ADvTECH GROUP

Provisional Audited Results

for the year ended 31 December 2015

ADvTECH Limited ("ADvTECH" or "the Group")
(Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06
JSE code: ADH ISIN number: ZAE 0000 31035
Income taxation number: 9550/190/71/5

www.advtech.co.za

Revenue ↑40%

Accelerated growth
ACADEMIC EXCELLENCE

Operating profit ↑75%

Headline earnings per share ↑27%

Dividend per share for the year 29.5 cents

Summarised consolidated statement of profit or loss

for the year ended 31 December 2015

R'm	Notes	Percentage increase	Audited 31 December 2015	Audited 31 December 2014
Revenue		40%	**2 707.7**	1 931.8
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		64%	**557.9**	340.8
Operating profit before interest		75%	**448.3**	256.4
Net finance costs paid			**(119.7)**	(9.1)
Interest received			**7.1**	2.8
Finance costs			**(126.8)**	(11.9)
Profit before taxation			**328.6**	247.3
Taxation			**(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 interest			**1.2**	–
			226.1	167.1
Earnings per share (cents)				
Basic*		25%	**50.2**	40.2
Diluted		25%	**50.2**	40.1
Headline earnings	2		**228.4**	167.5
Headline earnings per share (cents)				
Basic*		27%	**51.0**	40.3
Diluted		27%	**51.0**	40.2
Normalised earnings	3		**241.5**	175.9
Normalised earnings per share (cents)				
Basic*		27%	**53.9**	42.3
Diluted		27%	**53.9**	42.3
Number of shares in issue (million)			**530.8**	421.3
Number of shares in issue net of treasury shares (million)			**519.2**	406.4
Weighted average number of shares for purposes of basic earnings per share (million)*			**447.8**	415.8
Weighted average number of shares for purposes of diluted earnings per share (million)*			**447.8**	416.2
Net asset value per share including treasury shares (cents)		93%	**424.7**	220.5
Net asset value per share net of treasury shares (cents)		90%	**434.2**	228.5
Free operating cash flow before capex per share (cents)		60%	**75.5**	47.2
Gross dividends per share (cents)		13%	**29.5**	26.0

Summarised consolidated statement of other comprehensive income

for the year ended 31 December 2015

R'm	Audited 31 December 2015	Audited 31 December 2014
Profit for the year	**226.1**	167.1
Other comprehensive income, net of income tax		
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 diluted 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.*

Summarised consolidated statement of financial position

as at 31 December 2015

R'm	Audited 31 December 2015	Audited 31 December 2014
Assets		
Non-current assets	**3 894.2**	1 646.0
Property, plant and equipment	**2 538.6**	1 439.0
Proprietary technology systems	**54.8**	53.1
Goodwill	**1 085.3**	103.8
Intangible assets	**203.5**	25.3
Deferred taxation assets	**–**	12.8
Investment	**12.0**	12.0
Current assets	**408.5**	314.2
Trade and other receivables	**193.0**	153.6
Other current assets	**39.3**	46.8
Bank balances and cash	**176.2**	113.8
Total assets	**4 302.7**	1 960.2
Equity and liabilities		
Equity	**2 254.5**	928.8
Non-current liabilities	**899.1**	–
Long-term bank loans	**801.1**	–
Deferred taxation liability	**98.0**	–
Current liabilities	**1 149.1**	1 031.4
Current portion of long-term bank loans	**16.8**	–
Short-term bank loans	**515.2**	550.0
Trade and other payables	**329.1**	271.2
Taxation	**11.7**	0.1
Fees received in advance and deposits	**276.3**	210.1
Total liabilities	**2 048.2**	1 031.4
Total equity and liabilities	**4 302.7**	1 960.2

Supplementary information

for the year ended 31 December 2015

R'm	Audited 31 December 2015	Audited 31 December 2014
Capital expenditure – current year	**406.1**	316.4
Capital commitments	**1 566.7**	1 082.0
Authorised by directors and contracted for	**256.4**	343.1
Authorised by directors and not yet contracted for	**1 310.3**	738.9
Anticipated timing of spend	**1 566.7**	1 082.0
0 – 2 years	**598.9**	473.4
3 – 5 years	**419.2**	348.1
more than 5 years	**548.6**	260.5
Operating lease commitments in cash – future years	**383.9**	380.8

Summarised consolidated statement of changes in equity

for the year ended 31 December 2015

R'm	Audited 31 December 2015	Audited 31 December 2014
Balance at beginning of the year	**928.8**	853.0
Total comprehensive income for the year	**238.0**	167.1
Dividends declared to shareholders	**(117.1)**	(105.7)
Share-based payment expense	**3.8**	3.2
Shares issued	**336.4**	–
Rights issue	**850.0**	–
Share issue costs	**(15.2)**	–
Share options exercised	**19.5**	11.2
Non-controlling interest arising on acquisition	**10.3**	–
Balance at end of the year	**2 254.5**	928.8

