PRELIMINARY AUDITED RESULTS

for the year ended 31 December 2016

REVENUE	TRADING OPERATING PROFIT	NORMALISED EARNINGS PER SHARE
↑24%	↑30%	↑24%

DIVIDEND PER SHARE FOR THE YEAR 32.5 cents

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

Summarised consolidated statement of profit or loss

for the year ended 31 December 2016

R'm	Notes	Percentage increase	Audited 31 December 2016	Audited 31 December 2015
Revenue		24%	**3 353.1**	2 707.7
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		33%	**740.6**	557.9
Operating profit before interest		36%	**608.1**	448.3
Net finance costs paid			**(81.7)**	(119.7)
Interest received			**12.6**	7.1
Finance costs			**(94.3)**	(126.8)
Profit before taxation		60%	**526.4**	328.6
Taxation			**(148.5)**	(102.5)
Profit for the year		67%	**377.9**	226.1
Profit for the year attributable to:				
Owners of the parent		66%	**372.4**	224.9
Non-controlling interests			**5.5**	1.2
			377.9	226.1
Earnings per share (cents)				
Basic		41%	**70.9**	50.2
Diluted		41%	**70.8**	50.2
Headline earnings	2		**373.5**	228.4
Headline earnings per share (cents)				
Basic		39%	**71.1**	51.0
Diluted		39%	**71.0**	51.0
Normalised earnings	3		**350.1**	241.5
Normalised earnings per share (cents)				
Basic		24%	**66.7**	53.9
Diluted		24%	**66.6**	53.9
Number of shares in issue (million)			**544.4**	530.8
Number of shares in issue net of treasury shares (million)			**534.0**	519.2
Weighted average number of shares for purposes of basic earnings per share (million)			**525.2**	447.8
Weighted average number of shares for purposes of diluted earnings per share (million)			**525.7**	447.8
Net asset value per share including treasury shares (cents)		16%	**491.8**	424.7
Net asset value per share net of treasury shares (cents)		15%	**501.4**	434.2
Free operating cash flow before capex per share (cents)		20%	**90.9**	75.5
Gross dividends per share (cents)		10%	**32.5**	29.5

Summarised consolidated statement of other comprehensive income

for the year ended 31 December 2016

R'm	Audited 31 December 2016	Audited 31 December 2015
Profit for the year	**377.9**	226.1
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(6.3)**	11.9
Total comprehensive income for the year	**371.6**	238.0
Total comprehensive income for the period attributable to:		
Owners of the parent	**366.1**	237.1
Non-controlling interests	**5.5**	0.9
	371.6	238.0

Summarised consolidated statement of financial position

as at 31 December 2016

R'm	Audited 31 December 2016	Audited 31 December 2015
Assets		
Non-current assets	**4 222.7**	3 894.2
Property, plant and equipment	**2 788.7**	2 538.6
Proprietary technology systems	**45.3**	54.8
Goodwill	**1 170.1**	1 085.3
Intangible assets	**206.6**	203.5
Investment	**12.0**	12.0
Current assets	**422.7**	408.5
Trade and other receivables	**235.6**	193.0
Other current assets	**58.9**	39.3
Bank balances and cash	**128.2**	176.2
Total assets	**4 645.4**	4 302.7
Equity and liabilities		
Equity	**2 677.3**	2 254.5
Non-current liabilities	**852.1**	899.1
Long-term bank loans	**758.0**	801.1
Deferred taxation liabilities	**94.1**	98.0
Current liabilities	**1 116.0**	1 149.1
Current portion of long-term bank loans	**31.1**	16.8
Short-term bank loan	**425.0**	515.2
Trade and other payables	**339.9**	329.1
Taxation	**8.3**	11.7
Fees received in advance and deposits	**287.5**	276.3
Bank overdraft	**24.2**	–
Total liabilities	**1 968.1**	2 048.2
Total equity and liabilities	**4 645.4**	4 302.7

