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

Preliminary audited results for the year ended 31 December 2017

Revenue up 22%
Trading operating profit up 20%
Normalised earnings per share up 20%
Dividend per share for the year 34.0 cents

Summarised consolidated statement of profit or loss
for the year ended 31 December 2017

R'm	Notes	Percentage increase/ (decrease)	Audited 31 December 2017	Audited 31 December 2016
Revenue		22%	4 086.9	3 353.1
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		7%	795.4	740.6
Operating profit before interest		5%	640.1	608.1
Net finance costs paid			(99.1)	(81.7)
Interest received			3.9	12.6
Finance costs			(103.0)	(94.3)
Profit before taxation		3%	541.0	526.4
Taxation			(161.0)	(148.5)
Profit for the year		1%	380.0	377.9
Profit for the year attributable to:				
Owners of the parent		(1%)	369.3	372.4
Non-controlling interests			10.7	5.5
			380.0	377.9
Earnings per share (cents)				
Basic		(3%)	69.1	70.9
Diluted		(3%)	69.0	70.8
Headline earnings	2		369.8	373.5
Headline earnings per share (cents)				
Basic		(3%)	69.2	71.1
Diluted		(3%)	69.1	71.0
Normalised earnings	3		404.8	332.3
Normalised earnings per share (cents)				
Basic		20%	75.8	63.3
Diluted		20%	75.6	63.2
Number of shares in issue (million)			544.4	544.4
Number of shares in issue net of treasury shares (million)			535.6	534.0
Weighted average number of shares for purposes of basic earnings per share (million)			534.2	525.2
Weighted average number of shares for purposes of diluted earnings per share (million)			535.2	525.7
Net asset value per share including treasury shares (cents)		8%	529.0	491.8
Net asset value per share net of treasury shares (cents)		7%	537.7	501.4
Free operating cash flow before capex per share (cents)		25%	111.7	89.1
Gross dividends per share (cents)		5%	34.0	32.5

Summarised consolidated statement of other comprehensive income
for the year ended 31 December 2017

R'm	Audited 31 December 2017	Audited 31 December 2016
Profit for the year	380.0	377.9
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(6.4)	(6.3)
Total comprehensive income for the year	373.6	371.6
Total comprehensive income for the year attributable to:		
Owners of the parent	363.6	366.1
Non-controlling interests	10.0	5.5
	373.6	371.6

Summarised consolidated statement of financial position
as at 31 December 2017

R'm	Audited 31 December 2017	Audited 31 December 2016
Assets		
Non-current assets	5 101.5	4 222.7
Property, plant and equipment	3 511.8	2 788.7
Proprietary technology systems	64.1	45.3
Goodwill	1 305.3	1 170.1
Intangible assets	208.3	206.6
Investment	12.0	12.0
Current assets	457.3	422.7
Trade and other receivables	307.1	235.6
Other current assets	40.3	58.9
Bank balances and cash	109.9	128.2
Total assets	5 558.8	4 645.4
Equity and liabilities		
Equity	2 880.1	2 677.3
Non-current liabilities	900.6	852.1
Long-term bank loans	751.5	758.0
Deferred taxation liabilities	100.1	94.1
Acquisition liabilities	49.0	-
Current liabilities	1 778.1	1 116.0
Current portion of long-term bank loans	12.2	31.1
Short-term bank loan	750.0	425.0
Trade and other payables	384.5	339.9
Taxation	6.3	8.3
Fees received in advance and deposits	411.8	287.5
Bank overdraft	213.3	24.2
Total liabilities	2 678.7	1 968.1
Total equity and liabilities	5 558.8	4 645.4

Supplementary information
for the year ended 31 December 2017

R'm	Audited 31 December 2017	Audited 31 December 2016
Capital expenditure - current year	718.0	361.8
Capital commitments	1 911.0	1 255.3
Authorised by directors and contracted for	357.5	144.3
Authorised by directors and not yet contracted for	1 553.5	1 111.0
Anticipated timing of spend	1 911.0	1 255.3
0 - 2 years	627.3	555.9
3 - 5 years	572.1	202.2
more than 5 years	711.6	497.2
Operating lease commitments in cash - future years	296.2	355.7

Summarised consolidated statement of changes in equity
for the year ended 31 December 2017