Summarised consolidated segmental report

for the year ended 31 December 2015

R'm	Percentage increase	Audited 31 December 2015	Audited 31 December 2014
Revenue	40%	**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)
Operating profit before interest	75%	**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	74%	**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

Summarised consolidated statement of cash flows

for the year ended 31 December 2015

R'm	Note	Percentage increase	Audited 31 December 2015	Audited 31 December 2014
Cash generated from operations	4	61%	**555.8**	345.1
Movement in working capital			**1.7**	(59.4)
Cash generated by operating activities		95%	**557.5**	285.7
Net finance costs paid			**(119.7)**	(9.1)
Taxation paid			**(98.3)**	(78.2)
Capital distributions paid			**–**	(0.1)
Dividends paid			**(116.9)**	(105.6)
Net cash inflow from operating activities			**222.6**	92.7
Net cash outflow from investing activities			**(1 340.4)**	(337.7)
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			**176.2**	113.8

Free operating cash flow before capex per share

for the year ended 31 December 2015

R'm	Percentage increase	31 December 2015	31 December 2014
Profit for the year		**226.1**	167.1
Adjusted for non-cash IFRS and lease adjustments (after taxation)		**(2.8)**	3.6
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments		**223.3**	170.7
Depreciation and amortisation		**109.6**	84.4
Other non-cash flow items (after taxation)		**3.5**	0.4
Operating cash flow after taxation	32%	**336.4**	255.5
Movement in working capital		**1.7**	(59.4)
Free operating cash flow before capex	72%	**338.1**	196.1
Weighted average number of shares for purposes of basic earnings per share (million)*		**447.8**	415.8
Free operating cash flow before capex per share (cents)	60%	**75.5**	47.2

Notes to the summarised consolidated financial statements
for the year ended 31 December 2015

1. Statement of compliance

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

The preparation of the Group's summarised consolidated financial results for the year ended 31 December 2015 was supervised by Didier Oesch CA(SA), the Group's Financial Director.

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.

Independent auditor's opinion

These summarised consolidated financial statements for the year ended 31 December 2015 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon (the auditor also expressed an unmodified opinion on the annual financial statements from which these summarised consolidated financial statements were derived). A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports. The auditor's report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of their report together with the accompanying financial information from the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

R'm	Audited 31 December 2015	Audited 31 December 2014
2. Determination of headline earnings		
Profit for the year attributable to owners of the parent	**224.9**	167.1
Items excluded from headline earnings per share	**3.5**	0.4
Loss on sale of property, plant and equipment	**4.9**	0.5
Taxation effects of adjustments	**(1.4)**	(0.1)
Headline earnings	**228.4**	167.5
3. Determination of normalised earnings		
Headline earnings	**228.4**	167.5
Items excluded from normalised earnings per share	**13.1**	8.4
Litigation costs	**1.4**	3.4
Corporate action and financing related costs	**12.2**	5.4
Taxation effects of adjustments	**(0.5)**	(0.4)
Normalised earnings	**241.5**	175.9
4. Note to the summarised statement of cash flows		
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**328.6**	247.3
Adjusted 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	**109.6**	84.4
Net finance costs paid	**119.7**	9.1
Other non-cash flow items	**4.9**	0.5
Cash generated from operations	**555.8**	345.1

5. Business combinations[1]

R'm	Audited 31 December 2015
5.1 Centurus Colleges	
A 100% interest in Centurus Colleges was acquired on 1 January 2015 for a consideration of R698.9 million.	
Fair value assets and liabilities acquired	
Intangible assets	**78.9**
Goodwill	**514.6**
Property, plant and equipment	**505.4**
Other non-current assets	**2.6**
Current assets	**2.1**
Non-current liabilities	**(352.9)**
Current liabilities	**(51.8)**
	698.9
Revenue of R219.9 million and profit after taxation of R36.1 million has been included in the summarised consolidated statement of profit or loss.	
This acquisition was made as an addition to our Schools division and provides expansion opportunities.	
5.2 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.	
Fair value assets and liabilities acquired	
Intangible assets	**8.0**
Goodwill	**15.1**
Property, plant and equipment	**81.0**
Current assets	**3.2**
Non-current liabilities	**(66.5)**
Current liabilities	**(8.0)**
	32.8
Revenue of R42.6 million and profit after taxation of R5.2 million has been included in the summarised 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.	