Supplementary information

for the year ended 31 December 2016

R'm	Audited 31 December 2016	Audited 31 December 2015
Capital expenditure – current year	**361.8**	406.1
Capital commitments	**1 255.3**	1 566.7
Authorised by directors and contracted for	**144.3**	256.4
Authorised by directors and not yet contracted for	**1 111.0**	1 310.3
Anticipated timing of spend	**1 255.3**	1 566.7
0 – 2 years	**555.9**	598.9
3 – 5 years	**202.2**	419.2
more than 5 years	**497.2**	548.6
Operating lease commitments in cash – future years	**355.7**	383.9

Summarised consolidated statement of changes in equity

for the year ended 31 December 2016

R'm	Audited 31 December 2016	Audited 31 December 2015
Balance at beginning of the year	**2 254.5**	928.8
Total comprehensive income for the year	**371.6**	238.0
Dividends declared to shareholders	**(164.7)**	(117.1)
Share-based payment expense	**5.8**	3.8
Shares issued	**190.7**	336.4
Rights issue	**–**	850.0
Share issue costs	**(1.5)**	(15.2)
Share options exercised	**8.0**	19.5
Non-controlling interests arising on acquisition	**12.9**	10.3
Balance at end of the year	**2 677.3**	2 254.5

Summarised consolidated segmental report

for the year ended 31 December 2016

R'm	Percentage increase/ (decrease)	Audited 31 December 2016	Audited 31 December 2015
Revenue	24%	**3 353.1**	2 707.7
Schools	15%	**1 643.7**	1 432.0
Tertiary	28%	**1 252.5**	981.5
Resourcing	55%	**460.9**	296.9
Intra group revenue		**(4.0)**	(2.7)
Operating profit before interest	36%	**608.1**	448.3
Schools	16%	**345.4**	298.8
Tertiary	67%	**223.3**	134.0
Resourcing	(31%)	**20.2**	29.1
Litigation settlement		**23.5**	–
Corporate and financing costs		**(2.0)**	(12.2)
Litigation		**(2.3)**	(1.4)
Property, plant and equipment and proprietary technology systems	9%	**2 834.0**	2 593.4
Schools	8%	**2 193.6**	2 032.8
Tertiary	14%	**632.8**	552.7
Resourcing	(4%)	**7.6**	7.9

Summarised consolidated statement of cash flows

for the year ended 31 December 2016

R'm	Note	Percentage increase	Audited 31 December 2016	Audited 31 December 2015
Cash generated from operations	4	35%	**748.9**	555.8
Movement in working capital			**(40.4)**	1.7
Cash generated by operating activities		27%	**708.5**	557.5
Net finance costs paid			**(81.7)**	(119.7)
Taxation paid			**(160.0)**	(98.3)
Dividends paid			**(164.5)**	(116.9)
Net cash inflow from operating activities			**302.3**	222.6
Net cash outflow from investing activities			**(441.0)**	(1 340.4)
Net cash inflow from financing activities			**67.2**	1 180.2
Net (decrease)/increase in cash and cash equivalents			**(71.5)**	62.4
Cash and cash equivalents at beginning of the year			**176.2**	113.8
Net foreign exchange differences on cash and cash equivalents			**(0.7)**	–
Cash and cash equivalents at end of the year			**104.0**	176.2

Free operating cash flow before capex per share

for the year ended 31 December 2016

R'm	Percentage increase	31 December 2016	31 December 2015
Profit for the year		**377.9**	226.1
Adjusted for non-cash IFRS and lease adjustments (after taxation)		**6.5**	(2.8)
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments		**384.4**	223.3
Depreciation and amortisation		**132.5**	109.6
Other non-cash flow items (after taxation)		**1.1**	3.5
Operating cash flow after taxation	54%	**518.0**	336.4
Movement in working capital		**(40.4)**	1.7
Free operating cash flow before capex	41%	**477.6**	338.1
Weighted average number of shares for purposes of basic earnings per share (million)		**525.2**	447.8
Free operating cash flow before capex per share (cents)	20%	**90.9**	75.5

Notes to the summarised consolidated financial statements

for the year ended 31 December 2016

1. Statement of compliance

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised financial statements. The Listings Requirements require preliminary 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 2016 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 2016 or the financial position at that date.

