of profit or loss					
Revenue	**2 707.7**	1 931.8	1 766.3	1 687.2	1 605.6
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	**557.9**	340.8	291.6	267.6	292.3
Depreciation and amortisation	**109.6**	84.4	69.9	67.6	62.3
Operating profit before interest and impairment	**448.3**	256.4	221.7	200.0	230.0
Impairment of tangible and intangible assets	**–**	–	–	(1.5)	(5.3)
Net (finance costs paid)/interest received	**(119.7)**	(9.1)	3.0	4.0	10.8
Profit before taxation	**328.6**	247.3	224.7	202.5	235.5
Taxation	**(102.5)**	(80.2)	(69.0)	(64.1)	(79.2)
Profit for the year	**226.1**	167.1	155.7	138.4	156.3
Attributable to minority interest	**1.2**	–	–	–	–
Profit attributable to equity holders of the parent	**224.9**	167.1	155.7	138.4	156.3
Headline earnings	**228.4**	167.5	156.0	139.1	161.8
Summarised statements of financial position					
Shareholders' equity	**2 254.5**	928.8	853.0	793.1	751.2
Interest bearing debt	**1 333.1**	550.0	300.0	136.1	70.7
Deferred taxation liability	**98.0**	–	–	–	–
Other current liabilities	**617.1**	481.4	479.7	406.5	333.1
	4 302.7	1 960.2	1 632.7	1 335.7	1 155.0
Non-current assets	**3 894.2**	1 646.0	1 397.6	1 131.8	975.7
Bank balances and cash	**176.2**	113.8	97.6	73.9	46.8
Other current assets	**232.3**	200.4	137.5	130.0	132.5
	4 302.7	1 960.2	1 632.7	1 335.7	1 155.0
Summarised cash flows					
Cash generated by operating activities	**557.5**	285.7	363.1	332.3	333.7
Net cash inflow from operating activities	**222.6**	92.7	199.8	186.4	134.4
Net cash outflow from investing activities	**(1 340.4)**	(337.7)	(340.9)	(230.4)	(187.2)
Net cash inflow/(outflow) from financing activities	**1 180.2**	261.2	180.9	125.7	(8.6)
Net increase/(decrease) in cash and cash equivalents	**62.4**	16.2	39.8	81.7	(61.4)

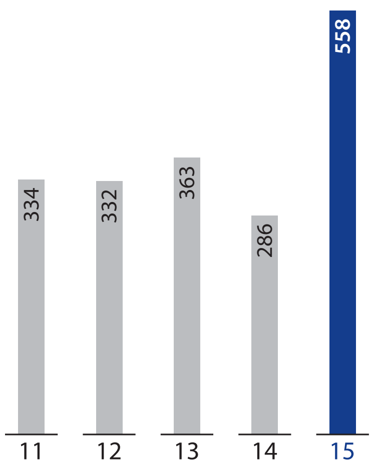
Revenue (R'm)



Operating profit (R'm)



Cash generated by operating activities (R'm)



Ratios and statistics

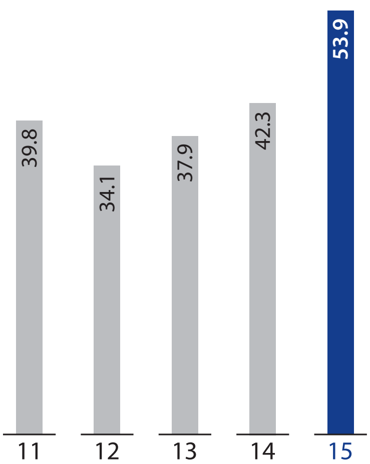
for the year ended 31 December 2015

	2015	2014	2013	2012	2011
Earnings and distribution					
Earnings per share (cents)*	**50.2**	40.2	37.5	33.5	37.9
Headline earnings per share (cents)*	**51.0**	40.3	37.6	33.6	39.3
Normalised earnings per share (cents)*	**53.9**	42.3	37.9	34.1	39.8
Distributions to shareholders per share (cents)	**29.5**	26.0	25.5	24.0	26.0
Profitability					
EBITDA on revenue (%)	**20.6**	17.6	16.5	15.9	18.2
EBIT on revenue (%)	**16.6**	13.3	12.6	11.9	14.3
Operating profit on average shareholders' funds (%)	**28.2**	28.8	26.9	25.9	32.2
Headline earnings on average shareholders' funds (%)	**14.3**	18.8	19.0	18.0	22.6
Return on funds employed (%)**	**19.4**	21.8	23.4	24.6	32.8
Productivity					
Payroll costs per R1 000 of revenue (Rand)	**495.1**	496.2	509.9	506.4	498.2
Revenue per average fixed assets (Rand)	**1.3**	1.4	1.6	1.9	2.1
Revenue per employee (R'000)	**497.6**	478.6	448.1	417.9	403.0
Revenue per square metre (Rand)	**6 371.0**	6 313.1	6 859.4	7 143.1	7 126.5
Finance					
Current assets to current liabilities	**0.4**	0.3	0.3	0.4	0.4
Operating cash flow per share (cents)	**41.9**	22.0	47.4	44.2	31.9
Capital expenditure (R'millions)	**406.1**	316.4	334.5	231.5	187.8
Free operating cash flow before capex per share (cents)*	**75.5**	47.2	71.5	65.6	64.2
Net asset value per share (cents)	**424.7**	220.5	202.5	188.3	178.5
Debtors days as at 31 December	**26.0**	29.0	23.0	24.0	24.0
Net gearing ratio (%)	**51.3**	47.0	23.7	7.8	3.2
Other					
Total shares in issue (millions)	**530.8**	421.3	421.3	421.3	420.8
Weighted average number of shares in issue (millions)*	**447.8**	415.8	415.1	413.4	411.9
Diluted weighted average number of shares in issue (millions)*	**447.8**	416.2	415.4	413.6	411.9
Employee headcount at year-end	**5 441**	4 036	3 942	4 037	3 984
Total capacity occupied ('000 m^2)	**425.0**	306.0	257.5	236.2	225.3

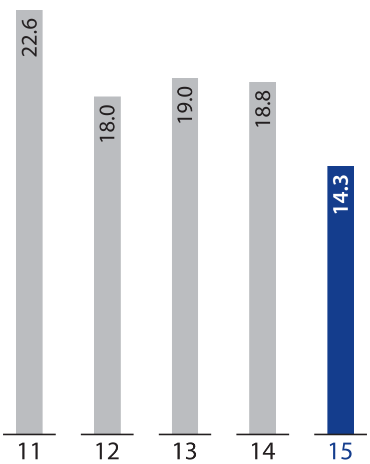
* The adjustment to the basic and diluted weighted average number of shares in issue for prior years is an increase of 11.1 million shares due to the bonus element contained within the rights offer. This has a subsequent effect on the Earnings, Headline Earnings and Normalised Earnings per share in the prior years.

** The return on funds employed is calculated by dividing the normalised EBIT by the average funds employed for the year. The funds employed for each year is calculated by taking total assets for the year less cash balances and all non-interest bearing liabilities.

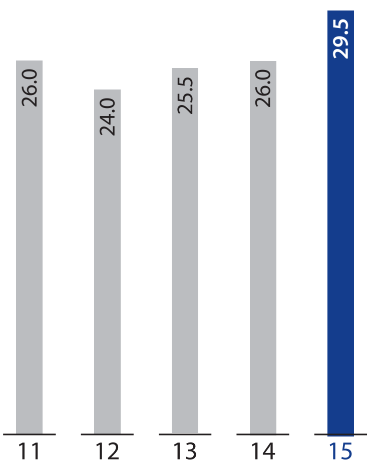
Normalised earnings per share (cents)



Headline earnings for the year on average shareholders' funds (%)



Distributions to shareholders Per share (cents)



OUR BUSINESS MODEL **OF VALUE**

The Group does not receive any form of subsidy, but this apparent constraint has not prevented us from successfully applying our business model to create value. **Sustaining profitability by way of prudent investments and competitive shareholder returns enables us to continually reinvest to grow.** Our well-resourced institutions provide high-quality, high-value offerings and attract the best people who play a pivotal role in creating value now and into the future. Our purpose and values drive our decision-making and encompass all our business activities, ensuring successful business outcomes that align with the Group strategy and create long-term value.

STATEMENT OF PURPOSE

- We aim to **BUILD** and grow a high quality organisation in education, training and placement that is widely recognised for passionate commitment and success in enriching people's lives and future.
- We aim to **GROW** a reputation for our ability to make a real difference to the people we serve, for our connectedness and partnerships with African and global markets and players, for the relevance, quality and usefulness of our offerings, and for the enterprising and agile way in which we tackle our task.
- We will **ACHIEVE** this by focusing on our customers and taking a lead from our markets, by our innovative approach, especially in harnessing the power of technology, and by striving for excellence and sustainability in all we do.

OUR VALUES

- **ETHICS**
  Through our own ethical conduct, practices and policies we seek to set an example to our learners, students and clients.
- **PEOPLE-CENTEREDNESS**
  Sound education and placement depends on empowered and successful human interaction on a personal level.
- **HIGH QUALITY**
  We aim to create and add quality in everything we do.
- **SUSTAINABILITY**
  By using resources wisely, and within the means created by our income, we aim to ensure that our organisation continues to serve future generations.
- **CARING AND RESPONSIBLE LEADERSHIP**
  We take special responsibility for the people, especially young people, who are students, clients and staff, by our example and by caring for their safety and needs.
- **RESPECT**
  Respecting each other as well as clients and candidates.

OUR BUSINESS MODEL DEFINED

Outstanding quality and value

We create quality and value by employing processes and activities that ensure good service. Regular research into local and international trends keep our offerings relevant. Through a strict adherence to internal quality assessment protocols and investing in the ongoing professional development of our people, we create a culture of dynamic improvement in every Division.

Strong demand

Our students' and candidates' career success is a reflection of our excellent offering. The hard work, dedication and resultant success of our alumni provides inspiration to many current and prospective students, driving demand. Our brands have excellent reputations for the quality solutions that they provide. The employers that employ our students and job candidates bear testament to the high level of employer recognition that our brands enjoy.

Superior returns relative to peers

We make wise investment decisions that allow us to grow our business and manage our resources effectively. By streamlining operational processes we create cost-saving efficiencies, which in turn allow us to present our effective offering to our stakeholders while affording shareholders investment returns that align with their expectations.

Sustained income and market leadership

Offering the best rewards to stakeholders remains one of our key focus areas. Our students' and candidates' success and the definitive transformation of society through education is our ultimate goal. All our Divisions have focused community engagement programmes that help us positively impact the communities within which we operate.

Innovation

We invest significant financial and intellectual capital in our pursuit of excellence through innovation.

Investment

We make prudent investment decisions that best serve our short-, medium- and long-term strategy, ensuring that our operations remain sustainable not just now, but well into the future.

Attract and retain best staff

We work hard to make ADvTECH a truly great place to work. In addition to a range of staff retention practices, we offer our people competitive rewards for excellent work, which helps us create the kind of organisation that our people can be proud of.

Read more in our Divisional reports on pages 26 to 53 or on our website www.advtech.co.za

Our strategic objectives

OUR STRATEGY IS EXECUTED THROUGH THE OBJECTIVES DISCUSSED BELOW. OUR LEADERSHIP TEAM HAS SPECIFIC KEY PERFORMANCE INDICATORS THAT ARE LINKED TO THESE OBJECTIVES.

This allows us to measure and reward performance against the successful execution of our strategy. We have shared information about the risks most likely to occur in our areas of operation and the measures we take to mitigate these risks. The material issues that relate to the Group's strategic priorities are included in the description of each priority and its associated risk.

1 ACCELERATE OUR INVESTMENT IN GROWTH

The ever-increasing demand for private education has presented opportunities for growth and expansion. Our strategic acquisitions and investments in South Africa and the rest of the African continent have had a significant impact on our ability to bring quality education to a broader public.

PERFORMANCE AGAINST OBJECTIVES

R1.7 billion invested in acquisitions and expansion during the year under review:

- **Schools**:
  - Acquisition of Gaborone International School (Botswana), Centurus Colleges, Maravest Group of Schools, Kathstan College and Boleng (now Trinityhouse Northriding) all came into effect during 2015.
  - Acquisition of Summit College and the opening of Founders Hill (to fall under ADvTECH Academies. Acquisition effective 1 January 2016).
  - Capital expenditure to increase capacity at existing sites.
- **Tertiary**:
  - Rosebank College launched two new campuses, the Braamfontein Mega Campus and the digitally enabled Connect Campus in Polokwane.
  - Vega moved into three revamped campuses with additional capacity which were open to students in 2015.
- **Resourcing**:
  - Acquired majority stakes in the CA Global Group, which includes Africa HR Solutions, and Contract Accountants, a boutique specialist financial recruitment agency.

MATERIAL ISSUES

- REGULATORY CHANGES AND DELAYS OUTSIDE OF OUR CONTROL
- PRUDENT CAPITAL EXPENDITURE
- CHALLENGING ECONOMIC CONDITIONS
- FUNDING INVESTMENT AND EXPANSION ACTIVITIES

RISKS

Risk	Mitigation
Regulatory and compliance risk	**MITIGATION** The leadership team ensures that we adhere to all applicable regulations. Specialists and the legal team help ensure that we constantly comply with the myriad of regulations applicable in our industry as well as the JSE Listing requirements.
Strategic risk if expansion strategy is not implemented correctly	**MITIGATION** Responsibility for the Group's expansion plan falls within the domain of the operational divisions to ensure it dovetails with existing strategy, with expert assistance provided by finance, property and legal teams. To place emphasis on the significance of this, an Africa Business Development Executive and Group Projects and Procurement Executive have been appointed to oversee the implementation of our Africa and other expansion strategies. Members of the Investment committee have extensive experience conducting business in Africa. Furthermore, the appointment of the Group Academic Director is to enable a singular focus on quality, excellence and academic development in line with the Group strategy, to entrench the importance of our academic reputation.
Financial risk if enrolments drop or are lower than anticipated	**MITIGATION** We diligently monitor enrolment numbers and make strategic decisions to ensure these are positive. We constantly seek ways in which we can ensure that our educational institutions are run efficiently and offer value. We also continue to find innovative ways to structure payment to ease the financial burden faced by students and their parents.

Our strategic objectives

2 MAINTAIN A STEADFAST FOCUS ON ACADEMIC EXCELLENCE AND QUALITY

The indisputable quality of our offerings has been a main contributor to the Group's success. New and existing clients rely on our ability to stay at the forefront of developments in education, training and placement.

PERFORMANCE AGAINST OBJECTIVES

- We conduct local and international benchmarking exercises to ensure that our students receive the best quality education in preparation for their futures and entry into the job market.
- Our staff development programmes are continually reviewed and refined, ensuring that our people are able to provide quality service at all times.
- We employ highly qualified individuals in varying fields of study. Our staff complement includes people with the following qualifications:

44 DOCTORATES

421 MASTERS DEGREES

593 HONOURS DEGREES

1 334 BACHELOR'S DEGREES

MATERIAL ISSUES

- ACADEMIC EXCELLENCE
- EFFECTIVE HR STRATEGY

RISKS

Risk	Mitigation
Operational risk if Staff Development Programmes are inappropriate or ineffective	**MITIGATION** Our development programmes are based on local and international best practice principles. Constant performance reviews against measurable outcomes ensure that our programmes remain relevant and effective.
Strategic risk if quality measures are incorrectly assessed and applied	**MITIGATION** Key members of our leadership team and academic staff stay abreast of the latest developments in systems and methodologies in their respective fields, ensuring that we remain a leading provider of quality education and resourcing outcomes.

3 USE TECHNOLOGY TO OUR ADVANTAGE

There has been a marked increase in the use of technology enabled offerings both in the private and public education sectors. Our aim is to ensure that digital technology enhances the learning experience for teacher, lecturer and student, and to use this technology to make quality education affordable to a broader sector of society. All of our Divisions have already seen improvements in their ability to instruct and interact with the use of new cloud, social media and mobile technologies.

PERFORMANCE AGAINST OBJECTIVES

- Approximately 11 000 tertiary students access ADvTECH's Learning Management System. 25 000 students are supported on the Student Academic System.
- At the forefront of blended learning is our Tertiary division, with the launch of our first digitally-enabled campus opened in Polokwane.
- The IIE launched an innovative electronic qualification verification tool called IIEMarque.
- Students have remote access to our networks.
- Voice Over Internet Protocol (VOIP) systems are now implemented and its use is embedded within our businesses.
- Our students have access to increased bandwidth at reduced rates, making internet access not only available, but also accessible.

MATERIAL ISSUES

- ACADEMIC EXCELLENCE

RISKS

Operational risk if our people are not equipped to effectively apply the technological advancements in their respective fields

MITIGATION

Our people are thoroughly prepared and trained before any new technology is launched. Progress and effectiveness is measured to ensure that technological interventions contribute to successful outcomes.

Our strategic objectives

4 MAKING A MEANINGFUL CONTRIBUTION TO SOCIETY

Profit-making is an integral part of our business, but it is not our only motivating force. We have a responsibility to ensure that the standards of education in the private sectors are elevated and skills development is consistently monitored and improved, to the advantage of the communities within which we operate, and society as a whole.

PERFORMANCE AGAINST OBJECTIVES

- CSI activities to the value of R103 million.
- The Group awarded 9 965 bursaries during 2015.
- 2 924 graduates were placed in their first jobs through the Graduate Placement Programme on our tertiary campuses.
- Alumni who are employed in formal careers become meaningful contributors to the South African economy.
- We monitor our impact on the environment and promote environmental awareness amongst our students.
- Our brands engage with the community through outreach and citizenship initiatives.

MATERIAL ISSUES

- ACADEMIC EXCELLENCE
- CHALLENGING ECONOMIC CONDITIONS

Please read more about our CSI activities at www.advtech.co.za

RISKS

Risk	Mitigation
Reputational risk if bursaries and CSI activities are awarded without providing the necessary support to recipients to ensure their success	**MITIGATION** We emphasise the unique needs of every student in an ADvTECH organisation, and bursary recipients are no different. We have a track record for paying individual attention to our students which yields impressive results.
Financial risk if the job market contracts and adversely affects our ability to place graduates and job seekers	**MITIGATION** Every year we expand our pipeline of talent in ADvTECH, which means that we grow and develop our students for further study in the world's finest institutions or to take their place in the work environment. While we cannot control the macroeconomic factors that affect the job market, we do our best to impart the skills and knowledge that will make our students the preferred candidates for whichever field of work they choose.

THE **J-CURVE** EXPLAINED

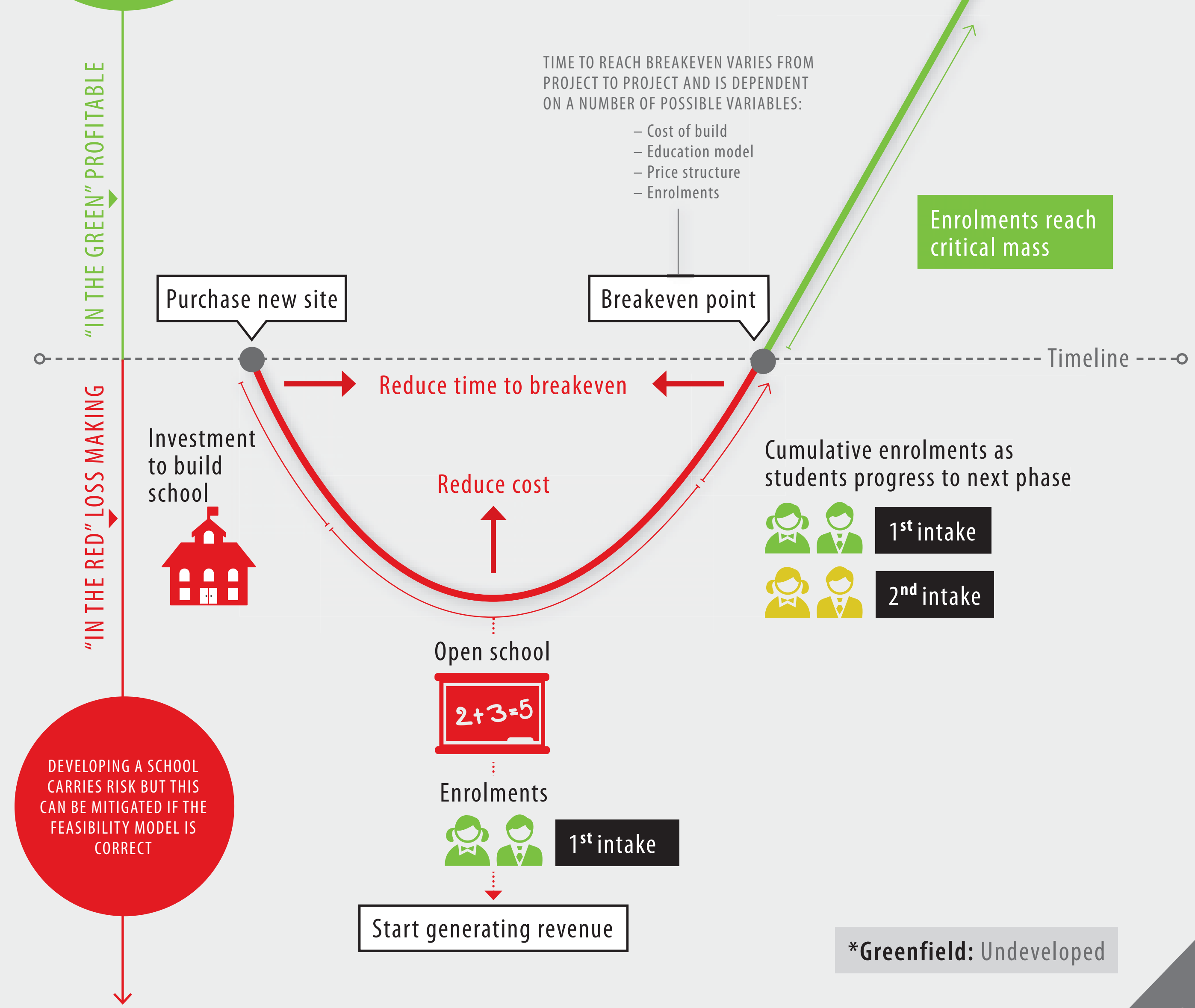
The J-Curve is a graphical representation of profitability of new (greenfield)* sites, as it progresses through the various stages of development.

The development or acquisition of an educational facility requires a high initial investment. This, together with the fixed cost nature of operating an educational facility, leads to initial losses.

Once enrolments reach critical mass, and revenue starts exceeding costs, it delivers a sustainable profit and return on investment.

ADvTECH aims to reduce the time taken to reach this breakeven point on greenfield projects by:

- utilising its experience in building new sites to reduce development time;
- managing its expenses carefully; and
- choosing the right area, with the right offerings at the right price in order to achieve optimal enrolments.



*Greenfield: Undeveloped

Chairman's letter

DEAR SHAREHOLDERS

IT HAS BEEN AN EVENTFUL YET SUCCESSFUL YEAR FOR THE ADvTECH GROUP, WITH OUR PERFORMANCE REMAINING SOLID AS EVIDENCED BY AN EXCELLENT SET OF RESULTS. **OUR FOCUS ON GROWTH AND ACADEMIC EXCELLENCE HAS INTENSIFIED,** AND A NUMBER OF ACQUISITIONS AND EXPANSION PLANS ANNOUNCED DURING 2014 WERE FURTHER EMBEDDED DURING THE YEAR.

2015 was a year of macro-economic concerns, with negative domestic and external economic forces impacting on the South African economy. The rout in the commodity and manufacturing sectors due to the slowdown of emerging markets, particularly in China; the US Federal Reserve's hiking of interest rates for the first time since 2006, combined with South Africa's severe drought, ever widening public sector debt and rising inflation have all contributed to subdued business and consumer confidence. The Rand reached new lows against the US Dollar following the sudden replacement of Finance Minister Nhlanhla Nene and the appointment of two new finance ministers in quick succession. While the re-appointment of the respected Mr Pravin Gordhan as Minister of Finance in December has helped dampen the shock, South Africa's economic outlook remains subdued with decision-making about the political economy still a concern. The risk of a sovereign debt downgrade is still possible.

This financial year will also be remembered for the #feesmustfall campaign and the sometimes violent nationwide protests at some of the country's leading public sector universities, ultimately escalating to parliament and the Union Buildings. The issues are complex, encompassing student funding and access to education and wider social concerns such as outsourced workers. A sustainable resolution will require concerted efforts from all stakeholders to ensure the youth of our country are able to realise a better future and find meaningful work. The government has made additional funding available but the strain on public universities' finances continues. ADvTECH's campuses have remained peaceful, and management and lecturers continue to keep the lines of communication open with students and parents. As an integral part of society we will need to be mindful of this dynamic. The private sector too has an important role to play in the upliftment of society. We hope that ADvTECH's recent moves into the mid-tier and technology-enabled education markets, as well as our focus on bursaries and quality teacher training, will also ultimately help lessen the pressures on the public sector.

It is an honour for me to draft my first report as Chairman of the Board, following Jeff Livingstone's retirement in July 2015. Jeff has left a legacy of wise counsel, and his contribution to the success of the business is indisputable. I want to thank Jeff for his years of excellent service, and wish him well for the future.

On behalf of the Board of Directors, I also want to thank Frank Thompson for his committed leadership. Now retired, Frank handed over the Group CEO reins to Roy Douglas in November 2015. Responsible for the successful turnaround of the Tertiary division, Roy's track record and proven strengths in strategy, marketing, business development and general management stand him in good stead to launch the ADvTECH Group into its next growth phase.

Keith Warburton was appointed as an Independent Non-Executive Director of the Board with effect from 28 July 2015. His appointment will be confirmed by shareholders at the Annual General Meeting in May 2016. Mteto Nyati resigned as a Director and member of the Audit and Risk Committees with effect from 3 August 2015.

Despite the macro-environment, ADvTECH's operations are sustainable for the long-term. This is evidenced through continued demand for our quality offerings in the private education and resourcing sectors. Enrolments across the Schools and Tertiary divisions increased by 43% in 2015, reflecting the success of the Group's brands and growth strategy. Further expansion projects will create job opportunities across our divisions. Continued focus on qualified educators will allow the Group to provide quality education to a broader base.

During the year, the Board considered various options that would allow the Group to create a flexible capital structure which would enable it to pursue accelerated growth opportunities in the most efficient way. We decided that the most appropriate way to refinance existing facilities to ultimately reduce the cost of capital was to pursue a capital increase by way of a rights offer of R850 million. The shareholder response was overwhelmingly positive, with the offer being significantly oversubscribed. Also notable is that the Group's share price is up 50% in the last 18 months, with basic earnings per share (EPS) and headline earnings per share (HEPS) for the year ended 31 December 2015 being 25% and 27% higher respectively than the comparative reporting period ended 31 December 2014. After a successful restructure of the balance sheet, the Board declared a dividend of 17.0 cents per share to be paid on 18 April 2016 to shareholders.

The Schools division performed exceptionally well, with organic growth and acquisitions contributing to a 75% increase in February enrolment numbers. The Centurus and Maravest acquisitions, which were finalised in 2015, have both been successfully integrated into the ADvTECH Group, with all the brands sharing a focus on uncompromising educational excellence.

Our 2015 Matric candidates achieved a 99% pass rate and a total of 3 137 distinctions. The purchase of the Gaborone International School in Botswana marked the first phase of our expansion into the rest of Africa. This experience will inform our decision-making regarding further expansion into other African countries. The schools acquired have performed well both academically and in terms of their contribution to the business.

Our exciting rolling R3 billion capital expansion programme will continue to support greenfields development and carefully considered acquisitions in South Africa and elsewhere in Africa.

An unwavering commitment to excellence also continues to drive demand for our Tertiary division's offerings, with February enrolment numbers up from 20 113 in 2014 to 24 332 in 2015. Our Tertiary division completed its turnaround last year and continued its trend of significant enrolment growth. All brands have continued to show strong growth in their 2016 enrolments which is very encouraging and we anticipate this trend of positive growth to continue.

The Resourcing division maintained market share and provided a solid stream of income in a sluggish employment market. The division acquired a majority stake in CA Global Group (Pty) Ltd, including Mauritius-based Africa HR Solutions Ltd, thus helping drive our expansion into the rest of Africa and cementing our role in niche areas.

The Group works hard to find ways to make quality education more affordable and accessible to a broad range of South African students across the country. An exciting development in this regard is our digitally enabled Rosebank College Connect campus in Polokwane, which will use technology as a mechanism to provide quality tertiary education to students who may otherwise not have had access to this calibre of education in this part of the country.

