
ADTECH

GROUP



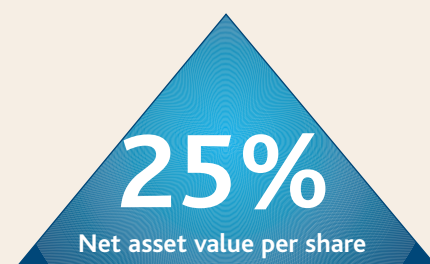
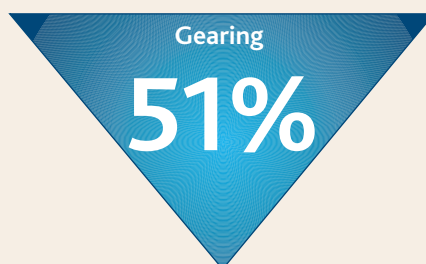
THE ADVTECH GROUP is an organisation focused on the development, deployment and **management of human capital**. It is a **Southern Africa leader** in the areas of Education, Skills Development, Human Resource Development and Recruitment.

The Schools Division, Tertiary Division and University Division offer quality education from pre-primary to diploma, degree and post-graduate levels. The Recruitment Division is a significant force in niche areas of the placement industry.

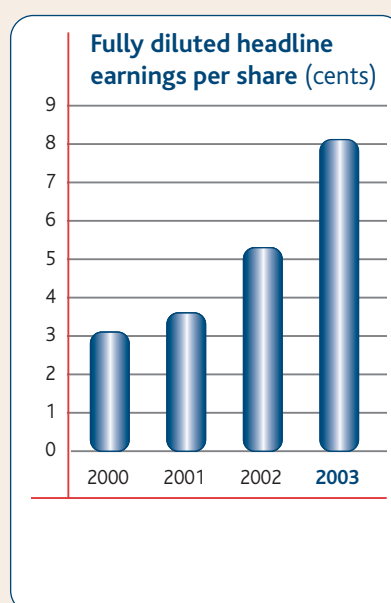
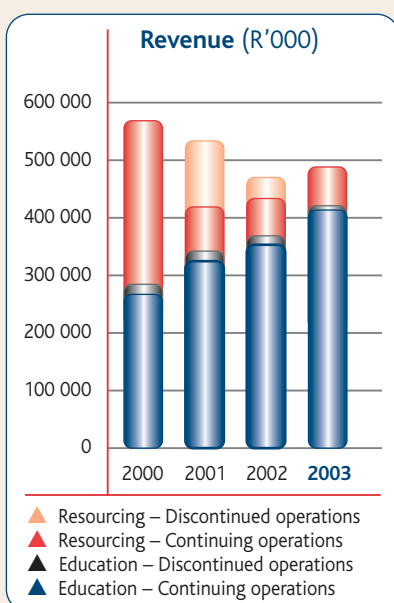


▼ CONTENTS

- 1 Salient Features
- 2 Directorate, Executive Committee and Administration
- 4 Chairman and CEO's Report
- 8 Human Resources Report
- Review of Operations**
- 9 Education Division
- 14 Resourcing Division
- 16 Corporate Governance Report
- 20 Value Added Statement
- 21 Approval of the Financial Statements
- 21 Report of the Independent Auditors
- 21 Certificate by Secretary
- 22 Segmental Reporting
- 23 Directors' Report
- 26 Income Statements
- 27 Statements of Changes in Equity
- 28 Balance Sheets
- 29 Cash Flow Statements
- 30 Notes to the Financial Statements
- 51 Shareholders' Analysis
- 52 Share Information
- 52 Shareholders' Diary
- 53 Notice to Shareholders
- 56 Form of Proxy
- 58 Election Form



R'000	2003	2002
Revenue	485 784	470 078
EBITDA	65 472	55 292
Operating profit before interest	44 440	35 457
Profit/(loss) before taxation	51 413	(236 111)
Ordinary shareholders' equity	213 118	172 396
Total assets	380 921	397 069
Net asset value per share (cents)	57,5	45,9
Gearing ratio (%)	36,7	74,9
EBITDA margin (%)	13,5	11,8
Earnings/(loss) per share (cents)	13,9	(66,4)
Weighted average number of shares in issue (thousands)	363 465	366 168
Headline earnings per share (cents)	8,8	5,7
Diluted number of shares (thousands)	377 041	367 140
Diluted headline earnings per share (cents)	8,4	5,7
Number of employees	2 263	1 962





▼ **BOOYENS NICO** (36)

Group Financial Director

B Com (Hons), CA(SA)
Nico Booyens was appointed as Group Financial Director in May 1999, after having been the financial director of ADvED Holdings Limited. He has extensive experience in operational accounting across a variety of industries, treasury and special tax projects. His expertise in technical accounting matters is considered a particular asset to the Group.

▼ **BROWN, HUGH** (61)

Non-Executive Chairman

CA (SA)
(Audit, Remuneration & Litigation Committee member)

Hugh Brown was previously an executive director of Malbak Limited with responsibility for a portfolio of companies. In this position he was a CEO and Chairman of a number of listed and unlisted companies. He joined the board of ADvTECH in July 2002 as a non-executive director. He served as Acting CEO for the period October 2001 to July 2002, prior to the appointment of Frank Thompson as CEO. He was appointed to his present position of non-executive Chairman in August 2002.

▼ **BUCKHAM, BRIAN** (65)

Non-Executive Director

(Chairman of Litigation Committee)
Brian Buckham has had over 30 years experience in senior management and board positions. After several years as managing director of a major business equipment company he left to start the businesses which were the forerunners of the present day ADvTECH. During 2002 Brian stepped down as Executive Chairman and has remained on the board as a non-executive director.

▼ **DUFF, CRAIG** (34)

Executive Director – Tertiary Division

Craig Duff was a founding member of Varsity College when it commenced operations in 1990. His passion and determination has seen Varsity College grow from a single campus in Durban, to now being one of the largest nationally based Private Higher Education Institutions in the country. In 1997 ADvTECH acquired Varsity College and Craig joined the group as part of the management team. He initiated the successful restructuring of the tertiary brands within the group and now heads up the Tertiary Education Division.

▼ **FERREIRA, DAVID** (41)

Independent Non-Executive Director

BA (Wits), LLB (Wits), MA (Oxon), MSc (LSE)

David Ferreira is a founding shareholder and director of Praxis Capital, and serves as a non-executive director on a number of companies. He is also a non-executive director of the Municipal Infrastructure Investment Unit. Before becoming a private equity investor, David worked in project and corporate finance, for leading South African and US firms, as well as for the World Bank. He has worked in Africa, Asia, Latin America, the United Kingdom and United States. David is a Rhodes Scholar.

▼ **HONEY, LENN** (39)

Executive Director – Recruitment Division

B Com (Hons), MBA
Lenn Honey commenced his career in the advertising industry in a brand and strategic planning role, thereafter he was a Management Consultant, focussing on systems implementation and productivity improvement. In 1994 he purchased Rosebank College, growing it and taking it from an unprofitable business into a profitable concern when he sold it to ADvTECH. Lenn remained with the Group and under his leadership the five smaller tertiary brands increased their business revenues and profits. In early 2002 Lenn assumed overall responsibility for the Groups recruitment division.

▼ **LEVIN, HYMIE** (58)

Non-Executive Director

B Com, LLB, LLM, H Dip Tax Law, H Dip Co Law
(Audit & Litigation Committee member)
Hymie Levin is a specialist corporate and tax lawyer. He is the senior partner of H R Levin Attorneys and his experience spans more than thirty years. He is also a non-executive director of various companies listed on the JSE.

▼ **SACKS, MICHAEL** (61)

Independent Non-Executive Director

CTA, CA(SA), AICPA(Israel)
(Chairman of Audit & Remuneration Committee, Litigation Committee member)

After 5 years in practice as a Public Accountant and Auditor, Michael Sacks acted as an independent Corporate Advisor for 25 years prior to his appointment as Executive Chairman of Netcare in 1997. He has served and continues to serve as a non-executive Director to several companies, institutions and empowerment committees. He is also an Officer of the International Association of Political Consultants.

▼ **THOMPSON, FRANK** (48)

Chief Executive Officer

B Com, B Acc, CA(SA)
After qualifying at Deloitte & Touche in 1981, Frank has gained over 20 years experience in senior management and board positions. He spent 10 years in the Anglo American Group, mainly at electronics company Conlog and 10 years in the Malbak Group and its subsequently unbundled entity Amalgamated Appliance Holdings Limited where he was Deputy Chairman until joining ADvTECH on 1 August 2002 as CEO.

ALTERNATE DIRECTORS

▼ **DOWLING, DOLINA** (52)

Alternate Director

Pro Vice Chancellor, Bond South Africa
BA (Open Univ) MA (Rhodes)
PhD(Glasgow) Dip Ed, Dip Sp Ed (Glasgow) A Ph.S. (London)
Before joining Bond South Africa, and thereby ADvTECH, in January 2002, Dolina has held senior positions in the public university sector. Prior to which, she spent many years lecturing in Philosophy. Dolina has published extensively on the Philosophy of Social Relationships, Gender and Equity issues as well as various aspects of Education. She has an in-depth knowledge of Higher Education and considerable experiences of dealing with the challenges facing the transformation of the Higher Education system in South Africa.

▼ **ISAAKIDIS, ALEX** (53)

Alternate Director

CEO SCHOOLS DIVISION
B.A., B.Com (Hons).
Alex joined the Group in 1999 as Managing Director of the Crawford Schools. Prior to that he was involved with the Dorbyl Group and was MD of Chubb Safes. In 2000 he was appointed Managing Director of the Schools Division, with responsibility for the Crawford Schools, Abbotts Colleges and the Nursery Schools. In 2002 he assumed responsibility for Mast Publications.

EXCO MEMBER

▼ **SCHWANZER, SHAUN** (37)

Group Human Resources Executive

MMM, ADC, DipMkt, MProjM, CHRPSA, MBA
Shaun Schwanzer has worked in the SA Navy, Cashbuild Ltd, Renwick Reward and Atraxis Africa in senior HR positions before joining ADvTECH in February 2002. Shaun's particular expertise lies in the area of HR practice and organisational behaviour. His up to date knowledge of the regulatory labour environment and of external political awareness has proved invaluable.

ADvTECH LIMITED Registration Number: 1990/001119/06 • JSE Code: ADH • ISIN: ZAE 0000 31035 **GROUP SECRETARY** Lilian Gomes 364 Kent Avenue Randburg
HEAD OFFICE P.O. Box 2369 Randburg 2125 • **REGISTERED OFFICE** 364 Kent Avenue Ferndale Randburg 2194 • Tel: +27 (0)11 886-5100 • Fax: +27 (0)11 886-4512
INTERNET ADDRESS www.advtech.co.za • **E-MAIL ADDRESS** contact@advtech.co.za • **INDEPENDENT AUDITORS** Deloitte & Touche
TRANSFER SECRETARIES Ultra Registrars, 11 Diagonal Street Johannesburg 2001 • Tel: +27 (0)11 832-2652 • Fax: +27 (0)11 834-4398
SPONSOR Bridge Capital Services (Pty) Ltd.

Back row: David Ferreira and Michael Sacks
Second row: Shaun Schwanzer, Brian Buckham and Alex Isaakidis
Third row: Nico Booyens, Frank Thompson, Hugh Brown and Craig Duff
Front row: Hymie Levin, Dolina Dowling and Lenn Honey



General Review

ADvTECH's financial results for the 2003 year present clear and gratifying evidence of the Group's successful reconstruction, particularly revealed in the Group's cleansed continuing operations which are now soundly anchored by the expanding and rewarding Education Division. At the same time, of necessity, they remain cluttered with detail on discontinued operations.

Rational and robust management interventions during the year also brought a conclusion to several legacy issues, yielding a mixture of extraordinary recoups and recoveries collectively and positively enhancing the Group's annual performance. The more compelling features of the Group's overall results are an increase of 54% in headline earnings per share to 8,8 cents, a 25% increase in the tangible net asset value per share to 57,5 cents and, as a result of the Group's improved asset and cash flow management, a 51% reduction in the debt equity ratio to 37%.

The cycle of Group cash flow is weighted such that the Group reports maximum borrowings and gearing at year-end. However, the average funds employed during the year were R25.6 million lower than at year-end which implies that average gearing is of the order of 25% compared to the 37% reported at year end.

REVIEW OF OPERATIONS

Education

ADvTECH management has competently and creatively developed a range of vibrant, stimulating and caring learning environments where learners within their own academic

aspirations and capacity can excel, grow and prepare to compete in South Africa's dynamic and transforming society. Students at each level are now exposed to a full spectrum of instruction and human experiences designed to enrich their cultural appreciation and to expand their physical, intellectual and cultural horizons.

The Group's well known and established brands in the Education Division include Crawford Schools, Abbotts College, Junior College, Varsity College, College Campus, Rosebank College, Vega the Brand Communication School and Bond South Africa. Together these brands form the Group's composite education business, the components of which are more fully reviewed on pages 9 to 13.

ADvTECH has consistently promoted and supported the deliberate drive by the Department of Education (DoE), Council on Higher Education (CHE) and South African Qualifications Authority (SAQA) to improve the general standards of education governance, the quality of teaching and the learners assessment. In order to fulfil these objectives and standards ADvTECH embraces and co-operates fully on all regulatory processes and willingly engages with all representatives when called upon to do so.

Furthermore, in order to keep conversant with regulatory guidelines and achieve best teaching practice, the ADvTECH Academic Advisory Board was constituted this year. It has specific responsibility for monitoring developments in the field of education and advising the Group on all requirements for the enhancement of academic standards and instruction techniques. Its members comprise of independent and distinguished academics.

Students at each level are now exposed to a full spectrum of instruction and human experiences designed to enrich their cultural appreciation and to expand their physical, intellectual and cultural horizons.



The most encouraging feature of this year's results was the performance of the Education Division. Excluding the effect of Bond South Africa, which incurred a loss of R5.2 million, the Education Division improved its continuing EBITDA contribution by 30% to R85.2 million. The Group's relationship with Bond Australia has for various reasons been extremely demanding and is presently receiving close management attention.

Resourcing

The Resourcing Division comprises mainly the Group's recruitment businesses together with other smaller businesses and is reviewed in greater detail on pages 14 to 15. The Recruiting Division has unfortunately been unable to sustain the improvement indicated in the second half of last year and accordingly produced disappointing results. However, when compared with its peers in the recruitment industry, the performance could be regarded as satisfactory. Fortunately, the nature of the resourcing business is non capital intensive and notwithstanding the sub-optimal progress, the division did contribute a favourable return on funds employed with a positive

cash flow impact. In a more conducive environment for recruitment services, this division has the propensity for premium earnings.