Independent auditor's opinion

These summarised consolidated financial statements for the year ended 31 December 2016 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 2016	Audited 31 December 2015
2. Determination of headline earnings		
Profit for the year attributable to owners of the parent	**372.4**	224.9
Items excluded from headline earnings per share	**1.1**	3.5
Loss on sale of property, plant and equipment	**1.5**	4.9
Taxation effects of adjustments	**(0.4)**	(1.4)
Headline earnings	**373.5**	228.4
3. Determination of normalised earnings		
Headline earnings	**373.5**	228.4
Items excluded from normalised earnings per share	**(23.4)**	13.1
Litigation costs	**2.3**	1.4
Corporate and financing costs	**2.0**	12.2
Litigation settlement		
– Settlement received	**(18.0)**	–
– Reversal of provision for counterclaim	**(5.5)**	–
– Reversal of interest on provision for counterclaim	**(5.5)**	–
Taxation effects of adjustments	**1.3**	(0.5)
Normalised earnings	**350.1**	241.5
4. Note to the summarised statement of cash flows		
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**526.4**	328.6
Adjusted for non-cash IFRS and other adjustments (before taxation)	**6.8**	(7.0)
	533.2	321.6
Adjust:	**215.7**	234.2
Depreciation and amortisation	**132.5**	109.6
Net finance costs paid	**81.7**	119.7
Other non-cash flow items	**1.5**	4.9
Cash generated from operations	**748.9**	555.8

R'm	Audited 31 December 2016
5. Business combinations[1]	
5.1 Capsicum Culinary Studio[2]	
A 100% interest in Capsicum Culinary Studio (Pty) Ltd was acquired on 1 July 2016 for a consideration of R57.8 million.	
Fair value assets and liabilities acquired	
Intangible assets	**9.7**
Goodwill	**59.3**
Property, plant and equipment	**2.8**
Other non-current assets	**3.6**
Current assets	**27.1**
Cash and cash equivalents	**14.9**
Non-current liabilities	**(2.7)**
Current liabilities	**(56.9)**
	57.8

Revenue of R34.2 million and profit after taxation of R5.7 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R67.5 million and profit after taxation of R12.6 million would have been included in the summarised consolidated statement of profit or loss had the acquisition been done at the beginning of the annual reporting period.

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

R'm	Audited 31 December 2016
5.2 The Oxbridge group[2]	
A 51% interest in the Oxbridge group was acquired on 1 July 2016 for a consideration of R40.7 million.	
Fair value assets and liabilities acquired	
Intangible assets	**8.3**
Goodwill	**28.0**
Property, plant and equipment	**2.3**
Current assets	**23.0**
Cash and cash equivalents	**2.2**
Non-current liabilities	**(2.4)**
Current liabilities	**(7.8)**
Non-controlling interest[3]	**(12.9)**
	40.7

Revenue of R46.1 million and profit after taxation of R5.0 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R96.3 million and profit after taxation of R10.3 million would have been included in the summarised consolidated statement of profit or loss had the acquisition been done at the beginning of the annual reporting period.

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

1 The consideration paid for the business combinations 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.

Commentary

Overview

The directors are pleased to announce excellent results for 2016, continuing the trend of strong performance from the business as it pursues its growth strategy. Both the schools and tertiary divisions performed well with revenue growth and operating profit up. The resourcing division's profit declined due to the uncertain economy, though revenue has increased as a result of the recent acquisitions.

Highlights of the year include a number of strategic acquisitions, expanding our footprint outside of South Africa, increasing our schools presence in the Western Cape, successfully introducing blended learning models and growing our position in the distance education sector. The investment of the International Finance Corporation (IFC), a member of the World Bank Group, was an important milestone for the group and supports our growth strategy with a particular focus on sub-Saharan Africa.