During the year, ADvTECH received an unsolicited purchase proposal from an independent schools company. After a period of thorough consideration, the Board concluded that the proposal would not be to the advantage of shareholders, our education community and the Group, and therefore suspended discussions, allowing ADvTECH to continue to pursue its growth and expansion strategy unhindered. As a Board we were pleased that our position received such widespread and heartfelt support from shareholders, parents, students and staff.

The future holds exciting opportunities for ADvTECH to realise its expansion goals. With just 66% of the Group's ultimate site capacity currently filled, there is much room for further organic growth in the years ahead. We will continue our diligent assessment of suitable sites and brands to ensure that our footprint is expanded and that access to quality education becomes a reality for more students, regardless of their geographic location. This is an ambitious goal, but one that we are committed to realising through innovative technology-enabled solutions and finding creative ways of incorporating the principles of blended learning into classrooms around the continent.

I wish to thank my colleagues who serve with me on the Board for their invaluable advice and guidance, during what has been a busy year for the Group. In addition, the Board would like to express its appreciation towards the CEO and the Executive Committee for the practical role they play in ensuring that the strategy is successfully executed. They maintain transparent lines of communication and allow the Board and its committees full access to the information we need to make informed decisions about the most effective way to ensure the long-term success and sustainability of the ADvTECH Group.

We look forward to another year of growing and building ADvTECH so that it in turn can play a greater role in moulding the generation which will one day lead South Africa towards a brighter, more successful future.

Sincerely

Chris Boulle
Chairman

CEO's report

Roy **Douglas** /// Chief Executive Officer

ADvTECH'S RECORD PERFORMANCE IN 2015 BEARS TESTAMENT TO THE SUCCESS OF OUR GROWTH AND EXPANSION STRATEGY, THE EXCELLENT REPUTATION OF OUR BRANDS AND THE CALIBRE OF OUR PEOPLE.

Highlights include strong organic growth across the Schools, Tertiary and Resourcing divisions. The Schools and Resourcing divisions also benefitted from strategic acquisitions. Our student enrolments increased by 43% and we maintained our reputation for academic excellence. We introduced new technology enabled blended learning solutions, which supports both face to face and distance learning, while also expanding further into the mid-fee markets and the rest of Africa. Management has been strengthened and a new capital structure was implemented, providing ADvTECH with the depth and flexibility needed to deliver on new projects as we continue on our growth trajectory.

Performance review

Reflecting the increased momentum of ADvTECH's expansion strategy, revenue is up by 40% to R2.7 billion (2014: R1.9 billion) and operating profit has increased by 75% to R448 million (2014: R256 million). Operating margins improved from 13% to 17%.

Excellent performance from our existing schools, combined with the new investments and acquisitions, saw a decisive shift in the Schools division which is now well into its growth phase. The Tertiary division has continued its recovery and has had another year of great success with revenue up by 19% and an operating profit increase of 60%. The Resourcing division has enhanced its market share and built on their solid first half performance by increasing operating profits further in the second half of the year.

While the Group remains focused on its core businesses, and continues to invest in growing its leading market position, the strategy has been extended to include more use of digitally enabled learning in our traditional contact classrooms as well as in distance education. Both initiatives increase the flexibility by allowing students more control of where, when and how they learn.

An increase in the number of distance learning qualifications, further growth into the mid-fee schools market, and expansion into other African countries remain strategic imperatives. Implementing these strategies will further improve the Group's contribution in addressing the fundamental challenges and opportunities in education and job creation.

ADvTECH Group Enrolment Growth as at end February

	February 2014	February 2015	% increase	**February 2016**	% increase
Schools total enrolments	13 541	23 721	75%	**25 062**	6%
Tertiary full qualification enrolments	20 113	24 332	21%	**29 138**	20%
Group total	33 654	48 053	43%	**54 200**	13%

Schools division

The Group's 2015 performance together with the 2016 enrolments highlight resilient demand for premium private education despite the economic slowdown. The consistent achievement of academic excellence across the brands underpins ADvTECH's enduring success. Matric results were again excellent as students obtained a 99% pass rate and collectively attained 3 137 distinctions. CrawfordSchools™ students achieving an average of three distinctions per candidate.

The newly launched ADvTECH Academies comprised six schools with more than 2 200 learners by the end of 2015. Summit College and Founders Hill were added to the brand from January 2016. Located in Kyalami, Midrand, Summit College has almost 600 students enrolled and offers boarding on the property. It has existing capacity to accommodate approximately 1 000 learners, with potential for further expansion on the 48 hectare site. Founders Hill College in Modderfontein is initially offering pre-primary and primary school education, with strong prospects for future growth. We have successfully integrated both the Centurus and Maravest acquisitions and are delighted to have these schools now part of the ADvTECH group.

Tertiary division

The repositioning of our Tertiary brands has continued to experience strong demand and our 2015 enrolments grew by 21%. Our focus on academic excellence saw 3 359 students graduate in 2015 and amongst our most pleasing results was that 95% of our students who wrote the 2015 South African Institute of Chartered Accountants (SAICA) Initial Test of Competence Board exam, passed compared to the 76% SAICA pass rate. There can be no better example of our commitment to provide the finest teaching and learning environment possible.

Rosebank College continues to perform well and opened two new campuses – the new format Connected Campus in Polokwane which features technology enabled education and a mega-campus in Braamfontein, which incorporates the former Auckland Park campus. This move to the mega-campus is in response to increased demand and provides opportunities for continued expansion. Increased student numbers bode well for future growth as returning students re-enrol in further academic years of study.

Three revamped Vega and DSSA campuses opened in 2015 and enrolments for their Honours programmes grew by 22%.

The Independent Institute of Education (IIE) now has 91 accredited qualifications, which include 11 qualifications accredited for distance learning. This enables the Tertiary division to reach new markets and provide affordable quality education to significantly more students. Almost 25 000 students are now supported on the Student Academic Management System, with approximately 11 000 students having access to ADvTECH's "IIELearn" Learning Management System. These systems form the foundation for the Group's technology enabled education strategy.

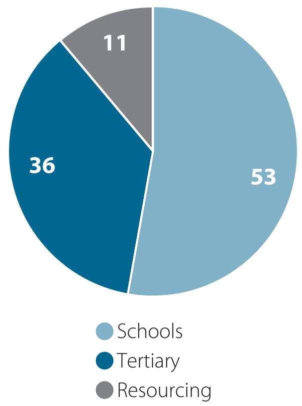
The IIE also launched an innovative qualification verification tool called IIEMarque. The first of its kind in South Africa, this application allows prospective employers to instantly verify academic qualifications and for students to present their CV's and relevant personal information in an innovative and effective manner.

The focus on employability remains a strong driving force within our brands. The IIE's World of Work initiative plays an important role in preparing graduates for the job market by providing workplace readiness skills and training. During 2015 Rosebank College, through our Graduate Placement Project, successfully placed 2 158 students in first time employment.

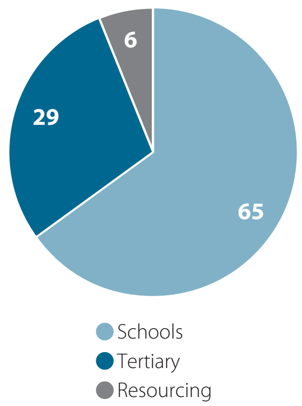
Resourcing division

Despite the unemployment rate increasing to 25.5% in the third quarter of 2015, the Resourcing division performed exceptionally well due to the continued focus on placing suitably qualified candidates with specialist skills. This niche focus was extended with the acquisition of a majority stake in Contract Accountants, a boutique specialist financial recruitment agency based in Cape Town. The recent acquisition of a majority stake in CA Global Group heralds an exciting new phase of expansion into other African markets. CA Global specialises in placement areas complementary to ADvTECH Resourcing, with approximately 90% of their recruitment activities taking place in the rest of Africa. This will position ADvTECH

DIVISIONAL CONTRIBUTION TO GROUP REVENUE (%)



DIVISIONAL CONTRIBUTION TO GROUP OPERATING PROFIT (%)



CEO's report continued

Resourcing as a driving force in the African market by delivering expansion into new geographies along with the ability to offer more opportunities in high demand, niche recruitment areas.

Growth and innovation

The acquisition of the Gaborone International School in Botswana represented a first step towards our expansion into Sub-Saharan Africa, and the school is performing beyond our expectations. After assessing the sustained structural change on our continent including urbanisation, demographic and Gross Domestic Product (GDP) growth, we believe that good opportunities exist in other African countries. The Group is cautious when evaluating opportunities and mindful of the harsh lessons learnt by other South African companies doing business in some African countries. We therefore observe and learn from these lessons and utilise our proven risk and opportunity assessment methodology when considering potential opportunities. We believe that entering into the correct local partnerships will mitigate the risk associated with ventures of this nature.

The Group has plans for the organic growth of our existing footprint, combined with astute evaluation of other opportunities for acquisitive growth. We are pursuing opportunities to extend and grow our ambitions in the distance education space through the addition of new qualifications and potential business acquisitions. Our Tertiary brands have worked hard to identify their unique identity with an associated value proposition. This is then followed by the roll out of focused marketing activities to increase brand awareness and attract students to our institutions.

A variety of blended learning processes are being implemented in our Tertiary institutes to provide affordable learning opportunities and improve the quality of education. Our digitally-enabled Rosebank College campus in Polokwane is an example, where blended learning is applied as a mechanism in an area with infrastructure constraints. We are excited about the potential that the appropriate use of technology has to offer us and our students.

In our Schools division, we continuously investigate the learning opportunities offered by the appropriate and effective use of technology. Using digitised curriculum and support content, affords us the opportunity to adapt the digital strategy for each schooling phase. The Group will continue investigating ways of building adaptable, sustainable business models that allow for increased student access, while retaining an uncompromising commitment to quality, and generating returns for shareholders.

We are looking at creative and innovative ways to deliver better education solutions with a more effective use of our capital and other resources. Advancements in technology allow us to think differently and potentially can provide an exciting framework for affordable, quality education which is accessible to a greater proportion of students in our Country.

In addition to these investigations the Group has assisted some 9 965 students to attain access to quality education with bursaries that have a value in excess of R100 million.

Our people

Our substantial growth ambitions require not only adequate financial resources but the right blend of people and skills. Our ADvTALENT programme is designed to ensure that people with the appropriate skills, knowledge and competencies are placed or advanced to the right roles to ensure the success of our operations. The programme has three components, namely Management Development, Leadership Development and Executive Development. It aims to systematically close the gap between the talent we have and the talent we need to implement our strategic goals. A structured Mentorship Programme ensures that our people are supported in achieving their career goals.

Once again we received the Silver Service Excellence Seal in the Deloitte Best Company to Work For Survey. We also participated in the Top Employers Institute's process for certification as a Top Employer. The Top Employers Institute, headquartered in the Netherlands, is a global institution that certifies excellence in the conditions employers create for their people. This process has not only given us insight into the areas where we perform well, but also provided valuable guidelines for areas in which we can improve. We look forward to engaging with our staff in the coming year to ensure that ADvTECH remains an employer of choice, both in word and deed.

Prospects

The Board and management have agreed to a stretch target of 100 cents per share normalised earnings by 2018. Given approved investments and the new opportunities identified and being pursued, the Board believes this is achievable

Schools Capacity – end of February

	February 2014	February 2015	**February 2016**
Students Enrolled ('000)	13.5	23.7	**25.1**
Existing Building Capacity ('000)	16.0	28.2	**29.9**
% Existing Building Capacity Utilised	84%	84%	**84%**
Ultimate Potential Site Capacity ('000)	20.5	35.4	**38.0**
% Ultimate Potential Site Capacity Utilised	66%	67%	**66%**

provided there is no significant deterioration in the operating climate.

The successes achieved during the year in review have highlighted the value of ADvTECH's strategy of long-term sustainability based on quality and the pursuit of excellence.

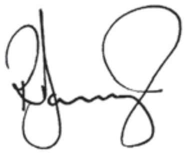
Looking ahead, the Group will continue to implement its growth plans, with carefully considered acquisitions and greenfield projects in South and sub-Saharan Africa. The positive enrolment numbers reported in our Schools and Tertiary divisions justifies our investment plan. The strength and depth of management enabled the Schools division to rapidly and effectively assimilate the recent large acquisitions. It continues to offer consistently improved academic and management support to the existing and new brands. The market-leading Learning Management System has given the Tertiary division capacity to extend its footprint to reach new student markets and geographies using the power of technology.

The Resourcing division will maintain its focus on niche recruitment and will expand its offerings to include innovative ways of meeting client needs in the temporary and permanent placement markets in South Africa and Africa.

The Divisions have shown positive performance trends that augur well for further growth in 2016. With a strong foundation in place and further investments expected, Group shareholders can look forward to continued growth as prospects have been considerably enhanced.

Appreciation

It is a privilege to work with the excellent people at ADvTECH as we move into the next phase of our expansion. I want to thank my predecessor, Frank Thompson, for all he did in building the business into the success it enjoys today and for the lessons we have all learnt from him. I wish him the very best for the future. I am inspired by the talented people in our business and excited by the opportunities ahead of us. We will need to remain responsive to a dynamic operating environment which will undoubtedly provide us with many challenges, however I am optimistic that we will prosper and excel without compromising our relentless focus on academic excellence and creating value for all our stakeholders.



RJ Douglas
Chief Executive Officer

IN CLOSING, OUR PEOPLE ARE THE HEARTBEAT OF OUR ORGANISATION. WE ARE FORTUNATE TO HAVE A TEAM OF HIGHLY QUALIFIED INDIVIDUALS, ALL WITH A PASSION FOR EDUCATION OR RECRUITING. IT IS OUR AIM TO CONTINUE TO WORK HARD TO MAKE ADvTECH A GREAT COMPANY, FOR WE WILL CONTINUE STRIVING TO ATTRACT AND RETAIN THE KIND OF PEOPLE THAT MAKE OUR ORGANISATION A SUCCESS.

Financial Director's report

Didier **Oesch** /// Group Financial Director

THE ADvTECH GROUP CONTINUED TO DELIVER ON ITS STRATEGIC PRIORITY OF ACCELERATED GROWTH AND EXPANSION DURING THE 2015 FINANCIAL YEAR. STRONG PERFORMANCES FROM THE SCHOOLS, TERTIARY AND RESOURCING DIVISIONS LED TO A SOLID SET OF FINANCIAL RESULTS.

The most noteworthy development for the year under review is the R1.7 billion of investments, both through acquisitions and capital expenditure, made across the Divisions which necessitated a change to our funding structure.

Review of Group results

Revenue growth of 40% to R2.7 billion (2014: R1.9 billion) was achieved by strong performances in all three divisions. The Schools division improved revenue by 57% through good organic growth while also benefitting from the significant acquisitions concluded during the year. The Tertiary division's revenue increased by 19% as they continue to grow enrolments. The 53% increase in revenue by the Resourcing division was achieved by enhancing their market share, mainly due to acquisitions.

Strong revenue growth enabled the Group to benefit from economies of scale and improved efficiencies resulting in operating profit increasing by 75% to R448 million (2014: R256 million) and operating margins improving from 13% to 17%. The Schools division achieved efficiencies by integrating the acquisitions without having to add costs to their head office structure. In addition, the impact of recently opened schools moving up through the j-curve resulted in an 85% increase in the operating profit for the Division. The Tertiary division increased operating profit by 60% as the improved enrolments allowed for better utilisation of their facilities. The Resourcing division improved operating profits by 60% due to their enhanced placement productivity and effective cost management. They also enjoyed the benefits of their acquisitions for the last few months of the year.

The significant investments made during the year were funded mainly through borrowing facilities resulting in finance costs increasing to R120 million (2014: R9 million). This, together with the increased taxation charge, tempered the growth in profit for the year to a still very solid 35%. The earnings per share increase of 25% to 50.2 cents (2014: 40.2 cents) reflects the increase in the weighted average number of shares in issue resulting from the rights offer, the bonus element of the rights offer and the part payment of the Maravest acquisition in shares.

Notably, all the earnings increase for the year was delivered in effect by organic growth, as the interest cost arising from the acquisitions offset the operating contribution they made.

Investments

The Group's commitment to achieve its strategic goal of growth and expansion provided the impetus for significant acquisitions which were finalised during the year in review. This, together with the capital expenditure in the year has resulted in significant growth in student capacity and numbers, especially in the Schools division. The Group seeks to acquire businesses that complement its core operations and enables growth in the markets within which it operates.

The total investment amount of R1.7 billion increased capacity by 39%. Worth noting is that half of the Group's entire capacity has been added in the last 5 years as the expansion programme gains momentum.

The elements that constitute the major activities in the Group's investment programme are summarised below.

Investment	R'm
Acquisition of the Centurus Colleges	699
Acquisition of the Maravest Group	497
Other schools acquisitions	80
CA Global, Africa HR Solutions and Contract Accountants	41
Capital expenditure	406
Total	**1 723**

These acquisitions have yielded a significant acceleration in enrolments adding 10 000 additional students to the Schools division.

The main components of the capital expenditure programme were the acquisition in the Tertiary division of a building in Braamfontein to be used as a mega-campus by Rosebank College, and increasing the capacity in the Schools division. Additional sites were also acquired for future development of schools. Through the acquisitions and this capital expenditure the capacity of the Schools division's has almost been doubled and it is now able to accommodate 30 000 students. Investments are planned to increase existing sites' capacity to accommodate a further 8 000 students, and to develop new sites which will create capacity for an additional 14 000 students by 2020.

Working Capital and Cash Flow

The Group has an inherently negative working capital model due to fees being payable in advance while most costs are payable in arrears. Good working capital management, together with the impact of the acquisitions, has led to negative working capital increasing to R373 million at year-end (2014: R281 million). This was achieved by trade receivables only increasing by 26% compared to growth in revenue of 40%, together with fees received in advance increasing by 32% to R276 million and the improved utilisation of creditor facilities.

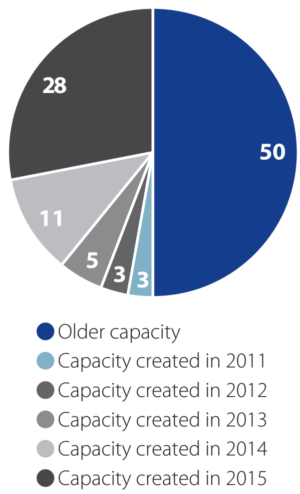
Free operating cash flow before capex grew by 72% to R338 million and amounted to a 150% cash conversion of earnings. Cash generated by operating activities increased by 95% to R558 million, and together with financing inflows of R1.2 billion, has enabled the payments of investments and capex of R1.3 billion, financing costs of R120 million, taxation of R98 million and dividends of R117 million.

Optimising the capital structure to support the accelerated investment programme

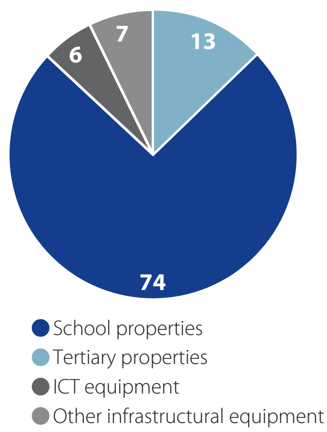
Our accelerated growth strategy, comprising acquisitions and the existing capital investment programme led to a reassessment of our funding structure.

Due to uncertainty regarding the conclusion of certain acquisitions, it was necessary to use short-term banking facilities to fund them. With the subsequent conclusion of the acquisitions we were able to implement a more flexible and longer-term capital structure, which would enable the Group to pursue accelerated growth opportunities in the most efficient way.

CAPACITY AND YEAR OF DEVELOPMENT 2015 (%)



INVESTMENT PROGRAMME (%) 2011 – 2015 Infrastructural investments made (R2.3 billion)



FD's report continued

Following the successful rights offer which raised R850 million late last year and the finalisation of new long-term funding agreements for facilities totalling R1.5 billion, the Board believes that ADvTECH is now appropriately geared and has sufficient headroom to fund new projects and acquisitions. Net borrowings have reduced to R1.2 billion, which equates to approximately two times EBITDA while gearing has reduced to 51%.

The restructured statement of financial position, together with the Group's inherently strong organic cash flow which is expected to increase in line with earnings growth, positions the Group well to fund its existing investment programme and enables it to consider significant additional growth opportunities while keeping an appropriate level of gearing, to leverage an improved return for shareholders.

The Group is well within covenants at year-end and has sufficient financial capacity to continue with its expansion strategy.

Dividends

The Group has declared a final dividend of 17.0 cents (2014: 15.0 cents) per share which together with the interim dividend of 12.5 cents (2014: 11.0 cents) per share brings the total dividends for the year under review to 29.5 cents (2014: 26.0 cents) per share.

In determining the level of dividend, the Directors have considered the funding required to roll out the Group's investment programme while maintaining an interim and final dividend. Taking this into account, and after careful consideration of the cash-generative characteristics of the Group and the current debt levels, the Directors believe it prudent to increase the dividend cover. The dividend payout ratio has therefore been increased to 1.8 (2014: 1.6) times relative to normalised earnings.

Appreciation

I would like to thank our shareholders and funders who have provided the means and support for us to carry out our expansion programme.

Didier Oesch
Group Financial Director

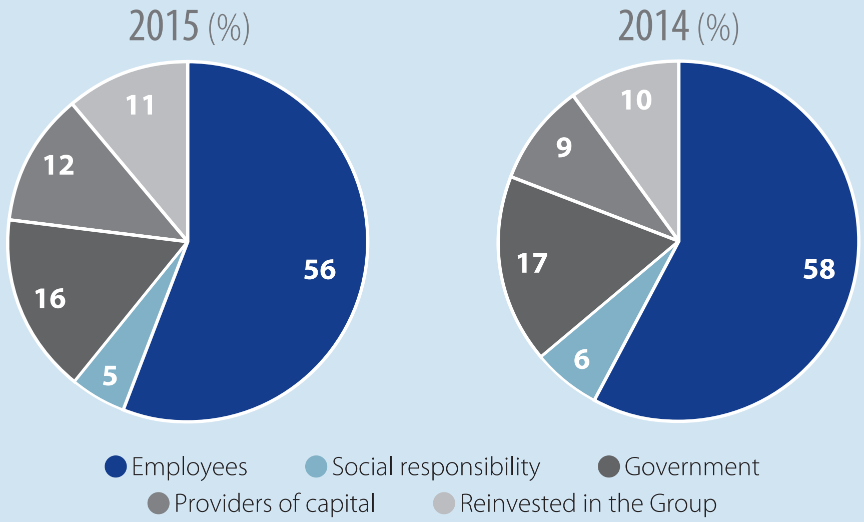
I WOULD ALSO LIKE TO THANK THE FINANCIAL STAFF ACROSS ALL THE DIVISIONS IN THE GROUP FOR THEIR COMMITMENT TO ACCURATE AND RELEVANT FINANCIAL REPORTING. YOUR DILIGENCE AND COMMITMENT IS CRITICAL TO OUR ABILITY TO PROVIDE HIGH QUALITY INFORMATION THAT INFORMS THE DECISION-MAKING OF MANAGEMENT, THE BOARD AND OUR STAKEHOLDERS.

Value added statement

for the year ended 31 December 2015

	2015 R'm	2014 R'm
Value added		
Revenue	**2 707.7**	1 931.8
Interest received	**7.1**	2.8
Cost of providing services	**(682.7)**	(552.9)
	2 032.1	1 381.7
Value distribution		
Employees		
Net benefits paid to employees	**1 137.7**	805.3
Social responsibility		
Corporate social investment and bursaries	**103.3**	84.2
Government	**330.5**	230.6
Government taxes	**104.4**	82.0
Net VAT paid/(received)	**23.3**	(4.7)
PAYE	**202.8**	153.3
Providers of capital	**243.9**	117.6
Finance costs	**126.8**	11.9
Distributions to shareholders	**117.1**	105.7
Reinvested in the Group		
Retained to sustain and grow the Group	**216.7**	144.0
	2 032.1	1 381.7

VALUE DISTRIBUTION



Schools division

THE SCHOOLS DIVISION GREW FROM 13 541 STUDENTS IN 2014 TO 23 721 STUDENTS ENROLLED ACROSS 76 SCHOOLS AT FEBRUARY 2015.

CrawfordSchools
Pre-Primary · Preparatory · College

TRINITYHOUSE
Pre-Primary • Preparatory • High

CENTURUS colleges

THE PHENOMENAL GROWTH OF THE SCHOOLS DIVISION BEARS TESTAMENT TO THE CONTINUED DEMAND FOR PRIVATE EDUCATION IN SOUTH AFRICA, AS WELL AS THE VALUE THAT FAMILIES CONTINUE TO DERIVE FROM HAVING THEIR CHILDREN ATTEND AN ADvTECH SCHOOL.

The Schools division grew from 13 541 students in 2014 to 23 721 students enrolled across 76 schools at February 2015.

Divisional highlights

3 137 **DISTINCTIONS**

AN AVERAGE OF 2 **DISTINCTIONS PER STUDENT**

3 STUDENTS ACHIEVED **10 DISTINCTIONS**

11 STUDENTS ACHIEVED 9 DISTINCTIONS

32 STUDENTS ACHIEVED **8 DISTINCTIONS**

51 STUDENTS ACHIEVED 7 DISTINCTIONS

56 STUDENTS ACHIEVED **6 DISTINCTIONS**

ABBOTTS COLLEGE Senior High School

MARAVEST

ADvTECH Academies

Junior colleges

Performance highlights

Revenue for the Division was up 57%, primarily due to acquisitions, while our existing schools performed well with organic growth meeting expectations. In 2015, 1 728 students from Abbotts College, ADvTECH Academies, Centurus Colleges, CrawfordSchools™, Maragon and Trinityhouse wrote their Matric examinations and achieved a 99% pass rate.

Depending on the examination system used by their school, our Matric students wrote the National Senior Certificate through either the Independent Examinations Board (IEB) or the Department of Basic Education at the end of 2015.

Strategy

Each ADvTECH School has an individual strategy which is informed by the Brand, Divisional and overall Group strategies. Ensuring that each school remains true to its own set of values, while taking care to execute its goals within the ambit of the broader Group strategy requires careful planning and regular interaction between the individual schools, the Divisional managers and Group executives. It is pleasing to note that ADvTECH has done well to ensure that our schools maintain their individuality, while playing an important collaborative role in the Group's successful implementation of its strategic priorities.

The Schools division's goal is to develop a nurturing environment of innovation and academic excellence, resulting in a balanced and confident child who is able to identify and embrace personal growth opportunities, both now and well into the future. This is why we evaluate not only the most obvious measure of success (Matric pass rates), but also what happens to our students beyond school and graduation.

In July 2015, a Schools division Strategic Conference was held, where all existing and new school brands were represented. Valuable insights were provided which will contribute to setting and achieving future strategic goals. The Schools division will continue on its growth trajectory, with current enrolment numbers forming the base for the accomplishment of the Division and Group's growth strategy.

Promoting academic excellence and innovation

The Schools division has a set academic strategy, which at its core has the development of curricula and teaching methods that align with each brand's ethos and culture, whilst ensuring the right outcomes are achieved for our students.

Schools division continued

With more employers looking at the holistic abilities of job applicants, it becomes more important than ever to apply teaching methodologies that are focused on creating a well-rounded individual, who is able to make a meaningful contribution to society.

We abide by the saying "We learn not for school, but for life" and therefore measure the performance of our schools in terms of their ability to ensure that our students master essential life skills. The World Economic Forum recently released its list of the Top 10 skills required in the workplace for 2015 and how it anticipates these will change by 2020 (available on www.weforum.org). It estimates that five years from now, over one-third of skills (35%) that are considered important in today's workforce will have changed. We believe that monitoring the skills required and integrating them into a fundamental learning curriculum will ensure that our students are well equipped for their future in a rapidly changing workplace.

TOP 10 SKILLS FOR THE WORKPLACE

in 2015	in 2020
1. Complex Problem Solving	1. Complex Problem Solving
2. Coordinating with Others	2. Critical Thinking
3. People Management	3. Creativity
4. Critical Thinking	4. People Management
5. Negotiation	5. Coordinating with Others
6. Quality Control	6. Emotional Intelligence
7. Service Orientation	7. Judgment and Decision Making
8. Judgment and Decision Making	8. Service Orientation
9. Active Listening	9. Negotiation
10. Creativity	10. Cognitive Flexibility

Source: Future of Jobs Report, World Economic Forum

This approach follows through into the three key elements of curriculum development:

> Firstly, the assessed curriculum, as outlined by the respective assessment body (Independent Examinations Board or the Department of Basic Education) which forms the basis of instruction and is taught and assessed in a manner that promotes both collaborative and independent learning;

> Secondly, schools have a conscious approach to the habitual promotion of life skills such as self-management, interpersonal mastery and research and thinking skills which are not formally assessed; and

> Thirdly, there is formal supplementation of both through enrichment and/or support and remediation as needed.