R'm	Audited 31 December 2017	Audited 31 December 2016
Balance at beginning of the year	2 677.3	2 254.5
Total comprehensive income for the year	373.6	371.6
Dividends declared to shareholders	(186.7)	(164.7)
Share-based payment expense	6.3	5.8
Share award expense under the management share incentive scheme (MSI)	2.0	-
Shares issued	-	190.7
Share issue costs	-	(1.5)
Shares awarded under the management share incentive scheme (MSI)	(4.6)	-
Share options exercised	13.1	8.0
Non-controlling interests arising on acquisitions	(0.9)	12.9
Balance at end of the year	2 880.1	2 677.3

Summarised consolidated segmental report
for the year ended 31 December 2017

R'm	Percentage increase/ (decrease)	Audited 31 December 2017	Audited 31 December 2016
Revenue	22%	4 086.9	3 353.1
Schools	14%	1 866.3	1 643.7
Tertiary	26%	1 580.2	1 252.5
Resourcing	40%	644.3	460.9
Intra group revenue		(3.9)	(4.0)
Operating profit before interest	5%	640.1	608.1
Schools	(13%)	298.9	345.4
- Trading operating profit	3%	330.0	321.0
- Fraud adjustments		(31.1)	24.4
Tertiary	44%	321.4	223.3
Resourcing	59%	32.1	20.2
Litigation settlement		-	23.5
Litigation costs		-	(2.3)
Corporate action costs		(12.3)	(2.0)

Property, plant and equipment and proprietary technology systems	26%	3 575.9	2 834.0
Schools	24%	2 727.3	2 193.6
Tertiary	33%	841.0	632.8
Resourcing	0%	7.6	7.6

Summarised consolidated statement of cash flows
for the year ended 31 December 2017

R'm	Note	Percentage increase	Audited 31 December 2017	Restated# Audited 31 December 2016
Cash generated from operations	4	10%	811.1	737.9
Movement in working capital			48.2	(40.4)
Cash generated by operating activities		23%	859.3	697.5
Net finance costs paid			(99.1)	(81.7)
Taxation paid			(174.6)	(160.0)
Dividends paid			(186.1)	(164.5)
Net cash inflow from operating activities			399.5	291.3
Net cash outflow from investing activities*			(919.2)	(441.0)
Additions to property, plant and equipment			(688.8)	(361.1)
Additions to proprietary technology systems			(29.2)	(0.7)
Business combinations cash flows			(215.6)	(81.4)
Proceeds on disposal of property, plant and equipment			14.4	2.2
Net cash inflow from financing activities*			312.7	78.2
Shares issued			-	189.2
Decrease in long-term bank loans			(6.5)	(43.1)
Increase/(decrease) in short-term bank loan			306.1	(75.9)
Cash movement in shares held by Share Incentive Trust			13.1	8.0
Net decrease in cash and cash equivalents			(207.0)	(71.5)
Cash and cash equivalents at beginning of the year			104.0	176.2
Net foreign exchange differences on cash and cash equivalents			(0.4)	(0.7)
Cash and cash equivalents at end of the year			(103.4)	104.0

* The financing and investing activities disclosure has been expanded in the current year. Comparative information has also been updated.
\# The restatement of the comparative information is a result of reclassifying the vendor claims reversal of R11.0 million from financing activities into operating activities.

Free operating cash flow before capex per share
for the year ended 31 December 2017

R'm	Percentage increase	31 December 2017	Restated# 31 December 2016
Profit for the year		380.0	377.9
Adjusted for non-cash IFRS and lease adjustments (after taxation)		12.9	6.5
Net operating profit after taxation - adjusted for non-cash IFRS and lease adjustments		392.9	384.4
Depreciation and amortisation		155.3	132.5
Vendor claims reversal (after taxation)		-	(9.5)
Other non-cash flow items (after taxation)		0.5	1.1
Operating cash flow after taxation	8%	548.7	508.5
Movement in working capital		48.2	(40.4)
Free operating cash flow before capex	28%	596.9	468.1
Weighted average number of shares for purposes of basic earnings per share (million)		534.2	525.2
Free operating cash flow before capex per share (cents)	25%	111.7	89.1

\# The restatement of the comparative information is a result of reclassifying the vendor claims reversal from financing activities into operating activities.