Accounting Adjustments

Changes in accounting and disclosure requirements prescribed by the Gaap Monitoring Panel (GMP) resulted in the need to consolidate the Group's Share Incentive Trust with the financial statements of the Group.

The effect of these new requirements are set out in the table on the following page.

Litigation

Shareholders were informed in September 2003 of the terms of the settlement of the litigation against Graeme Crawford which included, inter alia, the surrender to Advtech of 15.4 million ADVTECH shares to the then value of R8.9 million and a cash payment, including interest, of R5.5 million. Having regard to the complexities in this matter, the Board considered the settlement terms to be most satisfactory.

The excellent results attained by ADvTECH students this year are a tribute to the commitment and dedication of these and indeed all our teaching personnel.

The legal proceedings and the principal issues for determination in respect of the claims against Andry and Marina Welihockyj *et al*, are unambiguous and definitive and continue in process. The Board Litigation Sub-Committee and the Group's legal advisors are confident of the merits of this matter and aggressively pursue the Group's claims despite the obstructive strategies by the defendants to deliberately procrastinate and delay.

The Group has no additional exposure other than for legal costs in this matter. Legal and related costs of R3.7m net of recoveries, (2002 – R8m), were incurred during the year.

Dividends

The Board has resolved to institute a policy of declaring between 30% and 40% of attributable profits available for distribution in each year as a dividend. The first dividend under this policy will likely be declared based on the results for the year ending 31 December 2004.

Board

During the year Campbell Bomela retired by rotation at the last annual general meeting, and did not stand for re-election, following changes in the structure of the Black Management's Forum shareholdings. We thank him for his

Accounting adjustments table

	Unit	2003	2002	Growth
Number of shares in issue at year end	000	393 665	393 665	
Less: Shares held by the Share Incentive Trust	000	40 463	29 009	
Net shares in issue after consolidation of the Share Incentive Trust	000	353 202	364 656	
Headline earnings	R'000	31 845	20 999	52%
Weighted average number of shares in issue – for EPS calculation purposes	000	363 465	366 168	
Headline earnings per share – excluding Share Incentive Trust	cents	8,1	5,3	53%
Headline earnings per share – 2003	cents	8,8	5,7	54%
Diluted number of shares in issue – for diluted EPS calculation purposes	000	377 041	367 140	
Diluted HEPS – 2003	cents	8,4	5,7	47%
Fully diluted number of shares in issue	000	393 665	393 665	
Fully diluted HEPS – 2003	cents	8,1	5,3	53%
Net asset value	R'000	213 118	172 396	23%
Plus: Shares held by the Share Incentive Trust	R'000	13 026	8 106	
Net asset value excluding Share Incentive Trust	R'000	226 144	180 502	25%
Number of shares in issue at year-end per share register	000	393 665	393 665	
Net asset value per share	cents	57,5	45,9	25%



efforts and his contribution to the ADvTECH Group since his appointment in July 2000. Professor Dolina Dowling and Alex Isaakidis were appointed alternate directors to Craig Duff and Frank Thompson respectively.

Staff

ADvTECH staff has grown to 2 263 employees the majority of whom are academic and teaching staff. Advtech is a "people" business and its success is dependent on the quality of its people and the value of the services they provide. The high proportion of professionally qualified employees is indicative of the intellectual character attracted to and retained by the Group. The excellent results attained by ADvTECH students this year are a tribute to the commitment and dedication of these and indeed all our personnel. We appreciate their loyalty, we are proud of their contribution and we thank them for their devoted efforts this year.

The ADvTECH Group continues to subscribe to the national priorities in skills development and employment equity and remains in good standing as to formal compliance with all legal requirements. The main thrust of our activities has been in the development of our own staff, a majority of whom benefited directly from initiatives in Human Development. The strategy of growing through people has resulted, for example, in six of the Crawford Schools being awarded the international "Investors in People" award. Crawford Schools are the only schools in South Africa to receive this prestigious award. In addition, bursaries and other corporate social responsibility initiatives benefited directly 859

learners on our campuses and members of the broader community.

Prospects

ADvTECH has concluded its restructuring and now has a defined model and operating strategy for continued growth and expansion. The intention is to build on the Group's education brands, as it is clear that significant demand exists for the provision of independent education. The fourth Abbotts College opened its doors in January 2004 and it is planned to develop further the broader network as opportunities present themselves.

In the absence of any material changes to the operating environment and economy and having regard to the encouraging registrations already secured for 2004 in the Education Division, the Board expects to report improved headline earnings and operating cash flows for the next reporting period.

HF Brown

Chairman

FR Thompson

Chief Executive Officer



SKILLS DEVELOPMENT & EMPLOYMENT EQUITY

ADvTECH remains committed to the National HR Development Strategy and Higher Education Plan as well as the relevant National Legislation, i.e. Skills Development and Employment Equity. Employment Equity Plans are aligned with the requirements of the Employment Equity Act and reflect the need for constant realignment in the organisation. The latter part of 2003 saw the accumulation of a number of transformation projects into plans for implementation in 2004/2005. ADvTECH's high percentage of Previously Disadvantaged Individuals (PDI) employees (some 85%) remains a large pool from which the group can draw upon in fulfilling both equity and development targets. Plans to develop PDI's into mid and upper management involve internal and external development opportunities that are included in career and succession planning processes throughout the group. ADvTECH's Employment Equity and Skills Development reports and plans are closely linked, and year on year there has been a steady increase in the achievement of the objectives and numeric values set in both areas.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The year under review has been the springboard for a consolidated approach to CSR and a number of new initiatives and projects have culminated in a sizeable increase in investment from R16 million to R23 million. This is mainly made up of bursaries and other such investments in both internal and external opportunities. ADvTECH continues to endorse HIV/AIDS initiatives, social upliftment through the passing on of skills and

information as well as supporting local less fortunate educational institutions with SETA grants and projects. More than 38% of the groups procurement is now channelled through our Black Economic Empowerment (BEE) Preferred Procurement Policy and we continue to make strides towards enlarging our participation in the CSR arena. To date there have been extremely encouraging developments and projects that support this drive, e.g. the Lucky Mazibuko Scholarship and other such educational assistance initiatives. 2004 will see the establishment and introduction of a CSR report detailing the extensive involvement the group has in all its CSR initiatives.

ENVIRONMENTAL AND HEALTH & SAFETY

ADvTECH has always and will continue to ensure the health and safety of its personnel. This has brought about and maintained, as far as reasonably practicable, a work environment that is safe and without risk to the health of its employees. Efforts to conserve the environment in our properties and projects continue, with the delivery of environmentally friendly initiatives at schools and other academic institutions. This year sees the establishment and roll out of a centrally run and administered Occupational Health and Safety programme that is intended to provide management and staff with the knowledge, tools and competencies to enhance the already good Occupational Health and Safety group record.

Crawford Sandton was again recognised as the region's top independent school by the Gauteng Department of Education



▼ Operational Performance

INTRODUCTION

The Education Division, a leading player in the field of independent education, is custodian of the Group's brands and institutions and provides comprehensive educational services from infancy through schooling to under-graduate, post-graduate and corporate training.

Many of our brands underwent a period of consolidation and streamlining that began in the previous reporting period and continued into the year under review. This brought about marked improvements and efficiencies from both an operational and financial perspective.

PROFILE

The **schools** owned by the Group include Junior College Nursery Schools, Crawford Schools and Abbott's College. The Group caters for some 11 000 learners in

45 different schools producing a high proportion of the country's top achieving matriculants.

Junior College Nursery Schools, comprises 20 schools situated in Cape Town, Sandton, East Rand and Pretoria. The Group caters for children from the age of six weeks to six years. The Crawford Schools Group, founded in 1993, comprises 22 schools at College, Preparatory and Pre-Primary level. It is the best known and largest independent academic school group in the country and has schools situated in Gauteng and Kwa-Zulu Natal. Abbott's Colleges, founded in 1971, comprises four colleges. The academic program focuses on the individual student's level of capability, catering to their specific needs and requirements from Grades 10 to 12.

The Group's **tertiary** education institutions include Varsity College, Vega - The Brand Communications School, College Campus and Rosebank College. Education and training is provided on both a full- and part-time basis, in both the Further Education and Training (FET) and Higher Education Training (HET) bands, specialising in



face to face tuition. In 2003, the 15 campuses offered a holistic approach to education and personal development to 17 200 learners, going beyond academic achievement only. College Campus, founded in 1997, comprises two campuses situated in Parktown, Johannesburg and Arcadia Pretoria. The College offers two and three year career orientated diplomas, focused on the fields of Information Technology (IT) and Business. Rosebank College, with its foundations dating back to 1909 has a proud heritage in South Africa. The Rosebank College group of campuses was successfully restructured during 2003 and now operates from four sites; Boksburg, Braamfontein, Pretoria and Cape Town. Offering vocational and career focused education on a full- and part-time basis, it is a multi-disciplinary provider across the fields of Business, Leisure & Recreation and Information Technology (IT). Varsity College (which incorporates Global School of Business) is a nationally based Tertiary Education institution founded in 1991. It provides lecture and tutorial support to a number of under- and post-graduate degrees and qualifications certified by the University of South Africa (UNISA), Institute of Marketing Management (IMM) and Public Relations Institute of Southern Africa (PRISA). In addition, Varsity College offers certificate and diploma programmes in its Business, Leisure & Recreation and IT faculties on a full- and part-time basis. The School of Business & Technology and Professional Institute divisions offer career

enhancing short learning programmes and professional qualifications to working adults. There are seven colleges situated in Durban, Pietermaritzburg, Randburg, Pretoria, Rondebosch, Gardens and Port Elizabeth.

Vega-The Brand Communications School, founded in 1999, is positioned as the leading school of marketing and brand advertising in the country. It offers programmes to both school leavers and working adults and has become a dominant force as a corporate trainer. Vega provides industry relevant programmes in all aspects of branding, viz. strategy, art direction, design, digital media and copywriting. Situated in Sandton, Johannesburg and Westville Durban, it offers degree, diploma and certificate programmes. The year saw the exciting development of two Vega Imagination Labs commencing operations. These Labs offer one year programmes that focus on creativity, entrepreneurship, life skills and the basics of marketing and business.

Bond South Africa is the South African campus under licence of Bond University Australia. The University's key advantages remain its academic quality internationally recognised accelerated degree programmes and small class sizes assuring personalised attention. Bond South Africa was established in 1998 and is located in Sandton, Johannesburg. It offers high quality innovative



Education Division *(continued)*

All ADvTECH campuses have received conditional accreditation and are registered with the Department of Education.



programmes in the fields of Business, Humanities, Social Sciences and Information Technology.

REVIEW OF OPERATIONS

Group Highlights

- Crawford students achieved a 100% pass rate and 2.5 distinctions per candidate in matric in 2003.
- Crawford Sandton was again recognised as the region's top independent school by the Gauteng Department of Education.
- The focus on human capital development was highlighted by six Crawford schools becoming the first educational institutions in South Africa to be awarded the internationally prestigious 'Investors in People' award.
- Abbott's College opened two new colleges and further expansion opportunities are being planned.

- There has been significant growth in student numbers within our tertiary campuses.
- All Varsity College sites have been expanded due to increased growth in student numbers and new programme offerings.
- Rosebank College relocated to new premises in Cape Town to accommodate student demand.
- Vega learners excelled in winning five international design awards, a film award and eight Loerie Awards – three gold and five silver.
- All ADvTECH campuses have received conditional accreditation and are registered with the Department of Education.

Junior College increased revenue moderately and enrolments at the existing nursery schools remained more or less constant but grew in the three new schools situated in Morningside, Sunninghill and Durban. Much work was





done in completing the new curriculum and improving the academic and developmental programmes offered at the schools. Crawford achieved another consistent performance increasing revenue and enrolments at all levels. At the same time the development programme continued with several new facilities being completed or under way in the year. Abbotts had an exciting year in terms of expansion although earnings remained flat as the Group expanded the Abbott's brand to new locations. The new college in Durbanville had a slower start than expected but secured improved enrolments for 2004. A new campus in Northcliff opened its doors in January 2004 and the existing campuses at Claremont and Milnerton had a very successful year, operating virtually at capacity.

College Campus had an excellent year achieving growth in both student numbers and revenue. Rosebank College had an exceptional year, from both a financial and academic perspective. New Resource Centres were set up at each site and a new National Exam System was successfully implemented. Varsity College delivered another excellent set of results. The division achieved significant growth in revenue and operating profit as well as increased growth in student numbers. Each site required further expansion and development, notably a new lecture room block was developed on the Pietermaritzburg campus and in total more than 20 new lecture rooms were built

to accommodate the growing demand. Vega performed well, increasing its revenue and position to ensure future growth.

Bond South Africa had a disappointing year, reporting a significant operating loss as a result of a notable decrease in student enrolments. This was caused by the graduation of a large number of post-graduates whose enrolment pre-dated an initiative by Bond Australia to reduce enrolment numbers. In the current year, Bond South Africa will be actively focusing on relationship building with the corporate sector, partnerships with public enterprise and public higher education institutions. This focused marketing drive is expected to encourage a greater intake of students for the year ahead.

Regulatory developments

Over recent years, the Minister of Education has embarked on a process of ensuring that all public and private tertiary education providers offer quality and relevant education from campuses that are appropriately resourced and conducive to learning. This process has been a long, yet beneficial one, and to date all ADvTECH Tertiary Division campuses have received conditional accreditation and are registered with the Department of Education.



Education Division *(continued)*

The Group will continue to hone the high quality programmes of its tertiary colleges linking them directly to the needs of commerce and industry



The division continues to work closely with Government to ensure that current and new full time and part time programmes, either at a Higher Education and Training or Further Education and Training level, are accredited through all appropriate and necessary training and education bodies.

PROSPECTS

Prospects for the Group's schools are most encouraging. Most of the Crawford Schools sites are approaching capacity and achieving a more balanced enrolment structure. New sites are being investigated with a view to a planned, phased expansion of the brand. At Abbott's College, expansion plans for one new site to be opened every year are under way.