All three elements are integrated from Grade 000 to Grade 12 in a manner aligned with the strategy and style of that particular school or group of schools.

OUR CONSTANT RESEARCH INTO PEDAGOGY INDICATES AN EVOLUTIONARY SHIFT TOWARDS THE INCLUSION OF MORE SOCIOLOGICAL INSTRUCTION METHODS, COUPLED WITH EXISTING FUNDAMENTAL INQUIRY-BASED TEACHING.

As an example, students are posed with a social problem and asked to investigate the causes of the problem and come up with possible solutions. This lesson may be followed by practical work to apply the most feasible solutions, so that students can experience first-hand the practical aspects of their theoretical work. Solutions are sought through a combination of collaborative work and individual assignments, and the result of their work is shared with a wider audience (e.g. the entire grade or a specific group of grades in the school). A variety of teaching methods and learning tools are employed in this form of teaching which results in an increased measure of transliteracy – a student's competency in, for example, digital, visual, spatial, print and media literacy.

THE TABLE BELOW REFLECTS THE DIFFERENCES BETWEEN TRADITIONAL TEACHING METHODS AND TEACHING THAT IS GEARED TOWARDS IMPARTING CORE 21ST CENTURY SKILLS.

Traditional education system using existing curriculum structures	**Education led by 21st century core skills**	**Learner skills acquired through 21st century core skills teaching methods**
Teacher gives the students information and tells them what it means while they sit quietly in their chairs.	Teacher facilitates, but the students find the information and use their whole bodies and minds to explore, experiment and navigate information to construct meaning.	The self-management requirements that are inherent to this teaching style teach students **reflection and organisation skills** and how to manage their **emotional responses** towards learning, their peers and their teacher.
Uses only paper and pencils.	Paper and pencil learning is enhanced by technology and other multi-media.	Students' research ability is enhanced, and **media and information literacy** become core skills.
Learning is isolated – the student is alone in his understanding, or lack thereof.	Learning is collaborative, through peer review, group projects, joint discussion, and fact-finding activities.	**Social and collaborative skills,** including negotiation and people management, are taught.
There is only one correct way to find the answer.	Students and teachers work together, using principles like content-mapping and self-inquiry to explore other ways of finding the answer.	Through this method of learning, students learn the **critical thinking skills** that will enable them to analyse and solve complex problems.
The answer is the most important aspect of the lesson.	The question is most important – without it, there cannot be an answer. Students find creative ways to inquire and find answers to their questions.	Students gain **creative thinking** skills.
Teaching methods remain the same over a number of years.	Teaching methods are flexible enough to be adapted to the changing needs of the working world.	Students learn resilience, and the **cognitive flexibility** to spontaneously restructure knowledge in an adaptive response to changing situational demands.
The student's impact on society is not a major consideration.	Students are actively taught to use their skills and abilities to solve real-world problems.	Students have the ability to use their acquired skills (cognitive thinking), affective (emotion/feeling) and psychomotor (physical) to render acts of **service to society.**

Schools division
continued

The ongoing professional development of our staff remains a critical part of our ability to provide quality education to every student. The Division hosts frequent networking events such as regional subject/phase-related meetings and Group conferences, where best practice principles are shared. Other digital forms of knowledge sharing, like blogs, are growing in popularity. During 2015, a total of 548 teachers benefitted from 119 formal training sessions. These covered a range of topics, including Paradigm Shift Teacher Training, Sensory play for Pre-schoolers, Disorders and Barriers, and Effective Teaching Methods.

Another integral component of our commitment to academic excellence is local and international benchmarking assessments. Grade 4, 6, 8 and 10 students at CrawfordSchools™, Centurus and Trinityhouse write the Schools International Assessment Test (SIAT). CrawfordSchools™ Grade 12 students write the Victoria Curriculum Assessment Authority (VCAA) assessment. These assessment tools provide useful feedback regarding students' performance in specific learning areas, as measured against international standards. We are also exploring new ways of assessing a student's holistic skills level, which includes their ability to collaborate and employ critical thinking skills. There are exciting developments both locally and internationally in methods of assessment and we look forward to finding the best method to serve our goal of equipping young people for life.

Growth and expansion

2015 was Gaborone International School's first year of operation as an ADvTECH school. This exciting acquisition was our first step into other areas in Africa and we are exceptionally pleased with the school's performance over the past year.

Founders Hill College opened its doors during January 2016, while the acquisition of another three schools (Summit College Pre-Primary, Summit College Primary and Summit College High) took effect on 1 January 2016.

The largest acquisitions for 2015 were the Centurus Colleges and the Maravest Group. Centurus Colleges comprises the well-known schools, Pecanwood College, Southdowns College and Tyger Valley College, each with a Pre-Primary, Primary and High School and outstanding reputations for academic excellence. These schools boast state-of-the-art facilities including swimming pools, multi-purpose fields and laboratories. Two of the three sites have boarding facilities. The Pecanwood College in particular represents a very successful model for boarding practices, which we hope to replicate successfully in selected schools within the Division. The acquisition of the Centurus Colleges added 3 244 students to our student population.

The Maravest Group acquisition added 4 445 students to the Division and the schools in this group align well with ADvTECH's focus on quality education. These schools are well equipped to suit the needs of their targeted student population. Maravest also has a management contract with the Edendale School, which presents a particularly exciting opportunity for the ADvTECH Group, as it will give us an opportunity to learn valuable lessons about managing a school in the lower-fee environment.

548

TEACHERS BENEFITTED FROM 119 FORMAL TRAINING SESSIONS

The Maragon Olympus campus in Pretoria offers schooling priced in the mid-fee range. This school is one of the pioneers in South Africa in offering a blended learning curriculum within the paradigms of school, as well as an extensive extra-curricular timetable.

The Charterhouse School, which also forms part of the Maravest Group, has a Pre-Primary and a Primary School. The schools follow the Cambridge system of education and the Primary School was voted the top Cambridge Primary School in South Africa during 2014 and again in 2015.

Kathstan College, another acquisition that came into effect during 2015, has been providing quality education since 1988. Its values align perfectly with the Group's ambitions and therefore this addition to our ADvTECH Academies brand fulfils an important role alongside the other outstanding schools in the Division.

Thanks to an extensive on-boarding process, the transition of these schools to ADvTECH has been smooth. We are thankful to the staff and teachers of the new schools, who embraced the opportunities presented by becoming part of the ADvTECH Group.

Trinity Heritage Hill

Innovation in playground safety

The physical safety of our teachers and students is of critical importance. In addition to the mandatory occupational health and safety assessments required by the Department of Basic Education upon registering a school, the Division has a robust safety programme.

Playground equipment encourages social, co-operative and collaborative skills in children whilst promoting general fitness. Developing the child's core muscles is important for the sitting posture and ability to concentrate on academic tasks. Children also develop the ability to cross their midline, improve planning skills and develop visual accommodation. All these tasks are essential to the learning process.

During 2015, we worked with the Playground Safety Institute of South Africa to assess our school playgrounds and identify areas of improvement. As far as possible our playgrounds now have the South African National Standard (SANS) requirements for playgrounds incorporated into their design and layout. These same standards will be applied when assessing and improving the playgrounds of the newly acquired schools in the Division. We have scheduled staff training with the Playground Safety Institute of South Africa for 2016.

OUR BRANDS

OUR TEACHERS ARE COMMITTED NOT ONLY TO TEACHING THE DAY'S LESSON, BUT TO CHANGING THE LIVES OF THEIR STUDENTS IN A WAY THAT WILL HAVE A LASTING POSITIVE EFFECT ON THE STUDENTS AND ULTIMATELY, SOCIETY AS A WHOLE.

The brands within the Division are committed to having a staff complement that is a true reflection of the communities within which they operate. Teachers are role models and it is critical that we mirror the diversity of society in our teaching profile. Our Student Teacher Bursary programme largely supports students from demographic groups currently underrepresented in our schools. During their period of study the Training and Development team match the needs and interests of particular schools with specific students resulting in effective matching and good retention after graduation. In January 2016, we enrolled additional students onto this programme to ensure an ongoing supply of new teachers for our schools.

STUDENT TEACHER BURSARY PROGRAMME

TOTAL STUDENT COMPLEMENT **52**

Schools division continued

CrawfordSchools™

The well rounded Pre-Primary, Preparatory and College students at CrawfordSchools™ are the product of personal yet highly professional attention paid to every child, every day.

OUR 2015 MATRIC STUDENTS HAVE DONE US PROUD BY ACHIEVING A

100%

PASS RATE

THREE CANDIDATES, ONE FROM CRAWFORDSCHOOLS™ LA LUCIA AND TWO FROM CRAWFORDSCHOOLS™ SANDTON, OBTAINED **10 DISTINCTIONS.**

The CrawfordSchools™ brand is a premium brand, associated with excellence in academic, sport and cultural activities. The innovative and agile nature of the CrawfordSchools™ model allows the brand to maintain the balance between Sciences and the Humanities while catering for the changing aspirations and requirements of students and their families academically, socially and in terms of sport.

Our greatest measure of success still lies in the number of students who leave a Crawford school and go on to pursue a successful tertiary and professional career. Our "Old Crawfordians" alumni publication continues to excite and inspire our current students. For example the success achieved by one of our students who was supported through a bursary programme and has now gone to Harvard on a full scholarship reinforces what can be achieved. Read his story on our website www.advtech.co.za

By remaining in touch with our successful alumni the brand is able to monitor the success of its approach and ensure it stays a unique and proudly South African school, delivering on its brand promise "Every Child a Masterpiece".

The continued advancement of our Information and Communications Technology (ICT) project has been met with enthusiasm by both teachers and students. Our teachers attended various training sessions this year, to help them understand how best to apply technology in the context of the classroom.

We have identified new sites for expansion over the next seven years, as the majority of our existing sites are at or near capacity. The new sites will be developed at the appropriate time. We will further develop our Crawford Italia school, as student growth has necessitated its expansion.

Trinityhouse

Trinityhouse is founded on a strong Christian ethos and time honoured traditional values and comprises Pre-Primary, Preparatory and High schools. Its students are offered a healthy balance of academic, sports and cultural activities within a structured, secure and disciplined environment.

A REPUTATION FOR ACADEMIC AND SPORTING EXCELLENCE ARE THE MAIN REASONS WHY MANY OF OUR PARENTS SEND THEIR CHILDREN TO A TRINITYHOUSE SCHOOL.

OUR 125 RANDPARK RIDGE MATRICULANTS ACHIEVED A

99%

PASS RATE IN THE 2015 IEB WITH 221 DISTINCTIONS

On the academic front, we are in the process of devising a core skills curriculum, which also includes an integrated sport curriculum (to involve all pupils in sporting activity, as opposed to only the top athletes being physically active). At Little Falls Preparatory, one student represented the under-10 All Stars team at the under-10 Chess Championship held in Cape Town, winning four of his seven rounds. At Randpark Ridge High, the first rugby team were champions in the medium schools section of the Beeld Cup for the fifth year in a row. The school also maintained their position in the co-ed swimming A-league.

Our Trinity Singers (the Randpark Ridge High school choir) continue to do well, and our marimba band is gaining popularity with students.

The first phase of the Little Falls High School building was completed in 2015 and opened in 2016, which alleviated the pressure presented by increased enrolments, as the high school and primary school previously shared one facility. Additional classrooms and ablution facilities are being added at our Palm Lakes Campus.

We have taken more definitive steps towards successfully integrating technology into our schools, with Trinityhouse Little Falls High School piloting the use of the Star Schools Galaxy box during 2015 and 2016. The school is also using Google Classroom and is successfully integrating it into the existing teaching curriculum. We will focus strongly on improving the ICT infrastructure in our schools, to upgrade and enhance our ability to incorporate the use of technology into our lessons.

We are looking forward to our first group of Matriculants writing their IEB examinations at the Little Falls High School during 2016.

While our student population represents the diversity of the communities that they serve, an ongoing area of focus is intensifying our transformation efforts at a teacher and management level.

Schools division
continued

Centurus Colleges

CENTURUS colleges

99%
PASS RATE
214 DISTINCTIONS

Centurus Colleges is a family of three independent, combined, co-educational schools providing superior education services for children of varied abilities.

THE CENTURUS COLLEGES ARE AN EXCITING ADDITION TO THE SCHOOLS DIVISION'S PREMIUM BRAND OFFERING.

The three sites within the brand, namely Pecanwood College, Southdowns College and Tyger Valley College, are all built around a traditional Christian ethos and values coupled with a holistic approach to education. These schools write the IEB examinations.

In a great sporting year, students from all three Colleges achieved Regional or National colours in a variety of sporting disciplines including hockey, equestrian, golf and judo.

Our schools have established strong links with the families who send their children to our Colleges. Their opinions of our schools and the standard of education we offer remains an important consideration for us. In an encouraging indication of our parents' high regard for our schools, Southdowns College was ranked the highest overall among the private schools in the Tshwane Municipality, winning a Diamond Arrow award in the Professional Market Research (PMR) Africa awards. Our schools are all situated in beautiful surroundings and share a commitment to ensuring that we do not negatively impact our natural environment. Both Pecanwood and Tyger Valley Colleges have earned platinum flags as certified eco schools.

Our bursary structure, administered through the Izzi Trust, ensures that there is access to the schools for deserving students who are not able to afford the fees. We will work to ensure that our bursary offerings are sustainable and refine them to make sure that they continue to be awarded to impact positively on the school and society.

Our Colleges all have individual identities, but we continue to work on ensuring that they have a single, strong brand identity. We will augment our transformation practices during 2016 to add to our existing internship teaching programme, which develops a valuable pipeline of trained talent.

Abbotts College

ABBOTTS COLLEGE
Senior High School

Abbotts College focuses on the final years of schooling and caters for Grade 10 to 12 students.

THE COLLEGE RECOGNISES THE INDIVIDUAL NEEDS OF ITS STUDENTS AND HELPS THEM TO DEVELOP THEIR FULL ACADEMIC POTENTIAL IN AN INCLUSIVE, CARING AND FOCUSED ENVIRONMENT.

Abbotts College has a unique approach to education, underpinned by an understanding that the final and critical phase in a child's education will shape and determine their future. The Colleges produced solid results in 2015: 98% of the 567 Matric students are eligible for higher education studies.

OUR MATRICS EARNED A TOTAL OF

580
DISTINCTIONS

We embarked on a pilot project in our Johannesburg South Campus to enrol Grade 8 and 9 students in 2016. This presents an exciting opportunity to introduce the Abbotts ethos, practices and impact to students at the start of their high school career, which gives them an even greater chance at success in Matric. This intervention has been a success and may be rolled out to other campuses.

An exciting development for Abbotts this year was its participation in the SABC "Dream School" project. The programme takes 15 students who have not achieved success in high school for various reasons and, through holistic intervention and support, gets them back on track to complete their Matric. Abbotts College offered academic bursaries to each of the 15 students.

This equates to an investment of R1.6 million over a three-year period (2015-2017). We are working with the Izzi Trust to raise funds for the students' other needs, such as medical, transport and boarding costs, where applicable. The Abbotts brand is proud to be associated with a project that aims to give these students a chance to succeed.

We are exploring the possibility of opening new Abbotts sites and will continue to strengthen our focus on new enrolments of full-time students. Our marketing efforts in other African countries will be expanded and intensified during 2016.

Maravest Group

Maravest includes Pre-Primary, Primary and High schools under the brand names Maragon and Charterhouse School with the focus on excellence in education. The slogan: "Investing in the education of our future", establishes that we can influence the children we have in our classrooms today, but also set them up for the future.

Maragon Private School

2015 WAS THE MARAGON PRIVATE SCHOOLS' FIRST YEAR AS PART OF THE ADvTECH SCHOOLS DIVISION.

It was a busy yet rewarding year for our Schools. We are proud of our staff members, who participated freely in formal and informal discussions about the expectations that they held regarding the inevitable changes that would take place. It has been a great encouragement to us that the culture and ethos unique to each school within the Maragon Private Schools brand has remained unchanged, a fact that instils confidence in our staff, parents and students, who value the overt Christ-centred ethos within our schools.

OUR STUDENTS PRODUCED REMARKABLE IEB MATRIC RESULTS AT THE END OF 2015, WITH A

99%

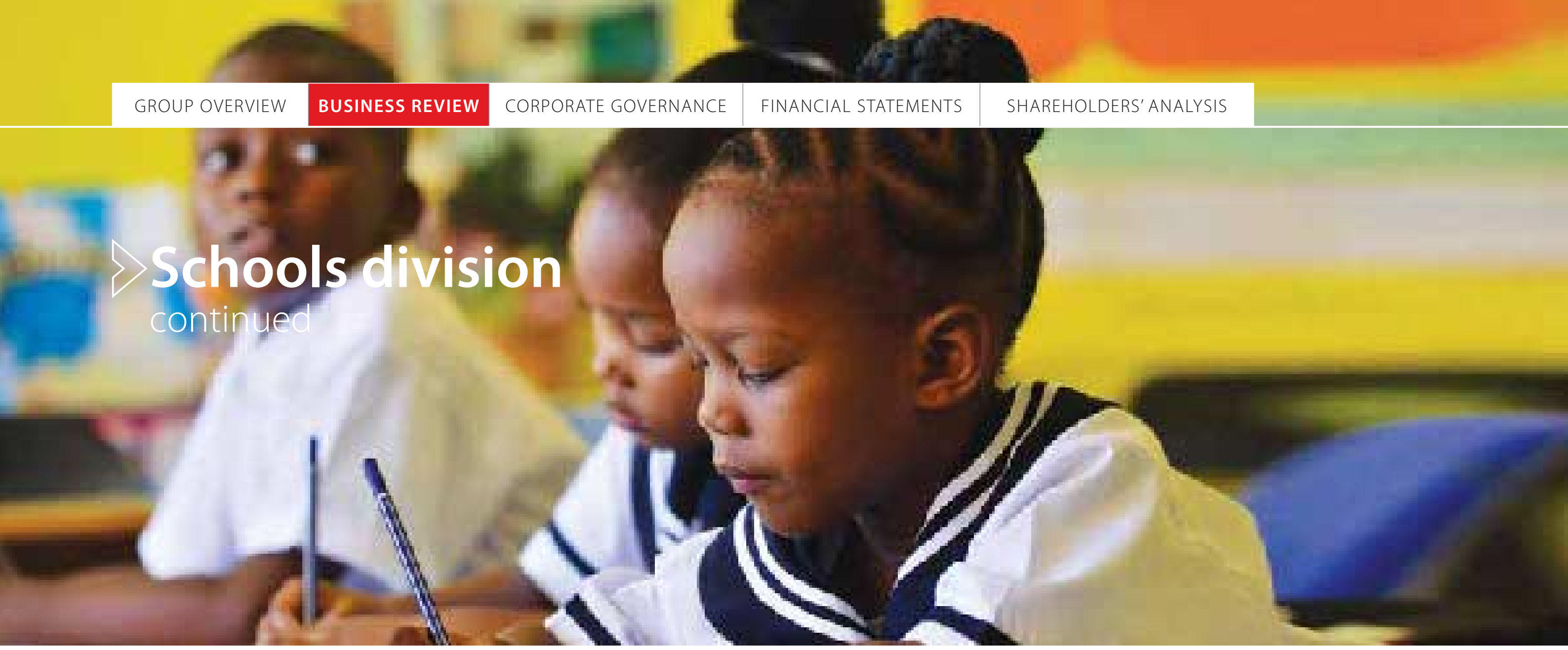
PASS RATE
258 DISTINCTIONS

Growth plans include expanding our brand with new greenfields developments, as well as organic growth of our existing schools.

Sports highlights at Maragon Olympus this year included 10 athletes who were chosen to represent the district team at the Gauteng Championships, and our under-15 rugby team and first rugby team won the Blue Bulls Small School Rugby League. Eight girls from Maragon Ruimsig qualified for the Hockey Southern Gauteng sides.

In our cultural activities, one student from Maragon Olympus was not only elected as the Deputy Mayor of the Junior City Council of Pretoria, but also won the Grade 11 National Public Speaking Competition at the "Radikale Redenaars" competition. A pupil from the Maragon Ruimsig debating team qualified for the National Junior team. A number of students obtained Ambassadors' awards for Speech and Drama.

We also anticipate a greater roll-out of technology in a way that ensures that the use of technology supports blended learning. The Maravest schools have state-of-the-art IT infrastructure in place to support a blended "lLearning" approach to education. "Bring your device" tablet



Schools division
continued

integration is in place at every school, supported by an effective wireless system to ensure instant connectivity which allows access to information as needed, to enhance the overall learning experience. Our teachers are trained to ensure that the technology being introduced in classes remains relevant to the educational goals being pursued in our schools. We continue to find ways of helping our students form a worldview that will one day make them strong, accountable leaders in our country's bright future.

Charterhouse

2015 WAS CHARTERHOUSE PRIVATE SCHOOL'S FIRST YEAR WITH THE GROUP.

With tradition woven into the fabric of Charterhouse, our school is regarded as a living entity of powerful, lasting teaching moments and inspiring achievements.

OUR 2015 MATHS MASTER PLACED IN THE TOP 200 STUDENTS WHO PARTICIPATED IN THE ANNUAL HORIZON MATHS COMPETITION, RANKING IN THE TOP 50 POSITIONS.

The under-13 cricket team played in the annual Panorama Double Wicket Cricket Competition, with the team finishing in second place. A number of our pupils received half colours in gymnastics, karate and indoor hockey. 2015 witnessed the growth of our cultural department, in particular our very own Marimba band and junior choir.

ADvTECH Academies

ADVTECH Academies

ADvTECH Academies is home to multiple schools each with an ethos that reflects the needs of the local community. Each school retains its own identity but benefits from the expertise of the ADvTECH Academies management.

IN ADDITION TO KATHSTAN COLLEGE AND GABORONE INTERNATIONAL SCHOOL, THE FOUNDERS HILL COLLEGE IN MODDERFONTEIN OPENED ITS DOORS AND SUMMIT COLLEGE WAS ACQUIRED IN JANUARY 2016. THIS BRINGS THE TOTAL NUMBER OF STUDENTS IN THE ADvTECH ACADEMIES BRAND TO MORE THAN 3 000.

We are optimistic about the acquisition opportunities presented in South Africa and rest of Africa. Preliminary indications suggest that organic growth of our existing schools will track well during 2016. New schools are being built during 2016, to open in 2017. We've also identified a number of sites planned for development over a seven year period.

Gaborone International School

The Gaborone International School had 73 students write the Cambridge IGCSE (International General Certificate of Secondary Education) exams in 2015.

100%

PASS RATE
187 DISTINCTIONS AND 2.5 DISTINCTIONS AVERAGE PER STUDENT

Our under-16 soccer team were the gold medal winners at the All Botswana tournament, which is affiliated to the ISSSA (Independent Secondary Schools Sports Association). Schools came from as far as Francistown to participate.

Kathstan College

One of the academic highlights for Kathstan was receiving recognition from the Gauteng Department of Education at a prestigious awards ceremony. Kathstan was acknowledged for offering the CAPS (Curriculum Aligned Policy Statement) for the longest period of time.

100%

PASS RATE FOR THE 10th CONSECUTIVE YEAR

Kathstan has a policy of inclusivity which enables academically challenged students to obtain a Matric.

Our High School and Primary School equestrian teams performed exceptionally well throughout 2015, with many of our students being selected to ride for Eastern Gauteng and for Gauteng. Our teams acquitted themselves well in the various disciplines offered by SANESA (South African National Equestrian Schools Association).

Junior Colleges

Junior Colleges is a brand of nursery schools that provide superior quality education and care to children aged from six weeks to six years. We are proud of our rich and nurturing learning environment, which prepares our little ones exceptionally well for their entry into formal education.

Our two new schools acquired in 2014 are fully integrated into the Junior Colleges brand.

JUNIOR COLLEGES SNUGGLES AND JUNIOR COLLEGES TINY TOWN ARE EXCEEDING EXPECTATIONS

We have appointed a designated curriculum co-ordinator, who ensures that our Early Years Foundation Stage (EYFS) curriculum aligns with our children's developmental ages and needs. The curriculum co-ordinator also identifies gaps and needs in training and ensures that our teachers are always well equipped to develop our children to the best of their ability.

We will be introducing a Positive Behaviour Support (PBS) programme into our schools during 2016, which covers areas such as identifying and addressing early problem behaviours, for example disruptive behaviour in social or classroom situations. The programme also provides training on how to implement social skills, identify feelings in oneself and others, relaxation and empathy.

Our Family Bonding events have become very popular in our schools, with parents supporting these days well. Parents are invited to join their children on selected days, to participate in an activity with their children, e.g. gardening, yoga or painting. Other events include the expansion of our popular Junior Colleges Eisteddfod to include music as a category and having teachers and assistants participate in a puppet show competition.

During the year, our staff, children and parents participated in many outreach activities through our Random Acts of Kindness project. Our children baked loaves of bread and handed these "friendship loaves" to children from a children's home; they baked cupcakes and delivered them to the nursing staff and children in children's wards at hospitals. There were clothing drives, pet food collections, blessing bags and fundraising for children with cancer. We are proud of our Junior Colleges community for opening their pockets and hearts and, in so doing, helping us teach our little ones about the importance of generosity and empathy.

We are excited about the future of Junior Colleges, and look forward to enhancing our offering to include more baby centres with modern facilities such as sensory rooms offering a caring and nurturing environment for our very young infants. We are in the process of introducing choirs at all our schools, as well as the systematic implementation of Zulu lessons for children of all ages. Our ongoing commitment to teacher development will see us sponsoring the studies for ten students during 2016. We are proud of the ladies that previously completed their NQF level 5 studies with our assistance – some of whom have gone on to open crèches in their own areas and some of whom have been promoted within our schools to associate teachers and teachers.

Tertiary division

2015 WAS A YEAR OF GREAT SUCCESS FOR THE TERTIARY DIVISION. AFTER A PERIOD OF RESTRUCTURING WE ARE THRILLED TO REPORT A YEAR OF STRONG PERFORMANCE THANKS TO THE HARD WORK AND DEDICATED EFFORT OF OUR PEOPLE.

THE INDEPENDENT INSTITUTE OF EDUCATION | IIE Varsity College | IIE ROSEBANK COLLEGE

THE EFFICIENCY AND QUALITY OF OUR OFFERINGS APPEAL TO PARENTS WHO WANT THEIR CHILDREN TO HAVE THE BEST CHANCE OF COMPLETING THEIR STUDIES IN A SUPPORTIVE ENVIRONMENT CONDUCIVE TO THEIR SUCCESS. ENROLMENT RATES REFLECT THE GROWING TRUST THAT SOUTH AFRICANS ARE PLACING IN ADvTECH'S TERTIARY INSTITUTIONS.

The Tertiary division, with its years of experience in successfully providing quality higher education in the private sector, will continue to meet the ever-growing demand for relevance and quality.

The Division comprises the seven Brands: The Independent Institute of Education (IIE), Varsity College, Vega School of Brand Leadership (Vega), The Design School Southern Africa (DSSA), Rosebank College, Forbes Lever Baker (FLB) and The Business School at Varsity College. The IIE focuses on developing and assisting the brands in offering an education with industry recognised curricula, using the most advanced teaching methodologies aimed at student success.

THE NUMBER OF FULL-TIME STUDENTS GREW FROM **20 113** TO **24 332,** AN INCREASE OF

↑21%

AT FEBRUARY 2015 WITH A TOTAL OF **3 359 STUDENTS GRADUATING IN 2015**

2 924

GRADUATES WERE PLACED IN FIRST-TIME EMPLOYMENT

Pretoria Vega and DSSA Campus

Performance highlights

THE SUCCESSFUL TURNAROUND STRATEGIES IMPLEMENTED DURING 2014 **CONTINUED TO YIELD POSITIVE RESULTS**, WITH AN OPERATING PROFIT INCREASE OF

↑60%

The demand for private tertiary education shows no signs of dissipation, with full-time enrolments for end February 2016 up 20% compared to the same time last year. This instils confidence for another year of growth. The increase in enrolment numbers is an indication of the success of our brands' efforts to identify their specific value proposition and effectively market their products to their appropriate target market.

The Division has 91 accredited qualifications. During 2015, five new qualifications were accredited. These are:

BACHELOR OF COMPUTER AND INFORMATION SCIENCES IN APPLICATION DEVELOPMENT.

BACHELOR OF COMMERCE (HONOURS) IN MANAGEMENT.

BACHELOR OF EDUCATION IN FOUNDATION PHASE TEACHING (GRADES R – 3).

BACHELOR OF EDUCATION IN INTERMEDIATE PHASE TEACHING (GRADES 4 – 7).

BACHELOR OF COMMERCE (HONOURS) IN STRATEGIC BRAND MANAGEMENT.