Notes to the summarised consolidated financial statements
for the year ended 31 December 2017

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 statements and the full consolidated financial statements for the year ended 31 December 2017 was supervised by Didier Oesch CA(SA), the group's financial director.

Financial instruments

The fair values of the financial assets and financial liabilities approximates its carrying amount.

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 2017 or the financial position at that date.

Independent auditor's opinion

These summarised consolidated financial statements for the year ended 31 December 2017 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 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 2017	Audited 31 December 2016
2. Determination of headline earnings		
Profit for the year attributable to owners of the parent	369.3	372.4
Items excluded from headline earnings per share	0.5	1.1
Loss on sale of property, plant and equipment	0.7	1.5
Taxation effects of adjustments	(0.2)	(0.4)
Headline earnings	369.8	373.5
3. Determination of normalised earnings		
Headline earnings	369.8	373.5
Items excluded from normalised earnings per share	35.0	(41.2)
Litigation costs	-	2.3
Corporate action costs	12.3	2.0
Fraud adjustments		
- Adjustments relating to 2016*	24.4	(24.4)
- Adjustments relating to 2015*	6.7	-
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	(8.4)	7.9
Normalised earnings	404.8	332.3

4. Notes to the summarised statement of cash flows

Reconciliation of profit before taxation to cash generated from operations

Profit before taxation	541.0	526.4
Adjusted for non-cash IFRS and other adjustments (before taxation)	15.0	6.8
	556.0	533.2
Adjust:	255.1	204.7
Depreciation and amortisation	155.3	132.5
Net finance costs paid	99.1	81.7
Vendor claims reversal	-	(11.0)
Other non-cash flow items	0.7	1.5
Cash generated from operations	811.1	737.9

* The reported fraud amounting to R48.1million which was perpetrated over a three year period, was accounted for in the current financial year. Normalised earnings has been adjusted by re-allocating the impact of this occurrence to the accounting periods to which it relates. The 2016 normalised profit has been adjusted downwards to account for the overstatement that resulted in that year. The 2017 normalised profit has been adjusted upwards to remove the effects relating to the 2015 and 2016 periods, and therefore only reflects the effect of the fraud that relates to the 2017 financial year.

R'm	Audited 31 December 2017
5. Business combinations(1)	
5.1 University of Africa group	

A 51% interest in the University of Africa group operating in Zambia was acquired on 1 January 2017 for a consideration of R5.0 million.

Fair value assets and liabilities acquired	
Intangible assets	0.7
Goodwill	5.7
Property, plant and equipment	0.4
Other non-current assets	0.3
Current assets	2.1
Cash and cash equivalents	7.0
Non-current liabilities	(0.2)
Current liabilities	(11.7)
Non-controlling interest(3)	0.7
	5.0

Revenue of R18.3 million and profit after taxation of R0.7 million has been included in the summarised consolidated statement of profit or loss.

This acquisition was made as an addition to our tertiary division in line with our expansion strategy and provides access to an additional African market.

5.2 Glenwood House

The assets and liabilities of Glenwood House were acquired on 1 January 2017 for a consideration of R109.7 million.

Fair value assets and liabilities acquired	
Intangible assets	7.2
Goodwill	35.3
Property, plant and equipment	70.6
Non-current liabilities	(3.4)
	109.7

Revenue of R36.5 million and profit after taxation of R6.9 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.

5.3 Oxbridge Training Institute (Rebranded as Credo Business College)(2)

The remaining 49% of the share capital of Credo Business College (Pty) Ltd was acquired on 1 July 2017 for a consideration of R2.0 million.

Fair value assets and liabilities acquired	
Goodwill	1.5
Non-controlling interest(3)	0.5
	2.0

5.4 The Private Hotel School(2)

An 80% interest in The Private Hotel School Proprietary Limited was acquired on 1 July 2017 for a consideration of R5.6 million.

Fair value assets and liabilities acquired	
Intangible assets	0.4
Goodwill	4.3
Property, plant and equipment	0.2
Other non-current assets	0.1
Current assets(4)	1.6
Cash and cash equivalents	2.0
Non-current liabilities	(0.1)
Current liabilities	(2.6)
Non-controlling interest(3)	(0.3)
	5.6

Revenue of R3.0 million and a loss after taxation of R0.4 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R5.0 million and a profit after taxation of R0.3 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 tertiary division and provides expansion opportunities.