The Group will continue to hone the high quality programmes of its tertiary colleges linking them directly to

the needs of commerce and industry, to ensure continued growth. Varsity College is planning the development of purpose-built campuses in Westville, Durban North and Sandton. It also intends to focus on untapped markets to extend penetration of the Varsity College brand and will commence relocation of campuses to appropriate suburban environments. Two new Rosebank Colleges are being planned in Cape Town and Pretoria during 2004 and 2005. College Campus's three-year plan includes opening new sites in both Durban and Cape Town. Various feasibility studies are being done in regard to opening Vega Schools in both Durban and Cape Town for 2005.

The Group's institutions are all well established and are supported by an excellent team of managers, staff and lecturers. This, together with a new growth strategy which has been approved by the Board, will ensure that ADvTECH remains a dominant force within the Independent Education market.



BOND SOUTH AFRICA
OFFERING INTERNATIONALLY RECOGNISED DEGREES
BY BOND UNIVERSITY AUSTRALIA

Resourcing Division



▼ Resourcing Division

BUSINESS OVERVIEW

The Group's recruitment businesses, which form the central component of the Resourcing Division, include Brent Personnel, Network Recruitment, Insource Group, Cassel & Co, Communicate Personnel and empowerment company, Kapele Appointments.

Communicate Personnel Group was established 23 years ago and now comprises five branches nationwide. Network Recruitment was established 18 years ago and has four branches in the Gauteng area. Both specialise in the areas of IT Finance and Engineering

Brent Personnel, which was founded 22 years ago, focuses on the recruitment of candidates for call centres, office support and financial support. The Insource Group was established five years ago and specifically focuses on IT recruitment.

Cassel & Co was established 12 years ago and specialises in financial recruitment. Kapele Appointments founded in 2002 has established a call centre division as well as general recruitment services.

The division also houses Corporate College International (CCI) and Mast Publications. CCI is accredited as a training provider by the Education, Training and Development Practices (ETDP) SETA. Its primary business is that of course development and delivery within the National Skills Development Strategy. Mast Publications markets and sells world-wide subscriptions to magazines, periodicals, journals, newspapers and the like, to individuals, companies and government agencies.

OPERATIONAL PERFORMANCE

In the aftermath of Y2K, the recruitment sector as a whole experienced a significant downturn and market conditions continued to be very tough in the year under review, with the benefits of ongoing restructuring and consolidation efforts yet to show through on the bottom line.

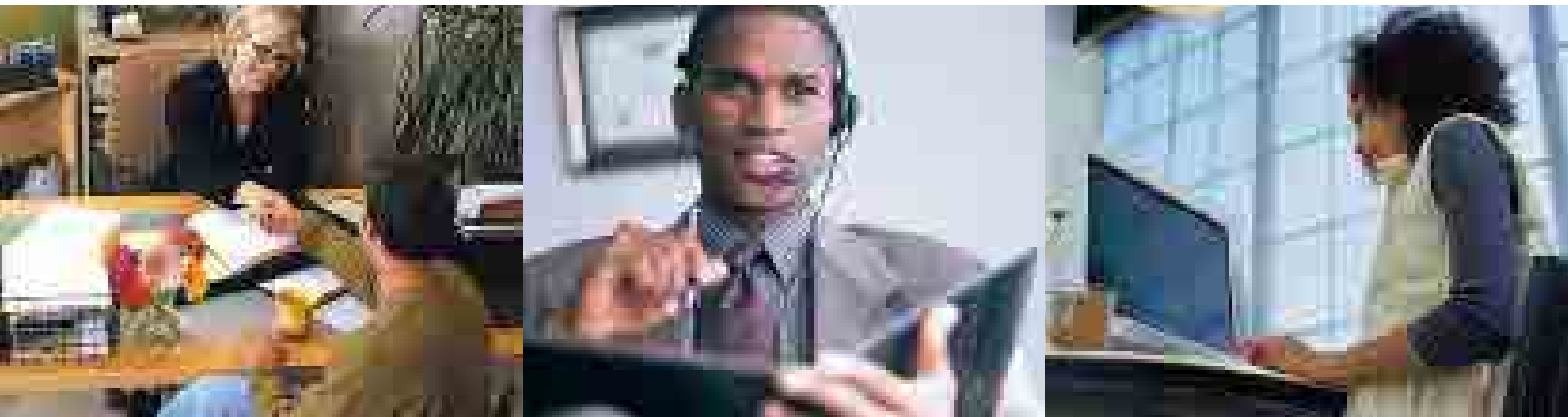
Despite this, the recruitment businesses preformed reasonably well compared to their peer group, delivering a positive return on funds employed and positive cash flow.

Under the new CEO, Lenn Honey, the management team has been re-configured. Apart from re-organising various business units, management focus centred upon the task of strategically positioning and reinforcing the market positions held by the various brands. New client



Resourcing Division *(continued)*

New client service teams were established for each brand with the aim of further developing long-term client relationships.



service teams were established for each brand with the aim of further developing long-term client relationships.

The Group's dominance in respect of the Permanent IT recruitment market was maintained, and strong advances were made in other targeted areas, including Finance, Engineering and Executive Search. In the latter half of the year, a new call centre division was established under the Kapele Appointments brand.

Although relatively small in a group context, CCI and Mast Publications both produced disappointing results and are currently the subject of review. Although CCI did not achieve its budgeted turnover in 2003, contracts have been secured which will help improve its ability to deliver in 2004. The strengthening rand and delayed renewal of subscriptions, due to changes in the

Government's tendering process, negatively impacted on the performance of Mast Publications.

PROSPECTS

The division houses well-established brands with proven track records. Following a marginally improved financial performance for the year under review, management are satisfied that there are grounds for cautious optimism in the year ahead. The combined effects of an active employer environment, consolidation of certain business units and an enhanced focus by the various brands on their respective target markets, should help to secure improved results.



INTRODUCTION

The ADvTECH Group remains fully committed to the principles of effective corporate governance and subscribes to the values as set out in the King Report on Corporate Governance for South Africa 2002 ("King II). The Board is confident that the Group currently complies, in all material respects, with the principles incorporated in the Code of Corporate Practices and conduct contained in the Report. The Board and its committees acknowledge their responsibility to ensure that the principles of good corporate governance are observed, and the directors collectively and individually acknowledge their responsibilities in terms of the JSE Securities Exchange (South Africa) Listings Requirements.

CODE OF ETHICS

The Group's existing policies regarding ethical and behavioural standards describe what is expected of both the Group and its staff. They require the highest levels of ethical behaviour and compliance with applicable laws.

BOARD OF DIRECTORS

ADvTECH has a unitary Board structure with four executive and five non-executive directors, two of whom are classified as independent. The names and credentials of the directors appear on page 3.

The roles of Chairman and CEO are separate, each with clearly defined responsibilities. Non-executive directors contribute an independent view to matters under consideration and add to the breadth and depth of experience of the Board. All executive directors have the appropriate knowledge and experience necessary to carry out their duties and responsibilities.

A formal documented procedure for the assessment of board performance is not in place. Through its process of review, including subsequent review of minutes of meetings and reports by individual members and sub-committees, the board conducts an ongoing assessment of its performance and decisions. Where appropriate, any conclusions or decisions are minuted.

No director holds any fixed term contract and all executive directors have standard employment contracts, with a maximum of three months notice on termination.

During the year under review Mr Bomela, a director retiring by rotation did not stand for re-election. The appointment of Mr FR Thompson as CEO was confirmed at the annual general meeting of the company held on 6 June 2003. On 15 August 2003 Dr DS Dowling and Mr A Isaakidis were appointed as alternate directors to Messrs CN Duff and FR Thompson respectively.

The Board meets at least six times per year and the table below indicates the attendance at meetings by the directors:

Number of meetings held	6
Directors	Meetings attended
C Bomela*	2
JNP Booyens	6
HF Brown	6
BD Buckham	6
CN Duff	6
DK Ferreira	4
DL Honey	6
HR Levin	6
MI Sacks	4
FR Thompson	6
Alternate Directors	
DS Dowling	1
A Isaakidis	1

* Retired by rotation during the year

The Board retains overall accountability and is responsible to all stakeholders for the proper management and effective control of the Group and as such has reserved to itself certain responsibilities. The Board has delegated to the CEO and the Executive Committee, authority to run the day-to-day affairs of the Company. Standing subcommittees of the Board are in place; details of which are set out below, while ad-hoc subcommittees are created as and when necessary.

The Board and its committees are supplied with full and timely information ensuring that relevant facts are brought to the attention of directors. Each sub-committee operates within specific and written terms of reference under which certain functions of the Board are delegated with defined purposes, duties and reporting procedures. Chairmen of sub-committees are required to attend annual general meetings to answer any questions raised by shareholders.

NEW APPOINTMENTS

The Board as a whole considers the appointment of new directors. When a new director is considered a sub-committee is formed which then evaluates suitable candidates, submits the nominations to the Board and assists in the process of appointment.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the provisions of the Companies Act, and who is considered by the Board to be fit and proper for the post. The company secretary is responsible to the Board and provides guidance and advice to the Board, and the company, on matters of ethics and good corporate governance. She works with the Board to ensure compliance with the rules of the JSE Securities Exchange South Africa. Details of the company secretary appear on page 3.

PROFESSIONAL ADVICE

The directors are also entitled to seek independent professional advice in the furtherance of their duties, and have unrestricted access to management and all company property, information and records that they may require.

GROUP EXECUTIVE COMMITTEE

The Executive Committee (EXCO) consists of the four executive directors as well as Alternate Directors Mr A Isaakidis, Dr DS Dowling and the Human Resources Executive Mr S Schwanzler. The Executive Committee meets on a regular basis and is empowered and responsible for implementing strategies and policies determined by the Board. It is

responsible for the day-to-day managing of the business and affairs of the Group within a defined approvals framework.

The main operating divisions within the Group have established formal management structures, which meet regularly to ensure the maintenance of standards and best practice in respect of corporate governance and internal controls.

BOARD COMMITTEES

The Board subcommittees consist of the audit committee, remuneration committee and litigation committee..

AUDIT COMMITTEE

MI Sacks (Chairman), HF Brown, HR Levin

The audit committee is a standing subcommittee of the Board and comprises only non-executive directors; the Chairman is an independent non-executive director. The CEO, financial director, internal audit manager and representatives of the external auditors attend meetings by invitation. The committee has an approved mandate from the board and meets at least four times a year to consider and ensure that all financial reports comply with South African Statements of Generally Accepted Accounting Practice. The committee further ensures that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence. It also advises the Board on a range of other matters, including internal control policies and procedures and internal and external audit management.

Number of meetings held	4
Directors	Meetings attended
HF Brown	4
HR Levin	4
MI Sacks	4

REMUNERATION COMMITTEE

MI Sacks (Chairman), HF Brown.

The remuneration committee is a standing subcommittee of the Board and is composed entirely of non-executive directors.

The function of the committee is to approve a broad remuneration strategy for the Group and for ensuring that directors, executives and other senior managers are adequately remunerated for their contribution to the Group's operating and financial performance. It also recommends the fees that should be paid to directors. No person is involved in any decisions as to his or her own remuneration. The remuneration philosophy of the Group is to set remuneration at realistic levels in order to retain and attract the directors and executives, and to ensure that an appropriate proportion of their total package is performance related. Directors also participate in the Group Share Incentive Scheme, which promotes and aligns the interests of management and of shareholders.

The remuneration committee meets on an ad hoc basis and during the year under review one meeting and a number of telephonic consultations were held.

LITIGATION COMMITTEE

BD Buckham (Chairman), HF Brown, HR Levin, MI Sacks

The litigation committee was established by the Board during 2002 and was delegated the responsibility of dealing with all major litigation matters affecting the Group. This freed the executive directors to deal with matters relating entirely to the management of the Group and not to have to spend undue time on litigation issues. The CEO and Group legal manager attend litigation committee meetings by invitation. During the year under review the litigation committee agreed a final settlement with Graeme Crawford, the details of which were announced on 4 September 2003.

ACADEMIC ADVISORY BOARD

During 2003 the ADVTECH Limited Academic Advisory Board (AAB) was established to advise management and the Board on all issues pertaining to the academic environment that the Group operates in. This includes, but is not limited to programme offerings, policy and legislative imperatives and governance issues. The Board is comprised of distinguished independent academics and meets approximately 4 times a

year, with the CEO of ADVTECH and the Pro-Vice Chancellor of Bond SA in attendance at meetings.

ACCOUNTABILITY AND INTERNAL AUDIT

The Board is responsible for the Group's internal accounting and administration controls, which are reviewed regularly by the audit committee for effectiveness. These controls are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of financial information, to safeguard assets and to prevent and detect errors and fraud. Key elements of the Group's internal financial controls are:

- A comprehensive system of financial reporting based on budgets and forecasts allows management and the Board to monitor the financial objectives and progress for the period.
- Internal control is maintained through the proper delegation of responsibility within a clearly defined approval framework as set out by a formal system of Group Policies and Procedures.
- The capital investment programmes is subject to stringent formalised review procedures.

INTERNAL AUDIT

The internal audit function has a formal mandate in terms of which it monitors the appropriateness, adequacy and efficiency of the internal control systems and reports findings and makes recommendations to the audit committee. Corrective action is taken to address control deficiencies as and when they are identified. Nothing has come to the attention of the Board of directors to indicate that any breakdown of these controls, procedures and systems, which could have a material effect on the Group, has occurred during the year under review.

Internal audit is independent of management and the internal audit manager has unrestricted access to the Chairman of the audit committee.

RISK MANAGEMENT

The Board, in conjunction with EXCO, is responsible for ensuring that adequate procedures and processes are in place

to identify, assess, manage and monitor key risk factors. A self-assessment review of risks, which analyses key business risks and the controls that are in place to mitigate risks to an acceptable level, is performed annually. On a quarterly basis, each business unit within the Group completes a risk checklist, in order to monitor compliance with the policies and procedures.

The Group's major assets are insured against loss and the disaster recovery plan will ensure that the business, from an information technology and operational viewpoint, continues with the least amount of disruption.

FINANCIAL STATEMENTS

The Board is responsible for the preparation of the annual financial statements and other information presented to shareholders and has satisfied itself that they fairly reflect the present state of affairs and the results of the Group.

The annual financial statements have been prepared in terms of the Companies Act and the JSE Securities Exchange South Africa Listings Requirements and comply with South African statements of Generally Accepted Accounting Practice, and are based on appropriate accounting policies, which have been consistently applied, other than as indicated in the directors' report, and are supported by reasonable and prudent judgements and estimates.

Deloitte & Touche have been engaged as external auditors to express an independent opinion of the fair presentation, in all material respects, of the financial statements. Their audit is conducted in accordance with South African Auditing Standards and their unqualified report appears on page 21.