Eleven qualifications are now also accredited in the distance mode and more are being rolled out over the next three years.

Strategy

The IIE's education brands offer a portfolio of tertiary products that reflect the changing needs of an evolving workplace within a rapidly changing society by offering dynamic, relevant curricula on well-resourced campuses, with a focus on student learning. While the ultimate goal is to achieve a qualification, the IIE is also committed to the development of the student as a person and as such the small classes, student support and the focus on a range of skills result in strong pass rates and the development of citizens rather than just graduates. An uncompromising focus on success is one of the main differentiating factors of the IIE.

We strive to offer value for money. We believe our institutions improve a student's chances of success within

Tertiary division continued

OUR ACADEMIC STAFF SET A QUALITY BENCHMARK IN PRIVATE EDUCATION. AS AT DECEMBER 2015, ADvTECH EMPLOYEES HELD 2 392 DEGREES INCLUDING **44 DOCTORATES AND 421 MASTERS DEGREES**, REPRESENTING A SIGNIFICANT BODY OF INTELLECTUAL CAPACITY AND ACADEMIC LEADERSHIP.

the defined timeframe of study and each brand assists in helping students to start their careers without delay. With the clear understanding of the link between tertiary studies and the world of work, our programmes are designed to incorporate an element of actual or simulated workplace experience or other forms of practical application. In this way we ensure that students are equipped to successfully make the transition from student to employee or even employer.

Focus on academic excellence

The Division is committed to delivering exceptional quality in education. Our reputation in this regard is well-established, but to maintain and grow in excellence requires continuous investment in research, innovation and the implementation of best practice principles. Internet connectivity, access to information, social networks and mobility has changed the context of learning in the 21st century, accelerating the need for information that is relevant and accessible. In line with global best practice, the Division is making the shift away from the more traditional lecturing approach to a more modern, authentic blended learning experience. Through this model, knowledge is constructed instead of transmitted, which results in the development of lifelong skills and workplace competencies. During February 2015, a Learning Management System called IIELearn went live across Varsity College, Vega and Rosebank College, with approximately 11 000 active student users by mid-year. This digital platform for teaching and learning will enhance the operational, academic and student experiences on our campuses.

We continue assessing the IIELearn system by collecting feedback from our students and lecturers regarding their experience with the system. Online questionnaires and focus groups help us to assess the system's effectiveness and identify gaps in learning or operational issues that need to be corrected.

Key to the successful implementation of both systems and the related change management is the careful and considered selection and training of our staff (both administration and teaching staff), who will integrate technological interventions into their business processes or teaching curricula. The IIE Central Academic Team (CAT) identifies and trains "early adopters", who in turn train their colleagues with the ongoing support of the CAT.

Community engagement

As part of our greater impact on the communities within which we operate, we integrate special focus committees that concentrate not only on Occupational Health and Safety, but also Human Resources, HIV/Aids, Employment Equity and Skills Development (HESIO).

As with other social aspects we do contribute by educating our students and staff for example about HIV/AIDS. Our staff induction covers the HIV Policy and make staff aware that they have confidential access to external specialists. With the assistance of the HESIO Committee awareness and health campaigns are communicated through various platforms and methods. We believe if we educate the youth they will be empowered to protect themselves and others. This knowledge directly filters through to the community.

This HESIO committee provides regular feedback to Exco about the focused activities that it has planned and their execution during the year. With this level of consolidation, we are able to ensure that activities that affect the overall health and wellbeing of our staff, students and the community are considered in an integrated way. This leads to more measurable, sustainable outcomes in all our focus areas. The Group target for compliance is 90% and the Division scored an average of 95% in 2015.

Looking ahead

We are optimistic about the strong opportunities for organic growth, and will explore other sectors in the education market. In addition, we are making progress with the potential acquisitions of platforms that will help us grow our ambitions in the distance education offering. We aim to implement a mega-campus structure in other major city centres, with digitally enabled campuses planned for smaller geographical locations.

FULL-TIME ENROLMENTS FOR END OF FEBRUARY 2016 WERE UP 20%, A STRONG INDICATION THAT THE TERTIARY DIVISION WILL HAVE ANOTHER SUCCESSFUL YEAR.

Tertiary division continued

OUR BRANDS

THE INDEPENDENT INSTITUTE OF EDUCATION

During 2016, we want to solidify our respective brand messages in the minds of consumers and continue our efforts to find creative, sustainable ways of offering quality tertiary education at an affordable price.

The Independent Institute of Education (IIE) is responsible for the academic leadership and governance in the Group. As a national provider, the IIE oversees a total of 20 education sites in the Group.

2015 saw the tenth anniversary of the IIE's annual publication titled the Independent Journal of Teaching and Learning. This peer-reviewed journal appears on the Department of Higher Education and Training (DHET's) approved list of South African accredited journals.

The peer review panel, the editorial panel and the authors are an eclectic group of academics with a wide range of specialisations, predominantly in the field of education in general or the educational aspects of their disciplines. Most contributors are external to the IIE. The journal focuses on making a difference to educators at the primary, secondary and tertiary levels and publishes original contributions of interest to researchers and practitioners in the field of education.

The implementation of the Blackboard-based Learning Management System (LMS), known as IIELearn, is now in its second year, and we are encouraged by the overwhelmingly positive feedback received from both students and lecturers. The system has enabled us to drive an active learning strategy with students, as opposed to the exclusive use of more conventional methods. We are particularly excited about the blended learning opportunities afforded by the Rosebank College Polokwane Connected Campus that opened in 2016. It is the first tertiary institution in the Division that will primarily offer technologically enabled learning, enhanced by face-to-face assistance from lecturers, all offered in a completely digitally enabled campus with free Wi-Fi connectivity. We are keen to see the results of this blended learning system, and hope to implement the positive aspects of this system to all our campuses in the future.

The term "blended learning" essentially means a teaching method that incorporates the traditional elements of students receiving face-to-face instruction in a brick-and-mortar facility, with other elements of learning that include some measure of student control over where, when and how they learn.

During 2016, we intend further enhancing our focus on graduation rates to ensure that as many of our students as is possible achieve their goal of a higher education qualification.

The main components of blended learning

TECHNOLOGY

Traditional/ live elements	Student-led (on-demand) elements
Face-to-face lectures	Virtual classrooms
Physical classrooms	Live online chats
Collaboration spaces	Distance learning
Laboratory and research work	Games and simulated learning
Online discussions	Internet and intranet as sources of information
Coaching and mentoring	Tutorials
Interactive webinars	Video content

THE IIE IS THE ONLY SOUTH AFRICAN EDUCATIONAL INSTITUTION **ACCREDITED BY THE BRITISH ACCREDITATION COUNCIL (BAC)**

We aim to achieve this through targeted interventions such as deeper and ongoing engagement with our students and lecturers during the course of the academic year, to identify areas that need improvement. We will continue our efforts to encourage the professional development of our staff through bursaries, academic leave and the mentoring of research.

Each new qualification programme is put through a stringent accreditation process, administered by the Higher Education Quality Committee (HEQC), before it can be offered on any of our campuses. In addition, programmes are reviewed every three years by external academics, internal academics and industry representatives. This extensive accreditation and review process ensures that a high standard of quality control prevails across all our campuses.

The IIE launched an innovative new electronic qualification verification tool called IIEMarque. This tool is the first of its kind in South Africa, and offers a creative solution to a problem related to the sharing of vital information

that exists in the Country's tertiary system. Employers and other education institutions frequently need additional detail about our registration and accreditation status, the registration status of a qualification and details about the curriculum, including credit values and National Qualifications Framework (NQF) levels. Many also require the South African Qualifications Authority (SAQA) identification number. Providing all this information on request is often cumbersome and time consuming, but with IIEMarque, the process becomes hassle-free and paperless.

Each qualification certificate will now be issued with a Quick Response (QR) code and a link (URL) unique to the student. Once the student has logged in and completed a quick authentication process, he or she can decide which aspects of their qualification information they want others to see. They can then share this information with anyone by providing the QR code or the URL.

Scan here with your smartphone or go to www.iiemarque.ac.za to read more about the innovative IIEMarque.

IIE MARQUE

Introducing IIEMarque – instant qualification verification for graduates of The Independent Institute of Education

Graduate employability is a key focus of the IIE and we work hard to support our students in this regard.

It is a significant leap forward from the traditional way of handling graduate information, which often makes it onerous and time consuming to verify an individual's qualification claims. IIEMarque makes it easier and more effective for potential employers when considering the IIE graduates as candidates for positions.

Students can add to their dashboard their social media profiles and other information giving a verified, authentic one stop place for all pertinent information normally required by employers and graduate study institutions.

It will save significant resources, as onerous investigation and research into qualifications are now a thing of the past. This detailed information about a student's performance will also allow greater (yet speedy) insight into an individual's unique strengths.

We believe IIEMarque heralds an exciting new era in higher education innovation, and provides a unique advantage to both our students and our partners. Undoubtedly others will follow and this will become a new standard.

Tertiary division continued

Varsity College

Varsity College IIE

Varsity College is a premium education brand based on a uniquely progressive approach to teaching, learning and development. This student-centric approach focuses on academic excellence, pioneering teaching practices, all-encompassing student support and authentic student life experiences.

Varsity College's holistic and integrated approach to teaching and learning, together with their student support and development programmes, ensures that the potential of every student is maximised. Higher education programmes that integrate theory and practice, coupled with an emphasis on the development of life and personal skills, prepare students for employment after graduation. Varsity College offers 15 accredited full-time IIE qualifications.

UNISA B.Ed STUDENTS ACHIEVED A DISTINCTION RATE OF

3.4

DISTINCTIONS PER STUDENT

The quality of our offerings remained strongly embedded, with several academic highlights for 2015. Our tuition support of the University of the Free State's LLB degree has had a successful third year, contributing to the 12% growth in the School of Law at Varsity College. The School of Law hosted 250 law delegates from law faculties around the country at the esteemed Southern African Law Teachers Conference, in July 2015. One of our Durban-based law lecturers won the coveted First Time Presenters Award at a prestigious gala dinner.

THE FIRST COHORT OF IIE BCOM AND BA IN CORPORATE COMMUNICATION STUDENTS GRADUATED IN 2015 AND MANY HAVE GONE ON TO PURSUE POSTGRADUATE STUDIES AT VARIOUS INSTITUTIONS, INCLUDING UNIVERSITIES IN THE UNITED KINGDOM.

In October 2015, the International Council for Open and Distance Education (ICDE) hosted its 26th International World Conference. The conference theme was "Growing capacities for sustainable distance e-learning provision" and we are exceptionally proud to report that the Varsity College Lead Educational Technologist was selected to present to more than 900 delegates from 67 countries. Her presentation, titled "A new world demanding new skills: Exploring digital literacies through fully online engagement", was very well received.

The Education department at Varsity College has a long-standing student success rate of 94% over the past decade, with an average of three distinctions per Unisa B.Ed. student. Our own IIE B.Ed. degrees have been launched in 2016 as we extend our reputation of excellence in teacher education, building associations with the South African Council for Educators (SACE) and many schools seeking a pipeline of well-trained young teachers.

The focus on sport as part of a holistic and balanced student life remains one of the strong differentiators for Varsity College. Our Sports Life programme provides students the opportunity to get involved in exciting outdoor sports such as canoeing, mountain biking, surf skiing, cycling, running, golf, surfing, triathlons and swimming. Varsity College also offers a range of team sports that include our competitive Sports Clubs that participate in the Premier League Divisions and in the University Sport South Africa (USSA) competitions.

Another highlight for the year was our inclusion in the South African Graduate Employers Association (SAGEA) survey.

Varsity College was listed in the "companies who hire by institution" category as a preferred institution for prospective employers, remaining one of the few private institutions to appear on this list.

Rosebank College

Rosebank College IIE

Rosebank College offers an affordable and unique urban, higher and further Education experience, with campuses located in the heart of city centres. A focus on courses which are fully integrated with work experience, ensures that its graduates are ready to step into the work-environment.

WITH OVER 60 YEARS OF EXPERIENCE IN THE TERTIARY EDUCATION SECTOR, ROSEBANK COLLEGE HAS A SOLID REPUTATION FOR PROVIDING QUALITY TERTIARY EDUCATION TO SOUTH AFRICAN STUDENTS.

The brand's repositioning which began in 2013 has had a positive effect, with enrolments in 2015 being 52% higher than the previous year. We have always made a concerted effort to ensure the employability of our students, with the number of employed graduates rising every year.

THROUGH THE GRADUATE PLACEMENT PROGRAMME WE PLACED

2 158 STUDENTS IN JOBS

The employability of our students remains a core focus for us, as we aim to significantly increase our employer database in the coming year. A highlight for us was when our Graduate Development Manager, Lillian Bususu, won the prestigious Youth Employment Award presented by the South African Council for Graduates Co-operative. Lillian has also been invited to serve as a member of the Presidential Youth Working Group, a committee whose purpose is to advise the President on matters affecting youth and to influence the implementation of government policies in promoting youth and graduate empowerment. She serves on the committee since January 2016. Lillian also met with senior officials of the Department of Education and the Higher Education Ministry to discuss the role Rosebank College can play in the ministerial initiative; "Turning every workplace into a training space".

The best facilities and resources only become an effective teaching tool in the hands of experienced and passionate lecturers. The ongoing professional and skills development of our lecturers remains a top priority, as they are our most important asset. Through targeted leadership development plans and skills development initiatives, we ensure that our people have the training and support they need to be the best at what they do. We also conduct regular feedback sessions with lecturers and the personalised development plans created are central to our goal of ensuring top quality teaching. Other exciting developments for Rosebank College were the successful opening of the first mega-campus in Braamfontein and the opening of the first Connected Campus in Polokwane. The mega-campus was developed in response to market needs and has a projected capacity for accommodating 9 000 students by 2017. The Connected Campuses will cater for smaller geographical nodes.

Tertiary division
continued

New Vega and DSSA campus in Pretoria.

Vega School of Brand Leadership (Vega)

Vega graduates are multi-disciplinary collaborators, able to solve complex challenges with innovative and meaningful business, brand and communication solutions.

VEGA IS A WIDELY ACKNOWLEDGED SCHOOL OF BRAND INNOVATION THAT POSITIVELY INFLUENCES THE LIVES OF ITS STUDENTS.

2015 was a year of positive change for the brand with the planned campus moves, communicated in last year's annual report, completed successfully.

The revamp of the Randburg campus is still underway and is expected to be completed during the first quarter of 2016.

Another exciting development was the graduation of our first Master's degree class. We aim to entrench Vega's reputation as an institution of choice for anyone wanting to pursue a career as an innovative and creative brand strategist.

HONOURS PROGRAMME ENROLMENTS AT OUR JOHANNESBURG AND **CAPE TOWN CAMPUSES GREW BY 22% DURING 2015**

Another step towards this goal was the introduction of undergraduate degrees such as the BCom in Digital Marketing, BCom in Strategic Brand Management and the BA in Strategic Brand Communication.

2015 WAS ANOTHER YEAR OF AWARD-WINNING WORK FOR VEGA STUDENTS, WITH ACCOLADES FROM D&AD (FORMERLY BRITISH DESIGN & ART DIRECTION) WHICH INCLUDED AN OPPORTUNITY FOR OUR WINNING STUDENT TO SPEND A WEEK AT THE D&AD OFFICES IN LONDON.

One of our Durban Vega students won the 2015 Adfocus Student of the Year Award, while four of our students were given the opportunity to

INTERN AT THE **PRESTIGIOUS UNIVERSITY OF ART AND DESIGN IN OFFENBACH, GERMANY.**

Another acclaimed achievement was that our own students hosted the inaugural TEDxVega, a collaborative event designed to initiate conversations around topics of interest.

PROFESSIONAL PARTNERSHIPS THAT WERE NEGOTIATED WITH INSTITUTIONS IN GERMANY, THE NETHERLANDS AND DENMARK DURING 2015, WILL SEE OUR STUDENTS EXPOSED TO **INTERNATIONAL METHODS OF TEACHING AND LEARNING AND WILL HELP SHAPE A BROADER WORLDVIEW IN OUR STUDENTS.**

The demand for corporate programmes shows no signs of abating, with several courses in development for 2016.

A highlight of the annual calendar is our Showcase night, where students display and exhibit their work on campus.

The event is open to members of the public and it is an opportunity to showcase the talent of our students, who also participate in industry events such as Portfolio Night. This is an annual event hosted by McCann, where students from various tertiary institutions in South Africa are invited to present their design work to a formal panel of creative directors from some of the country's well-known advertising companies. Many of our students are presented with job opportunities after Portfolio Night, making it an important element of our year.

One of our core aims is to create graduates that are employable within a 21st century context. They should be individuals who are able to identify and analyse problems, then work collaboratively and creatively to implement successful solutions to these problems. So while our marketing efforts are aimed at attracting a specific kind of student, we do not label our students based on preconceived notions about their background or ability.

We look forward to another year of leading every student along their individual path to greatness.

The Design School Southern Africa (DSSA)

WE BELIEVE THAT AN EDUCATION IN DESIGN IS NO DIFFERENT THAN DESIGN ITSELF. IT SHOULD BE WELL PLANNED, CONTEMPORARY AND, ABOVE ALL, CREATIVE. THIS PHILOSOPHY HAS BEEN THE UNDERPINNING FACTOR FOR THE COURSES OFFERED AT THE DSSA SINCE 1990.

A KEY HIGHLIGHT WAS THE **FIRST GROUP OF HONOURS DEGREE STUDENTS** GRADUATING IN JULY 2015

Every year our students are given the opportunity to exhibit their creations to their lecturers and peers. Key industry players are invited to this event where opportunities exist for students to engage with successful, like-minded people.

This is also an opportunity for potential employers to see the talent arising in the various fields of study, with several students finding work as a result of this showcasing event.

2015 WITNESSED MAJOR ACHIEVEMENTS FOR DSSA STUDENTS. A STUDENT WAS CHOSEN AS ONE OF THE TOP EIGHT FINALISTS AT THE SA FASHION WEEK (SAFW) STUDENT COMPETITION WHILE ANOTHER EMERGED AS THE WINNER, BY PUBLIC VOTE, OF THE 2015 MMT BY DESIGN COMPETITION HELD AT THE DESIGN SHOW AT GALLAGHER ESTATE. A FASHION DESIGN STUDENT WON THE PRESTIGIOUS 2015 GAUTENG SANSUI SUMMER CUP YOUNG DESIGNER AWARD.

Tertiary division continued

DSSA and Vega share campuses resulting in a better learning experience facilitated through better access to additional facilities and broader exposure to other students. This enriches learning while retaining the key elements of brand differentiation. Our online CRM enrolments tool has been a great help in streamlining the monitoring of interest and enrolment rates for new students. Another exciting year of growth is anticipated for DSSA, with more students having the opportunity to study at one of South Africa's most respected design focused institutions.

Forbes Lever Baker (FLB)

FORBES LEVER BAKER (FLB) IS AN ACKNOWLEDGED LEADER IN FINANCIAL AND ACCOUNTING EDUCATION, OFFERING TUITION SUPPORT FOR UNISA UNDERGRADUATE AND POSTGRADUATE QUALIFICATIONS.

Our methodology has consistently enabled FLB students to rank among UNISA's top CTA students nationally. We are proud of the fact that our graduates are highly sought after by local auditing firms.

FLB PRODUCED THE TOP UNISA CTA LEVEL 2 STUDENT IN 2015 AND ITS CTA STUDENTS FROM 2014 ACHIEVED A

95%

PASS RATE IN THE 2015 SAICA ITC BOARD EXAM.

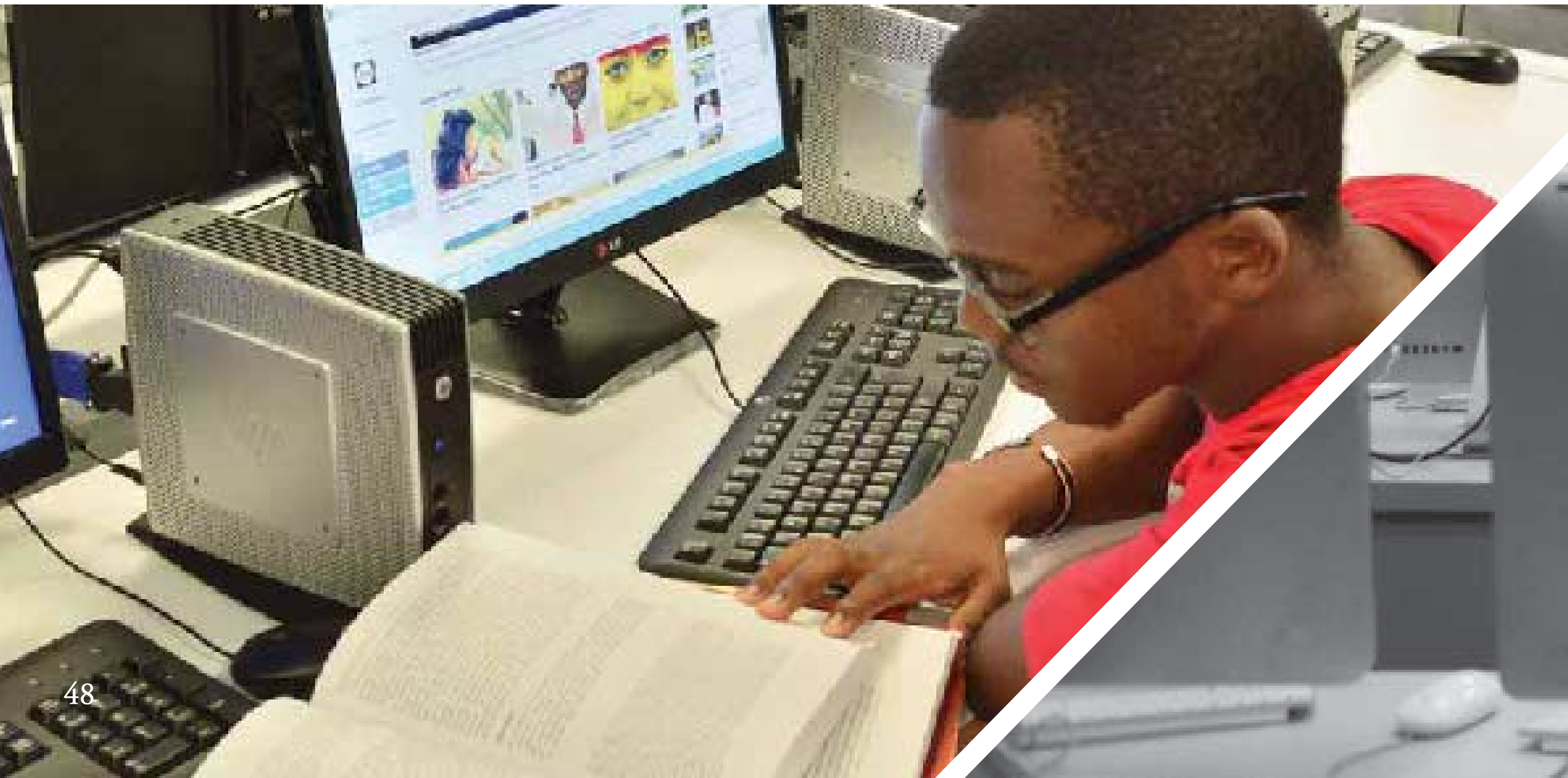
This compares favourably with the pass rates of the top public universities in South Africa. Students are assured of high quality in lecturing, facilities and support processes. The team dedicated to academic excellence includes a Programme Manager who keeps track of student academic progress, and a dedicated team of full-time lecturers who facilitate, guide, mentor and lead our students in FLB's professional accounting space.

We look forward to another successful year of providing our students with an effective learning experience that is guaranteed to enhance their careers.

The Business School at Varsity College

THE BUSINESS SCHOOL IS A PART OF VARSITY COLLEGE THAT DELIVERS A VARIETY OF IIE AND EXTERNAL PROGRAMMES, FROM CORPORATE WORKSHOPS TO SHORT LEARNING PROGRAMMES TO PART-TIME QUALIFICATIONS, AIMED AT WORKING ADULTS.

The Business School repositioned itself in 2015 in order to give more focus on part-time qualifications, to meet a growing demand for credit-bearing programmes and not merely skills-oriented programmes, in an increasingly competitive work environment.




visual
DIARY
create

Resourcing division

ADvTECH RESOURCING CONTINUED ITS WORK IN NICHE PLACEMENTS FOR CLIENTS WHO REQUIRE CANDIDATES WITH SPECIALISED SKILLS IN THE FINANCE, INFORMATION TECHNOLOGY, ENGINEERING, HUMAN RESOURCE MANAGEMENT, LOGISTICS AND SUPPLY CHAIN MANAGEMENT SECTORS.

REVENUE GREW BY ↑53%

OPERATING PROFIT INCREASED BY ↑60%

Performance highlights

THE DIVISION HAS POSTED STRONG RESULTS, DESPITE A CONTRACTING JOB MARKET WITH HIGH OVERALL UNEMPLOYMENT LEVELS, WHICH REACHED A RECORD OF 26.4% IN THE FIRST QUARTER OF 2015, BEFORE SETTLING AT 25.5% IN THE THIRD QUARTER OF THE YEAR.

It is against this backdrop that the Division maintained its leading market position in the permanent placements space, delivering strong profit growth.

Despite the challenging economic conditions that prevailed in 2015, the Division managed to grow the number of candidates (permanent and temporary) placed by 18%.

Strategy

The Resourcing division is invested in attracting and retaining the best people, and would not be able to achieve success without the enthusiasm, commitment and hard work of all staff members in all brands across the Division. Therefore, ensuring optimum working conditions for its people remains a priority. Over the past two years, the Division has successfully implemented consultant retention and development strategies. This is in addition to standard benefits such as provident fund membership, death and disability benefits and paid maternity leave.

Each brand within the Resourcing division has its own distinct personality and profile, and is committed to providing the highest levels of service to its candidates and clients. The services include an in-depth analysis of specific needs, personalised advice on market trends and available opportunities in a given market sector.

Having numerous brands in one Division creates a healthy level of competition, and the brands benefit from shared expertise and well-documented best practice principles. The Division's clients in turn have the benefit of dealing with one recruiter to take care of their specialist needs. In addition, the Division has launched a new department aimed at providing recruitment process outsourcing and similar services.

An ongoing focus for the Division is transforming the demographics of the workforce, to better represent the communities within which it operates. During 2015, the Division concluded a proprietary learnership programme with The Federation of African Professional Staffing Organisations (APSO). This learnership programme will enable the Division to develop critical scarce skills in the South African employment sector, while empowering talented, yet unemployed, individuals with the skills they need to find employment. The Resourcing division has worked closely with the ADvTECH Tertiary division to source graduates from its brands and looks forward to sharing further information about the progress of this initiative.

The Resourcing division has been through a defining period of change over the last few years. This realignment of the Division included the streamlining of operations and leveraging costs through operational restructuring. 2015 was an exciting year for strategic acquisitions within the brand, specifically those of CA Global Headhunters, Africa HR Solutions and Contract Accountants. The acquisition of Contract Accountants, a boutique specialist Financial Recruitment agency based in Cape Town, has served to strengthen the Divisions position in the competitive Finance recruitment niche in Cape Town.

CA Global, are experts in the African recruitment market, offering a full spectrum of services in mining, finance, oil and gas, and engineering, with approximately 90% of their recruitment activities covering the African continent. Africa HR Solutions, based in Mauritius, offers employment solutions for clients who wish to enter into Africa. The partnership with Africa HR Solutions will enable the brand to offer their clients and candidates increased reach and faster growth prospects.

A focus on quality

There are many recruitment agencies in the industry, because barriers to entry are minimal. The industry has very few legislative or other requirements that prove to be obstacles as is the case in some industries. It is therefore imperative that the Division retains its solid reputation as a leading provider of quality candidates. All our brands are accredited members of APSO, the Institute of Personnel Service Consultants (IPSC), The Confederation of Associations in the Private Employment Sector (CAPES) and the Information Technology Association (ITA).

LEVERAGING OFF LinkedIn's UNIQUE GLOBAL SOCIAL MEDIA POSITIONING TO SOURCE CANDIDATES, THE DIVISION HAS INCREASED ITS LinkedIn RECRUITER LICENCE VOLUMES

In order to ensure ongoing superior service and excellent quality, the Division conducts annual independent, client-focused market research activities. The results of these activities help to identify areas of improvement. There is also a rigorous internal quality auditing process, to ensure the consistently efficient placement of quality candidates, who are best suited to client requirements.

LinkedIn Media Review campaign project

Late last year, the Division embarked on the LinkedIn Media Review campaign project, which is a targeted campaign driving greater awareness of the larger brands, augmenting the existing LinkedIn licensing services used. The awareness created through this platform results in more people actively following these recruitment brands, increased engagement levels, and ultimately better quality applicants.