5.5 Summit College(2)

The assets and liabilities of Summit College were acquired on 1 July 2017 for a consideration of R104.7 million.

Fair value assets and liabilities acquired	
Intangible assets	1.7
Goodwill	46.9
Property, plant and equipment	74.0
Current assets(4)	3.5
Cash and cash equivalents	5.9
Non-current liabilities	(6.3)
Current liabilities	(21.0)
	104.7

Revenue of R21.1 million and loss after taxation of R0.3 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R41.3 million and loss after taxation of R2.8 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.

5.6 Elkanah House(2)

The operational assets and liabilities of Elkanah House were acquired on 1 August 2017 for a consideration of R29.0 million.

Fair value assets and liabilities acquired	
Intangible assets	8.7
Goodwill	41.8
Property, plant and equipment	4.0
Current assets	15.2
Cash and cash equivalents	6.0
Non-current liabilities	(2.4)
Current liabilities	(44.3)
	29.0

Revenue of R39.6 million and profit after taxation of R1.0 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R97.5 million and profit after taxation of R3.7 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 Trinityhouse brand and provides expansion opportunities.

5.7 Greenwood Bay College(2)

The assets and liabilities of Greenwood Bay College were acquired on 1 September 2017 for a consideration of R30.0 million.

Fair value assets and liabilities acquired	
Intangible assets	2.0
Goodwill	1.6
Property, plant and equipment	29.3
Current assets(4)	1.0
Non-current liabilities	(1.6)
Current liabilities	(2.3)
	30.0

Revenue of R4.0 million and profit after taxation of R0.4 million has been included in the summarised consolidated statement of profit or loss.

Revenue of R12.4 million and profit after taxation of R2.2 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.

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.
4 Included in current assets are trade receivables with a fair value of R5.1 million. This equals the gross amount of contractual amounts receivable. There were no contractual cash flows at acquisition date that are not expected to be collected.

Commentary

Overview

The directors are pleased to announce good operational results for the year ending 31 December 2017 with the business continuing its trend of strong performance in line with the growth strategy. Both the tertiary and resourcing divisions performed exceptionally well, as evidenced by significant increases in revenue and operating profit, whilst the schools division results were somewhat muted. The benefit of the group's diversified portfolio is reflected in its strength and resilience as evidenced by the 22% revenue increase to R4.1 billion (2016: R3.4 billion) and trading operating profit by 20% to R671 million (2016: R560 million). Trading operating margins, however, narrowed marginally from 16.8% to 16.4% due to the decrease in school division's margins as they brought new capacity into use that has not yet been filled, partially offset by an improvement in the tertiary division margins.

As previously stated, the restructuring of the finance and administrative functions in the schools division led to the uncovering of incidents of fraud amounting to R48.1 million, perpetrated by a financial manager in the division over a three year period starting in 2015. These activities resulted in an overstatement of revenue, an understatement of costs and the theft of cash. The cash component amounts to R5.0 million. In aggregate, the misstatements and cash loss amount to R48.1 million resulting in a R35.5 million after taxation impact on the reported figures for the period as reflected below:

	12 months to 31 December 2015 R'm	12 months to 31 December 2016 R'm	6 months to 30 June 2017 R'm	6 months to 31 December 2017 R'm	Total amount R'm
Revenue overstated	-	(9.3)	(5.1)	(2.5)	(16.9)
Expenses understated (including the cash loss of R5.0 million)	(6.7)	(15.1)	(2.9)	(6.5)	(31.2)
Operating profit overstated	(6.7)	(24.4)	(8.0)	(9.0)	(48.1)
Taxation effect	1.9	6.6	2.0	2.1	12.6
Profit after taxation effect	(4.8)	(17.8)	(6.0)	(6.9)	(35.5)

The correction of the fraud for the preceding two years as well as the current year has been accounted for in the 2017 financial results.

The summarised consolidated statement of profit or loss presented below reflects the trading results by removing the effect of the fraud relating to 2015 and 2016 from the 2017 financial year. The 2016 trading profit has been adjusted downwards to account for the overstatement caused by the fraud relating to that year and by excluding the benefit of the settlement of the long standing litigation matter.