R'm	Audited 31 December 2015
5.3 Boleng (Rebranded as Trinityhouse Northriding)	
The assets of Boleng Pre-primary and Primary School were acquired on 1 January 2015 for a consideration of R19.0 million.	
Fair value assets and liabilities acquired	
Goodwill	**3.8**
Property, plant and equipment	**15.6**
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 summarised consolidated statement of profit or loss.	
This acquisition was made as an addition to our Trinityhouse brand and provides expansion opportunities.	
5.4 Kathstan Academy	
The assets of Kathstan Academy were acquired on 1 January 2015 for a consideration of R28.0 million.	
Fair value assets and liabilities acquired	
Intangible assets	**1.6**
Goodwill	**5.9**
Property, plant and equipment	**21.0**
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 summarised consolidated statement of profit or loss.	
This acquisition was made as an addition to our Schools division and provides expansion opportunities.	
5.5 The Maravest Group[2]	
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.	
Fair value assets and liabilities 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	**46.0**
Non-current liabilities	**(123.4)**
Current liabilities	**(89.9)**
	497.4
Revenue of R135.3 million and profit after taxation of R21.8 million has been included in the summarised 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 summarised 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 contingent consideration outstanding for this acquisition which is subject to predetermined performance criteria being met.	
5.6 CA Global Group and Africa HR Solutions[2]	
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.	
Fair value assets and liabilities acquired	
Intangible assets	**14.0**
Goodwill	**25.8**
Non-controlling interest[3]	**(8.3)**
Property, plant and equipment	**0.8**
Other non-current assets	**0.3**
Current assets	**31.5**
Non-current liabilities	**(4.0)**
Current liabilities	**(24.8)**
	35.3
Revenue of R84.0 million and profit after taxation of R3.8 million has been included in the summarised 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 summarised 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.	
5.7 Contract Accountants Group[2]	
A 50.8% interest in the Contract Accountants Group was acquired on 1 October 2015 for a consideration of R5.5 million.	
Fair value assets and liabilities acquired	
Intangible assets	**2.2**
Goodwill	**3.4**
Non controlling interest[3]	**(2.1)**
Property, plant and equipment	**0.1**
Current assets	**3.7**
Non-current liabilities	**(0.6)**
Current liabilities	**(1.2)**
	5.5
Revenue of R3.6 million and profit after taxation of R0.4 million has been included in the summarised 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 summarised 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.	

1 The consideration paid for the business combinations effectively includes amounts which has been recognised as goodwill in relation to the benefit of expected synergies and expansion opportunities.
2 The accounting for these business combinations are still within the measurement period.
3 Measured at proportionate share of net asset value.

Directors: CH Boulle* (Chairman), RJ Douglas (CEO), JDR Oesch (Financial), BM Gourley*, JD Jansen*, SC Masie*, KDM Warburton*, SA Zinn*
*Non-Executive
Group company secretary: SK Saunders.
Registered Office: ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton 2196.
Transfer Secretaries: Link Market Services South Africa (Pty) Ltd, Rennie House, 19 Ameshoff Street, Braamfontein 2017.
Sponsor and Corporate Advisors: Bridge Capital Advisors (Pty) Ltd, 27 Fricker Road, Illovo 2196.

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Commentary

Overview – another year of outstanding success in sustaining growth and expansion

The Directors are delighted to report another successful year in implementing the Group's growth strategy. The R1.7 billion invested during the year in growth projects dramatically increased capacity and enrolments which resulted in both an increase in assets employed and a harder working and more demanding capital structure. The investment strategy has resulted in a quantum leap in the Group's scale, the key driver being student numbers. The table below illustrates the significant growth in enrolments in 2015 and highlights the continued growth in 2016.

ADvTECH Group Enrolment Growth as at end February

	2014	2015	% increase	**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%

Excellent performance from our existing schools, combined with 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 strong 2016 student enrolment growth. The Resourcing division has enhanced its market share and built on their strong first half performance by increasing operating profit further in the second half of the year.

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%.

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 with 81% of the 1 728 candidates qualifying for tertiary entrance and CrawfordSchools™ students achieving on average 3 distinctions per candidate. Similar excellent results were achieved in the Tertiary division, including the announcement of 3 359 new graduates and a 95% pass rate in the 2015 South African Institute of Chartered Accountants Initial Test of Competence Board exam.

The Group's alumni continue to attain career success after qualifying from our institutions. Through our graduate placement programme 2 924 students were placed in their first jobs.

While the Group remains focused on its existing 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 distance education. Both initiatives increase learning flexibility by allowing students more control of where, when and how they learn.

An increase in the number of distance learning qualifications, entry 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.

Schools division on upward growth trajectory

The Schools division's year-end enrolments grew by 73%, resulting in a revenue increase of 57% to R1.4 billion and an 85% increase in operating profit to R299 million. Operating margins increased from 18% to 21%. The Division contributed 53% to Group revenue. Existing schools performed well, showing continued organic profit growth. Five acquisitions were concluded during the financial year, adding 31 schools to the Group. The recently acquired schools and new projects are performing in line with expectations.