Occupational Health and Safety

The Resourcing division has 16 appointed OHS representatives covering HIV/Aids, Human Resources, Employment Equity, Skills Development and Social Responsibility, Investors in People, and Occupational Health and Safety (OHS). These representatives form part of what is called a HESIO Committee, which has staff representation from all job levels. All the representatives were trained during 2015, ensuring that they are well-equipped to fulfil their duties.

The Group migrated to an online safety system during the year, which helped streamline HESIO projects and operations.

Looking ahead

The Resourcing division will continue to find innovative ways of streamlining the recruitment process in each of the niche sectors within which it specialises.

The new partnerships forged with CA Global (Pty) Ltd and Africa HR Solutions position ADvTECH Resourcing as a driving force in Africa.

Growth is anticipated from these acquisitions, including geographic expansion and the ability to offer more opportunities in specialised areas. It will also see the Division taking a position in the temporary employment space outside South Africa. In addition, the Division is working on ways to leverage the advantages of its extensive digital database to co-ordinate candidate placement and successfully match employers with candidates in a more proactive way.

OUR BRANDS: RESOURCING DIVISION

Brent Personnel has been in existence for 37 years and provides customised permanent, temporary and contract staffing solutions to the Finance and Office Support industries.

Cassel & Company has a track record of service excellence that spans 23 years and offers premier permanent, temporary and contract staffing solutions in Accounting and Finance.

Communicate Personnel is one of the longest established recruitment brands in South Africa and has 30 years' experience in providing innovative permanent, temporary and contract staffing solutions to the following specialist industries: Engineering, Finance, Freight and Logistics, Information Technology (IT) and Supply Chain Management.

Contract Accountants has earned the reputation as a preferred recruiter in the accounting field. Striving to deliver on quality, the brand delivers within client expectations with each unique placement.

CA Global (Pty) Ltd is your Recruitment in Africa Partner and holding company of CA Mining, CA Engineering, CA Oil & Gas and CA Finance & Banking. The team and directors have extensive Africa Recruitment knowledge with a candidate database of professionals from all walks of life, which provides clients with the talent required for their business success.

Insource.ICT specialises in permanent and contract Information Communication Technology (ICT) staffing solutions, placing candidates at all levels within organisations nationwide.

IT Edge offers flexible permanent and contract IT staffing solutions in line with the change and innovation that is synonymous within the IT industry.

Tech-Pro Personnel is the unrivalled leader in Supply Chain Management recruitment and is actively involved in the development of this profession in South Africa. The brand offers permanent staffing solutions in Logistics, Planning, Procurement and Technology.

Network Recruitment comprises three specialist areas: Network Engineering, Network Finance and Network IT Recruitment, and has 25 years' experience in offering optimum permanent staffing solutions to both clients and candidates in these industry sectors.

Africa HR Solutions offer payroll and compliance solutions across the African continent. Africa HR is based in Ebene, Mauritius, with a network that has been expanded through years of hard work to cover more than 40 African countries. Africa HR offer local and expat payroll solutions.

Kapele Appointments (Pty) Ltd, established in 2002, is a BEE company providing contingency recruitment and advertising response handling on behalf of a client and e-Recruitment solutions within the public and private sectors.

The Working Earth is South Africa's only recruitment advertising specialist that links advertising to electronic response handling using the power of the internet. The brand offers the following recruitment methodologies: Advertising Response Handling, Electronic Recruitment, In-company Recruitment and Recruitment Advertising.

Inkokheli HR Appointments is the only recruitment business in South Africa that focuses solely on permanent, temporary and contract staffing solutions in Human Resources.

Board of directors

BOULLE, CHRISTOPHER – 44

Chairman
Independent Non-Executive Director

Chairperson of the Investment and Litigation Committees, Member of the Audit, Remuneration and Risk Committees

BCom, LLB, LLM

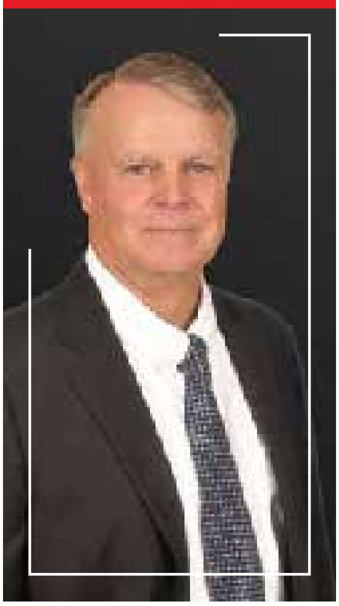
Chris is a commercial, corporate finance, tax and trust attorney. His experience as a Non-Executive Director of listed companies spans more than a decade. He currently serves as a director of a number of companies listed on the JSE and is also trustee of various trusts, including the ADvTECH Limited 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. In 2015 he was appointed Chairman of the Board following the retirement of Jeff Livingstone.

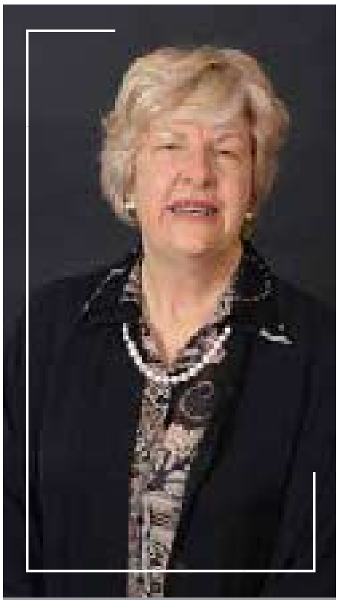
Roy brings 25 years of local and international senior management experience to the Group. Holding a Bachelor's degree in Economics and an MBA, Roy held senior executive roles in various industries that have honed his skills in strategy, marketing, business development and general management. His track record includes leadership positions in Nampak Limited, Deloitte (USA, Atlanta), House of Fraser Limited (UK) and Unilever SA. He joined ADvTECH in December 2012 as Chief Operating Officer (COO) of the Tertiary division and led the successful turnaround of that division. As a member of the Exco leadership he has been involved in formulating Group strategy over the past few years.
He joined the Board as an Executive Director and took over the reins as Chief Executive Officer on 27 November 2015.

DOUGLAS, ROY – 58

Executive Director,
Chief Executive Officer

B.Soc.Sci (Economics) (UKZN), MBA (UCT)





GOURLEY, BRENDA (Professor) – 72

Independent Non-Executive Director

Chair of the Risk Committee, Deputy Chair of the Transformation, Social and Ethics Committee, and Member of the Audit and Investment Committees

CTA (Wits), MBL (UNISA), FCGI

Brenda 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. Her current appointments include membership of the Commonwealth Secretariat Advisory Board for the Common Education Knowledge Hub, the Board of Trustees of the Council for Education in the Commonwealth as well as the Royal Anniversary Trust.

She has received recognition in the form of prizes, fellowships and awards as well as honorary degrees from 14 universities on four continents. Her most recent award was the 2014 UNISA Chancellor's Calabash Award as an Outstanding Educator in recognition of her contribution to higher education, especially in open and distance learning. Professor Gourley joined the Board in 2008.

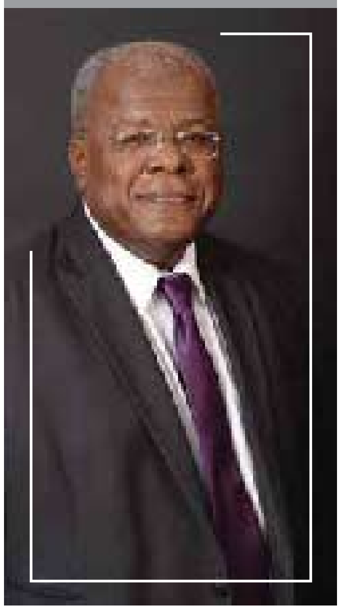
Jonathan is Rector and Vice chancellor of the University of the Free State and President of the South African Institute of Race Relations. He holds Honorary Doctorate of Education degrees from the University of Edinburgh (Scotland), Cleveland State University (USA) and University of Vermont (USA). He is a Fellow of the American Educational Research Association and the Academy of Science for the Developing World. He has received international recognition, including awards for the Education Africa Lifetime Achiever Award (New York), Spendlove Award (University of California) and a prestigious book award from the British Academy for the Social Sciences and Humanities. He is a prominent author and speaker on educational matters around the world. Jonathan joined the Board in 2004.

JANSEN, JONATHAN (Professor) – 59

Independent Non-Executive Director

Chair of the Transformation, Social and Ethics Committee

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



MASIE, STAFFORD – *41*

Independent Non-Executive Director

Stafford commenced his education in South Africa before undertaking studies in Computer Science at Tel Aviv University, Israel. 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.

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.

OESCH, DIDIER – *50*

Executive Director,
Group Financial Director

BCompt (Hons), CA (SA)

WARBURTON, KEITH – *57*

Independent Non-Executive Director

Chair of Audit Committee,
Member of Investment, Risk and Remuneration Committees

B Comm, CTA, CA (SA)

Keith is a CA who has obtained some 30 years' experience in commerce and management since qualifying as a Chartered Accountant at Arthur Andersen. His experience is broad and has included the banking, steel and manufacturing industries. Since 1990 he has been involved in retail with his latest term being as COO of Clicks Group Ltd. Keith has been involved in a number of large enterprises, with experience in a number of JSE listed entities. He joined the board on 28 July 2015.

Shirley has held several leadership roles in human resource management within the public (SARS) and private sectors (more specifically, the banking industry). She now consults to various large organisations on a variety of matters relating to the optimisation of HR strategy, transformation and leadership development. She is a director and trustee of a number of companies and trusts, including the Boston Consulting Group, Nedbank Eyethu Community Trust, Sygnia Asset Management, Tuesday Consulting and the Chair of Starfish Greatheart Foundation. She is also an Extraordinary Professor at the University of Pretoria. In 2015, Shirley published an inspirational book about her own personal and professional life. Shirley joined the Board in October 2012.

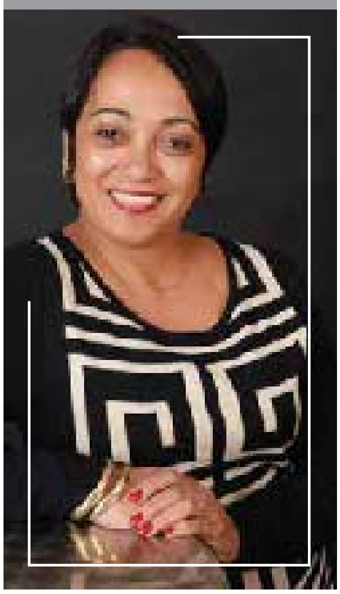
ZINN, SHIRLEY

(Professor) – 54

Independent Non-Executive Director

Chair of Remuneration Committee, Member of Investment and Transformation, Social and Ethics Committees

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



Executive committee

DOUGLAS, ROY
Chief Executive Officer

OESCH, DIDIER
Group Financial Director

ISAAKIDIS, ALEX
Chief Executive Officer, Schools Division

AMARAL, FAY
Chief Executive Officer, Tertiary Division

HONEY, LENN
Chief Executive Officer, Resourcing Division

COUGHLAN, FELICITY
Group Academic Director

LOTZ, JACO
Africa Business Development Executive

SHIPALANA, ERIC
Human Resources Executive

VAN NIEKERK, GIDEON
Properties Executive

VAN ZYL, STEVEN
Chief Information Officer

Corporate Governance

Introduction

EFFECTIVE CORPORATE GOVERNANCE IS THE CORNERSTONE UPON WHICH THE MANAGEMENT OF THE ADvTECH GROUP IS BASED.

The Group remains committed to managing its operations in accordance with the highest ethical standards. It supports the values of corporate governance espoused in the King Report on Corporate Governance (King III) and substantially complies 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 that it is responsible for ensuring that the principles of good corporate governance are observed and incorporated into the operational management of the Group. The directors, collectively and individually, acknowledge their responsibilities in terms of the JSE Limited Listings Requirements.

The Board's support of corporate governance principles across all areas of operation helps the Group run its business in an efficient, ethical and sustainable way and creates greater investment into the private education sector. It continuously reassesses its principles and policies against King III and corporate governance best practice and makes changes as and when appropriate.

Board of Directors

ADvTECH has a unitary board structure which oversees the management and control structure that directs the organisation in its entirety. At year-end the Board consisted of two Executive and six Non-Executive Directors. 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. The directors are drawn from different sectors and have a diverse range of experience in strategic and other relevant fields. Details of the directors with brief curricula vitae can be found on the website at *www.advtech.co.za* or on pages 54 to 55.

Independence and performance

The Board reviews the independence of directors on an ongoing basis and remains satisfied that they all demonstrate sound independence of judgement and mind. It is satisfied that there are no relationships or circumstances likely to affect their independence or judgement.

The Board, assisted by the Nominations Committee, is responsible for the appointment of new directors. The Nominations Committee 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 held after their initial appointment. No director or prescribed officer holds any fixed-term contract and the Executive Directors and prescribed officers have standard employment contracts, requiring no more than three months' notice on termination.

Corporate Governance continued

A formal evaluation of the Board is conducted regularly. Following the external assessment of the Board's functioning, conducted by Ernst & Young during the prior year, the Chairman is currently conducting an internal assessment with a view to identifying areas where the Board can improve its effectiveness. 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.

There were a number of changes made to the Board of Directors in 2015 which are dealt with in more detail in the Directors' Report.

The Board has established a number of statutory and other Committees to assist it in fulfilling its duties and responsibilities more effectively. These are:

> Audit Committee;
> Risk Committee;
> Remuneration Committee (RemCom);
> Transformation, Social and Ethics Committee (TSEC);
> Litigation Committee;
> Nominations Committee (NomCom); and
> Investment Committee.

The Investment Committee was established during the year under review.

Members of the Board are appointed to committees based on their areas of expertise and experience. One of the members is appointed as Chair of that committee. In appropriate circumstances, a Deputy Chair 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.

Board meetings

Eight 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.

Group Executive Committee (Exco)

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 on action to be taken, to the Board. This includes the annual insurance review and formal risk analysis.

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 Divisional Chief Executive Officers (CEOs) attend most board meetings, ensuring that there is optimum alignment between the Board and management in implementation of the Group's strategies.

At year-end, Exco consisted of two Executive Directors, two divisional CEOs (who are also identified as prescribed officers of the Company) and five senior executives. RJ Douglas, who was previously divisional CEO of the Tertiary Division, was appointed as group CEO with effect from 27 November 2015.

He has continued to have responsibility for the Tertiary division for the first few months of 2016. F Amaral was appointed as CEO: Tertiary division with effect from 14 March 2016. 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.

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

A separate report from the Remuneration Committee can be found on page 64.

Audit Committee

As required by the Companies Act (the Act), shareholders elected the members of the Audit Committee at the Annual General Meeting. All members of the Committee are independent as defined by the Act. The resignation of M Nyati as a director, and therefore as a member of the Audit Committee, was followed by the appointment of KDM Warburton to fill the vacancy. The Board has recommended that the following directors be appointed to the Audit Committee at the Annual General Meeting in May 2016, to hold office until the following Annual General Meeting:

> CH Boulle
> BM Gourley
> KDM Warburton (Chair)

The Audit Committee's duties and responsibilities are a combination of statutory duties and such other oversight of the financial function and its reporting processes, as mandated by the Board. It also assists the Board in discharging its responsibilities to ensure that proper accounting records are maintained, oversees the financial reporting process and ensures compliance with accounting policies, Group policies, legal requirements and internal controls.

The membership of the Committees is as follows:

Director	Executive/Non-Executive Director	Audit Committee	Risk Committee	Remuneration Committee	Transformation, Social and Ethics Committee	Litigation Committee	Investment Committee	Nominations Committee
CH Boulle	Independent Non-Executive – Chair	Member	Member	Member		Chair	Chair	Chair
RJ Douglas	Executive – Chief Executive Officer	Invitee	Member	Invitee	Member	Member	Invitee	Invitee
BM Gourley	Independent Non-Executive	Member	Chair		Deputy Chair		Member	Member
JD Jansen	Independent Non-Executive				Chair			Member
SC Masie	Independent Non-Executive							Member
JDR Oesch	Executive – Group Financial Director	Invitee	Member					
KDM Warburton	Independent Non-Executive	Chair	Member	Member			Member	Member
SA Zinn	Independent Non-Executive			Chair	Member		Member	Member

The following table records meetings attended by each member of the Board and its Committees:

	Board		Audit Committee		Risk Committee		Remuneration Committee		Transformation, Social and Ethics Committee		Litigation Committee		Nominations Committee	
	Number of meetings attended	*Number of possible meetings*	*Number of meetings attended*	*Number of possible meetings*	*Number of meetings attended*	*Number of possible meetings*	*Number of meetings attended*	*Number of possible meetings*	*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[1]	8	8	3	3	2	2	5	5	–	–	2	2	4	4
BM Gourley[2]	8	8	3	3	2	2	–	–	3	3	–	–	4	4
RJ Douglas[3]	1	1	–	–	–	–	–	–	–	–	–	–	–	–
JD Jansen	5	8	–	–	–	–	–	–	3	3	–	–	4	4
JC Livingstone[4]	4	4	1	1	0	0	3	3	–	–	1	2	1	1
LW Maasdorp[5]	1	2	1	1	–	–	2	2	–	–	–	–	–	–
SC Masie	7	8	–	–	–	–	–	–	–	–	–	–	4	4
M Nyati[6]	2	5	1	1	0	0	–	–	–	–	–	–	1	1
JDR Oesch	8	8	–	–	2	2	–	–	–	–	–	–	–	–
KDM Warburton[7]	1	3	2	2	2	2	2	2	–	–	–	–	1	1
SA Zinn[8]	8	8	–	–	–	–	5	5	2	3	–	–	4	4
FR Thompson[9]	6	6	1	2	1	2	3	3	1	2	–	–	4	4

The Investment Committee was only established on 22 June 2015 and did not meet during 2015.

Attendance by Directors and Committee members was in person or by teleconference or other electronic means.

Note 1: Appointed Chairman of the Board on 28 July 2015; resigned as Chair of Remuneration and Audit Committees on 21 August 2015. Appointed Chair of Investment Committee on 22 June 2015.

Note 2: Appointed member of the Investment Committee on 22 June 2015.

Note 3: Previously Chief Executive Officer of Tertiary Division; appointed Group Chief Executive Officer on 27 November 2015.

Note 4: Resigned as director and accordingly as Acting Chairman of the Board and member of all committees with effect from 28 July 2015.

Note 5: Resigned as Group Chief Executive Officer and director on 23 March 2015.

Note 6: Resigned as director of the Board and member of the Audit and Risk Committees on 3 August 2015.

Note 7: Appointed director of the Board on 28 July 2015, member of the Audit, Risk, Remuneration and Investment Committees on 6 August 2015 and Chair of the Audit Committee on 21 August 2015.

Note 8: Appointed member of Investment Committee on 22 June 2015 and Chair of Remuneration Committee on 21 August 2015.

Note 9: Previously retired as Group Chief Executive Officer and director on 24 October 2014. Returned as Interim Group Chief Executive Officer on 23 March 2015 until 27 November 2015. He was not appointed a director during this period, although he was a prescribed officer.

Corporate Governance continued

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 Group CEO and Group Financial Director, as well as other Board members and invitees as considered appropriate by the Chair 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;

> ensuring that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence;

> reviewing and recommending the approval of interim and annual results; and

> reviewing, considering and making recommendations regarding distributions or making payment of dividends to shareholders.

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 Audit Committee Chair 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.

CH Boulle, Chairman of the Board, is a member of the Audit Committee which, although contrary to the recommendations of the King III, is in compliance with the Listing Requirements. Shareholders will be made aware of this dual role at the AGM when asked to re-appoint him. CH Boulle's skills and experience as a commercial attorney are invaluable to the Audit Committee.

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 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. A trial date has been set for January 2017.

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 twice 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. A separate report from TSEC is included on pages 63.

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.

TSEC met three times during the year under review.

Nominations Committee

The Nominations Committee (NomCom) consists of all the Non-Executive Directors, and is chaired by the Chairman of the Board.

NomCom meets on an *ad hoc* basis to nominate, evaluate and recommend possible new appointments to the Board.

Internal control

The Board is responsible for ensuring that appropriate internal control systems are implemented and maintained so 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 Audit Committee. 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 functionally to the Chair of the Audit Committee and on an administrative basis to the Group Financial Director with direct access to the Group CEO.

The Board and Exco are ultimately responsible for overseeing the establishment of effective internal control systems 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 an annual written assessment of the system of internal financial controls and risk management to the Board and the Audit Committee. 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.

Ethics

Compliance with ethical standards of behaviour is of primary importance to the Group and this has found expression in the Group's values – "We lead by example through our commitment to ethical conduct at all times". These values are reviewed regularly to ensure that they remain current and relevant.

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 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 and 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 actively promotes Employment Equity in all its operations. There are specific programmes that target Employment Equity candidates to fast-track their development, including a well-entrenched Mentorship programme. Black management participation in the Management Development and Leadership Development Programmes has increased year on year. Further information on these programmes can be found on the website at www.advtech.co.za.

In addition, TSEC remains focused on working toward effecting changes in the hearts and minds of employees, students and candidates to bring about the necessary social change within the organisation.

All employees are encouraged to develop to their full potential, both for their own benefit and for that of the Group.

Corporate Governance continued

ICT Governance

Information and communication technology (ICT) is regarded as an essential component in the management of the Group's business on a sustainable basis, and is therefore dealt with at the highest levels. The Board has primary responsibility for ICT governance and for ensuring that prudent and reasonable steps have been taken to ensure that ICT strategy is an integral part of and aligned with the Group's strategic objectives.

The ICT department is headed by the Chief Information Officer (CIO) who is a member of Exco and has regular interaction with Board members. A framework for the management of ICT within the Group has been developed with a centralised ICT department having responsibility for infrastructure and overall architecture of the systems, while operations identify and manage technology appropriate for their business processes. The framework makes provision for an ICT Steering Committee under the chairmanship of the Group Financial Director to coordinate ICT across the Group and ensure appropriate distribution of resources. The ICT management committee provides a forum for practical implementation and problem solving by the operations.

Strategic risks associated with ICT have been identified and are monitored and the management thereof overseen by the Risk Committee.

The Group reviews its current technology on an ongoing basis, while considering opportunities to identify new and innovative technology which can be integrated into its strategy and processes. Security, disaster recovery and data management are also essential focuses of the ICT department.

Going concern

The Board has reviewed the assumptions 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 69.

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 25 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 role. Subsequent to the year end, the Company Secretary resigned from the Company. A replacement will be appointed in due course.

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

The Board is satisfied that an arm's length relationship exists with the Company Secretary as she has no separate relationship of any nature with any of the directors which could lead to any conflict of interest or dilution of the Company Secretary's independence.

The Company Secretary works with the Board to ensure compliance with the rules of the JSE Limited Listings Requirements (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 76 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. As required by the Listings Requirements, the Group adheres to at least 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 circumstances dictate.

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. Identified employees who are likely to have access to price-sensitive information require clearance from the Group 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 as a matter of practice, 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

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 CEOs, 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.

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE REPORT

THE TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE (TSEC) ASSISTS THE BOARD IN MONITORING THE COMPANY'S PERFORMANCE AGAINST ITS TRANSFORMATION OBJECTIVES AND AS A GOOD AND RESPONSIBLE CORPORATE CITIZEN WITH A SUSTAINABLE BUSINESS.

This report by TSEC is prepared in accordance with the requirements of the Companies Act, 2008, as amended (the Act) and describes how TSEC has discharged its statutory duties in terms of the Act as well as additional duties assigned to it by the Board in respect of the year under review.

Committee members

TSEC comprises three suitably qualified and experienced independent Non-Executive members of the Board and the Group Chief Executive Officer – Prof JD Jansen (Chair), Prof BM Gourley (Deputy Chair), Prof SA Zinn and RJ Douglas (CEO). The Divisional Chief Executive Officers of the operating divisions attend all meetings, as does the Group HR Executive and other members of management at the request of the committee. Attendance of Board members at the meetings is contained in the schedules included in the Corporate Governance Report.

The committee's mandate requires that the committee meet at least twice annually. The committee met three times during the year under review.

TSEC'S ROLE AND RESPONSIBILITIES ARE GOVERNED BY A FORMAL MANDATE APPROVED BY THE BOARD. THE MANDATE IS REVIEWED AND, IF APPROPRIATE, ADJUSTED ON A REGULAR BASIS.

Role and responsibilities

In terms of its statutory duties, TSEC's role is to assist the Board with monitoring and reporting on social issues, especially as regards sustainability.

In terms of the other duties assigned to TSEC by the Board, its role is to assist the Board in ensuring that the transformation efforts of the Group are implemented and make recommendations in this regard.

In particular, during 2015:

- The committee received reports on all Corporate Social Investment undertaken by the Group both within the operating divisions and at a corporate level;
- The committee monitored the Group's efforts to encourage diversity and advance the objectives of equality throughout the Group;
- Progress of the Group towards defined transformation objectives was measured and considered;
- The HR Executive provided a report at each meeting on labour and empowerment related matters;
- Achievements on the employment front during 2015 include the recognition of the Company as a Top Employer and a silver standard of excellence award in the Deloitte Best Company to Work For Survey;
- The provisions of the revised Broad – Based Black Economic Empowerment (BBBEE) Codes of Good Practice were considered in some detail by TSEC, as well as their implications for the Group;
- The Group's BBBEE ratings during the year were presented to and considered by the committee.

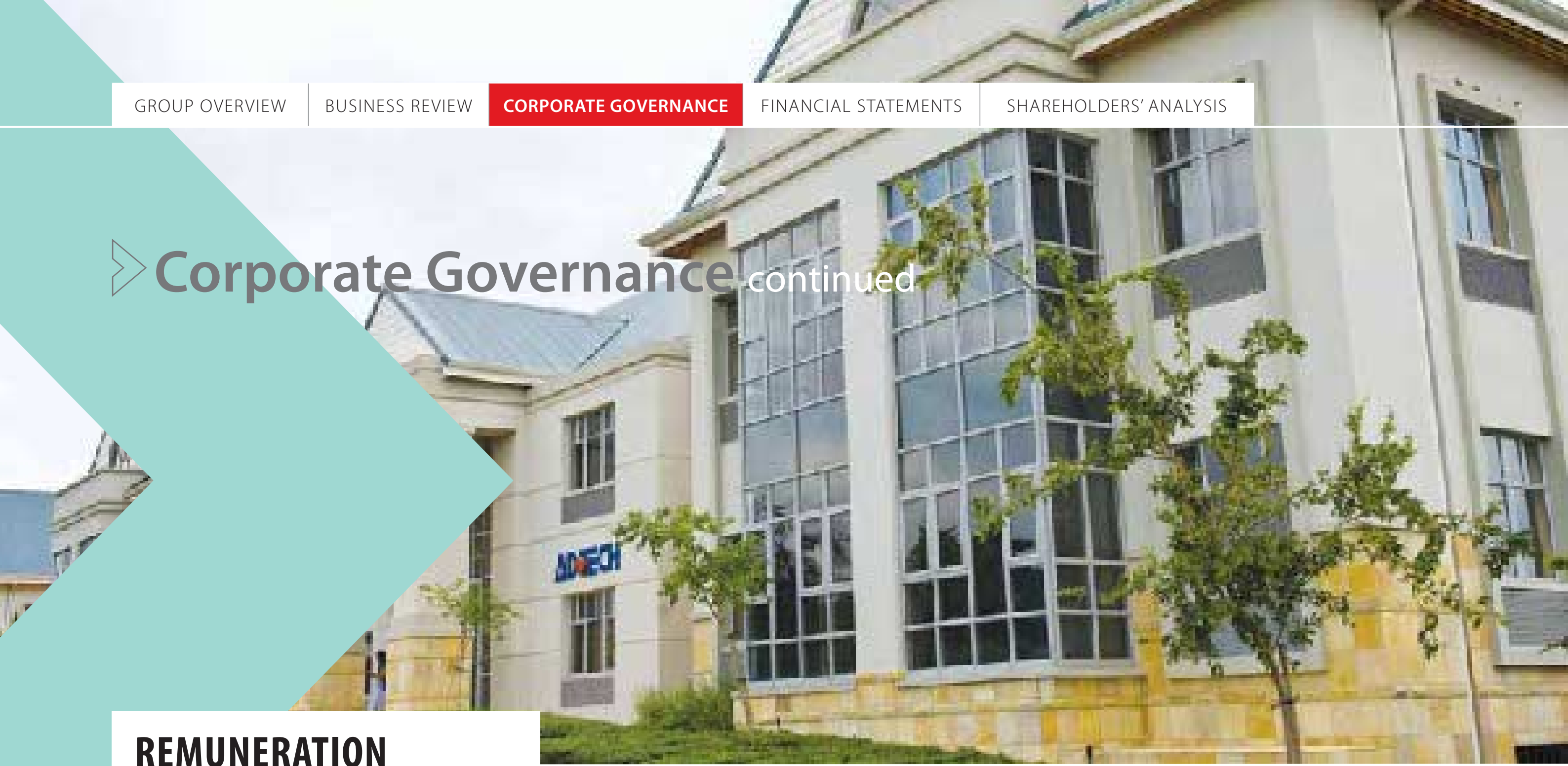
Reporting

TSEC is of the view that, in all material respects, it has achieved its objectives for the year under review and that no items have been reported which would indicate non-compliance with the mandate of TSEC or its statutory requirements in terms of the Act.