GOING CONCERN

The Group annual financial statements as set out on pages 22 to 50 have been prepared on a going concern basis, since the directors have every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

INSIDER TRADING

The company has a written policy adopted by the Board on insider trading, which states that no director, executive, manager or any employee with "price sensitive information" may deal directly or indirectly in the company's shares during closed periods. The company operates a closed period between its interim and year-end reporting dates and the publication of its interim and final results, and also at times when cautionary notices are in existence.

All directors' share dealings require the prior approval of the Chairman, and the secretary retains a record of all such share dealings and approvals.

RELATED PARTY TRANSACTIONS

- 1) No material contracts involving directors' interests were entered into in the current year. The following is the only contract, entered into on 1 January 2001, that a director has an interest in:

Director	Contract	Company	2003 (R)	2002 (R)
BD Buckham	Lease:	K2	1 376 916	1 240 456
	ADvTECH	Properties		
	Education			
	(Pty) Ltd			

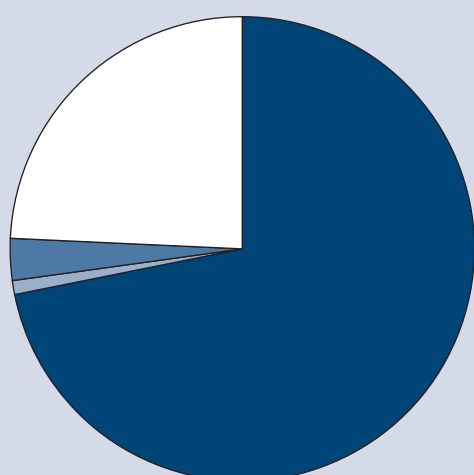
- 2) HR Levin is a non-executive director and is a senior partner at HR Levin Attorneys who provide legal services to the Group. (2003: R0; 2002: R123 397)
- 3) D Dowling, A Isaakidis and DL Honey have been awarded Crawford School bursaries for their children in terms of the Group's bursary policy.

▼ VALUE ADDED STATEMENT

for the year ended 31 December 2003

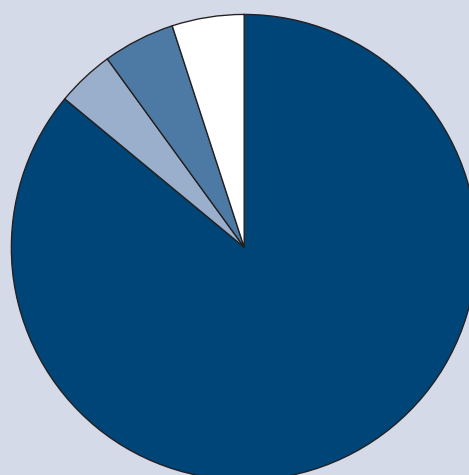
R'000	GROUP		COMPANY	
	2003	%	2002	%
Revenue	485 784		470 078	
Cost of providing services	157 407		203 691	
Total wealth created	328 377	100	266 387	100
Applied as follows:				
To remunerate employees				
Salaries wages and other benefits	242 470	74	229 149	86
To the state				
Government taxation	4 039	1	11 120	4
To reward providers of capital				
Net finance costs	10 911	3	13 891	5
Retained in the Group for future growth				
To maintain the Group - depreciation	20 507	6	17 310	6
Accumulated profit/(loss) net of goodwill impairment	50 450	16	(5 083)	(1)
	328 377	100	266 387	100

31 December 2003



■ To remunerate employees	74%
■ To the State	1%
■ To reward providers of capital	3%
□ Retained in the Group for future growth	22%

31 December 2002



■ To remunerate employees	86%
■ To the State	4%
■ To reward providers of capital	5%
□ Retained in the Group for future growth	5%

The annual financial statements and Group annual financial statements which appear on pages 22 to 50 were approved by the board on 19 March 2004 and are signed on its behalf by:



HF Brown
Chairman



FR Thompson
Chief Executive Officer



JNP Booyens
Group Financial Director

REPORT OF THE INDEPENDENT AUDITORS

To the members of ADvTECH Limited

We have audited the annual financial statements and Group annual financial statements of ADvTECH Limited set out in pages 22 to 50 for the year ended 31 December 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

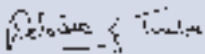
We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the Group at 31 December 2003 and the results of their operations and cash flows for the year then ended in accordance with Statements of South African Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
19 March 2004

CERTIFICATE BY SECRETARY

In terms of section 268 G (d) of the Companies Act, 1973 as amended (Act), I certify that ADvTECH Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

LJ Gomes (ACIS)
Group Secretary

▼ SEGMENTAL REPORTING

for the year ended 31 December 2003

R'000	Education	Resourcing	Central Administration	Total
	2003	2003	2003	2003
Revenue	423 708	62 076	—	485 784
Continuing operations	421 212	62 076	—	483 288
Discontinuing operations and businesses disposed of	2 496	—	—	2 496
EBITDA	80 605	4 806	(19 939)	65 472
Continuing operations	79 963	4 919	(16 353)	68 529
Discontinuing operations and businesses disposed of	642	—	—	642
Crawford settlement – recoupment of litigation costs	—	—	5 250	5 250
Litigation costs	—	(113)	(8 836)	(8 949)
Depreciation and amortisation	19 166	1 381	485	21 032
Continuing operations	19 076	1 381	485	20 942
Discontinuing operations and businesses disposed of	90	—	—	90
EBIT	61 439	3 425	(20 424)	44 440
Continuing operations	60 887	3 538	(16 838)	47 587
Discontinuing operations and businesses disposed of	552	—	—	552
Crawford settlement - recoupment of litigation costs	—	—	5 250	5 250
Litigation costs	—	(113)	(8 836)	(8 949)
Profit after taxation	37 718	4 736	8 819	51 273
Funds employed				
Property, plant and equipment	312 113	1 636	2	313 751
Intangible assets	1	—	—	1
Deferred taxation asset	11 708	26 373	2 126	40 207
Investments	—	495	—	495
	323 822	28 504	2 128	354 454
Current assets	17 137	9 317	13	26 467
	340 959	37 821	2 141	380 921
Current liabilities	72 155	16 234	40	88 429
Total funds employed	268 804	21 587	2 101	292 492
Capital Expenditure	24 959	748	444	26 151

R'000	Education	Resourcing	Central Administration	Total
	2002	2002	2002	2002
Revenue	368 689	101 389	—	470 078
Continuing operations	353 200	64 824	—	418 024
Discontinuing operations	15 489	36 565	—	52 054
EBITDA	67 341	1 720	(13 769)	55 292
Continuing operations	67 028	12 981	(12 719)	67 290
Discontinuing operations	2 652	(6 619)	—	(3 967)
Litigation costs	(2 339)	(4 642)	(1 050)	(8 031)
Depreciation and amortisation	17 949	1 620	266	19 835
Continuing operations	15 297	1 082	266	16 645
Discontinuing operations	2 652	538	—	3 190
EBIT	49 596	(6 410)	(7 729)	35 457
Continuing operations	51 935	5 389	(6 679)	50 645
Discontinuing operations	—	(7 157)	—	(7 157)
Litigation costs	(2 339)	(4 642)	(1 050)	(8 031)
Profit/(loss) after taxation	9 987	(251 465)	(1 781)	(243 259)
Funds employed				
Property, plant and equipment	306 994	3 468	170	310 632
Intangible assets	2 169	—	—	2 169
Deferred taxation asset	13 902	23 445	841	38 188
Investments	1 128	805	—	1 933
	324 193	27 718	1 011	352 922
Current assets	19 997	23 610	540	44 147
	344 190	51 328	1 551	397 069
Current liabilities	59 434	29 080	1 996	90 510
Total funds employed	284 756	22 248	(445)	306 559
Capital Expenditure	31 914	1 438	119	33 471

The head office costs for Education and Resourcing have been reallocated to Central Administration for the comparative numbers.

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2003.

NATURE OF BUSINESS

The ADvTECH Group is one of the largest diversified education, training and placement groups in South Africa. It is listed in the "Support Services – Education, Business Training & Employment Agencies" sector of the JSE Securities Exchange South Africa ("JSE"). The Education division, comprising the Schools, Tertiary and University divisions, offers quality education from pre-primary to diploma, degree and post-graduate levels. The Recruitment division is a significant force in niche areas of the placement industry.

FINANCIAL RESULTS

The results for the year ended 31 December 2003 are set out in the financial statements and a full commentary thereon is provided in the Chairman and CEO's report.

RESTATEMENTS AND CHANGES IN ACCOUNTING POLICIES

1. AC133

During the year under review the Group has adopted AC133 Financial Instruments: Recognition and Measurement. The effect of adopting this standard, which is not material, has been reflected as an adjustment to the opening balance of retained income in the Statements of Changes in Equity.

2. Consolidation of the Share Incentive Trust

The impact of consolidating the Share Incentive Trust is as follows:

	Unit	2003	2002	Growth
Number of shares in issue at year end	000	393 665	393 665	
Less: Shares held by the Share Incentive Trust	000	40 463	29 009	
Net shares in issue after consolidation of the Share Incentive Trust	000	353 202	364 656	
Profit/(loss) attributable to ordinary shareholders	R'000	50 450	(243 182)	
Headline earnings	R'000	31 845	20 999	52%
Weighted average number of shares in issue	000	363 465	366 168	
Earnings/(loss) per share	cents	13,9	(66,4)	
Headline earnings per share	cents	8,8	5,7	54%
Diluted number of shares in issue	000	377 041	367 140	
Diluted earnings/(loss) per share	cents	13,4	(66,2)	
Diluted HEPS	cents	8,4	5,7	47%

The effect of consolidating the Share Incentive Trust is to reallocate the loan, amounting to R13 026 000 (2002: R8 106 000) in the balance sheet from loan to Share Incentive Trust to a debit in capital and reserves. The change has been accounted for retrospectively. The comparative figures for 2002 have been restated to conform to the new accounting policy.

3. Other than for the above items and the segmental reporting reallocations, as detailed on page 22, no other comparatives have been restated.

SHARE CAPITAL

The company's authorised and issued share capital remained unchanged during the year.

Number of shares in issue 31 December 2003	393 664 886
--	-------------

DIVIDEND

Share code: ADH

ISIN code: ZAE 0000 31035

The directors resolved to pay a cash dividend of 1 cent per share to shareholders recorded in the register of the company as at Thursday 8 April 2004. The Board is satisfied that the capital remaining after payment of the dividend is sufficient to support the current operations and to facilitate future development of the business.

DISPOSAL OF BUSINESSES

During the year under review the following businesses were sold:

- With effect from 1 January 2003 Industries Education and Training (IETI) was sold back to the vendor, excluding outstanding accounts receivable, resulting in an effective R7 million selling price.
- With effect from 1 August 2003 the Group sold Guidelines Study Aids, an operating division of ADvTECH Education (Pty) Limited, to Nolwazi Educational Publishers (Pty) Limited for R3 million.

POST BALANCE SHEET EVENTS

The directors are not aware of any matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 31 December 2003 or the financial position at that date.

▼ DIRECTORS' REPORT

for the year ended 31 December 2003 (continued)

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

The full statutory information relating to the following special resolutions passed by subsidiary companies is available at the registered office of the company on request:

1. ADvTECH Education (Pty) Limited:

26 October 2003: "The share capital of the company increased from R1 000 to R2 000, divided into 1 000 ordinary shares of R1 each and 100 000 cumulative preference shares of 1 cent each."

2. ADvTECH Resourcing (Pty) Limited:

26 October 2003: "The share capital of the company increased from R1 000 to R2 000, divided into 1 000 ordinary shares of R1 each and 100 000 cumulative preference shares of 1 cent each"

DIRECTORATE

The following changes in directorate occurred during the year under review:

C Bomela	– Retired by rotation at the annual general meeting:	6 June 2003
DS Dowling	– Appointed as an Alternate Director:	15 August 2003
A Isaakidis	– Appointed as an Alternate Director:	15 August 2003

In terms of the company's Articles of Association the following directors retire at the forthcoming annual general meeting and, all being eligible, offer themselves for re-election: Messrs HF Brown, DL Honey and MI Sacks.

INTERESTS OF DIRECTORS

As at 31 December 2003, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company was 27,3% (2002: 26,3%) in aggregate and per director as follows:

Director	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2003	2002	2003	2002	2003	2002	2003	2002
JNP Booyens	1 169 000	15 000	175 000	—	—	—	—	—
HF Brown	—	—	—	800 000	—	—	—	—
BD Buckham	26 392 650	26 392 650	897 255	2 897 255	970 276	970 276	—	—
C Duff	1 500 000	—	2 060 014	877 514	—	—	—	—
DK Ferreira	—	—	—	—	—	—	62 359 427	62 359 427
DL Honey	2 060 014	959 196	210 000	—	513	513	—	—
H Levin	7 906 427	7 906 427	—	—	93 573	93 573	—	—
MI Sacks	—	—	—	—	—	—	—	—
FR Thompson	10 000	10 000	1 382 500	—	—	—	—	—
ALTERNATE DIRECTORS								
DS Dowling*	40 000	—	70 000	—	—	—	—	—
A Isaakidis*	—	—	140 000	—	—	—	—	—
TOTALS	39 078 091	35 283 273	4 934 769	4 574 769	1 064 362	1 064 362	62 359 427	62 359 427

* Appointed August 2003

During the year BD Buckham and HF Brown sold 2 000 000 and 800 000 shares respectively to a management consortium comprising of the Exco members. At the date that this Annual Report was prepared, none of the current directors of the Group had disposed of any of the shares held by them as at 31 December 2003, nor had they acquired any additional shares.

DIRECTORS' SHARE OPTIONS

The directors held the following share options at 31 December 2003:

Director	Share options at 31 December 2002		Share options granted during the year		Share options exercised during the year		Share options at 31 December 2003	
Name of director	Exercise price (cents)	Number	Number	Price (cents)	Number	Market price at exercise date (cents)	Taxable benefit arising on exercise of options (R)	Number
JNP Booyens	23	3 900 000			1 300 000	71	624 000	2 600 000
	32	3 973 290						3 973 290
DS Dowling	24	120 000	480 000	35	40 000	73	19 600	80 000
								480 000
CN Duff	23	3 900 000			1 300 000	72	637 000	2 600 000
	32	3 973 290						3 973 290
DL Honey	23	3 900 000			1 300 000	71	624 000	2 600 000
	32	3 973 290						3 973 290
A Isaakidis	31	200 000	800 000	35				200 000
								800 000
FR Thompson	37	3 940 000						3 940 000
	32	3 933 290						3 933 290
		31 813 160	1 280 000		3 940 000		1 904 600	29 153 160

The share option exercise terms are detailed in note 21 on page 48.