Summarised consolidated statement of profit or loss from trading activities
for the year ended 31 December 2017

R'm	Percentage increase	31 December 2017	31 December 2016
Revenue	23%	4 096.2	3 343.8
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	19%	826.5	692.7
Operating profit before interest	20%	671.2	560.2
Net finance costs paid		(99.1)	(87.2)
Interest received		3.9	12.6
Finance costs		(103.0)	(99.8)
Profit before taxation	21%	572.1	473.0
Taxation		(169.5)	(140.4)
Profit for the year	21%	402.6	332.6

The higher average net borrowings, due to the acceleration in capital expenditure in the year, resulted in net finance costs increasing. Trading profit for the year increased by 21% while, due to a marginal increase in the weighted average number of shares in issue, the normalised earnings per share increased by 20% to 75.8 cents (2016: 63.3 cents).

Cash generated by operating activities increased by 23% to R859 million. Together with financing inflows of R313 million, this has enabled the investments and capex of R919 million and payment of financing costs of R99 million taxation of R175 million and dividends of R186 million. The debtors' book continues to be well managed and the increase in trade and other receivables was primarily as a result of deposits on capital projects and VAT refunds due, which have been received subsequent to year-end.

The table below illustrates the enrolment growth in the last three years, and highlights the continued growth in 2018.

Enrolments	February 2015	February 2016	February 2017	% increase	February 2018	% increase
Schools*	22 877	24 199	26 713	10%	27 408	3%
Tertiary full qualifications	24 332	29 138	33 463	15%	36 136	8%
Total	47 209	53 337	60 176	13%	63 544	6%
Other tertiary**					28 931	
Total enrolment numbers					92 475	

* The 2017 school enrolment numbers include Elkanah House acquisition.
** Oxbridge Academy and the University of Africa have a continual enrolment cycle throughout the year. Enrolments as at 31 December 2017.

ADvTECH operates 117 education sites (2016: 98) including 89 schools (2016: 78) and 28 tertiary campuses (2016: 20).

Business operational efficiencies

The significant growth has presented an opportunity to streamline our internal processes. In time, we are confident that these initiatives will drive higher efficiencies within the group. In this regard new systems are being implemented which will improve our capability of delivering on the strategic imperative of academic excellence and customer service. A new student information system is being introduced into the schools division which will greatly enhance our current student management and communication capability. Ultimately the system will be adopted by the tertiary division and we will have the advantage of a standardised, unitary student-centred platform allowing for efficient processing, reporting and learning analytics. Overall the system will enable the management of student data from prospect to post graduation and all steps in between and in the process improve the quality of service to stakeholders.

In addition, the restructuring of the schools division, which commenced in 2017, is aimed at enhancing operating efficiencies to better align the division to deliver on its growth strategy. Further operational initiatives are in progress across the group while the shared services project is showing good progress with support functions driving efficiencies, effectiveness and improved controls.

Schools division

While for several years the schools division has been the top performer within the group, 2017 saw muted organic growth in student numbers. Enrolments at some of our premium brands were particularly impacted due to financial pressures on some families and the effects of emigration and "semigration". The division's financial results were further weighed by the disappointing effects of the fraud. However, we remain confident that our strategy is appropriate and, together with the plans in place, the division is expecting improved performance.

Revenue increased by 14% to R1 866 million, representing 46% of group revenue, while operating profit declined by 13% to R299 million. Adjusted for the fraud the operating profit showed a 3% increase from R321 million to R330 million.

Our Independent Examination Board (IEB) students achieved a 100% matric pass rate and averaged 2 distinctions per student. Our NSC matric students achieved a 98% pass rate compared to the national pass rate of 75% and averaged 1 distinction per student. Overall, 1 754 Matric candidates achieved 2 866 distinctions with a 99% pass rate and 98% of our students qualified for entrance into higher education institutions.

The division's first two mid-fee greenfield developments, Founders Hill College (2016) and Copperleaf College (2017), have shown strong growth. Founders Hill, now in its third year of operation, has more than 760 enrolled students while Copperleaf College is also ahead of expectations. These successes have led to a deliberate strategy to increase our pipeline of projects in this sector with the Maragon Mooikloof High and Copperleaf High coming on stream in 2018 while several suitable properties have been secured for an accelerated rollout in this market sector over the next few years.

Our footprint in the Western Cape has increased considerably following the acquisitions of Elkanah House, Greenwood Bay College and Glenwood House, which added approximately 2 500 students to the division.