On behalf of the Transformation Social and Ethics Committee

Prof JD Jansen
Chair: TSEC Committee
9 March 2016

Corporate Governance continued



REMUNERATION COMMITTEE REPORT

THE REMUNERATION COMMITTEE (REMCOM) IS A COMMITTEE OF THE BOARD WITH RESPONSIBILITY FOR OVERSEEING REMUNERATION WITHIN THE GROUP. DETERMINING AN APPROPRIATE LEVEL OF REMUNERATION INVOLVES BALANCING THE INTERESTS OF VARIOUS PARTIES.

The financial reward offered by the Group must be sufficient to attract people of the required calibre. Failure to attract the right people may have a negative impact on the performance of the Group and consequently, on the returns to its stakeholders. People are one of the most important parts of the Group's business and remuneration therefore receives considerable attention.

The members of RemCom are:

> SA Zinn (Chair)
> CH Boulle
> KDM Warburton

RemCom meets as and when required. During the year under review it met five times. The attendance of members at the meetings is set out in the Corporate Governance Report.

Remuneration policy

RemCom seeks to entrench a culture of high performance by aligning the Group's remuneration philosophy with its business objectives, values and strategy. It also ensures that remuneration practices are based on principles of sound governance.

The independence of RemCom in determining the remuneration and bonus policies for all staff, and review and approval of remuneration and bonuses payable to executive management, is key to this process.

Remuneration is required to be benchmarked annually against the market and aligned with Group performance. This aims to ensure that remuneration packages remain competitive. Remuneration, by its structure and level, seeks to attract and retain outstanding individuals and provide 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. Guidance is provided in the Group's Integrated Remuneration Policy which seeks to combine and calibrate all forms of remuneration.

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. In an education environment, non-material aspects (such as study leave and study assistance) are welcomed by staff members.

During the year under review, the Group was certified as a ***Top Employer***. Whilst delighted with the acknowledgement of its policies and processes, the Group is currently assessing those areas where it did not fare as well to ascertain how its practices can be improved. The Group also received a silver award of Excellence in the Deloitte ***Best Company to Work For Survey.*** Continued participation in these surveys is evidence of the Group's commitment to maximising the benefits of remuneration policies and practices for both employees and the Group.

Guaranteed remuneration is offered on a cost-to-company basis, which includes benefits such as medical aid (optional) and retirement funding (mandatory). Employees who are not on medical aid are offered free accident insurance, including funeral cover.

Performance remuneration in the form of incentives, bonuses and profit sharing is included in certain employment categories where it is likely to lead to enhanced performance of the Group. Incentive opportunities range from 5% to 100% (and, in exceptional circumstances elucidated below, may exceed 100%) of guaranteed cost-to company packages. Performance management requires the setting of agreed key performance indicators (KPIs) with management at the beginning of each year. Staff members' performance is measured against the agreed indicators and increases, bonuses and other incentive-related remuneration are determined having regard to the achievement of these agreed KPIs.

The Group has disclosed the remuneration of its prescribed officers who are also the two highest paid employees who are not also directors.

In implementing the remuneration policy at ***executive management level:***

> During 2015, management set themselves a stretch target of achieving normalised earnings per share (NEPS) of 100 cents by 2018, which forms the basis of the Group's strategy as approved by the Board.

> A new 4 year bonus scheme for executive management in line with this goal was proposed and approved by Remcom. It will align management's interests even more strongly with those of shareholders and other stakeholders and ensures that management remains focussed on growing the business.

> Annual interim targets, which are in effect building blocks leading towards the achievement of the stretch target, were set and have been agreed with executive management.

> Failure to meet certain pre-agreed goals could lead to penalties of up to 50% of an executive's bonus being imposed.

> The scheme provides for payment of annual bonuses over a 4 year period which rewards management for meeting budget, but provides further incentive to exceed budget and even the stretch target.

> Having regard to the stretch target of 100 cents set by management, the Board formulated a scheme for payments of executive bonuses on the achievement of NEPS of 102 cents by 2018. Predetermined criteria and annual steps towards this target have been established.

> Executives have KPIs based on the achievement of a combination of Group and divisional or individual targets with detailed individual hurdles which are set and calibrated according to each executive's specific area of responsibility and performance targets for that area.

> A maximum bonus opportunity of 100% of annual package is available to the Group CEO upon achievement of agreed KPIs, with provision made for the CEO to earn in excess of 100% of his cost to company package for significant outperformance of the agreed stretch target. Note that as three different individuals occupied the position of CEO during the year under review it is difficult to make year on year comparisons. For the purposes of this report FR Thompson (Interim CEO from March to November 2015) has been regarded as CEO, while RJ Douglas (who assumed the position at the end of November 2015) has been dealt with as the divisional CEO: Tertiary division.

> Other executives have a maximum bonus opportunity of up to 80% of annual package, again with provision made for the executives to earn in excess of 80% of their cost to company package for significant outperformance of the agreed stretch target.

> For the 2015 financial year, executive bonuses, which were accrued at year-end but paid after year-end, amounted to 95% (2014: 46%) of the maximum bonus opportunity.

Performance targets to be achieved by 2018 have been agreed with executive management, with annual bonuses based on hurdles necessary each year to achieve those targets. Details of the 2018 targets are set out below with a breakdown of the bonus opportunity available at various levels. The hurdles to be achieved by executives in 2015 were based on the first step in the 2018 targets.

		CEO	Group Financial Director	Education Divisional CEO's	Resourcing Divisional CEO	Executive Functional Heads
Group normalised earnings per share in 2018						
– minimum target	92 cents	0%	0%	0%	0%	0%
– mid target	97 cents	20%	20%	13%	13%	13%
– stretch target	102 cents	60%	60%	40%	40%	40%
Group revenue						
– minimum target	95% of budget	0%				
– mid target	100% of budget	5%				
– stretch target	110% of budget	15%				
Divisional operating profit						
– minimum target	95% of budget			0%	0%	
– mid target	100% of budget			10%	15%	
– stretch target	115% of budget			30%	40%	
Full-time enrolments (excluding acquisitions)						
– minimum target	95% of target	0%		0%		
– mid target	100% of target	5%		5%		
– stretch target	105% of target	15%		10%		
Personal KPA's		10%	20%			20%
Total bonus opportunity		100%	80%	80%	80%	60%
Possible discount for non-achievement of Group strategic initiatives		50%	40%	40%	40%	30%
Maximum additional bonus for surpassing stretch targets		20%	16%	16%	16%	12%

Corporate Governance continued

Remuneration committee report continued

- Annual awards are made to executive and senior management in terms of the long term incentive schemes (Share Incentive Scheme and Long-Term Incentive Bonus). Awards are made having regard to seniority and performance of the individual and the Group at the time when the award is made.
- Each award in terms of the Share Incentive Scheme extends over a period of six years, with three opportunities (at the end of years 2, 4 and 6) to exercise the options.
- The Long-Term Incentive Bonus Scheme extends over a period of five years and is payable at various rates dependant on CAGR achieved by the Group in the final year.
- These incentive schemes are currently under review by RemCom in consultation with management. Proposals to replace the schemes with a new scheme which links the award of share options more closely to performance of executive and senior managers concerned are under consideration.
- Note 16 of the Annual Financial Statements contains more information regarding the Share Incentive Scheme.

Remuneration is structured according to the following framework:

General staff

To encourage a high performance culture within the Group, each employee has agreed KPIs which create a direct link between performance and remuneration. Managers review each employee's performance during the year against these KPIs, so that changes can be made in appropriate circumstances, and high performers can be rewarded.

Appropriate recognition is given to the qualifications of professional staff.

All remuneration is benchmarked annually, with remuneration of educators and academic staff being benchmarked against state and other comparable institutions.

The remuneration of recruitment 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 recruitment 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
- variable long-term incentive remuneration in the form of an opportunity to participate in either the ADvTECH Limited Share Incentive Scheme or the Long-Term Incentive Bonus Scheme.

Executive management

Executive management is offered a similar remuneration structure to that of senior staff and management and consists of the same three elements.

Share Incentive Scheme

The Group has continued to offer share options to executive and senior management. RemCom approved the award of 2 958 000 (2014: 4 071 000) share options during the year under review; further details are set out in note 16 of the Annual Financial Statements. As noted above, this scheme is currently under review.

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. The first payment is due in 2017. This scheme is under consideration as part of the review of the incentive schemes available. Its complexity has proved to be an inhibiting factor in gaining staff acceptance.

Directors

The fees payable to Non-Executive Directors were approved by special resolution of the shareholders at the Annual General Meeting held on 28 July 2015, as required by the Act. A proposal regarding revised fees for Non-Executive Directors for 2016 will be placed before shareholders at the Annual General Meeting on 24 May 2016 for approval. Senior management makes a recommendation to the Board of fees to be paid to Non-Executive Directors during the year. Non-Executive Director remuneration is based on a combined annual retainer and a fee for attendance at meetings.

On behalf of the Remuneration Committee.

Prof SA Zinn
Chair: Remuneration Committee
9 March 2016

Financial Statements

CONTENTS

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 70.

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 statements for the year ended 31 December 2015 was supervised by JDR Oesch CA(SA), the Group's Financial Director.

The annual financial statements set out on pages 71 to 121 were approved by the Board of directors on 12 March 2016 and are signed on its behalf by:

CH Boulle
Chairman

RJ Douglas
Chief Executive Officer

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

12 March 2016

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 77 to 121, which comprise the statements of financial position as at 31 December 2015, and the statements of profit or loss, the statements of other 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 and separate 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 2015, 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 2015, 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.

Report on other legal and regulatory requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of ADvTECH Limited for 14 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: S Nelson
Partner

12 March 2016

National Executive: *LL Bam, **Chief Executive;** *AE Swiegers, **Chief Operating Officer;** *GM Pinnock, **Audit;** *N Sing, **Risk Advisory;** *NB Kader, **Tax;** TP Pillay, **Consulting;** S Gwala, **BPaas;** *K Black, **Clients & Industries;** *JK Mazzocco, **Talent & Transformation;** *MJ Jarvis, **Finance;** *M Jordan, **Strategy;** *MJ Comber, **Reputation and Risk;** *TJ Brown, **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.

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited.

AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the financial year ended 31 December 2015. 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 internal audit terms of reference and audit plans;
- 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 2016 financial year at the Annual General Meeting. S Nelson will complete her rotation as designated auditor shortly, and will be replaced by H Loonat as the designated auditor;
- 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 controls 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 58. The Committee has proposed that the following Non-Executive Directors be appointed as Committee members by the shareholders at the Annual General Meeting to be held on 24 May 2016: CH Boulle, BM Gourley and KDM Warburton. CH Boulle resigned as Chairman of the Audit Committee to take up appointment as the Chairman of the Company; KDM Warburton was appointed as Chairman of the Audit Committee in his place. Both changes took effect on 21 August 2015. 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 59.

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 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 report for the year ended 31 December 2015 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

KDM Warburton
Chairman: Audit Committee

12 March 2016

DIRECTORS' REPORT

for the year ended 31 December 2015

Your Directors have pleasure in presenting their report on the activities of the Group and Company for the year ended 31 December 2015.

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) (JSE code: ADH and ISIN number: ZAE 0000 31035). 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 2015 are set out herein.

Stated capital

The Company's authorised share capital consisted of ordinary par value shares at the end of the previous financial year. During the year under review, the ordinary par value shares were converted to no par value shares by special resolution passed at the Annual General Meeting held on 28 July 2015 and the share capital (including share premium) was transferred to the stated capital account. The authorised share capital was increased from 500 000 000 ordinary shares to 1 000 000 000 ordinary shares by special resolution passed at the General Meeting held on 13 October 2015.

The Company issued 33 678 494 ordinary shares for the acquisition of the Maravest group of companies in June 2015 and 242 845 ordinary shares for the acquisition of the CA Global group of companies during September 2015. In the latter part of the year the Company undertook a rights issue in terms of which shareholders were offered 75 555 556 new ADvTECH ordinary shares, in the ratio of 16.59818 rights offer shares for every 100 ADvTECH ordinary shares held by shareholders, at a subscription price of R11.25 per rights offer share. The rights offer was significantly oversubscribed and all 75 555 556 shares were issued in December 2015.

The number of shares in issue increased during the year under review:

Number of shares in issue at 31 December 2014	421 282 422
Number of shares in issue at 31 December 2015	530 759 317

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

The board is pleased to announce the declaration of a final gross dividend of 17.0 cents (2014: 15.0 cents) per ordinary share in respect of the year ended 31 December 2015. This brings the full year dividend to 29.5 cents (2014: 26.0 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%. The net amount payable to shareholders who are not exempt from DT is 14.45 cents per share, while it is 17.0 cents per share to those shareholders who are exempt from DT. The total dividend amount payable is R90 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 2015 or the financial position at that date.

Compliance with King III

The ADvTECH Group is committed to the principles of effective corporate governance and complies substantially with the principles of King III. A detailed analysis of the Group's compliance with these principles can be found on the website at www.advtech.co.za.

Special resolutions adopted by the Company

The Company passed a number of special resolutions during the year under review, including resolutions to convert its ordinary shares from par value shares to no par value shares and increasing the Company's authorised share capital. Special resolutions approving the Non-Executive Directors' fees and giving the Board authority to provide financial assistance to related and inter-related companies were also passed.

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 were passed by subsidiaries.

Directorate

Details of Directors appear on pages 54 to 55 of this report.

KDM Warburton was appointed as an independent Non-Executive Director of the Board with effect from 28 July 2015. His appointment will be confirmed by shareholders at the Annual General Meeting on 24 May 2016.

Following his appointment as Chief Executive Officer (CEO) of the Group on 24 October 2014, LW Maasdorp reached a mutual agreement with the Group to part ways and consequently resigned as Group CEO with effect from 23 March 2015. FR Thompson returned as Interim CEO until 27 November 2015, when RJ Douglas, previously Chief Executive Officer: Tertiary division, was appointed as CEO. There were a number of further changes to the Board:

- JC Livingstone retired as Director, Chair of the Board and member of Audit, Risk, Remuneration and Litigation Committees with effect from 28 July 2015;
- CH Boulle was appointed as Chair of the Board with effect from 28 July 2015 and resigned as Chair of the Audit and Remuneration Committees with effect from 21 August 2015;
- M Nyati resigned as a Director and member of the Audit and Risk Committees with effect from 3 August 2015;
- SA Zinn was appointed as Chair of the Remuneration Committee with effect from 21 August 2015;
- KDM Warburton was appointed as a member of the Audit, Risk and Remuneration Committees on 6 August 2015 and as Chair of the Audit Committee on 21 August 2015; and
- CH Boulle, BM Gourley, KDM Warburton and SA Zinn were appointed as members of the newly constituted Investment Committee. CH Boulle was appointed as Chair of that committee.

In accordance with the provisions of the Company's Memorandum of Incorporation (MoI), JD Jansen, SC Masie and SA Zinn 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 54 to 55 of this report.

Interests, share options and emoluments of Directors and Prescribed Officers

Interests of Directors and Prescribed Officers

As at 31 December 2015, the Directors' and Prescribed Officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company were 2% (2014: 3%) in aggregate. The interests of Directors and Prescribed Officers is as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Directors								
CH Boulle	**3 549**	3 044	**–**	–	**–**	–	**–**	–
RJ Douglas‡	**95 278**	40 000	**–**	–	**–**	–	**–**	–
BM Gourley	**–**	–	**–**	–	**–**	–	**–**	–
JD Jansen	**–**	–	**–**	–	**–**	–	**–**	–
JC Livingstone†	**–**	–	**–**	–	**–**	–	**–**	–
LW Maasdorp#	**–**	309 337	**–**	–	**–**	–	**–**	–
SC Masie	**–**	–	**–**	–	**–**	–	**–**	–
M Nyati$	**–**	–	**–**	–	**–**	–	**–**	–
JDR Oesch	**1 872 228**	1 407 979	**–**	–	**–**	–	**37 312**	32 000
KDM Warburton*	**–**	–	**32 064**	–	**–**	–	**–**	–
SA Zinn	**–**	–	**–**	–	**–**	–	**–**	–
Prescribed Officers								
DL Honey	**9 016 567**	7 576 842	**–**	–	**–**	–	**48 388**	1 500
A Isaakidis	**1 704 088**	1 264 270	**–**	–	**–**	–	**–**	–
Totals	**12 691 710**	10 601 472	**32 064**	–	**–**	–	**85 700**	33 500

‡ *Appointed 27 November 2015.*
† *Retired 28 July 2015.*
# *Resigned 23 March 2015.*
$ *Resigned 3 August 2015.*
* *Appointed 28 July 2015.*

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 2015.

DIRECTORS' REPORT

for the year ended 31 December 2015 *(continued)*

Share options of Directors and Prescribed Officers

The Directors and Prescribed Officers held the following share options at 31 December 2015:

	Share options as at 31 December 2014		Share options granted during the year		Share options exercised during the year			**Share options as at 31 December 2015**
	Number	Exercise price (cents)	Number	Exercise price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Number**
Directors								
RJ Douglas*	300 000	580						**300 000**
	120 000	664			40 000	1 365	280 400	**80 000**
	125 000	820						**125 000**
			150 000	1 260				**150 000**
LW Maasdorp#	2 000 000	819						**–**
JDR Oesch	66 667	560						**66 667**
	275 000	575			183 333	1 281	1 294 331	**91 667**
	60 000	580						**60 000**
	120 000	664			40 000	1 350	274 400	**80 000**
	125 000	820						**125 000**
			150 000	1 260				**150 000**
Prescribed Officers								
DL Honey	200 000	560						**200 000**
	183 334	575			91 667	1 281	647 169	**91 667**
	80 000	580						**80 000**
	120 000	664			40 000	1 247	233 200	**80 000**
	100 000	820						**100 000**
			120 000	1 260				**120 000**
A Isaakidis	116 667	560						**116 667**
	275 000	575			183 333	1 330	1 384 164	**91 667**
	80 000	580						**80 000**
	120 000	664			40 000	1 275	244 400	**80 000**
	125 000	820						**125 000**
			150 000	1 260				**150 000**
	4 591 668		570 000		618 333		4 358 064	**2 543 335**

The share option exercise terms are detailed in note 16 on pages 98 to 99.

* *Appointed Group Chief Executive Officer with effect from 27 November 2015.*

Resigned as Chief Executive Officer with effect from 23 March 2015 and his share options lapsed at that date.

Emoluments of Directors and Prescribed Officers

Emoluments paid to Directors and Prescribed Officers of the Group (excluding gains on share options exercised) for the year ended 31 December 2015, are set out below:

	Fees R	Salary R	Bonus* R	Lump sum R	Expense allowances R	Provident fund contri-butions R	Consulting fees R	**Total 2015 R**	Total 2014 R
Executive									
RJ Douglas†		271 780			16 767	32 579		**321 126**	–
LW Maasdorp#		1 314 935		1 750 000	18 480	124 919		**3 208 334**	1 224 910
JDR Oesch		2 052 271	2 346 000		150 000	279 397		**4 827 668**	3 553 895
FR Thompson$								**–**	3 925 000
Total executive		3 638 986	2 346 000	1 750 000	185 247	436 895		**8 357 128**	8 703 805
Prescribed Officers									
RJ Douglas†		2 232 966	2 394 000		163 233	317 165		**5 107 364**	3 974 999
DL Honey		2 108 970	2 306 000		183 636	281 144		**4 879 750**	2 834 052
A Isaakidis		2 168 225	1 947 000		235 056	263 310		**4 613 591**	3 472 597
FR Thompson$		2 774 342	2 667 000		–	–		**5 441 342**	–
Total prescribed officers		9 284 503	9 314 000		581 925	861 619		**20 042 047**	10 281 648
Non-executive									
CH Boulle	748 940							**748 940**	478 723
BM Gourley	690 297						100 000	**790 297**	660 400
JD Jansen	381 002							**381 002**	352 000
JC Livingstone	425 808							**425 808**	554 376
LW Maasdorp#	–							**–**	322 355
SC Masie	319 000							**319 000**	253 000
M Nyati**	194 712							**194 712**	322 000
KDM Warburton***	209 771							**209 771**	–
SA Zinn	469 255							**469 255**	343 575
Total non-executive	3 438 785						100 000	**3 538 785**	3 286 429

* *Refer to Remuneration Committee Report for details of the executive bonus scheme.*
† *Appointed Group Chief Executive Officer with effect from 27 November 2015.*
# *Resigned as Chief Executive Officer with effect from 23 March 2015.*
$ *Acted as Interim Group Chief Executive Officer from 23 March 2015 to 27 November 2015.*
** *Resigned as director from 3 August 2015.*
*** *Appointed as director from 28 July 2015.*

No Directors' fees were paid to Executive Directors during 2015.

DIRECTORS' REPORT
for the year ended 31 December 2015 *(continued)*

Acquisitions

The Group concluded the acquisition of Centurus Colleges, Gaborone International School and the Maravest Group during the year under review.

The Group also concluded a number of minor acquisitions during the period – Kathstan College (in Benoni) and Boleng Pre-primary and Primary School (now known as Trinityhouse Northriding) in the Schools division, as well as CA Global Group (including CA Global Headhunters and the Mauritian-based Africa HR Solutions) and Contract Accountants in the Resourcing Division. All acquisitions are in line with the published expansion programme.

Further details on these acquisitions are detailed in note 33 on pages 109 to 112.

Centurus Colleges

ADvTECH acquired 100% of the shares in Centurus Colleges for a cash purchase price of R698.9 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.

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

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

ADvTECH assumed control of the schools from the beginning of 2015.

Gaborone International School (GIS)

ADvTECH acquired the Gaborone International School (GIS) in Botswana for BWP26.8 million (R32.8 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 into the rest of Africa.

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.

GIS falls within the newly established ADvTECH Academies brand, which service their local communities and retain their own identity and ethos with a variety of fee options.

Maravest Group

The Group acquired the Maravest Group of schools with the approval of the shareholders on 1 May 2015 for a consideration of R497.4 million. This acquisition strengthens 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.

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.

Auditors

Deloitte & Touche, who have been the auditors of the Group since 2002, continued in office as auditors of the Company and its subsidiaries during the year under review. This will be the last audit under the management of S Nelson, who has almost completed her rotation as audit partner. H Loonat has been nominated as the lead independent external auditor in her place.

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 H Loonat as the lead independent external auditor.

Company Secretary

The Company Secretary is SK Saunders. Subsequent to the year-end, the Company Secretary resigned effective 31 March 2016. An announcement regarding a replacement will be made in due course. The Company Secretary's 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	

CONSOLIDATED SEGMENTAL REPORT

for the year ended 31 December 2015

	Percentage increase/ (decrease)	**Audited 2015 R'm**	Audited 2014 R'm
Revenue		**2 707.7**	1 931.8
Schools	57%	**1 432.0**	915.0
Tertiary	19%	**981.5**	826.9
Resourcing	53%	**296.9**	194.0
Intra Group revenue		**(2.7)**	(4.1)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**557.9**	340.8
Schools	74%	**363.7**	208.5
Tertiary	47%	**172.4**	116.9
Resourcing	55%	**35.4**	22.8
Corporate action costs		**(12.2)**	(4.0)
Litigation		**(1.4)**	(3.4)
Depreciation and amortisation		**109.6**	84.4
Schools	38%	**64.9**	46.9
Tertiary	17%	**38.4**	32.9
Resourcing	37%	**6.3**	4.6
Operating profit before interest		**448.3**	256.4
Schools	85%	**298.8**	161.6
Tertiary	60%	**134.0**	84.0
Resourcing	60%	**29.1**	18.2
Corporate action costs		**(12.2)**	(4.0)
Litigation		**(1.4)**	(3.4)
Property, plant and equipment and proprietary technology systems		**2 593.4**	1 492.1
Schools	79%	**2 032.8**	1 134.3
Tertiary	56%	**552.7**	354.1
Resourcing	114%	**7.9**	3.7
Current assets		**408.5**	314.2
Schools	38%	**154.1**	111.3
Tertiary	14%	**201.8**	176.3
Resourcing	98%	**52.6**	26.6
Total liabilities		**2 048.2**	1 031.4
Schools	121%	**1 552.5**	702.3
Tertiary	34%	**415.2**	309.8
Resourcing	317%	**80.5**	19.3
Capital expenditure		**406.1**	316.4
Schools	(13%)	**191.3**	221.1
Tertiary	128%	**210.5**	92.5
Resourcing	54%	**4.3**	2.8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2015

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
Revenue	4	**2 707.7**	1 931.8
Staff costs	5	**(1 340.5)**	(958.6)
Rent and occupancy costs		**(197.1)**	(164.8)
Other operating expenses		**(612.2)**	(467.6)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**557.9**	340.8
Schools		**363.7**	208.5
Tertiary		**172.4**	116.9
Resourcing		**35.4**	22.8
Corporate action costs		**(12.2)**	(4.0)
Litigation		**(1.4)**	(3.4)
Depreciation and amortisation	5	**(109.6)**	(84.4)
Operating profit before interest	5	**448.3**	256.4
Net finance costs paid		**(119.7)**	(9.1)
Interest received	6.1	**7.1**	2.8
Finance costs	6.2	**(126.8)**	(11.9)
Profit before taxation		**328.6**	247.3
Taxation	7	**(102.5)**	(80.2)
Profit for the year		**226.1**	167.1
Profit for the year attributable to:			
Owners of the parent		**224.9**	167.1
Non-controlling interests		**1.2**	–
		226.1	167.1
Earnings per share			
Basic (cents)	8	**50.2**	40.2*
Diluted (cents)	8	**50.2**	40.1*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Audited 2015 R'm	Audited 2014 R'm
Profit for the year	**226.1**	167.1
Other comprehensive income, net of income taxation		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**11.9**	–
Total comprehensive income for the year	**238.0**	167.1

* *Earnings per share and headline earnings per share for the year ended 31 December 2014 have been adjusted downwards by 1.1 cents and normalised earnings per share for the year ended 31 December 2014 has been adjusted downwards by 1.2 cents. This is due to the retrospective adjustment of the 2015 rights offer undertaken. The adjustment to the basic and dilutive weighted average number of shares in issue for the year ended 31 December 2014 is an increase of 11.1 million shares due to the bonus element contained within the rights offer.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Notes	Share capital R'm	Share premium R'm	Stated capital R'm	Share option reserve R'm	Foreign currency translation reserve R'm	Shares held by the Share Incentive Trust R'm	Retained earnings R'm	Non-controlling interests R'm	Total equity R'm
Balance at 1 January 2014		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**
Total comprehensive income for the year						11.9		224.9	1.2	238.0
Profit for the year								224.9	1.2	226.1
Other comprehensive income for the year						11.9			–	11.9
Dividends declared to shareholders	11							(117.1)		(117.1)
Share-based payment expense	5, 16				3.8					3.8
Conversion of par value shares to no par value shares	23, 24	(4.2)	(117.3)	121.5						–
Shares issued for business combinations	23			336.4						336.4
Shares issued in terms of the rights issue	23			850.0						850.0
Share issue costs	23			(15.2)						(15.2)
Share options exercised					0.9		18.6			19.5
Non-controlling interests arising on acquisitions									10.3	10.3
Balance at 31 December 2015		**–**	**–**	**1 292.7**	**18.4**	**11.9**	**(64.7)**	**984.7**	**11.5**	**2 254.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	Audited 2015 R'm	Audited 2014 R'm
Assets			
Non-current assets			
Property, plant and equipment	12	**2 538.6**	1 439.0
Proprietary technology systems	13	**54.8**	53.1
Goodwill	14	**1 085.3**	103.8
Intangible assets	15	**203.5**	25.3
Deferred taxation assets	17	**–**	12.8
Investment	18	**12.0**	12.0
		3 894.2	1 646.0
Current assets			
Inventories	19	**3.8**	1.3
Trade and other receivables	20	**193.0**	153.6
Prepayments		**35.5**	45.5
Bank balances and cash	21	**176.2**	113.8
		408.5	314.2
Total assets		**4 302.7**	1 960.2
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	23	**1 292.7**	–
Share capital	24.1	**–**	4.2
Share premium	24.2	**–**	117.3
Share option reserve		**18.4**	13.7
Foreign currency translation reserve		**11.9**	–
Shares held by the Share Incentive Trust	16	**(64.7)**	(83.3)
Retained earnings		**984.7**	876.9
Non-controlling interests		**11.5**	–
Total equity		**2 254.5**	928.8
Non-current liabilities			
Long-term bank loans	25	**801.1**	–
Deferred taxation liabilities	17	**98.0**	–
		899.1	–
Current liabilities			
Current portion of long-term bank loans	25	**16.8**	–
Short-term bank loans	26	**515.2**	550.0
Trade and other payables	27	**327.5**	269.8
Taxation		**11.7**	0.1
Fees received in advance and deposits		**276.3**	210.1
Shareholders for capital distribution		**0.8**	0.8
Shareholders for dividend		**0.8**	0.6
		1 149.1	1 031.4
Total equity and liabilities		**4 302.7**	1 960.2

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	Audited 2015 R'm	Audited 2014 R'm
Cash flows from operating activities			
Cash generated from operations	30.1	**555.8**	345.1
Movement in working capital	30.2	**1.7**	(59.4)
Cash generated by operating activities		**557.5**	285.7
Net finance costs paid		**(119.7)**	(9.1)
– interest received	6.1	**7.1**	2.8
– finance costs	6.2	**(126.8)**	(11.9)
Taxation paid	30.3	**(98.3)**	(78.2)
Capital distributions paid	30.4	**–**	(0.1)
Dividends paid	30.5	**(116.9)**	(105.6)
Net cash inflow from operating activities		**222.6**	92.7
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	30.6	**(78.0)**	(72.5)
– to expand operations	30.7	**(320.3)**	(227.5)
Additions to proprietary technology systems	13	**(7.8)**	(16.4)
Business combinations cash flows	30.8	**(938.7)**	(22.5)
Proceeds on disposal of property, plant and equipment		**4.4**	1.2
Net cash outflow from investing activities		**(1 340.4)**	(337.7)
Cash flows from financing activities			
Shares issued		**835.4**	–
Increase in long-term bank loans		**360.1**	–
Movement in short-term bank loans		**(34.8)**	250.0
Cash movement in shares held by Share Incentive Trust		**19.5**	11.2
Net cash inflow from financing activities		**1 180.2**	261.2
Net increase in cash and cash equivalents		**62.4**	16.2
Cash and cash equivalents at beginning of the year		**113.8**	97.6
Cash and cash equivalents at end of the year	21	**176.2**	113.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

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 standard which is effective for annual reporting periods beginning on or after 1 January 2015:

- IFRS 7: *Financial Instruments Disclosures:* (Amendments to transition disclosures and deferral of the mandatory effective date of IFRS 9)

This had 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. The major 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 profit or loss and statement of other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

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 to 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 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-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

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, rebates 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 the 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.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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 adjust 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.