DIRECTORS' EMOLUMENTS

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year to 31 December 2003, are set out below:

Executive	Fees (R)	Salary (R)	Bonus (R)	Expense allowances (R)	Other (R)	Provident Fund contributions (R)	Total 2003 (R)	Total 2002 (R)
JNP Booyens	50 000	655 336	252 438	124 400	—	95 264	1 177 438	979 300
HF Brown	—	—	—	—	—	—	—	615 393
BD Buckham	—	—	—	—	—	—	—	1 088 036
CN Duff	50 000	886 277	513 520	93 120	920 556 *	120 603	2 584 076	1 333 334
DL Honey	50 000	783 694	229 414	99 417	—	108 889	1 271 414	1 121 720
FR Thompson	50 000	977 750	505 375	180 000	—	142 250	1 855 375	688 334
Alternate Directors								
DS Dowling***	20 833	233 667	149 369	70 250	—	35 083	509 202	—
A Isaakidis***	20 833	320 101	188 252	49 250	—	35 777	614 213	—
Total executive	241 666	3 856 825	1 838 368	616 437	920 556	537 866	8 011 718	5 826 117
Non-executive								
C Bomela	25 000	—	—	—	—	—	25 000	50 000
HJ Borkum	—	—	—	—	—	—	—	25 000
HF Brown	220 000	—	—	—	—	—	220 000	62 500
BD Buckham	50 000	—	—	—	976 955 **	—	1 026 955	447 193
DK Ferreira	50 000	—	—	—	—	—	50 000	41 667
HR Levin	60 000	—	—	—	—	—	60 000	60 000
MI Sacks	90 000	—	—	—	—	—	90 000	90 000
Total non-executive	495 000	—	—	—	976 955	—	1 471 955	776 360
Totals	736 666	3 856 825	1 838 368	616 437	1 897 511	537 866	9 483 673	6 602 477

* Restraint of trade payment

** Retirement benefits and consulting fees

*** Appointed August 2003

COMPANY SECRETARY

LJ Gomes held the office of the company secretary during the year under review. The secretary's business, postal and e-mail address are as follows:

Business address	Postal address
364 Kent Avenue	P.O. Box 2369
Ferndale	Randburg
2194	2125
E-mail address: lgomes@advtech.co.za	

▼ INCOME STATEMENTS

for the year ended 31 December 2003

R'000	Notes	GROUP		COMPANY	
		2003	2002	2003	2002
Revenue	2	485 784	470 078	—	—
Operating profit/(loss) before depreciation and amortisation		65 472	55 292	(705)	(183 644)
Depreciation and amortisation	3	21 032	19 835	1	56
Operating profit/(loss)	3	44 440	35 457	(706)	(183 700)
Net finance costs	4	(10 911)	(13 891)	(392)	(159)
Equity accounted earnings		—	1 129	—	—
Profit/(loss) before exceptional items		33 529	22 695	(1 098)	(183 859)
Exceptional items	5	17 884	(258 806)	8 621	(2 621)
Profit/(loss) before taxation		51 413	(236 111)	7 523	(186 480)
Taxation	6	140	7 148	(1 295)	(18)
Profit/(loss) after taxation		51 273	(243 259)	8 818	(186 462)
Attributable to outside shareholders		823	(77)	—	—
Retained profit/(loss) for the year		50 450	(243 182)	8 818	(186 462)
Earnings/(loss) per share (cents)	7.1	13,9	(66,4)		
Headline earnings per share (cents)	7.3	8,8	5,7		
Diluted earnings/(loss) per share (cents)	7.2	13,4	(66,2)		
Diluted headline earnings per share (cents)	7.3	8,4	5,7		

STATEMENTS OF CHANGES IN EQUITY ▼

for the year ended 31 December 2003

R'000	Share Capital	Share Premium	Shares held by the Share Incentive Trust	Non-Distributable Reserves	Retained Earnings/ (Accumulated Loss)	Outside Shareholders' interest	Total
GROUP							
Balance at 1 January 2002 as previously reported	3 928	353 166	—	20 371	51 272	2 470	431 207
Consolidation of the Share Incentive Trust			(8 106)				(8 106)
Balance at 1 January 2002 restated	3 928	353 166	(8 106)	20 371	51 272	2 470	423 101
Write down of Share Incentive Trust Loan					(4 856)		(4 856)
Net loss for the year					(243 182)		(243 182)
Translation reserves				(2 140)			(2 140)
Outside shareholders for the year						(77)	(77)
Crowe outside shareholders acquired						(1 234)	(1 234)
Disposal of Quantum						(1 159)	(1 159)
Shares issued to vendors	9	1 934					1 943
Balance at 31 December 2002	3 937	355 100	(8 106)	18 231	(196 766)	—	172 396
Net profit for the year					50 450		50 450
AC133 opening balance adjustment					273		273
Translation reserves				(2 287)			(2 287)
Outside shareholders for the year						823	823
Shares acquired - Crawford settlement			(8 621)				(8 621)
Revaluation of shares in Share Incentive Trust			2 794		(2 794)		—
Share options exercised			907				907
Balance at 31 December 2003	3 937	355 100	(13 026)	15 944	(148 837)	823	213 941
COMPANY							
Balance at 1 January 2002	3 928	353 166	—	—	2 817	—	359 911
Write down of Share Incentive Trust Loan					(4 856)		(4 856)
Net loss for the year					(186 462)		(186 462)
Shares issued to vendors	9	1 934					1 943
Balance at 31 December 2002	3 937	355 100	—	—	(188 501)	—	170 536
Net profit for the year					8 818		8 818
Loss on sale of shares to Share Incentive Trust					(2 794)		(2 794)
Balance at 31 December 2003	3 937	355 100	—	—	(182 477)	—	176 560

BALANCE SHEETS

as at 31 December 2003

R'000	Notes	GROUP		COMPANY	
		2003	2002	2003	2002
Assets					
Non-current assets		354 454	352 922	176 585	202 230
Property, plant and equipment	12	313 751	310 632	2	170
Intangible assets	13	1	2 169	—	—
Investments	14	495	1 933	—	—
Investments in subsidiaries	15			100 988	100 988
Loan to the Share Incentive Trust				13 026	8 106
Deferred taxation	11	40 207	38 188	2 126	841
Indebtedness of subsidiaries	15			60 443	92 125
Current assets		26 467	44 147	13	540
Inventories	16	4 764	3 842	—	—
Accounts receivable		18 982	29 413	3	29
Prepayments		2 284	3 109	—	509
Taxation		10	2 779	10	—
Cash resources and liquid instruments		427	5 004	—	2
Total assets		380 921	397 069	176 598	202 770
Equity and liabilities					
Capital and reserves		213 941	172 396	176 560	170 536
Share capital	8	3 937	3 937	3 937	3 937
Share premium		355 100	355 100	355 100	355 100
Shares held by the Share Incentive Trust		(13 026)	(8 106)	—	—
Non-distributable reserves	9	15 944	18 231	—	—
Accumulated loss		(148 837)	(196 766)	(182 477)	(188 501)
Outside shareholders' interest		823	—	—	—
Interest bearing debt		78 551	134 163	(2)	30 238
Interest bearing debt - medium term	10.1 & 10.2	7 554	20 624	—	—
- short term	10.1 & 10.2	24 753	36 915	—	—
- bankers' acceptances and bank overdrafts	10.3 & 10.4	46 244	76 624	(2)	30 238
Current liabilities		88 429	90 510	40	1 996
Accounts payable		45 184	47 820	15	1 970
Provisions	17	1 209	6 742	—	—
Taxation		1 000	3 843	—	—
Vendor claims		8 844	7 333	—	—
Fees in advance and deposits		32 167	24 746	—	—
Shareholders for dividend		25	26	25	26
Total equity and liabilities		380 921	397 069	176 598	202 770

CASH FLOW STATEMENTS

for the year ended 31 December 2003

R'000	Notes	GROUP		COMPANY	
		2003	2002	2003	2002
Cash flows from operating activities					
Cash generated by operations	22.1	68 020	39 207	4 933	1 038
Utilised to decrease/(increase) working capital	22.2	14 158	1 200	(6 338)	(2 327)
Cash generated/(utilised) by operating activities		82 178	40 407	(1 405)	(1 289)
Net interest paid		(9 400)	(13 891)	(392)	(159)
Taxation paid	22.3	(2 350)	(1 690)	—	—
Dividends paid	22.4	(1)	(30)	(1)	(30)
Net cash inflow/(outflow) from operating activities		70 427	24 796	(1 798)	(1 478)
Cash flows from investing activities					
Additions to property, plant and equipment	22.5	(26 151)	(33 471)	(444)	(118)
Goodwill and trademarks		—	(178)	—	—
Proceeds on disposal of property, plant and equipment		531	1 704	799	—
Decrease/(increase) in investment in joint venture		1 129	(331)	—	—
Proceeds on disposal of investments		4 620	1 863	—	—
Net cash (outflow)/inflow from investing activities		(19 871)	(30 413)	355	(118)
Cash flows from financing activities					
Decrease in medium term interest bearing debt		(25 047)	(8 598)	—	—
Proceeds from shares issued		907	1 943	—	1 943
Decrease in indebtedness of subsidiaries		—	—	31 681	13 873
Vendor claims settled		—	(4 984)	—	—
Net cash (outflow)/inflow from financing activities		(24 140)	(11 639)	31 681	15 816
Net increase/(decrease) in cash and cash equivalents		26 416	(17 256)	30 238	14 220
Cash disposed		(613)	2 243	—	—
Cash and cash equivalents at beginning of the year		(71 620)	(56 607)	(30 236)	(44 456)
Cash and cash equivalents at end of the year		(45 817)	(71 620)	2	(30 236)

Cash and cash equivalents include bankers' acceptances and bank overdrafts.

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1. ACCOUNTING POLICIES

The principal accounting policies and the disclosures made in the annual financial statements conform with South African Statements of Generally Accepted Accounting Practices (GAAP).

The financial statements and Group financial statements are prepared on the historical cost basis, modified by the restatement of financial instruments to fair values, and incorporate the following principal accounting policies, applied on a basis consistent with that of the previous year, except for the adoption of AC133 and the consolidation of the Share Incentive Trust in the current year.

1.1 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of the company and its subsidiaries. Operating results of subsidiaries acquired or disposed of during the financial year are included from the date effective control was acquired or up to date of disposal or discontinuance. All inter-group balances and transactions have been eliminated on consolidation. Control is achieved where the company has the power to govern the financial and operating policies of an investment enterprise so as to obtain benefits from its activities.

1.2 INTERESTS IN JOINT VENTURES

The Group's investment in jointly controlled ventures are incorporated in the financial statements, using the equity method of accounting, from the effective dates of their acquisition and until the effective dates of their disposal.

1.3 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN ENTITIES PREPARED IN FOREIGN CURRENCIES

Assets and liabilities of consolidated foreign entities are translated into Rand at rates of exchange ruling at year-end. The related income statements and cash flow statements are translated at the weighted average rate of exchange for the year. Goodwill and equity are translated at rates of exchange ruling on the date of the transactions. Any translation gains or losses are classified as equity and transferred to the translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

1.4 REVENUE RECOGNITION

1.4.1 REVENUE

Revenue comprises the invoiced amount of tuition fees, goods supplied and services rendered to customers, net of value added tax. Tuition fees are non-refundable and are recognised on a straight-line basis over the term of the applicable course. Placement fees are recognised when the candidate starts working at the new employer. Services rendered are recognised when the service has been delivered and/or in terms of the contractual obligations and/or in terms of the percentage of completion method. Sales are recognised when risks and rewards of ownership have been transferred to the customer.

1.4.2 NET DIVIDEND INCOME

Dividend income is brought to account to the extent of dividends received and/or accrued, net of costs.

1.4.3 INTEREST

Interest is recognised on a time proportional basis, by reference to the principal amount outstanding and the applicable interest rate.

1.5 EXCEPTIONAL ITEMS

Exceptional items are those items or incidences that are separately disclosed and are relevant to explain the performance of the Group for the year under review and to make meaningful comparison on operating margins.

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 Owned

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

The annual rates used for this purpose are:

Buildings	2%
Computer equipment	33,3%
Furniture, fittings and equipment	10 – 20%
Motor vehicles	20%
Video equipment courses and masters	33,3%
Leasehold improvements	Period of lease

Borrowing costs incurred relating to the development of properties are capitalised and included in the cost of properties 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 assets, commences when the assets are ready for their intended use.

1.6.2 Repairs and Maintenance

Repairs and Maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. Renovations are depreciated over the remaining useful life of the asset.

1.6.3 Leased

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. A lease is classified as a financial lease when, in terms of the lease, the risks and rewards of ownership are transferred to the lessee. These assets are depreciated in accordance with the policy relating to property, plant and equipment. Finance charges are amortised over the duration of the lease agreements using the effective interest rate method. Operating lease rentals are charged against profits as incurred.

1.7 INTANGIBLE ASSETS

1.7.1 Goodwill

Goodwill arising prior to 1 September 2000 was written-off directly against the Share Premium account. Goodwill and premium on acquisition of subsidiaries, represents the excess of the cost of acquisition over the net book value of the assets acquired at date of acquisition. Goodwill after September 2000 is reported as an intangible asset and is amortised over its useful life not exceeding 3 years. On disposal of a subsidiary the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

1.7.2 Trademarks

Trademarks arising prior to 1 September 2000 were written-off directly against the Share Premium account. Trademarks are measured initially at purchase costs and amortised on a straight-line basis over their useful lives.

1.7.3 Development Costs

All direct costs prior to January 2000 from the commencement to the completion of development is capitalised. These costs are amortised over the period of the expected benefit, commencing when a revenue stream is produced.

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

Computer software development costs are recognised as assets and are amortised over the useful life of the asset. Software development costs for products are initially capitalised when a product's technological feasibility has been established and ending when a product is available for general release to the internal customers. The following costs are capitalised: external direct costs of material and services used in the project; payroll and related costs of employees who are directly associated with the project.

Training and routine maintenance costs are expensed as incurred.

1.8 IMPAIRMENT

At each balance sheet 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. Impairment losses are recognised as an expense.