The summary consolidated statement of profit and loss, excluding the benefit of the settlement of the long standing litigation matter with the Welihockyj's, presented below reflects the excellent trading results.

R'm	Percentage increase	**31 December 2016**	31 December 2015
Revenue	24%	**3 353.1**	2 707.7
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	29%	**717.1**	557.9
Operating profit before interest	30%	**584.6**	448.3
Net finance costs paid		**(87.2)**	(119.7)
Interest received		**12.6**	7.1
Finance costs		**(99.8)**	(126.8)
Profit before taxation	51%	**497.4**	328.6
Taxation		**(147.0)**	(102.5)
Profit for the year	55%	**350.4**	226.1

Group revenue increased by 24% while trading operating profit grew by 30% indicating continued operating margin improvement.

Finance costs decreased as a result of a reduction in the group debt following the rights issue in 2015 and the issue of shares to the IFC. This, together with a decrease in the taxation rate, resulted in trading profit for the year increasing by an impressive 55%. The normalised earnings per share increase of 24% to 66.7 cents (2015: 53.9 cents) reflects the increase in the weighted average number of shares in issue, as a result of the rights issue and the issue of shares to the IFC.

Cash generated by operating activities, including the benefit of the litigation settlement, increased by 27% to R709 million. Together with financing inflows of R67 million, this has enabled the payment of investments and capex of R441 million, financing costs of R82 million, taxation of R160 million and dividends of R165 million. The debtors' book continues to be well managed with trade receivables only increasing by 22% compared to growth in revenue of 24%.

The table below illustrates the significant growth in enrolments in the last three years, and highlights the continued growth in 2017.

Enrolments	February 2014	February 2015	February 2016	% increase	**February 2017**	% increase
Schools*	13 541	22 877	24 199	6%	**26 713**	10%
Tertiary full qualifications	20 113	24 332	29 138	20%	**33 463**	15%
Total	33 654	47 209	53 337	13%	**60 176**	13%

* *Schools: 2015 – 2017 excludes Maragon Edendale (management contract discontinued).*
** *The February 2017 Schools enrolments includes Elkanah House, an acquisition which is still subject to due diligence and competition commission approval.*

Schools division

The schools division maintained its leading position in the premium sector and is now establishing itself in the mid-fee sector. Enrolment growth in the schools division was 6% as existing and newly created capacity is filled. This resulted in a revenue increase of 15% to R1.6 billion and a 16% growth in operating profit to R345 million. Operating margins remained consistent at 21%. The division contributed 49% to group revenue.

Our Independent Examination Board (IEB) students achieved a 100% matric pass rate and averaged 1.8 distinctions per student. Our NSC matric students achieved a 99% pass rate compared to the national pass rate of 73% and averaged 1.0 distinction per student. Combined, 98% of our school students qualified for entrance into higher education institutions.

As at the end of December 2016, the division consisted of 78 schools (2015: 73) across 42 campuses under the brands: Abbotts College, ADvTECH Academies, Centurus Colleges, CrawfordSchools™, Junior Colleges, Maravest Group and Trinityhouse.

Two greenfield schools were developed under the ADvTECH Academies umbrella in the mid-fee sector, Founders Hill College in Modderfontein opened in 2016 and Copperleaf College in Centurion opened in January 2017. The Summit College acquisition, which was concluded in 2016, will be included in the results from 2017. The strategic acquisitions of Glenwood House in George and Elkanah House in Cape Town, subject to due diligence and competition commission approval, strengthens our position in the Western Cape.

Tertiary division

The tertiary division achieved excellent growth with revenue up 28% to R1.3 billion contributing 37% to group revenue. Operating profit increased by 67% to R223 million with operating margins up from 14% to 18% demonstrating operational leverage from strong volume growth.

The tertiary division includes The Independent Institute of Education (IIE) which operates Varsity College (including The Business School at Varsity College), Rosebank College, Vega, The Design School Southern Africa (DSSA), and also includes the tertiary brands of Capsicum Culinary Studio and the Oxbridge group. The division had a national urban footprint of 27 campuses at year end.