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 profit or loss 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

3.14 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, net of shares repurchased and the Group's interest in its own ordinary shares.

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue, net of shares repurchased, is adjusted for the dilutive effect of potential ordinary shares. Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease basic earnings per share.

Headline earnings per share and normalised earnings per share

The presentation of headline earnings per share is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 3/2013 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

Normalised earnings is a non-IFRS measure and excludes the impact of certain non-operational income and expense items from reported headline earnings. It is included to provide an additional basis on which to measure the Group's normalised earnings performance.

3.15 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 depreciation is recognised in profit or loss.

The annual rates for this purpose are:

Buildings	1% (2014: 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

The useful life and residual value of property, plant and equipment is reviewed on an annual basis and when necessary appropriate changes to the estimates are made.

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.

3.16 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 and is recognised in profit or loss. 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. Due to their nature, certain brand values have been identified as having an indefinite useful life on the basis that there is no foreseeable end to the period over which the asset will generate economic benefits.

3.17 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 (or 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 (or 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 (or 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.

3.18 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.

3.19 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.

3.20 Share purchases

The ADvTECH Limited Share Incentive Trust holds shares in the Company to be used for the settlement of its obligations under its share incentive schemes. Shares held are offset against share capital.

3.21 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 reliably 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.

3.22 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015 *(continued)*

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 other 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.

3.23 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 consolidated 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.

Useful lives and residual values of property, plant and equipment and intangible assets
Management judgement and assumptions are necessary in estimating the methods of depreciation/amortisation, useful lives and residual values of property, plant and equipment and intangible assets. The Group reassesses the estimated useful lives and residual values of components of property, plant and equipment and intangible assets on an ongoing basis and makes appropriate changes as and when necessary. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the Group expects to consume the future economic benefits embodied in the intangible asset.

3.24 Standards not yet effective

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

IFRS 7	*Financial Instruments: Disclosures* (September 2014 Annual improvements resulting in additional disclosures)	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 regarding the application of the consolidation exception)	Annual period beginning on or after 1 January 2016
IFRS 10	*Consolidated Financial Statements* (Amendments on the sale or contribution of assets between an investor and its Associate or Joint Venture)	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 regarding the application of the consolidation exception)	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 2018
IAS 1	*Presentation of Financial Statements* (Disclosure initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements)	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 reinstating the equity method as an accounting option for Investments in subsidiaries, Joint Ventures and Associates in an entity's separate Financial Statements)	Annual period beginning on or after 1 January 2016
IAS 28	*Investments in Associates and Joint Ventures* (Amendments on the 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 regarding the application of the consolidation exception)	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 that have been published, but not yet effective, are expected to have a significant impact on the amounts recorded in the financial statements.

The Group intends to adopt the above standards at the start of the financial period following the effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Notes	Audited 2015 R'm	Audited 2014 R'm
4. Revenue			
Tuition fees		**2 408.6**	1 741.8
Placement fees		**281.8**	176.5
Sale of goods and services		**20.0**	17.6
Intra Group revenue		**(2.7)**	(4.1)
		2 707.7	1 931.8
5. Operating profit before interest			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration		**8.3**	4.3
– Current year audit fee		**7.9**	4.1
– Prior year under provision		**0.3**	–
– Other services		**0.1**	0.2
Amortisation		**18.4**	10.5
– Proprietary technology systems	13	**8.7**	7.3
– Intangible assets	15	**9.7**	3.2
Depreciation	12	**91.2**	73.9
– Land and buildings		**13.4**	16.9
– Computer equipment		**28.3**	21.3
– Computer software		**1.3**	0.6
– Furniture, fittings and equipment		**20.0**	15.4
– Motor vehicles		**4.5**	3.4
– Video equipment		**0.7**	0.2
– Leasehold improvements		**23.0**	16.1
Total depreciation and amortisation		**109.6**	84.4
Foreign exchange gains		**(0.7)**	–
Foreign exchange losses		**0.4**	–
Operating lease charges		**107.8**	90.1
– Premises		**105.9**	89.2
– Equipment		**1.9**	0.9
Professional fees		**17.8**	10.1
Loss on sale of property, plant and equipment		**4.9**	0.5
Directors' emoluments		**11.9**	12.0
– For services as directors		**3.4**	3.2
– For managerial and other services		**8.5**	8.8
Pension and provident fund contributions		**82.1**	58.9
Share-based payment expense	16	**3.8**	3.2
Staff costs		**1 242.7**	884.5
Total staff costs		**1 340.5**	958.6
Number of staff (at year-end)		**5 441**	4 036
Number of staff covered by retirement plans (at year-end)		**3 535**	2 508

	Note	Audited 2015 R'm	Audited 2014 R'm
6. Net finance costs paid			
6.1 Interest received			
Call accounts		**3.2**	2.0
Current accounts		**3.0**	0.7
Other		**0.9**	0.1
		7.1	2.8
6.2 Finance costs			
Bank loans		**(119.6)**	(8.9)
Bank loans facility fees		**(7.0)**	(2.2)
South African Revenue Service		**–**	(0.2)
Unwinding of discount on provision		**–**	(0.3)
Other		**(0.2)**	(0.3)
		(126.8)	(11.9)
Net finance costs paid		**(119.7)**	(9.1)
7. Taxation			
7.1 Taxation expense comprises			
Current taxation – current year		**108.3**	75.4
– prior year under/(over) provision		**1.1**	(0.2)
Deferred taxation – current year	17	**(3.7)**	3.5
– prior year (over)/under provision	17	**(3.2)**	1.5
Total taxation expense		**102.5**	80.2
Estimated taxation losses for the Group carried forward at year-end were R21.3 million (2014: R2.1 million).			
Deferred taxation assets relating to taxation losses to the value of R19.1 million (2014: nil) have not been raised in the Group.			
7.2 Reconciliation of taxation			
Profit before taxation		**328.6**	247.3
Taxation at 28%		**92.0**	69.2
Foreign taxation effect		**(0.8)**	–
Permanent differences		**13.4**	9.7
Disallowable expenditure – depreciation on buildings		**7.3**	5.4
– other		**6.1**	4.5
Taxation allowances		**–**	(0.2)
Current taxation – prior year under/(over) provision		**1.1**	(0.2)
Deferred taxation – prior year (over)/under provision		**(3.2)**	1.5
Taxation expense recognised in profit		**102.5**	80.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 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	**224.9**	167.1
Number of shares		
Weighted average number of shares ('m)	**461.0**	432.4*
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(13.2)**	(16.6)
Weighted average number of shares for purposes of basic earnings per share ('m)	**447.8**	415.8
Effect of dilutive potential ordinary shares ('m)	**–**	0.4
Weighted average number of shares for purposes of diluted earnings per share ('m)	**447.8**	416.2
Earnings per share		
Basic (cents)	**50.2**	40.2*
Diluted (cents)	**50.2**	40.1*

	Audited 2015 R'm		Audited 2014 R'm	
	Gross	**Net**	Gross	Net
9. Headline earnings per share				
Earnings				
Earnings for the purpose of basic and diluted earnings per share		**224.9**		167.1
Items excluded from headline earnings per share				
Loss on sale of property, plant and equipment	**4.9**	**3.5**	0.5	0.4
Earnings for the purpose of headline earnings per share		**228.4**		167.5

	Audited 2015 R'm	Audited 2014 R'm
Number of shares		
Weighted average number of shares ('m)	**461.0**	432.4*
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(13.2)**	(16.6)
Weighted average number of shares for purposes of basic headline earnings per share ('m)	**447.8**	415.8
Effect of dilutive potential ordinary shares ('m)	**–**	0.4
Weighted average number of shares for purposes of diluted headline earnings per share ('m)	**447.8**	416.2
Headline earnings per share		
Basic (cents)	**51.0**	40.3*
Diluted (cents)	**51.0**	40.2*

	Audited 2015 R'm		Audited 2014 R'm	
	Gross	**Net**	Gross	Net
10. Normalised earnings per share				
Earnings				
Earnings for the purpose of basic and diluted headline earnings per share		**228.4**		167.5
Items excluded from normalised earnings per share	**13.6**	**13.1**	8.8	8.4
Litigation costs	**1.4**	**1.4**	3.4	3.4
Corporate and financing costs				
Corporate action costs	**12.2**	**11.7**	4.0	4.0
Facility initiation costs	**–**	**–**	1.4	1.0
Earnings for the purpose of normalised earnings per share		**241.5**		175.9

	Audited 2015 R'm	Audited 2014 R'm
Number of shares		
Weighted average number of shares ('m)	**461.0**	432.4*
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(13.2)**	(16.6)
Weighted average number of shares for purposes of basic normalised earnings per share ('m)	**447.8**	415.8
Effect of dilutive potential ordinary shares ('m)	**–**	0.4
Weighted average number of shares for purposes of diluted normalised earnings per share ('m)	**447.8**	416.2
Normalised earnings per share		
Basic (cents)	**53.9**	42.3*
Diluted (cents)	**53.9**	42.3*

* *Earnings per share and headline earnings per share for the year ended 31 December 2014 have been adjusted downwards by 1.1 cents and normalised earnings per share for the year ended 31 December 2014 has been adjusted downwards by 1.2 cents. This is due to the retrospective adjustment of the 2015 rights offer undertaken. The adjustment to the basic and dilutive weighted average number of shares in issue for the year ended 31 December 2014 is an increase of 11.1 million shares due to the bonus element contained within the rights offer.*

	Audited 2015 R'm	Audited 2014 R'm
11. Dividends		
Final dividend No 11 paid on 20 April 2015: 15.0 cents per share (2014: No 9: 15.0 cents per share)	**63.2**	63.2
Interim dividend No 12 paid on 21 September 2015: 12.5 cents per share (2014: No 10: 11.0 cents per share)	**56.9**	46.3
Dividend attributable to treasury shares	**(3.0)**	(3.8)
Total dividends	**117.1**	105.7
On 10 March 2016 the Directors declared a dividend No 13 of 17.0 cents per share payable on 18 April 2016 to shareholders registered on the record date, being 15 April 2016.		
Analysis of dividends per share declared:		
Interim	**12.5**	11.0
Final	**17.0**	15.0
	29.5	26.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Cost					
	1 Jan 2015 R'm	Additions R'm	Acquisitions through business combinations R'm	Disposals R'm	Foreign currency effect R'm	**31 Dec 2015 R'm**
12. Property, plant and equipment						
Land and buildings	1 259.4	314.5	670.0	(2.9)	10.1	**2 251.1**
Computer equipment	174.5	40.4	7.1	(27.9)	–	**194.1**
Computer software	9.8	1.8	0.1	(3.7)	–	**8.0**
Furniture, fittings and equipment	177.2	25.0	14.4	(16.5)	0.2	**200.3**
Motor vehicles	29.9	6.1	2.9	(2.1)	–	**36.8**
Video equipment	2.9	0.8	0.4	–	–	**4.1**
Leasehold improvements	252.5	9.7	97.0	(21.7)	–	**337.5**
	1 906.2	398.3	791.9	(74.8)	10.3	**3 031.9**

	Accumulated depreciation and impairment					
	1 Jan 2015 R'm	Depreciation R'm	Acquisitions through business combinations R'm	Disposals R'm	Foreign currency effect R'm	**31 Dec 2015 R'm**
Land and buildings	79.0	13.4	–	(1.4)	0.2	**91.2**
Computer equipment	131.9	28.3	–	(26.7)	–	**133.5**
Computer software	7.7	1.3	–	(3.8)	–	**5.2**
Furniture, fittings and equipment	131.7	20.0	–	(15.6)	–	**136.1**
Motor vehicles	20.8	4.5	–	(1.0)	–	**24.3**
Video equipment	2.2	0.7	–	–	–	**2.9**
Leasehold improvements	93.9	23.0	–	(16.8)	–	**100.1**
	467.2	91.2	–	(65.3)	0.2	**493.3**

	Net book value	
	31 Dec 2015 R'm	31 Dec 2014 R'm
Land and buildings	**2 159.9**	1 180.4
Computer equipment	**60.6**	42.6
Computer software	**2.8**	2.1
Furniture, fittings and equipment	**64.2**	45.5
Motor vehicles	**12.5**	9.1
Video equipment	**1.2**	0.7
Leasehold improvements	**237.4**	158.6
	2 538.6	1 439.0

Included in land and buildings is an amount of R48.8 million (2014: R21.1 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R5.6 million (2014: R10.3 million) which relates to improvements that are still in progress.

The amount of borrowing costs capitalised to current year additions amounted to R5.1 million (2014: R3.9 million) at a capitalisation rate of 7.9% (2014: 7.1%).

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

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 of R982.4 million as at December 2013. This valuation does not include the fixed property acquired as part of the current year business combinations, which have been recognised at fair value.

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

Land and buildings having a net book value of R1 120.1 million (2014: R793.4 million) have been pledged as security for the banking facilities (refer to note 25 and 26).

	Cost					
	1 Jan 2014 R'm	Additions R'm	Acquisitions through business combinations R'm	Disposals R'm	Reallocation R'm	31 Dec 2014 R'm
Land and buildings	1 042.8	198.9	16.0	–	1.7	1 259.4
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)	(1.7)	252.5
	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	Reallocation R'm	31 Dec 2014 R'm
Land and buildings	60.4	16.9	–	–	1.7	79.0
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)	(1.7)	93.9
	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
13. Proprietary technology systems			
Cost			
Balance at beginning of the year		**79.2**	62.8
Additions		**7.8**	16.4
Acquisition through business combinations		**2.6**	–
Balance at end of the year		**89.6**	79.2
Accumulated amortisation			
Balance at beginning of the year		**26.1**	18.8
Amortisation expense	5	**8.7**	7.3
Balance at end of the year		**34.8**	26.1
Carrying amount			
At beginning of the year		**53.1**	44.0
At end of the year		**54.8**	53.1

The Student Academic Management System 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 2015 R'm**	Audited 2014 R'm
14. Goodwill			
Cost			
Balance at beginning of the year		**103.8**	98.2
Additional amounts recognised from business combinations occurring during the year	33	**979.6**	5.6
Foreign currency effect		**1.9**	–
Balance at end of the year		**1 085.3**	103.8
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		**103.8**	98.2
At end of the year		**1 085.3**	103.8

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 (CGUs) 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 key assumptions used are as follows:

2015 Cash-generating unit	**Goodwill R'm**	**Indefinite life intangible assets R'm**	**Period of projected cash flows Years**	**Terminal growth rate %**	**Discount rate %**
Schools	**975.9**	**96.0**	**5**	**0.0**	**11.80**
Tertiary	**74.1**	**–**	**5**	**0.0**	**11.80**
Resourcing	**35.3**	**–**	**5**	**0.0**	**11.80**
	1 085.3	**96.0**			

2014 Cash-generating unit	Goodwill R'm	Indefinite life intangible asset R'm	Period of projected cash flows Years	Terminal growth rate %	Discount rate %
Schools	25.9	10.8	3	3.6	12.08
Tertiary	73.5	–	3	4.9	12.08
Resourcing	4.4	–	3	9.0	12.08
	103.8	10.8			

Goodwill acquired is allocated to the Group's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination. The CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes and is aligned to the operating segments. These CGUs are used for the purpose of performing the goodwill impairment calculations.

The Directors were satisfied that there were no impairment adjustments required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Notes	Customer bases R'm	Brand values R'm	**Total audited R'm**
15. Intangible assets				
Cost				
Balance at 1 January 2014		44.7	19.5	**64.2**
Additions through business combinations	33	0.9	0.6	**1.5**
Balance at 1 January 2015		45.6	20.1	**65.7**
Additions through business combinations	33	99.8	87.1	**186.9**
Foreign currency effect		0.4	0.6	**1.0**
At 31 December 2015		145.8	107.8	**253.6**
Accumulated amortisation and impairment				
Balance at 1 January 2014		32.5	4.7	**37.2**
Amortisation expense	5	2.3	0.9	**3.2**
Balance at 1 January 2015		34.8	5.6	**40.4**
Amortisation expense	5	8.5	1.2	**9.7**
At 31 December 2015		43.3	6.8	**50.1**
Carrying amount				
As at 31 December 2014		10.8	14.5	**25.3**
As at 31 December 2015		102.5	101.0	**203.5**

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

	Total useful life	**Remaining useful life**
Customer bases	4 to 15 years	2 to 14 years
Brand values	3 to 10 years, indefinite life	2 to 4 years, indefinite life

The brand value of various schools have a life span in excess of 20 years and therefore an indefinite period of amortisation was selected. The carrying amount of these assets is R96.0 million (2014: R10.8 million). Refer to note 14 for details of the assumptions applied in assessing the indefinite useful life intangible assets for impairment.

16. ADvTECH share incentive scheme

Certain employees and Executive 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. Except for exceptional circumstances, if a participant leaves the employ of the Group prior to exercising the options, the options lapse. Variations to the vesting periods are possible on issue 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)
26 September 2014	31 Dec 2020	819	4.5	235
2 October 2014	31 Dec 2020	820	4.2	235
19 November 2015	31 Dec 2021	1 260	3.8	423

Reconciliation of options	Number of share options 2015	Weighted average exercise price (cents) 2015	Number of share options 2014	Weighted average exercise price (cents) 2014
16. ADvTECH share incentive scheme *(continued)*				
Options outstanding on 1 January	**10 675 002**	**679**	9 284 334	568
Add – Options granted during the year	**2 958 000**	**1 260**	2 000 000	819
– Options granted during the year	**–**	**–**	2 071 000	820
Less – Exercised	**(3 310 117)**	**585**	(2 291 665)	490
– Lapsed	**(2 487 334)**	**783**	(388 667)	601
Options outstanding at 31 December	**7 835 551**	**905**	10 675 002	679

As at 31 December 2015 there were 83 (2014: 65) participants (including Executive Directors) in the ADvTECH share incentive scheme.

Reconciliation of shares owned	Number of shares 2015	Number of shares 2014	Loan receivable R'm 2015	Loan receivable R'm 2014
Shares owned by the Trust as at 1 January	**14 867 289**	17 158 954	**83.3**	96.1
– Options exercised during the year	**(3 310 117)**	(2 291 665)	**(18.6)**	(12.8)
Shares owned by the Trust at 31 December	**11 557 172**	14 867 289	**64.7**	83.3

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:

	2015	2014
Weighted average exercise price (cents)	**1 260**	820
Expected volatility	**24%**	25%
Expected life	**5.9 years**	5.8 years
Risk free rate	**8%**	8%
Expected dividend yield	**2%**	3%

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 515 150 (2014: 584 550) shares on behalf of the employees.

The Group recognised total expenses of R3.8 million (2014: R3.2 million) related to share-based payment transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 R'm
17. Deferred taxation (liabilities)/assets		
Opening deferred taxation assets	**12.8**	17.8
	3.7	(3.5)
Current year temporary differences	**3.0**	(3.8)
Foreign currency effect	**0.5**	–
Movement in deferred taxation assets relating to taxation losses	**0.2**	0.3
Business combinations	**(117.7)**	–
Prior year over/(under) provision	**3.2**	(1.5)
Balance at end of the year	**(98.0)**	12.8
The balance comprises:		
Deferred and prepaid expenditure	**(1.5)**	(2.2)
Allowance for future expenditure (S24C)	**(50.3)**	(34.1)
Fees received in advance	**64.8**	44.5
Commercial building allowance	**(27.3)**	(16.4)
Allowance for doubtful debts	**23.7**	17.4
Leave pay accrual	**3.9**	3.4
Property, plant and equipment allowances	**(21.4)**	(13.8)
Estimated taxation losses carried forward	**0.6**	0.5
Lease smoothing	**8.0**	8.9
Bonus provision	**9.4**	4.6
Intangible assets	**(54.0)**	–
Revaluation of land and buildings	**(53.9)**	–
	(98.0)	12.8
Deferred taxation accounted for in the statement of profit or loss:		
Deferred and prepaid expenditure	**(1.0)**	(1.6)
Allowance for future expenditure (S24C)	**(13.8)**	(4.3)
Fees received in advance	**17.2**	5.8
Commercial building allowance	**(10.9)**	(6.1)
Allowance for doubtful debts	**6.3**	4.9
Leave pay accrual	**0.5**	0.8
Property, plant and equipment allowances	**5.7**	(1.0)
Movement in taxation losses	**(1.6)**	(0.9)
Lease smoothing	**(2.2)**	(0.4)
Bonus provision	**3.5**	(0.7)
	3.7	(3.5)
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 aquire 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 preceeding 24 months.

	Audited 2015 R'm	Audited 2014 R'm
19. Inventories		
Books	**2.1**	0.3
Other	**1.7**	1.0
	3.8	1.3
20. Trade and other receivables		
Amounts receivable for tuition fees	**218.0**	164.6
Amounts receivable for placement fees	**28.5**	11.8
Amounts receivable from the sale of goods and services	**1.7**	1.3
Trade receivables	**248.2**	177.7
Allowance for doubtful debts	**(113.1)**	(83.1)
	135.1	94.6
Other receivables	**57.9**	59.0
	193.0	153.6
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	**20.2**	14.6
60 days	**21.2**	13.8
90 days	**14.1**	9.9
120+ days	**47.2**	44.7
Total	**102.7**	83.0
Movement in the allowance for doubtful debts		
Balance at beginning of the year	**83.1**	60.1
Business combinations	**1.9**	–
Impairment losses recognised on receivables	**55.8**	32.5
Impairment losses reversed	**(27.7)**	(9.5)
Balance at end of the year	**113.1**	83.1
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	**0.7**	0.1
60 days	**0.9**	0.7
90 days	**1.5**	1.2
120+ days	**110.0**	81.1
Total	**113.1**	83.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 R'm
21. Cash and cash equivalents		
Bank balances	**175.8**	113.5
Cash	**0.4**	0.3
	176.2	113.8

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 the local currencies of the underlying operations.

Nature of monetary item	Foreign currency	Foreign currency 2015 'm	Foreign currency 2014 'm	Rand equivalent 2015 R'm	Rand equivalent 2014 R'm
22. Foreign currency exposure					
Trade credit	US Dollar	**0.3**	–	**4.8**	–
Current loan account	Botswana Pula	**0.6**	–	**0.7**	–

	Audited 2015 R'm	Audited 2014 R'm
23. Stated capital		
Authorised		
1 000 000 000 shares of no par value (2014: 500 000 000 shares of 1 cent each)		5.0

	Number of shares 2015 'm	Stated capital 2015 R'm	Number of shares 2014 'm	Stated capital 2014 R'm
Issued				
Balance at 1 January	**–**	**–**	–	–
Transfer from share capital and share premium	**421.3**	**121.5**	–	–
Shares issued for business combinations	**33.9**	**336.4**	–	–
Rights issue	**75.6**	**850.0**	–	–
Share issue costs		**(15.2)**		–
Balance at 31 December	**530.8**	**1 292.7**	–	–

The unissued shares are under the control of the Directors subject to the provisions of the Companies Act, the requirements of the JSE Limited and in certain circumstances shareholders approval.

	Number of shares 2015 'm	Share capital 2015 R'm	Number of shares 2014 'm	Share capital 2014 R'm
24. Share capital and share premium				
24.1 Share capital				
Issued				
Balance at 1 January	**421.3**	**4.2**	421.3	4.2
Transfer to stated capital	**(421.3)**	**(4.2)**	–	–
Balance at 31 December	**–**	**–**	421.3	4.2

	Audited 2015 R'm	Audited 2014 R'm
24.2 Share premium		
Balance at 1 January	**117.3**	117.3
Transfer to stated capital	**(117.3)**	–
Balance at 31 December	**–**	117.3
25. Long-term bank loans		
Secured term loan	**750.0**	–
Mortgage loan	**46.5**	–
Fixed-term loan	**21.4**	–
	817.9	–
Disclosed as:		
Current liabilities	**16.8**	–
Non-current liabilities	**801.1**	–
	817.9	–

The Directors consider that the carrying amount of long-term bank loans approximates their fair value.

Secured term loan

This is a five year facility amounting to R750.0 million which came into effect on 15 December 2015 and attracts interest at JIBAR + 2.00%.

These facilities are secured by mortgage bonds over properties having a net book value of R1 085.7 million. Refer to note 12.

Mortgage loan

This is a 10 year facility, repayable in monthly instalments, that bears interest at 8.50% per annum, secured by a mortgage on freehold land and buildings with a net book value of R34.4 million. Refer to note 12.

Fixed-term loan

The loan is from FirstRand Bank for a period of 5 years and is secured by Maragon Private Schools Ruimsig (Pty) Ltd and Maravest (Pty) Ltd, with signed surety for a value of R27.0 million and it bears interest at prime plus 1%.

Refer to note 32 for further details on securities on the secured term loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 R'm
26. Short-term bank loans		
Revolving credit facility	**–**	350.0
Bridge facility	**–**	200.0
Revolving credit facility B	**515.2**	–
	515.2	550.0

These facilities are secured by mortgage bonds over properties having a net book value of R1 085.7 million (2014: R793.4 million). Refer to note 12 and 25.

The Directors consider that the carrying amount of short-term bank loans approximates their fair value.

Revolving credit facility

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

The facility utilised did bear interest at the following rates:

- 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 had the option to make draw-downs for periods of 30, 60 and 90 days and could elect to roll these for further periods.

Bridge facility

This was a one year facility amounting to R1 350 million which came into effect on 27 October 2014 and did bear interest at JIBAR + 1.50%. This facility was obtained in order to finance acquisitions and working capital requirements.

Revolving credit facility B

This represents a R750 million revolving credit facility that is available to the Group for a five year period commencing on 15 December 2015.

The facility utilised bears interest at the following rates:

- total net borrowings to EBITDA ratio less than 1.50: JIBAR + 1.75%
- total net borrowings to EBITDA ratio less than 2.50 and greater than or equal to 1.50: JIBAR + 2.00%
- total net borrowings to EBITDA ratio greater than or equal to 2.50: JIBAR + 2.25%

The Group has the option to make draw-downs for periods of one, three and six months and can elect to roll these for further periods.