1.9 INVENTORIES

Inventories comprise merchandise for resale and consumables. Merchandise for resale is valued at the lower of cost, determined either at selling price less an average mark up percentage or on a first-in first-out basis, and net realisable value. Consumables are valued at the lower of cost, determined on weighted average costs basis, and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs incurred in marketing, selling and distribution. Provisions are made for obsolete, unusable and unsaleable inventory.

1.10 FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction date. Assets and liabilities in foreign currencies are translated at approximate rates of exchange ruling at year-end. All translation differences are taken to income in the year in which they arise.

1.11 DEFERRED TAXATION

Deferred taxation is provided at current rates using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its balance sheet carrying amount with the exception of those amounts treated as permanent differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

1.12 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated. The future outflow is discounted to the present value, if material.

1.13 RETIREMENT BENEFITS

The Group operates pension and provident funds to which employees from certain defined divisions belong. Both the funds are defined contribution plans and do not require to be actuarially valued. Current contributions to the pension and provident funds are charged against profits when incurred. The company has no liabilities in respect of post retirement medical aid contributions or benefits.

1.14 RELATED PARTY TRANSACTIONS

Related party transactions exist between the company and its subsidiaries and directors, and are concluded on an arms length basis.

1.15 DISCONTINUED OPERATIONS

Discontinued operations are significant, distinguishable components of enterprises that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance.

1.16 DIVIDENDS

Dividends declared to equity holders are included in the Statements of Changes in Equity in the year in which they are declared. STC incurred on dividends are dealt with in income in the year in which they are declared.

1.17 SHARES HELD IN THE SHARE INCENTIVE TRUST

Shares held by the Share Incentive Trust are consolidated in the Group's results.

1.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of highly liquid investments with insignificant interest rate risk and original maturities not exceeding six months.

1.19 FINANCIAL INSTRUMENTS

1.19.1 Financial Assets and Liabilities

Financial assets are bank balances and cash, trade receivables and investments. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include finance lease obligations, interest bearing bank loans and overdrafts, and trade and other payables.

1.19.2 Financial Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

Financial Investments

Investments, other than held to maturity debt securities, are classified as either held for trading or available for sale. Listed investments are carried at market value which is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Other investments are shown at fair value.

Trade and other Receivables

Trade and other receivables are stated at amortised cost less allowances for doubtful receivables.

Cash and Cash Equivalents

Cash and cash equivalents are measured at fair value based on relevant exchange rates at balance sheet date.

Trade and other Liabilities

Trade and other liabilities are stated at amortised cost.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost.

Derivative Instruments

Derivative instruments, including forward exchange contracts, are measured at fair value.

1.20 CONCENTRATION OF CREDIT RISK

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of realistic allowances for doubtful receivables. The company and the Group have no significant concentrations of credit risk.

1.21 LIQUIDITY RISK

The Group has significant banking facilities and reserve borrowing capacity including liquid resources.

1.22 COMPARATIVE FIGURES

Comparative figures have been regrouped or reclassified where necessary to give a more appropriate comparison.

There has been no impact on previously reported net income or the balance sheet classifications.

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP	
	2003	2002
2. REVENUE		
An analysis of the Group's revenue is as follows:		
Continuing operations:		
Tuition fees	421 212	349 270
Placement fees	54 126	53 454
Sales of goods and services	7 950	15 300
	483 288	418 024
Discontinuing operations and businesses disposed of:		
Tuition fees	—	11 559
Placement fees	—	36 565
Sales of goods and services	2 496	3 930
	2 496	52 054
	485 784	470 078

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
3. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) is stated after taking into account:				
Income:				
Expenses charged out to subsidiary companies	—	—	—	9 871
Exchange rate gains	—	2 017	—	—
Expenditure:				
Auditors' remuneration	1 018	1 030	—	81
- Current year audit fee	994	916	—	81
- Prior year underprovision of audit fees	—	102	—	—
- Other services	24	12	—	—
Depreciation of property, plant and equipment	20 507	19 395	1	56
Owned				
- Buildings	1 996	1 685	—	—
- Computer equipment	8 079	6 539	1	33
- Furniture, fittings and equipment	7 241	7 931	—	23
- Motor vehicles	1 139	1 077	—	—
- Video equipment courses & masters	29	24	—	—
- Leasehold improvements	1 933	2 075	—	—
Leased				
- Computer equipment	31	31	—	—
- Motor vehicles	59	33	—	—

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
3. OPERATING PROFIT/(LOSS) (continued)				
Amortisation of development costs	525	440	—	—
Directors' emoluments	9 484	6 602	737	4 148
- For services as directors	737	591	737	491
- For managerial and other services	8 747	6 011	—	3 657
Operating lease charges	28 572	24 883	—	—
- Premises	23 155	21 515	—	—
- Equipment	5 417	3 368	—	—
Remuneration for services	1 034	2 582	—	230
- Administrative	716	801	—	155
- Managerial	269	1 261	—	75
- Other	49	520	—	—
Exchange rate losses	208	—	—	—
Write down of investment	—	—	—	184 682
Pension and Provident Fund contributions	14 329	11 720	47	992
Staff costs	228 141	217 429	338	5 678
4. NET FINANCE COSTS				
Interest received	13 027	27 384	46	11 214
Interest paid	(23 938)	(41 275)	(438)	(11 373)
Net finance costs	(10 911)	(13 891)	(392)	(159)
5. EXCEPTIONAL ITEMS				
Discontinuing operations - Australia	6 988	(5 860)	—	—
Discontinued operations - other	4 303	(1 126)	—	—
Loss on sale of divisions or assets	(385)	(6 897)	—	—
Impairment of development costs	(1 643)	—	—	—
Crawford settlement - recoupment of goodwill written off	8 621	—	8 621	—
Goodwill written down	—	(238 099)	—	(2 621)
Goodwill amortisation	—	(6 824)	—	—
Exceptional items before taxation	17 884	(258 806)	8 621	(2 621)
Taxation	721	(5 375)	—	—
Exceptional items after taxation	18 605	(264 181)	8 621	(2 621)

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

5. EXCEPTIONAL ITEMS (continued)

Discontinuing operations - Australia

AdvTech Australia (Pty) Ltd and Chisholm were placed under a Deed of Creditors Administration and Crowe was placed under liquidation. A dividend was received from AdvTech Australia and no other liability is expected to be incurred in Chisholm and Crowe. This matter will be finalised in 2004. Unutilised provisions raised in the prior year for onerous contracts, retrenchment costs and closure costs were released.

Discontinued operations - other

Recovery of Labournet disposal debtor provided for in the prior year.

Impairment of development costs

Development costs capitalised in Bond SA have been written down to zero, based on an impairment test performed using the discounted cashflow method.

Crawford Settlement - recoupment of goodwill

The R8 621 000 goodwill recovered was part of the Crawford settlement received in shares. These shares are now held by the Share Incentive Trust to meet share options allocated to staff members.

This is effectively a reduction in the original purchase price which would have resulted in reduced goodwill. As goodwill was written off in the prior years a recovery has resulted.

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
6. TAXATION				
6.1 TAXATION COMPRISES				
Current taxation - SA normal	6 019	5 220	(10)	815
- foreign	—	(2 807)	—	—
- prior year	(3 860)	3 210	—	—
Deferred taxation - current year	(2 329)	1 525	(319)	(833)
- prior year	310	—	(966)	—
Total taxation per the Income Statement	140	7 148	(1 295)	(18)

Estimated taxation losses carried forward at year-end were R76 305 893 (2002 – R55 190 383).

R'000	GROUP		
	SA Normal	Foreign	Total
6. TAXATION (continued)			
6.2 RECONCILIATION OF CURRENT TAXATION			
31 December 2003			
Taxation on income at normal rate	13 199	2 002	15 201
Adjusted for:			
Permanent differences	(9 509)	(2 002)	(11 511)
Disallowable expenditure	1 698	(2 002)	(304)
Non-taxable income	(11 207)	—	(11 207)
Timing differences	2 329	—	2 329
Allowance for future expenditure	731	—	731
Deferred and prepaid expenditure	388	—	388
Fees in advance	(878)	—	(878)
Increase in provision for bad debts	135	—	135
Capitalised finance leases	(113)	—	(113)
Amortisation of trademarks	(3 796)	—	(3 796)
Estimated taxation losses carried forward	6 335	—	6 335
Other	(473)	—	(473)
Current taxation	6 019	—	6 019
31 December 2002			
Taxation on income at normal rate	(70 668)	(108)	(70 776)
Adjusted for:			
Permanent differences	77 320	(2 606)	74 714
Disallowable expenditure	11 062	(6 849)	4 213
Non-taxable income	(2 976)	—	(2 976)
Amortisation of goodwill	69 234	4 243	73 477
Timing differences	(1 432)	(93)	(1 525)
Allowance for future expenditure	(959)	—	(959)
Deferred and prepaid expenditure	(333)	63	(270)
Fees in advance	760	—	760
Increase in provision for bad debts	(1 464)	71	(1 393)
Capitalised finance leases	(15)	—	(15)
Amortisation of trademarks	(7 020)	—	(7 020)
Estimated taxation losses carried forward	9 509	—	9 509
Other	(1 910)	(227)	(2 137)
Current taxation	5 220	(2 807)	2 413

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP	
	2003	2002
6. TAXATION (continued)		
6.2 RECONCILIATION OF CURRENT TAXATION (continued)		
Profit/(loss) before tax	51 413	(236 111)
Tax at 30%	15 424	(70 833)
Adjusted for tax on outside shareholders in St Charles joint venture	(247)	—
Adjusted for foreign tax at different rates	24	57
Tax on income at normal rates	15 201	(70 776)
Permanent differences	(11 511)	74 714
Prior year taxes - normal	(3 860)	3 210
- deferred	310	—
Tax per the Income Statement	140	7 148

R'000	COMPANY	
	2003	2002
Taxation on income at normal rate	2 257	(55 944)
Adjusted for		
Permanent differences	(2 586)	55 926
Disallowable expenditure	—	56 218
Non-taxable income	(2 586)	(292)
Timing differences	319	833
Prepayments	153	(134)
Provision for leave pay	(3)	(3)
Estimated taxation losses carried forward	169	970
Current taxation	(10)	815
Profit/(loss) before tax	7 523	(186 480)
Tax at 30%	2 257	(55 944)
Permanent differences	(2 586)	55 926
Prior year taxes - deferred	(966)	—
Tax per the Income Statement	(1 295)	(18)

R'000	GROUP	
	2003	2002
7. EARNINGS PER SHARE		
7.1 EARNINGS/(LOSS) PER SHARE		
Profit/(loss) attributable to ordinary shareholders per Income Statement	50 450	(243 182)
Number of shares in issue at year end ('000)	393 665	393 665
Less: Weighted number of shares held by the Share Incentive Trust ('000)	(30 200)	(27 497)
Weighted average number of shares in issue ('000)	363 465	366 168
Earnings/(loss) per share (cents)	13,9	(66,4)
7.2 DILUTED EARNINGS/(LOSS) PER SHARE		
There is a potential dilution of 0,5 cents per share (2002: -0,2 cents per share), resulting from the issuing of shares held by the Share Incentive Trust arising from the exercising of rights under the share incentive scheme.		
Diluted number of shares ('000)	377 041	367 140
Diluted earnings/(loss) per share (cents)	13,4	(66,2)
7.3 HEADLINE EARNINGS PER SHARE		
Profit/(loss) attributable to ordinary shareholders per Income Statement	50 450	(243 182)
Exceptional items - Gross (Refer note 5)	(17 884)	258 806
- Taxation (Refer note 5)	(721)	5 375
Headline earnings	31 845	20 999
Headline earnings per share (cents)	8,8	5,7
Diluted headline earnings per share (cents)	8,4	5,7

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
8. SHARE CAPITAL				
Authorised				
500 000 000 shares of 1 cent each (2002: 500 000 000 shares of 1 cent each)	5 000	5 000	5 000	5 000
500 000 000 N shares of 0,01 cent each (2002: 500 000 000 N shares of 0,01 cent each)	50	50	50	50
	5 050	5 050	5 050	5 050
Issued				
393 664 886 shares of 1 cent each (2002: 393 664 886 shares of 1 cent each)	3 937	3 937	3 937	3 937
	3 937	3 937	3 937	3 937

The unissued shares are under the control of the directors' subject to the provisions of the Companies Act and the requirements of the JSE Securities Exchange South Africa.

9. NON-DISTRIBUTABLE RESERVES

Comprising:

Foreign currency translation reserve	—	2 116	—	—
Deferred taxation on trademarks written off against shareholders' equity	15 944	16 115	—	—
	15 944	18 231	—	—

10. INTEREST BEARING DEBT

10.1 INSTALMENT SALE AND FINANCE LEASE AGREEMENTS

Secured by motor vehicles, furniture and fittings and computer equipment having a net book value of R9 258 818 (2002: R8 963 901)	9 608	10 785	—	—
Less: Current portion of instalment sale and finance lease agreements	(4 450)	(3 349)	—	—
	5 158	7 436	—	—

The liabilities bear interest at rates varying between the prime overdraft rate and prime plus 1% per annum and are repayable in average monthly instalments of R420 017 (2002: R389 815) including interest.

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
10. INTEREST BEARING DEBT <i>(continued)</i>				
10.2 COMPULSORY CONVERTIBLE LOANS				
Secured by security bonds over properties having a cost of R264 197 000 (2002: R261 087 000)	22 699	46 754	—	—
Less: Current portion of loans	(20 303)	(33 566)	—	—
	2 396	13 188	—	—
The loans are payable bi-annually in one instalment of R9,6 million and three equal instalments of R5,1 million each, and bear a variable interest rate of currently 10,76% (2002: 15,46%).				
Total medium term liabilities (Refer note 10.1 & 10.2)	32 307	57 539	—	—
Less: Total current portion (Refer note 10.1 & 10.2)	(24 753)	(36 915)	—	—
Net medium term liabilities	7 554	20 624	—	—
10.3 BANKERS' ACCEPTANCES	40 000	30 000	—	20 000
The bankers' acceptances bear interest at the base rate plus an administration charge which in total varies between 10,1% and 10,8% (2002: 13,9% and 16,55%).				
10.4 BANK OVERDRAFTS	6 244	46 624	(2)	10 238
The overdraft balance bears interest at the prime rate (2002: Prime rate).				
Total bankers' acceptances and bank overdrafts	46 244	76 624	(2)	30 238

Interest bearing debt comprises a combination of medium term loan agreements and short term finance. Notwithstanding the classification, these facilities have been secured by security bonds to facilitate the registration of mortgage bonds over the Group's fixed property and cession of the Crawford and Abbotts debtors books. Net medium term liabilities comprises debt to be repaid between two to five years. The directors consider that the carrying values of the interest bearing debt are shown at fair value.