Varsity College continues to attract students and fill up capacity at its existing sites. The Rosebank College Braamfontein mega campus and the Connected Campus in Polokwane contributed positively to the performance of Rosebank College. These two campuses provide a model for the continued expansion of the brand into new markets. Vega and DSSA continue to reap the benefits of the move into more suitable campuses in 2015.

The tertiary division has focused on expansion into new and growing market segments creating a platform for strong organic growth. The 51% acquisition of the Oxbridge group in 2016 added 21 000 registered distance learning students to the division. Additionally the acquisition of the University of Africa in Zambia, effective in 2017, signifies our move further into the continental distance education sector. We aim to make quality tertiary education available to the broader public, not only in South Africa, but in the greater part of Africa as well.

Another noteworthy acquisition was that of Capsicum Culinary Studio, which spearheads our development of the hotel, hospitality and tourism education offering. There are indications of unmet demand for various industry-specific institutions in sectors that are growing in sub-Saharan Africa. We are investigating these in order to identify further growth opportunities.

Resourcing division

The resourcing division had a challenging year with the tough economic conditions compounded by a number of external shocks, which adversely affected business confidence resulting in a significant delay in the completion of appointments. Notwithstanding the drop in operating profit, the division is a strong cash generator and continues to contribute positively to the group. Important to note is that there was a visible improvement in the second half of 2016, a positive trend that has continued into the first quarter of 2017.

In addition to specialist permanent recruitment focus, in which we have a leading market share, in order to drive more predictable earnings, the division has embarked on a strategy to increase contracting revenues in our key markets which is gaining momentum both locally and in the rest of Africa. The division comprises permanent and temporary staffing solutions as well as recruitment advertising, e-Recruitment, payroll solutions and advertising response handling. Its portfolio of brands include: Brent Personnel, Cassel & Company, CA Global, Africa HR Solutions, CA Financial Appointments, Communicate Personnel, Insource. ICT/IT Edge, Network Recruitment, Tech-Pro Personnel and The Working Earth.

Declaration of final dividend no 15

The board is pleased to announce the declaration of a final gross dividend of 19.0 cents (2015: 17.0 cents) per ordinary share in respect of the year ended 31 December 2016. This brings the full year dividend to 32.5 cents (2015: 29.5 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 20%. The net amount per share payable to shareholders who are not exempt from DT is 15.2 cents per share, while it is 19.0 cents per share to those shareholders who are exempt from DT.

There are 544 368 530 ordinary shares in issue; the total dividend amount payable is R103 million.

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

	2017
Publication of declaration and finalisation information	Wednesday, 22 March
Last day to trade in order to participate in the dividend	Monday, 10 April
Trading commences ex-dividend	Tuesday, 11 April
Record date	Thursday, 13 April
Payment date	Tuesday, 18 April

Share certificates may not be dematerialised and rematerialised between Tuesday, 11 April 2017 and Thursday, 13 April 2017, both days inclusive.

Directorate

Dr Jacqueline Chimhanzi and Dr Jane Hofmeyr were appointed as independent non-executive directors effective from 1 January 2017. The company secretary, Carmen Koopman, has resigned with effect from 28 April 2017.

Prospects

We continue to see numerous opportunities both at home and abroad. In our core markets we expect organic and greenfield growth to continue despite the fact that competition has increased and difficult economic conditions remain. We are also excited by opportunities available in new market segments and through new product offerings. In addition, our investigations into new regions is providing us with even more opportunities and this, we believe, will enhance our business performance and diversify our portfolio.

On behalf of the board

Chris Boulle — *Chairman*
Roy Douglas — *Chief executive officer*
Didier Oesch — *Group financial director*

22 March 2017

Directors: CH Boulle* (Chairman), RJ Douglas (CEO), JDR Oesch (Financial), JS Chimhanzi*, BM Gourley*, JM Hofmeyr*, JD Jansen*, SC Masie*, KDM Warburton*, SA Zinn*
*Non-executive
Group company secretary: CC Koopman.
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.