Refer to note 32 for further details on securities.

	Audited 2015 R'm	Audited 2014 R'm
27. Trade and other payables		
Trade payables and accruals	**302.6**	246.7
Leave pay accrual	**13.9**	12.1
Vendor claims	**11.0**	11.0
	327.5	269.8

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.

	Audited 2015 R'm	Audited 2014 R'm
28. Commitments		
28.1 Capital expenditure approved by the Directors:		
Contracted but not provided for	**256.4**	343.1
Not contracted	**1 310.3**	738.9
	1 566.7	1 082.0
Capital commitments will be financed through existing facilities and working capital.		
Anticipated timing of spend:		
0 – 2 years	**598.9**	473.4
3 – 5 years	**419.2**	348.1
more than 5 years	**548.6**	260.5
	1 566.7	1 082.0
28.2 Operating lease commitments in cash		
Commitments under non-cancellable operating leases are as follows:		
Premises:		
Due within one year	**86.7**	88.9
Due within two to five years	**202.2**	222.5
Due thereafter	**87.5**	69.2
	376.4	380.6
Equipment:		
Due within one year	**2.6**	0.1
Due within two to five years	**4.9**	0.1
	7.5	0.2
	383.9	380.8

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

29. 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 stated capital, 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, secured term loans, bridge and revolving credit facilities available at 31 December 2015 amounted to R1 683.6 million (2014: R1 782.2 million) of which R1 333.1 million (2014: R550.0 million) has been utilised at year-end.

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 R248.2 million (2014: R177.7 million) and bank and cash balances of R176.2 million (2014: R113.8 million).

Interest risk

The Group is exposed to interest risk on the banking facilities and bank balances as these attract interest at floating interest rates. The Group analyses its interest rate exposure and calculates the impact on profit or loss of a interest rate shift. Should it be appropriate swaps or other hedging instruments will be considered.

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 R14.7 million (2014: R1.4 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	Audited 2015 R'm	Audited 2014 R'm
30. Notes to the statement of cash flows			
30.1 Cash generated from operations			
Profit before taxation		**328.6**	247.3
Adjust for non-cash IFRS and other adjustments (before taxation)		**(7.0)**	3.8
		321.6	251.1
Adjust:		**234.2**	94.0
Depreciation and amortisation	5	**109.6**	84.4
Net finance costs paid	6	**119.7**	9.1
Loss on sale of property, plant and equipment	5	**4.9**	0.5
		555.8	345.1
30.2 Movement in working capital			
(Increase)/decrease in inventories		**(2.5)**	0.4
Decrease/(increase) in trade and other receivables and prepayments		**15.4**	(63.3)
Decrease in trade and other payables and provisions		**(11.6)**	(12.6)
Increase in fees received in advance and deposits		**0.4**	16.1
Decrease/(increase) in working capital		**1.7**	(59.4)
30.3 Taxation paid			
Balance at beginning of the year		**(0.1)**	(3.1)
Current charge	7.1	**(109.4)**	(75.2)
Taxation on equity item		**(0.5)**	–
Balance at end of the year		**11.7**	0.1
Cash amount paid		**(98.3)**	(78.2)
30.4 Capital distributions paid			
Balance at beginning of the year		**(0.8)**	(0.9)
Balance at end of the year		**0.8**	0.8
Cash amount paid		**–**	(0.1)
30.5 Dividends paid			
Balance at beginning of the year		**(0.6)**	(0.5)
Declared during the year	11	**(117.1)**	(105.7)
Balance at end of the year		**0.8**	0.6
Cash amount paid		**(116.9)**	(105.6)
30.6 Additions to property, plant and equipment to maintain operations			
Land and buildings		**(15.7)**	(34.6)
Computer equipment		**(35.6)**	(16.5)
Computer software		**(0.5)**	(0.1)
Furniture, fittings and equipment		**(16.7)**	(14.8)
Motor vehicles		**(5.4)**	(2.6)
Video equipment		**(0.8)**	(0.4)
Leasehold improvements		**(3.3)**	(3.5)
		(78.0)	(72.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 R'm
30. Notes to the statement of cash flows *(continued)*		
30.7 Additions to property, plant and equipment to expand operations		
Land and buildings	**(298.8)**	(164.3)
Computer equipment	**(4.8)**	(8.8)
Computer software	**(1.3)**	(0.1)
Furniture, fittings and equipment	**(8.3)**	(9.2)
Motor vehicles	**(0.7)**	(1.7)
Leasehold improvements	**(6.4)**	(43.4)
	(320.3)	(227.5)
30.8 Business combinations cash flows		
Additions to property, plant and equipment	**(791.9)**	(16.0)
Additions to proprietary technology systems	**(2.6)**	–
Additions to other non-current assets	**(3.8)**	–
Additions to current assets	**(86.5)**	–
Additions to non-current liabilities	**548.3**	–
Additions to current liabilities	**175.7**	0.6
Additions to goodwill	**(979.6)**	(5.6)
Additions to intangible assets	**(186.9)**	(1.5)
Additions to non-controlling interests	**10.3**	–
Cash and cash equivalents acquired	**41.9**	–
Shares issued in settlement of acquisition considerations	**336.4**	–
	(938.7)	(22.5)

31. 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' and Prescribed Officers' emoluments, interest and share options are disclosed in the Directors' report on pages 73 to 75.

32. Securities on secured term loan and short-term bank loans

In terms of the Group's banking arrangement, ADvTECH Limited, ADvTECH Resource Holdings (Pty) Ltd, ADvTECH Resourcing (Pty) Ltd, The Independent Institute of Education (Pty) Ltd, Innospan Investments (Pty) Ltd and Nanospan Investments (Pty) Ltd have issued to its bankers unlimited cross guarantees including cessions of loan accounts on behalf of each other's overdraft, secured term loan and revolving credit facilities. These facilities are also secured by mortgage bonds over properties having a net book value of R1 085.7 million (2014: R793.4 million).

As at 31 December 2015 the total amount utilised amounted to R1 265.2 million (2014: R550.0 million) as per notes 25 and 26.

	Audited 2015 R'm	Audited 2014 R'm
33. Business combinations*		
33.1 Snuggles		
The assets of Snuggles were 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
33.2 Tiny Town		
The assets and liabilities of Tiny Town were acquired on 1 July 2014 for a 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
Revenue of R6.7 million and the profit after taxation of R1.1 million was included in 2014 in the consolidated statement of profit or loss for the abovementioned entities.		
These acquisitions were made as additions to our Junior Colleges brand in line with our expansion strategy and will provide opportunities for synergies.		
33.3 Centurus Colleges		
A 100% interest in Centurus Colleges was acquired on 1 January 2015 for a consideration of R698.9 million.		
Non-current assets acquired		
Intangible assets	**78.9**	
Goodwill	**514.6**	
Property, plant and equipment	**505.4**	
Other non-current assets	**2.6**	
Current assets acquired		
Current assets	**2.1**	
Non-current liabilities acquired		
Non-current liabilities	**(352.9)**	
Current liabilities acquired		
Current liabilities	**(51.8)**	
	698.9	

Revenue of R219.9 million and profit after taxation of R36.1 million has been included in the consolidated statement of profit or loss.

This acquisition was made as an addition to our Schools division and provides expansion opportunities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Audited 2015 R'm	Audited 2014 R'm
33. Business combinations* *(continued)*		
33.4 Gaborone International School		
A 100% interest in Gaborone International School was acquired on 1 January 2015 through a wholly owned subsidiary, Resen Holdings Proprietary Limited for a consideration of R32.8 million.		
Non-current assets acquired		
Intangible assets	**8.0**	
Goodwill	**15.1**	
Property, plant and equipment	**81.0**	
Current assets acquired		
Current assets	**3.2**	
Non-current liabilities acquired		
Non-current liabilities	**(66.5)**	
Current liabilities acquired		
Current liabilities	**(8.0)**	
	32.8	
Revenue of R42.6 million and profit after taxation of R5.2 million has been included in the consolidated statement of profit or loss.		
This acquisition was made as an addition to our Schools division in line with our expansion strategy and will provide access to other African markets.		
33.5 Boleng (Rebranded as Trinityhouse Northriding)		
The assets and liabilities of Boleng Pre-primary and Primary School were acquired on 1 January 2015 for a consideration of R19.0 million.		
Non-current assets acquired		
Goodwill	**3.8**	
Property, plant and equipment	**15.6**	
Non-current liabilities acquired		
Non-current liabilities	**(0.4)**	
	19.0	
Revenue of R3.9 million and loss after taxation of R0.1 million has been included in the consolidated statement of profit or loss.		
This acquisition was made as an addition to our Trinityhouse brand and provides expansion opportunities.		
33.6 Kathstan Academy		
The assets and liabilities of Kathstan Academy were acquired on 1 January 2015 for a consideration of R28.0 million.		
Non-current assets acquired		
Intangible assets	**1.6**	
Goodwill	**5.9**	
Property, plant and equipment	**21.0**	
Non-current liabilities acquired		
Non-current liabilities	**(0.5)**	
	28.0	

Revenue of R18.2 million and profit after taxation of R0.4 million has been included in the consolidated statement of profit or loss.

This acquisition was made as an addition to our Schools division and provides expansion opportunities.

	Audited 2015 R'm	Audited 2014 R'm
33.7 The Maravest Group		
A 100% interest in The Maravest Group was acquired on 1 May 2015 for a consideration of R497.4 million, which was partially settled by issuing 33 678 494 shares to the vendors of Maravest.		
Non-current assets acquired		
Intangible assets	**82.2**	
Goodwill	**411.0**	
Property, plant and equipment and proprietary technology systems	**170.6**	
Other non-current assets	**0.9**	
Current assets acquired		
Current assets	**46.0**	
Non-current liabilities acquired		
Non-current liabilities	**(123.4)**	
Current liabilities acquired		
Current liabilities	**(89.9)**	
	497.4	

Revenue of R135.3 million and profit after taxation of R21.8 million has been included in the consolidated statement of profit or loss.

Revenue of R201.7 million and profit after taxation of R24.0 million would have been included in the consolidated statement of profit or loss if the acquisition was done at the beginning of the annual reporting period.

This acquisition was made as an addition to our Schools division and provides expansion opportunities.

There is a possible additional contingent consideration outstanding for this acquisition which is subject to predetermined performance criteria being met.

The accounting for this business combination is still within the measurement period.

	Audited 2015 R'm	Audited 2014 R'm
33.8 CA Global Group and Africa HR Solutions		
A 51.6% interest in the CA Global Group and Africa HR Solutions was acquired on 1 August 2015 for a consideration of R35.3 million, which was partially settled by issuing 242 845 shares to the vendors.		
Non-current assets acquired		
Intangible assets	**14.0**	
Goodwill	**25.8**	
Property, plant and equipment	**0.8**	
Other non-current assets	**0.3**	
Current assets acquired		
Current assets	**31.5**	
Non-current liabilities acquired		
Non-current liabilities	**(4.0)**	
Current liabilities acquired		
Current liabilities	**(24.8)**	
Non controlling interest	**(8.3)**	
	35.3	

Revenue of R84.0 million and profit after taxation of R3.8 million has been included in the consolidated statement of profit or loss.

Revenue of R172.7 million and profit after taxation of R9.6 million would have been included in the consolidated statement of profit or loss if the acquisition was done at the beginning of the annual reporting period.

This acquisition was made as an addition to our Resourcing division in line with our expansion strategy and will provide access to other African markets.

The accounting for this business combination is still within the measurement period.

The non-controlling interest has been valued at its proportionate share of net asset value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
33. Business combinations* *(continued)*			
33.9 Contract Accountants Group			
A 50.8% interest in the Contract Accountants Group was acquired on 1 October 2015 for a consideration of R5.5 million.			
Non-current assets acquired			
Intangible assets		**2.2**	
Goodwill		**3.4**	
Property, plant and equipment		**0.1**	
Current assets acquired			
Current assets		**3.7**	
Non-current liabilities acquired			
Non-current liabilities		**(0.6)**	
Current liabilities acquired			
Current liabilities		**(1.2)**	
Non controlling interest		**(2.1)**	
		5.5	

Revenue of R3.6 million and profit after taxation of R0.4 million has been included in the consolidated statement of profit or loss.

Revenue of R13.8 million and profit after taxation of R2.1 million would have been included in the consolidated statement of profit or loss if the acquisition was done at the beginning of the annual reporting period.

This acquisition was made as an addition to our Resourcing division in line with our expansion strategy.

The accounting for this business combination is still within the measurement period.

The non-controlling interest has been valued at its proportionate share of net asset value.

* *The consideration paid for the business combinations effectively included amounts which have been recognised as goodwill in relation to the benefit of expected synergies and expansion opportunities.*

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
Total business combinations			
Total intangible assets	15	**186.9**	1.5
Total goodwill	14	**979.6**	5.6
Total property, plant and equipment and proprietary technology systems	12, 13, 30.8	**794.5**	16.0
Total other non-current assets		**3.8**	–
Total current assets		**86.5**	–
Total non-current liabilities		**(548.3)**	–
Total current liabilities		**(175.7)**	(0.6)
Total non-controlling interest		**(10.4)**	–
Total consideration paid		**1 316.9**	22.5

34. 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.

35. Subsequent events

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 statements that materially affects the results of the Group and Company for the year ended 31 December 2015 or the financial position at that date.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
Dividends received from subsidiaries		**120.0**	50.0
Staff costs	1	**(4.0)**	(3.8)
Other operating income		**5.1**	5.3
Operating profit before interest	1	**121.1**	51.5
Net finance costs		**(0.6)**	(0.7)
Interest received	2.1	**–**	0.1
Finance costs	2.2	**(0.6)**	(0.8)
Profit before taxation		**120.5**	50.8
Taxation	3	**(1.9)**	(0.3)
Total comprehensive income for the year		**118.6**	50.5

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Notes	Share capital R'm	Share premium R'm	Stated capital R'm	Share option reserve R'm	Retained earnings R'm	Total equity R'm
Balance at 1 January 2014		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**
Total comprehensive income for the year						118.6	118.6
Dividends declared to shareholders*						(117.1)	(117.1)
Conversion of par value shares to no par value shares	9.1, 9.2	(4.2)	(117.3)	121.5			–
Shares issued for business combinations	8			336.4			336.4
Shares issued in terms of the rights issue	8			850.0			850.0
Share issue costs	8			(15.2)			(15.2)
Share options exercised					0.9		0.9
Balance at 31 December 2015		**–**	**–**	**1 292.7**	**(7.2)**	**80.3**	**1 365.8**

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

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	**Audited 2015 R'm**	Audited 2014 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	4	**0.1**	0.1
Investments in subsidiaries at cost	5	**658.4**	161.0
Loan to Share Incentive Trust*		**64.7**	83.3
Deferred taxation assets	6	**–**	0.3
		723.2	244.7
Current assets			
Loans to subsidiaries	5	**648.0**	76.5
Trade and other receivables	7	**13.3**	4.5
Prepayments		**0.1**	0.1
		661.4	81.1
Total assets		**1 384.6**	325.8
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	8	**1 292.7**	–
Share capital	9.1	**–**	4.2
Share premium	9.2	**–**	117.3
Share option reserve		**(7.2)**	(8.1)
Retained earnings		**80.3**	78.8
Total equity		**1 365.8**	192.2
Current liabilities			
Trade and other payables	10	**15.1**	3.5
Taxation		**2.1**	–
Loans from subsidiaries	5	**–**	128.7
Shareholders for capital distribution		**0.8**	0.8
Shareholders for dividend		**0.8**	0.6
		18.8	133.6
Total equity and liabilities		**1 384.6**	325.8

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

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	Audited 2015 R'm	Audited 2014 R'm
Cash flows from operating activities			
Cash generated from operations	13.1	**1.1**	1.5
Movement in working capital	13.2	**2.8**	1.4
Cash generated by operating activities		**3.9**	2.9
Net finance costs		**(0.6)**	(0.7)
– interest received	2.1	**–**	0.1
– finance costs	2.2	**(0.6)**	(0.8)
Capital distributions paid	13.4	**–**	(0.1)
Dividends paid	13.5	**(116.9)**	(105.6)
Net cash outflow from operating activities		**(113.6)**	(103.5)
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	13.6	**–**	(0.1)
Business combinations cash flows		**(191.0)**	–
Effects of share options exercised on the share option reserve		**0.9**	(1.6)
Movement in the loan to the Share Incentive Trust		**18.6**	12.8
Net cash (outflow)/inflow from investing activities		**(171.5)**	11.1
Cash flows from financing activities			
Rights issue		**835.4**	–
Increase in net loans from subsidiaries		**(550.3)**	92.4
Net cash inflow from financing activities		**285.1**	92.4
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 2015

	Note	**Audited 2015 R'm**	Audited 2014 R'm
1. Operating profit before interest			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration		**1.0**	0.6
– Current year audit fee		**0.6**	0.5
– Prior year under provision		**0.2**	0.1
– Other services		**0.2**	–
Directors' emoluments – for services as directors		**3.4**	3.2
Staff costs		**0.6**	0.6
Total staff costs		**4.0**	3.8
2. Net finance costs paid			
2.1 Interest received			
Call accounts		**–**	0.1
2.2 Finance costs			
Revolving credit facility fees		**(0.6)**	(0.8)
Net finance costs paid		**(0.6)**	(0.7)
3. Taxation			
3.1 Taxation expense comprises			
Current taxation – current year		**1.6**	–
Deferred taxation – current year	6	**0.3**	0.3
Total taxation expense		**1.9**	0.3
Estimated taxation losses for the Company carried forward at year-end was nil (2014: R1.2 million).			
3.2 Reconciliation of taxation			
Profit before taxation		**120.5**	50.8
Taxation at 28%		**33.7**	14.2
Permanent differences		**(31.8)**	(13.9)
Disallowable expenditure		**1.8**	0.1
Non-taxable income (dividends received)		**(33.6)**	(14.0)
Taxation expense recognised in profit		**1.9**	0.3

	Cost			
	1 Jan 2015 R'm	Additions R'm	Disposals R'm	**31 Dec 2015 R'm**
4. Property, plant and equipment				
Computer equipment	0.1	–	–	**0.1**
	0.1	–	–	**0.1**

	Accumulated depreciation			
	1 Jan 2015 R'm	Depreciation R'm	Disposals R'm	**31 Dec 2015 R'm**
Computer equipment*	–	–	–	**–**
	–	–	–	**–**

	Net book value	
	31 Dec 2015 R'm	31 Dec 2014 R'm
Computer equipment	**0.1**	0.1
	0.1	0.1

	Cost			
	1 Jan 2014 R'm	Additions R'm	Disposals R'm	31 Dec 2014 R'm
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*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company – Shares		Interest of Holding Company – Loans receivable/ (payable)		
	31 Dec 2015 R	31 Dec 2014 R	**31 Dec 2015 %**	31 Dec 2014 %	**31 Dec 2015 R'm**	31 Dec 2014 R'm	**31 Dec 2015 R'm**	31 Dec 2014 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	**541.5**	(128.7)	1
Maravest (Pty) Ltd	**1 000**	–	**100**	–	**497.4**	–	**27.0**	–	1
Nascifon (Pty) Ltd	**100**	–	**100**	–	**–**	–	**–**	–	2
Maramedia (Pty) Ltd	**100**	–	**100**	–	**–**	–	**–**	–	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			**9.5**	6.5	3
ADvTECH Training (Pty) Ltd	**2**	2	**100**	100					4
Africa HR Solutions Ltd (a)	**100**	–	**51**	–					3
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					4
Business Learning Systems (Pty) Ltd	**1 000**	1 000	**100**	100					4
CA Financial Appointments (Pty) Ltd	**1 000**	–	**51**	–					3
CA Global Finance (Pty) Ltd	**1 000**	–	**52**	–					3
CA Global Headhunters (Pty) Ltd	**120**	–	**52**	–					3
CA Mining (Pty) Ltd	**100**	–	**52**	–					3
CA Oil and Gas (Pty) Ltd	**120**	–	**52**	–					3
Charterhouse Private Schools (Pty) Ltd	**100**	–	**100**	–					1
Elezean Institute (Pty) Ltd	**100**	100	**50**	50					4
Future Indefinite Investments 82 (Pty) Ltd	**100**	–	**100**	–					2
Innospan Investments (Pty) Ltd	**1 000**	–	**100**	–					1
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					3
Knyber (Botswana) (Pty) Ltd (b)	**306 000**	–	**100**	–					1
Maragon Private Schools Avianto (Pty) Ltd	**100**	–	**100**	–					1
Maragon Private Schools Gold (Pty) Ltd	**100**	–	**100**	–					4
Maragon Private Schools Platinum (Pty) Ltd	**100**	–	**100**	–					4
Maragon Private Schools Ruimsig (Pty) Ltd	**100**	–	**100**	–					1
Maragon Private Schools Titanium (Pty) Ltd	**100**	–	**100**	–					4
Maragon Private Schools Tshwane (Pty) Ltd	**1 200**	–	**100**	–					1
Nanospan Investments (Pty) Ltd	**1 000**	–	**100**	–					2
Resen Holdings (Pty) Ltd (b)	**89 873 101**	–	**100**	–					2
Resource Development International (Pty) Ltd	**200**	200	**100**	100					4
Shetland Investments (Pty) Ltd	**100**	–	**100**	–					2
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					4
The Design School Southern Africa (Pty) Ltd	**1**	1	**100**	100					4
VirtuallyHR (Pty) Ltd	**106**	–	**51**	–					3
					658.4	161.0	**648.0**	(52.2)	

1 Independent provider of education.
2 Investment Holding Company.
3 Recruitment, placement and temporary staffing Company.
4 Dormant Company.

Results of subsidiaries so far as they concern members of the Company: Aggregate profit after taxation R224.9 million (2014: R167.1 million). All companies are incorporated in the Republic of South Africa except as indicated (a) Mauritius (b) Botswana.

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.

The Directors consider that the carrying amount of the loans receivable/payable approximates their fair value.

	Audited 2015 R'm	Audited 2014 R'm
6. Deferred taxation assets		
Opening deferred taxation assets	**0.3**	0.6
	(0.3)	(0.3)
Current year temporary differences	**–**	0.1
Movement in deferred taxation assets relating to taxation losses	**(0.3)**	(0.4)
Balance at end of the year	**–**	0.3
The balance comprises:		
Deferred and prepaid expenditure	**–**	–
Estimated taxation losses carried forward	**–**	0.3
	–	0.3
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	**–**	0.1
Movement in taxation losses	**(0.3)**	(0.4)
	(0.3)	(0.3)
7. Trade and other receivables		
Other receivables	**13.3**	4.5

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 2015 R'm	Audited 2014 R'm
8. Stated capital		
Authorised		
1 000 000 000 shares of no par value (2014: 500 000 000 shares of 1 cent each)		5.0

	Number of shares 2015 'm	Stated capital 2015 R'm	Number of shares 2014 'm	Stated capital 2014 R'm
Issued				
Balance at 1 January	**–**	**–**	–	–
Transfer from share capital and share premium	**421.3**	**121.5**	–	–
Shares issued for business combinations	**33.9**	**336.4**	–	–
Rights issue	**75.6**	**850.0**	–	–
Share issue costs		**(15.2)**		–
Balance at 31 December	**530.8**	**1 292.7**	–	–

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 and in certain circumstances shareholders approval.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2015 *(continued)*

	Number of shares 2015 'm	**Share capital 2015 R'm**	Number of shares 2014 'm	Share capital 2014 R'm
9. Share capital and share premium				
9.1 Share capital				
Issued				
Balance at 1 January	**421.3**	**4.2**	421.3	4.2
Transfer to stated capital	**(421.3)**	**(4.2)**	–	–
Balance at 31 December	**–**	**–**	421.3	4.2

	Audited 2015 R'm	Audited 2014 R'm
9.2 Share premium		
Balance at 1 January	**117.3**	117.3
Transfer to stated capital	**(117.3)**	–
Balance at 31 December	**–**	117.3
10. Trade and other payables		
Trade payables and accruals	**15.1**	3.5

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.

11. 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 stated capital, reserves and retained earnings.

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

12. 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, Innospan Investments (Pty) Ltd and Nanospan Investments (Pty) Ltd for overdraft, secured term loan and revolving credit facilities, which at 31 December 2015 were utilised and amounted to R1 265.2 million (2014: R550.0 million). (See note 25, 26 and 32 of the consolidated financial statements).

	Notes	Audited 2015 R'm	Audited 2014 R'm
13. Notes to the statement of cash flows			
13.1 Cash generated from operations			
Profit before taxation		**120.5**	50.8
Adjust for non-cash items		**(120.0)**	(50.0)
		0.5	0.8
Net finance costs paid	2	**0.6**	0.7
		1.1	1.5
13.2 Movement in working capital			
Increase in trade and other receivables and prepayments		**(8.8)**	(1.4)
Increase in trade and other payables		**11.6**	2.8
Decrease in working capital		**2.8**	1.4
13.3 Taxation paid			
Balance at beginning of the year		**–**	–
Current charge	3	**(1.6)**	–
Taxation on equity item		**(0.5)**	–
Balance at end of the year		**2.1**	–
Cash amount paid		**–**	–
13.4 Capital distributions paid			
Balance at beginning of the year		**(0.8)**	(0.9)
Balance at end of the year		**0.8**	0.8
Cash amount paid		**–**	(0.1)
13.5 Dividends paid			
Balance at beginning of the year		**(0.6)**	(0.5)
Declared during the year		**(117.1)**	(105.7)
Balance at end of the year		**0.8**	0.6
Cash amount paid		**(116.9)**	(105.6)
13.6 Additions to property, plant and equipment to maintain operations			
Computer equipment		**–**	(0.1)
		–	(0.1)

14. 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 R12.0 million (2014: R6.8 million) and R3.0 million (2014: R1.7 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 page 75.

SHAREHOLDERS' ANALYSIS

at 31 December 2015

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of total shares
1 to 10 000	5 341	79.0%	12 684 513	2.4%
10 001 to 100 000	1 054	15.6%	31 173 702	5.9%
100 001 to 500 000	227	3.4%	50 588 150	9.5%
500 001 to 1 000 000	54	0.8%	38 326 007	7.2%
more than 1 000 000	81	1.2%	397 986 945	75.0%
	6 757	**100.0%**	**530 759 317**	**100.0%**

To the best knowledge of the Directors and after reasonable enquiry, as at 31 December 2015, the spread of shareholders was as follows:

Shareholder spread

ADvTECH Share Incentive Scheme	1	0.0%	11 557 172	2.2%
Directors (including Prescribed Officers and subsidiary Directors)	9	0.1%	13 862 007	2.6%
Non-public shareholding	10	0.1%	25 419 179	4.8%
Public shareholding	6 747	99.9%	505 340 138	95.2%
Total of all shareholders	**6 757**	**100.0%**	**530 759 317**	**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	133 323 503	25.1%
Visio Capital Management	56 094 570	10.6%
Public Investment Corporation	44 565 260	8.4%
Kyocraft	32 234 855	6.1%

Share information

	2015	2014	2013	2012	2011
Closing price at period end (cents)	**1 456**	870	657	620	620
JSE market price high (cents)	**1 482**	966	725	703	630
JSE market price low (cents)	**845**	658	600	561	540
Total number of transactions on JSE	**39 007**	19 877	12 610	8 402	6 481
Total number of shares traded	**171 532 921**	86 044 866	119 944 745	89 283 288	105 998 458
Total value of shares traded (R)	**1 966 962 284**	694 794 222	789 563 625	527 358 137	604 571 019
Average price per share (cents)	**1 115**	807	659	602	572
Shares in issue*	**530 759 317**	421 282 422	421 282 422	421 282 422	420 880 090
Percentage volume traded to shares in issue	**32%**	20%	28%	21%	25%
PE ratio	**29.0**	21.1	17.1	18.0	15.9

* *Shares in issue per JSE as at 31 December 2015.*

SHAREHOLDERS' DIARY

	2016
Announcement of annual results for 2015	Monday, 14 March
Last day to trade in order to participate in the dividend	Friday, 8 April
Dividend payment date	Monday, 18 April
Last date to trade to be eligible to participate and vote at the Annual General Meeting	Friday, 6 May
Last date to be recorded as shareholder	Friday, 13 May
Proxy forms to be received by 10:00	Friday, 20 May
Annual General Meeting to be held at 10:00	Tuesday, 24 May
Results of Annual General Meeting published on SENS	Tuesday, 24 May
Interim results for the six months ended 30 June 2016	Monday, 22 August

STUDIO 5

ADvTECH GROUP

WWW.ADvTECH.CO.ZA

ADvTECH HOUSE
INANDA GREENS OFFICE PARK
54 WIERDA ROAD WEST
WIERDA VALLEY
SANDTON 2196
TEL +27 11 676 8000