Per the Articles of Association the company has unlimited borrowing powers.

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
11. DEFERRED TAXATION				
Opening deferred taxation asset	38 188	39 713	841	8
Prior year taxation	(310)	—	966	—
Current year timing differences	2 329	(1 525)	319	833
Balance at end of year	40 207	38 188	2 126	841
The balance comprises:				
– Prepayments	(527)	(915)	—	(152)
– Allowance for future expenditure (S24C)	(5 181)	(5 912)	—	—
– Fees in advance	6 789	7 667	—	—
– Finance lease agreements	14	127	—	—
– Provision for bad debts	1 354	1 174	—	—
– Doubtful debts allowance	(338)	(293)	—	—
– Provision for leave pay	1 341	1 313	21	23
– Trademarks (S11G(a))	15 068	18 864	—	—
– Estimated taxation loss carried forward	22 892	16 557	2 105	970
– Other	(1 205)	(394)	—	—
	40 207	38 188	2 126	841

The deferred taxation asset raised on estimated tax losses carried forward will be realised through the expected future profitability of the relevant entities.

GROUP R'000	Cost				31 December 2003
	1 January 2003	Additions	Disposals	Exchange Differences	
12. PROPERTY, PLANT AND EQUIPMENT					
Owned					
Land and buildings	261 087	3 213	(255)	152	264 197
Computer equipment	37 987	7 479	(5 241)	(130)	40 095
Furniture, fittings and equipment	46 068	6 827	(3 761)	(188)	48 946
Motor vehicles	7 058	244	(1 237)	20	6 085
Video equipment courses and masters	241	599	(108)	—	732
Leasehold improvements	27 539	7 669	(515)	(69)	34 624
	379 980	26 031	(11 117)	(215)	394 679
Leased					
Computer equipment	1 719	—	—	—	1 719
Motor vehicles	361	120	—	—	481
	2 080	120	—	—	2 200
	382 060	26 151	(11 117)	(215)	396 879

	Accumulated Depreciation				31 December 2003
	1 January 2003	Depreciation	Disposals	Exchange Differences	
Owned					
Buildings	5 123	1 996	—	—	7 119
Computer equipment	23 654	8 079	(4 929)	—	26 804
Furniture, fittings and equipment	29 555	7 241	(2 380)	—	34 416
Motor vehicles	2 689	1 139	(958)	—	2 870
Video equipment courses and masters	55	29	—	—	84
Leasehold improvements	8 341	1 933	(540)	—	9 734
	69 417	20 417	(8 807)	—	81 027
Leased					
Computer equipment	1 666	31	—	—	1 697
Motor vehicles	345	59	—	—	404
	2 011	90	—	—	2 101
	71 428	20 507	(8 807)	—	83 128

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000		GROUP	
		Net Book Value	
		31 December 2003	31 December 2002
12.	PROPERTY, PLANT AND EQUIPMENT (continued)		
	Owned		
	Land and buildings	257 078	255 964
	Computer equipment	13 291	14 333
	Furniture, fittings and equipment	14 530	16 513
	Motor vehicles	3 215	4 369
	Video equipment courses and masters	648	186
	Leasehold improvements	24 890	19 198
		313 652	310 563
	Leased		
	Computer equipment	22	53
	Motor vehicles	77	16
		99	69
		313 751	310 632

COMPANY	Cost			
	1 January 2003	Additions	Disposals	31 December 2003
	Owned			
Computer equipment	184	318	(480)	22
Furniture, fittings and equipment	151	—	(147)	4
Motor vehicles	—	126	(126)	—
	335	444	(753)	26

COMPANY	Accumulated Depreciation			
	1 January 2003	Depreciation	Disposals	31 December 2003
	Owned			
Computer equipment	111	1	(92)	20
Furniture, fittings and equipment	54	—	(50)	4
	165	1	(142)	24

COMPANY	Net Book Value	
	31 December 2003	31 December 2002
	Owned	
Computer equipment	2	73
Furniture, fittings and equipment	—	97
	2	170

The register of land and buildings is available for inspection at the registered offices.

Land and buildings have been pledged as security for the general banking facilities (Refer note 10).

Motor vehicles, furniture and fittings and computer equipment, having a net book value of R9 258 818 (2002: R8 963 901) have been pledged as security for the instalment sale and finance lease agreements (Refer note 10).

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
13. INTANGIBLE ASSETS				
13.1 GOODWILL				
Carrying value at beginning of the year	1	241 750	—	2 621
Plus: Goodwill on acquisition of additional interest in subsidiary	—	3 255	—	—
Less: Goodwill on operations discontinued	—	(81)	—	—
Write downs	—	(238 099)	—	(2 621)
Amortisation for the year	—	(6 824)	—	—
Carrying value at end of the year	1	1	—	—
13.2 DEVELOPMENT COSTS				
Carrying value at beginning of the year	2 168	2 608	—	—
Impairment	(1 643)	—	—	—
Amortisation for the year	(525)	(440)	—	—
Carrying value at end of the year	—	2 168	—	—
Total intangible assets carrying value at end of the year	1	2 169	—	—
14. INVESTMENTS				
14.1 UNLISTED SHARES AT FAIR VALUE				
– 26% (2002: 26% (39 100 shares)) interest in Rhino Management (Pty) Ltd				
Directors' valuation (fair value based on discounted cash flow)	495	722	—	—
– 0% (2002: 5.8% (2 500 shares)) interest in Weimershoek No 81 (Pty) Ltd				
Directors' valuation	—	82	—	—
14.2 JOINT VENTURE				
– 0% (2002: 60%) proportional share interest in the Varsity College/St Charles College joint venture	—	1 129	—	—
	495	1 933	—	—
14.2.1 The Group's proportionate share of the assets and liabilities of the joint venture was as follows:				
Property, plant and equipment	—	801	—	—
Current assets	—	1 538	—	—
	—	2 339	—	—
Deduct: Current Liabilities	—	(1 210)	—	—
	—	1 129	—	—
14.2.2 The Group's proportionate share of the results of the joint venture was as follows:				
Revenue	—	4 371	—	—
Income before taxation	—	1 129	—	—
14.2.3 The Group's proportionate share of cash flow of the joint venture was as follows:				
Cash inflow from operating activities	—	728	—	—
Cash outflow from investing activities	—	(20)	—	—
Cash outflow from financing activities	—	(43)	—	—
	—	665	—	—

Varsity College/St Charles, previously shown under equity accounted earnings, has now been consolidated.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

	COMPANY							
	Proportion held							
	Issued		directly or		Interest of holding company			
	share capital		indirectly		Shares		Indebtedness	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
2003	2002	2003	2002	2003	2002	2003	2002	
R	R	%	%	R'000	R'000	R'000	R'000	
15. INVESTMENTS IN AND INDEBTEDNESS OF SUBSIDIARIES								
– Holding Company								
Direct								
ADvTECH Education (Pty) Ltd	2	2	100	100	41 228	41 228	54 129	84 878
ADvTECH Resource Holdings (Pty) Ltd	3 150 023	3 150 023	100	100	59 760	59 760	6 314	7 247
Indirect								
ADvTECH Training (Pty) Ltd	2	2	100	100	—	—	—	—
Strategic Connection (Pty) Ltd	100	100	100	100	—	—	—	—
Leartron (Pty) Ltd	310 010	310 010	100	100	—	—	—	—
Time Systems SA (Pty) Ltd	1 000	1 000	100	100	—	—	—	—
ADvTECH Resourcing (Pty) Ltd	10	10	100	100	—	—	—	—
Business Learning Systems (Pty) Ltd	1 000	1 000	100	100	—	—	—	—
Kapele Appointments (Pty) Ltd	100	100	70	70	—	—	—	—
TimeMaster (Pty) Ltd	100	100	100	100	—	—	—	—
Triumph Holdings Ltd (2)	4	4	100	100	—	—	—	—
Crowe Associates (Pty) Ltd (1)	16	16	100	100	—	—	—	—
ADvTECH Australia (Pty) Ltd (1)	10	10	100	100	—	—	—	—
Chisholm (Pty) Ltd (1)	9	9	100	100	—	—	—	—
HC Leon (Pty) Ltd	100	100	100	100	—	—	—	—
Resource Development International (Pty) Ltd	200	200	100	100	—	—	—	—
Bryan Hattingh Independent Services (Pty) Ltd	1	1	100	100	—	—	—	—
Sight and Sound Education (Pty) Ltd	150	150	100	100	—	—	—	—
Varsity College/St Charles joint venture	—	—	60	—	—	—	—	—
					100 988	100 988	60 443	92 125

The results of the subsidiaries so far as it concerns members of the company: Aggregate profit after taxation R26 million (2002: R105 million loss). All companies are incorporated in the Republic of South Africa except as indicated (1) Australia and (2) British Virgin Islands.

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
16. INVENTORIES				
Books	2 033	3 658	—	—
Promotional Items	1 800	—	—	—
Other	931	184	—	—
	4 764	3 842	—	—
Purchases of books included in cost of sales during the year	4 209	4 930	—	—

	GROUP	
	2003	2002
17. PROVISIONS		
Discontinued operations		
Opening balance	6 742	6 618
Provision raised	—	4 060
Release of provision	(5 460)	(3 936)
Adjustment required by AC133 - current year	(73)	—
At 31 December 2003	1 209	6 742

The provision for discontinued operations includes onerous rental contracts and other closure costs in respect of the discontinued operations.

18. FOREIGN CURRENCY EXPOSURE

18.1 The Group has entered into the following forward exchange contracts to cover foreign commitments not yet due and accordingly, do not relate to specific liabilities in the balance sheet.

Nature of Monetary Item	Foreign currency	2003	2002	2003	2002
		Foreign currency '000	Foreign currency '000	Rand Equivalent (at forward cover rate) R'000	Rand Equivalent (at forward cover rate) R'000
Trade credit	US Dollars	—	152	—	1 388
Trade credit	British Pounds	—	64	—	926
Trade credit	Euros	—	19	—	179
				—	2 493

18.2 Uncovered and Unhedged Foreign Liabilities

Nature of Monetary Item	Foreign currency	2003	2002	2003	2002
		Foreign currency '000	Foreign currency '000	Rand Equivalent R'000	Rand Equivalent R'000
Trade credit	US Dollars	5	3	33	32
Trade credit	British Pounds	1	1	10	12
Trade credit	Australian Dollars	14	—	69	—
				112	44

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
19. COMMITMENTS				
19.1 CAPITAL COMMITMENTS				
Capital expenditure commitments to be incurred				
Capital expenditure approved by the directors:				
Contracted but not provided for	2 597	2 442	—	—
Not contracted for	47 604	38 052	—	—
	50 201	40 494	—	—
The capital commitments will be financed through existing facilities and working capital.				
19.2 OPERATING LEASE COMMITMENTS				
Commitments under operating leases are as follows:				
Due within one year	21 466	22 504	—	—
Due thereafter	83 756	86 521	—	—
	105 222	109 025	—	—
The operating lease commitments relate to premises and equipment.				

20. CONTINGENT LIABILITIES

In terms of the Group's banking arrangement, the company has issued to its bankers an unlimited suretyship on behalf of a subsidiary for overdraft facilities which at 31 December 2003 had not been utilised.

21. ADVTECH SHARE INCENTIVE SCHEME

All employees and directors are eligible to participate in the scheme. The option offer price is the closing price at which shares are traded on the JSE Securities Exchange South Africa on the trading day immediately preceding the offer date. One third of the share options accepted by the participants are exercisable at intervals of 2, 4 and 6 years after the offer date. On exercise of the options, the participant pays to the Share Incentive Trust, an amount equal to the offer price multiplied by the number of options exercised. If a participant leaves the employ of the Group prior to exercising the options, then the options lapse. There were no vested entitlements at the beginning or end of the year.

Reconciliation of options	Number of shares
Options outstanding on 1 January 2003	36 913 660
Options granted during the year	9 724 000
Exercised (Refer to Directors' Report)	(3 940 000)
Lapsed	(1 216 000)
Options outstanding at 31 December 2003	41 481 660

As at 31 December 2003 there were 360 participants (including directors) in the ADVTECH Share Incentive Scheme.

Reconciliation of shares owned	Number of shares	Loan value R'000
Shares owned by the Trust as at 1 January 2003	29 008 565	8 106
Shares acquired from Crawford settlement	15 394 874	5 827
Less: Options exercised during the year (Refer to Directors' Report)	3 940 000	907
Shares owned by the Trust as at 31 December 2003	40 463 439	13 026

All shares owned by the Trust have been allocated and will be transferred to participants as and when the exercise and payment of options are due. In the event that the Trust does not own sufficient shares to issue to participants, new shares will be issued from the un-issued share capital of the company, subject to continued shareholders' approval.

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
22. NOTES TO THE CASH FLOW STATEMENT				
22.1 CASH GENERATED BY OPERATIONS				
Profit/(loss) before taxation	51 413	(236 111)	7 523	(186 480)
Goodwill amortisation	—	6 824	—	—
Write-off of goodwill	—	238 099	—	2 621
Write down of investment	—	—	—	184 682
Depreciation and amortisation net of profit and loss				
on disposal of property, plant and equipment	23 116	20 328	(187)	56
Profit on disposal of investments	(356)	—	—	—
Net finance costs	10 911	13 891	392	159
Net interest paid	9 400	13 891	392	159
Interest accrued	1 511	—	—	—
Shares received in settlement of Crawford matter	(8 621)	—	—	—
AC 133 adjustments	618	—	—	—
Discontinued operations - Australia	(6 988)	—	—	—
Other	(2 073)	(3 824)	(2 795)	—
	68 020	39 207	4 933	1 038
22.2 UTILISED TO DECREASE/(INCREASE)				
WORKING CAPITAL				
(Increase)/decrease in inventories	(2 454)	408	—	—
Decrease/(increase) in accounts receivable and prepayments	8 597	8 376	(4 384)	(1 742)
Increase/(decrease) in accounts payable	594	(9 306)	(1 954)	(585)
Increase in fees in advance and deposits	7 421	1 722	—	—
Decrease/(increase)	14 158	1 200	(6 338)	(2 327)
22.3 TAXATION PAID				
Balance at beginning of year	(1 064)	2 870	—	815
Adjusted for:				
– prior year adjustments	3 860	(3 210)	—	—
– prior year adjustments - non cash	(117)	—	—	—
Current charge	(6 019)	(2 414)	10	(815)
Balance at end of year	990	1 064	(10)	—
Cash amounts paid	(2 350)	(1 690)	—	—
22.4 DIVIDENDS PAID				
Balance at beginning of year	(26)	(56)	(26)	(56)
Balance at end of year	25	26	25	26
Cash amount paid	(1)	(30)	(1)	(30)

▼ NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003 (continued)

R'000	GROUP		COMPANY	
	2003	2002	2003	2002
22.	NOTES TO THE CASH FLOW STATEMENT (continued)			
	22.5 ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT			
	Land and buildings	(9 412)	—	—
	Computer equipment	(14 178)	(318)	(64)
	Furniture and equipment	(5 514)	—	(54)
	Motor vehicles	(3 599)	(126)	—
	Video equipment courses and masters	(4)	—	—
	Leasehold improvements	(629)	—	—
	Leased assets	(135)	—	—
		(26 151)	(444)	(118)

22.6. DISPOSAL OF BUSINESSES

On 1 January 2003 the Group disposed of its interest in IETI and on 1 August 2003 the Group disposed of its interest in Guidelines.