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 built 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.

The Schools division continues to consolidate its premium sector leadership and, through acquisitions, we now have a stronger presence in the mid-fee sector. The increased investment programme and new acquisitions have resulted in a steady increase in profitability as each successive annual student cohort fills up the new and expanded schools.

Schools Capacity – end of February

	2014	2015	**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%**

The table above demonstrates the sustained increase in capacity being created in order to cater for continued demand for places in our schools. This also illustrates the significant capacity that is to be added to existing sites to reach their ultimate capacity.

Continued impressive growth for the Tertiary division

The Tertiary division's successful turnaround continued with increased profits and margin growth. Revenue was up by 19% to R982 million (2014: R827 million) and operating profit grew by 60% to R134 million (2014: R84 million) with operating margins improving from 10% to 14%.

Rosebank College continues to perform well and opened two new campuses – the new format Connected Campus in Polokwane which features technology enabled education delivery and the mega-campus in Braamfontein. 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 years of academic study.

Three revamped Vega and DSSA campuses opened in 2015. Enrolments for their Honours programmes grew by 22%. The Varsity College UNISA B.Ed. Foundation Phase and Intermediate & Senior Phase students had a distinction rate of 54% with an average of 3.4 distinctions per student, for those who graduated in 2015.

The Independent Institute of Education (IIE) now has 91 accredited qualifications, which includes 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. It also allows students to present their CV's and relevant personal information to prospective employers in an innovative and effective manner.

Resourcing division significant increase in revenue and profit

The Resourcing division posted strong results despite a contracting job market and South African unemployment levels consistently exceeding 25%. Revenue grew by 53% to R297 million (2014: R194 million) and operating profit increased by 60% to R29 million (2014: R18 million). Notwithstanding the low margin business model of the newly acquired businesses, the Division managed to increase operating margins from 9% to 10%.

During the year a majority stake was acquired in CA Global, Africa HR Solutions and Contract Accountants. Both CA Global and Africa HR Solutions focus on the wider African continent, while Contract Accountants is one of the preferred financial recruiters in South Africa.

The Division remains strongly cash generative and has a nearly 100% return on capital employed. It has maintained its leading market share in the permanent staffing market and continues to entrench its niche offerings in specialised segments. In addition to improving placement productivity, costs were effectively managed.

Financial

Group revenue grew by 40% to R2.7 billion, with operating profit up 75% and normalised earnings per share up 27%. HEPS, which includes several once-off costs relating to corporate action and the conclusion of new long term facility agreements, was also up 27%.

Strong revenue growth and margin improvement was achieved in all three Divisions and has led to the substantial improvement in operating profit. This is tempered at earnings level by interest charges arising from the funding of the large acquisitions at the beginning of the year. Notably, all of 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.

Good working capital management, together with the impact of the acquisitions, has led to the inherently negative working capital of our business model 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 while 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.

Net asset value increased to 434 cents (2014: 229 cents) per share.

Optimising the capital structure to support the accelerated investment programme

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.

Declaration of final dividend no 13

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, 1962, and is payable from income reserves. The South African dividend taxation (DT) rate is 15%. The net amount per share 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.

There are 530 759 317 ordinary shares in issue; the total dividend amount payable is R90 million.

The salient dates and times applicable to the dividend referred to above are as follows:

	2016
Publication of declaration and finalisation information	Monday, 14 March
Last day to trade in order to participate in the dividend	Friday, 8 April
Trading commences ex-dividend	Monday, 11 April
Record date	Friday, 15 April
Payment date	Monday, 18 April

Share certificates may not be dematerialised between Monday, 11 April 2016 and Friday, 15 April 2016, both days inclusive.

Directorate

After an internal and external search for a new Chief Executive Officer, Roy Douglas was appointed as CEO and Director of the Board on 27 November 2015. Roy joined the Group in 2013 as head of the Tertiary division and has overseen its turnaround over the past couple of years. The Company Secretary, SK Saunders, has resigned with effect from 31 March 2016.

Prospects

All three trading divisions are showing positive performance trends that augur well for further growth in 2016. Prospects have been considerably enhanced and with a strong foundation in place and further investments expected, Group shareholders can look forward to continued growth.

The Board and management have agreed a stretch target of 100 cents normalised earnings per share by 2018. Given approved investments and the new opportunities identified and being pursued, the Board believes this is achievable provided there is no significant deterioration in the operating climate.

On behalf of the Board

Chris Boulle	**Roy Douglas**	**Didier Oesch**
Chairman	*Chief Executive Officer*	*Group Financial Director*

14 March 2016