The Bridge Assisted Learning School, which opened in January 2018, addresses a gap in the market by offering specialised education for students from Grade 0 - 7 who have a range of academic challenges that require specific learning intervention.

Tertiary division

The tertiary division continued its trend of excellent growth benefitting from both organic growth and acquisitions. Revenue increased by 26% to R1 580 million, contributing 39% of group revenue. The operating margin increased from 18% to 20% on the back of operational leverage from strong volume growth, resulting in operating profit increasing by 44% to R321 million.

The tertiary division now offers 165 accredited tertiary courses, with a diverse range of offerings including vocational training, higher certificates, degrees, honours degrees, masters degrees and PHD programmes.

ADvTECH's market differentiator, The Independent Institute of Education (The IIE), through its central academic team drive our commitment to academic excellence and focus on ensuring that our qualifications remain current and relevant and that the content and assessments bridge the curriculum and the constantly evolving world of work. The IIE is the largest and most comprehensive investment in curricular development and academic leadership of any private higher education provider in South Africa.

The Rosebank College digitally enabled campus pilot in Polokwane has proven the success of the blended learning model and outstanding academic results have been achieved in line with our commitment and promise of academic excellence. This model has provided an excellent example of the use of technology-enabled education and creates expansion opportunities in provincial nodes, with 2018 seeing the opening of two new digitally enabled campuses in Pietermaritzburg and Bloemfontein.

In line with our strategy to explore new markets to increase our presence in fast growing sectors, a majority stake was acquired in the highly acclaimed and industry respected The Private Hotel School. Combined with the earlier acquisition of Capsicum Culinary Studio, we have increased our presence in the fast-growing hotel, hospitality and culinary sector and now have a secure foundation on which to base future plans and expansions in this sector. A new hospitality campus was opened in 2018 in Rosebank, Johannesburg.

Resourcing division

The resourcing division's outstanding performance is mainly due to the success of the strategy to enter alternative markets outside of South Africa, where we have experienced significant growth. While in South Africa the tough market conditions continue to persist, we have grown our share of a declining market placing 3 755 job candidates (2016: 3 493). Revenue increased by 40% to R644 million, while operating profit increased by 59% to R32 million. The division continues to be highly cash-generative.

Expansion in the rest of Africa

With 11% of revenue in 2017 being generated outside of South Africa, we are well on track to meet our 2020 target of 30%. An exciting development is the anticipated opening in September 2018 of the first Crawford International School in Nairobi, Kenya, our first greenfield development outside South Africa. This adds to our other investments which includes Gaborone International School in Botswana and the University of Africa in Zambia. In the resourcing division, Africa HR Solutions continues to grow strongly as it services operations across Africa.

Declaration of final dividend no 17

In considering the dividend, the board has decided to increase the dividend cover further in order to balance the need to preserve cash to fund the investment pipeline while also rewarding shareholders based on the current performance.

The board is pleased to announce the declaration of a final gross dividend of 19.0 cents (2016: 19.0 cents) per ordinary share in respect of the year ended 31 December 2017. This brings the full year dividend to 34.0 cents (2016: 32.5 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 544.4 million ordinary shares in issue; the total dividend amount payable is R103.4 million.

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

	2018
Declaration of dividend	Friday, 16 March
Last day to trade in order to participate in the dividend	Tuesday, 10 April
Trading commences ex-dividend	Wednesday, 11 April
Record date	Friday, 13 April
Payment date	Monday, 16 April

Share certificates may not be dematerialised and rematerialised between Wednesday, 11 April 2018 and Friday, 13 April 2018, both days inclusive.

Prospects

We continue to see numerous opportunities, both in South Africa and the rest of the continent, and the group remains in a strong position to pursue its ambitious yet considered organic and acquisitive growth strategy.

Our tertiary and resourcing divisions continue to perform well while significant change is being implemented at the schools division to sharpen market focus and drive operational efficiencies to enable the division to return to a high level of performance.

New market segments and new product offerings are continuously being explored, while in our core markets we expect organic and greenfield growth to continue despite increased competition and challenging economic conditions. These factors, we believe, will further enhance our business performance.

On behalf of the board

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

19 March 2018

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: DM Dickson

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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, 50 Smits Road, Dunkeld, Randburg, 2196.