The summarised balance sheets of IETI and Guidelines on disposal were:

	IETI	Guidelines
Non-current assets	814	368
Current assets	3 331	2 471
Total assets	4 145	2 839
Capital and reserves	2 633	2 392
Non-current liabilities	109	75
Current liabilities	1 403	372
Total equity and liabilities	4 145	2 839
The net asset value of the company at this date was:	2 633	2 392
(Loss)/profit on disposal	(112)	608
Total consideration	2 521	3 000
Settled as follows:		
Cash	2 521	2 000
Debtor for disposal of business - Payable on or before 1 July 2004	—	1 000
Total consideration	2 521	3 000
Net cash inflow arising on disposal		
Cash consideration	2 521	2 000
Cash disposed of	(12)	(601)
	2 509	1 399

SHAREHOLDERS' ANALYSIS

Distribution of shareholders at 31 December 2003

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of total shares
1 to 10 000	2 431	80,1	4 341 626	1,1
10 001 to 100 000	452	14,9	15 342 594	3,9
100 001 to 500 000	82	2,7	18 194 738	4,6
500 001 to 1 000 000	27	0,9	19 954 868	5,1
more than 1 000 000	42	1,4	335 831 060	85,3
	3 034	100,0	393 664 886	100,0

To the best knowledge of the directors and after reasonable enquiry as at 31 December 2003 the spread of shareholders was as follows:

Shareholder spread

Public shareholding	3 022	99,6	198 982 844	50,5
Non-public shareholding	12	0,4	194 682 042	49,5
Directors (incl subsidiary directors)	10	0,3	107 650 541	27,3
ADvTECH Share Incentive Trust	1	0,0	40 463 439	10,3
Holding / controlling 10% or more	1	0,0	46 568 062	11,8
Total of all shareholders	3 034	100,0	393 664 886	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.

	Number of shares held	% of shares held
Sanlam	22 629 292	5,7
Network Healthcare Holdings Limited	25 130 000	6,4
BD Buckham	28 260 181	7,2
Welihockyj interests	30 384 136	7,7
ADvTECH Share Incentive Trust	40 463 439	10,3
Old Mutual	46 568 062	11,8
Praxis	62 359 427	15,8

▼ SHARE INFORMATION

for the year ended 31 December 2003

R'000	2003	2002
Closing price at year-end (cents)	84	40
Total number of transactions at JSE	1 181	1 144
Total number of shares traded	35 261 937	92 215 631
Total value of shares traded (R)	19 250 998	45 302 574
Average price per share (cents)	55	49
Shares in issue	393 664 886	393 664 886
Percentage volume traded to shares in issue	9%	23%
PE ratio	10,35	5,35
Actuaries' index for sector (Support Services)	827,05	772,33

Note: Shares in issue per the JSE as at 31 December 2003.

SHAREHOLDERS' DIARY

Announcement of annual results 31 December 2003	23 March 2004
Annual Report	31 March 2004
Annual General Meeting	3 June 2004
Interim results for the six months ending 30 June 2004	13 September 2004

Notice is hereby given that the annual general meeting of ADvTECH Limited will be held in the Auditorium, Deloitte & Touche, Building 3, Woodlands Office Park, Woodlands Drive Woodmead, Sandton on Thursday 3 June 2004 at 09h00 to transact the following business:

AS ORDINARY RESOLUTIONS

1. To receive and adopt the Group annual financial statements for the year ended 31 December 2003 together with the reports of the directors and of the auditors;
2. To elect the following directors who retire by rotation in terms of the company's articles of association and, being eligible, offer themselves for re-election (abbreviated CV's appear on page 3 of the report);
 - 2.1 Mr HF Brown
 - 2.2 Mr DL Honey
 - 2.3 Mr MI Sacks
3. To re-appoint Deloitte & Touche as auditors until conclusion of the next annual general meeting.
4. To confirm the directors' fees for the past financial year.
5. To place the unissued shares of the company under the control of the Directors, who shall be authorised to allot and issue these shares on such terms and conditions and at such times as they deem fit, subject to the Companies Act, 1973 as amended and the JSE Securities Exchange South Africa ("the JSE") regulations, until the next annual general meeting of the company.
6. To renew the general authority granted by the shareholders to the directors to issue the unissued ordinary shares for cash from time to time and on such terms and conditions as are suitable.

"RESOLVED THAT the directors of ADvTECH be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of ADvTECH for cash, as and when the directors consider it appropriate, to persons qualifying as public shareholders excluding related parties, subject to the limitations imposed by the JSE's Listings Requirements:

- that this authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date that this authority is given;
- that a paid press announcement providing full details including the effect on net asset value and earnings per ordinary share respectively, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class of ADvTECH's issued share capital in issue, prior to the issue;
- that the number of ordinary shares issued for cash shall not in the aggregate in any one financial year exceed 15% of the number of ADvTECH's issued ordinary share capital, adjusted, if applicable, to take into account the existence or issue of shares that are compulsorily convertible into shares, or a rights issue (announced and irrevocable and underwritten) or shares issued in terms of a concluded transaction;
- The securities must be of a class already in issue;
- that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares in question, as determined over the 30 days prior to the date that the price of the issue is determined or agreed by the directors.
- In terms of the JSE's Listings Requirements, the approval of 75% of the votes cast by the shareholders present or represented by proxy at the annual general meeting is required for the authority in this ordinary resolution to become effective.
- The securities must be issued to a public shareholders, as defined in paragraph 4.25 to 4.27, and not to related parties."

AS SPECIAL RESOLUTIONS

7. SPECIAL RESOLUTION NUMBER 1

That the general authority for the Company to repurchase its own shares, as approved by the changes to the Articles of Association by special resolution on 20 December 1999, and subject to the provisions of the Companies Act and the JSE Securities Exchange South Africa, be renewed and extended until the conclusion of the next Annual General Meeting. Accordingly, to consider and if deemed fit, to pass with or without modification, the following as SPECIAL RESOLUTION Number 1.

"RESOLVED THAT ADvTECH, or a subsidiary of ADvTECH, be and is hereby authorised, by way of a general authority, to acquire ordinary shares of 1 cent each ("ordinary shares") issued by ADvTECH, in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, and in terms of the Listings Requirements from time to time of the JSE Securities Exchange South Africa ("the Listings Requirements"), it being recorded that the Listings Requirements currently require, inter alia, that the Company may make a general repurchase of securities only if:

- any such repurchase of shares is effected through the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
- the company is authorised thereto by its Articles of Association;
- the general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- in determining the price at which the ordinary shares issued by ADvTECH are acquired by it or its subsidiary in terms of this general authority, the maximum price at which such shares may be acquired will be 10% above the weighted average of the market value for such ordinary shares for the five business days immediately preceding the date on which the repurchase of such shares is effected;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- after such repurchase, the company still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiary may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- acquisitions of shares in any one financial year may not exceed 20% of the company's issued share capital pursuant to this general authority;
- subsidiaries of the company shall not acquire, in aggregate, more than 10% of the company's issued share capital; and
- the company publishes an announcement when it has cumulatively repurchased 3% of the initial number (the number of that class of shares in issue at the time that general authority is granted) of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter. Such announcement must be made not later than 08h30 on the second business day following the day on which the relevant threshold is reached or exceeded."

The directors have considered the impact of a repurchase of 20% of ADvTECH shares, being the maximum permissible of a particular class in any one financial year, under a general authority in terms of the JSE's Listings Requirements, and are of the opinion that such repurchase will not result in:

- the Company and the Group in the ordinary course of business being unable to pay its debts for a period of 12 months after the date of this Notice of Annual General Meeting;
- the liabilities of the Company and the Group exceeding the assets of the Company and the Group for a period of 12 months after the date of the Notice of Annual General Meeting, calculated in accordance with the accounting policies used in the audited financial statements for the period ended 31 December 2003;

- the ordinary capital and reserves of the Company and the Group, for a period of 12 months after the date of the Notice of Annual General Meeting, being inadequate; and
- the working capital of the Company and the Group, for a period of 12 months after the date of this Notice of Annual General Meeting, being inadequate.

Shareholders' attention is drawn to the following relevant general information:

- Directors and management (refer to page 3 of the company's annual report)
- Major shareholders (refer to page 51 of the company's annual report)
- Directors' interests in securities (refer to page 24 of the company's annual report)
- Share capital of the company (refer to page 23 of the company's annual report)
- Responsibility statement (refer to page 19 of the company's annual report)
- Litigation (refer to page 5 of the company's annual report).

At the present time the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. No repurchase of shares under this authority will be implemented until such time as the company's sponsor has confirmed in writing to the JSE that the above working capital statement is valid.

REASON AND EFFECT

The reason for and effect of special resolution number 1 is to grant the directors of ADvTECH a general authority in terms of the Act, for the acquisition by ADvTECH or any subsidiary of ADvTECH, of ADvTECH shares. Such general authority will provide the board with the flexibility, subject to the requirements of the Act and the JSE Securities Exchange South Africa, to repurchase ADvTECH shares should it be in the interests of ADvTECH at any time while the general authority exists.

8. SPECIAL RESOLUTION NUMBER 2

"Resolved that the company's Articles of Association be and are hereby amended by:

1. The deletion in their entirety of Articles 61, 62 and 63.
2. The insertion of the following new Articles 61, 62, 63 and 65A, to read as follows:
 61. Subject to the provisions of these articles and the rules and requirements of any recognised stock exchange on which the shares of the company are listed at the relevant time, a notice shall be in writing and shall be given or served by the company upon any member or director either by delivery by hand or in electronic format or by sending it through the post, properly addressed, to:
 - 61.1. a member at his physical address shown in the register of members or electronic address nominated by the relevant member in writing on the basis that –
 - 61.1.1. no notice shall be sent in electronic format unless the relevant member has specifically consented to the delivery of notices to that member in electronic format; and
 - 61.1.2. any member shall be entitled to withdraw any consent referred to in Article 61.1.1. by giving written notice to that effect to the company;
 - 61.2. a director at his postal address shown in the directors' register or electronic address nominated by the relevant director in writing, and any such notice to members shall simultaneously be given to the secretary or other suitable official of any recognized stock exchange on which the shares of the company are listed for the time being, in accordance with the requirements of that stock exchange.

▼ NOTICE TO SHAREHOLDERS

(continued)

62. member may by notice require the company to record an address within the Republic or an electronic address which shall be deemed to be his address for the purpose of the service of notices.
63. Every such notice shall be deemed, until the contrary is provided, to have been received:
- 63.1 if it is delivered by hand or in electronic format, on the date on which it is so delivered;
- 63.2 if it is sent by post, on the date on which it would normally be received in the ordinary course of business of the post office.”
- 65A. Subject to the provisions of these articles and the rules and requirements of any recognized stock exchange on which the shares of the company are listed at the relevant time, any form of shareholder communication shall be in writing and shall be given or served by the company upon any member either by delivery by hand or in electronic format or by sending it through the post, properly addressed, to a member at his physical address shown in the register of members or electronic address nominated by the relevant member in writing on the basis that –
- 65A.1.no form of shareholder communication shall be sent in electronic format unless the relevant member has specifically consented to the delivery of shareholder communications to that member in electronic format; and
- 65A.2.any member shall be entitled to withdraw any consent referred to in Article 65A.1 by giving written notice to that effect to the company.”

REASON FOR THE SPECIAL RESOLUTION NUMBER 2

The reason for special resolution number 2 is to enable the company to use electronic media for the delivery of notices of meetings of shareholders and other shareholder communications, provided that the written consent of the relevant shareholder to such mode of delivery has been obtained. The effect of this special resolution is to amend the Articles of Association of the company in order to authorise the company with such powers.

9. To transact such business as may be transacted at an annual general meeting.

By order of the board

Lilian Gomes
Group Secretary
19 March 2003

FORM OF PROXY
 ADVTECH LIMITED
 Registration Number: 1990/001119/06
 ("the company")
 JSE Code: ADH ISIN: ZAE 0000 31035

For use by certificated and "own-name" dematerialised shareholders at the annual general meeting of ADVTECH to be held at 09h00 on Thursday, 3 June 2004 in the Auditorium, Deloitte & Touche, Building 3, Woodlands Office Park, Woodlands Drive, Woodmead, Sandton.

Dematerialised shareholders, other than "own-name" dematerialised shareholders, must inform their CSDP or broker of their intention to attend the meeting in order that their CSDP or broker may issue them with the necessary authorisation to attend, or provide their CSDP or broker with their voting instruction should they not wish to attend the meeting in person.

I/We _____

Of _____

being the holder of: _____ shares in the company

do hereby appoint: 1. _____

or failing him / her 2. _____

or failing him/ her the Chairman of the meeting as my / our proxy to attend and speak and vote for me / us and on my / our behalf at the annual general meeting of the company to be held in the Auditorium, Deloitte & Touche, Building 3, Woodlands Office Park, Woodlands Drive, Woodmead, Sandton on Thursday 3 June 2004 at 09h00 or at any adjournment thereof.

I / We desire to vote as follows:

Resolution	In favour of	Against	Abstain
1. Ordinary resolution no. 1. To approve the annual financial statements for the year ended 31 December 2003			
2. Ordinary resolution no. 2. To re-elect directors retiring by rotation	2.1. HF Brown		
	2.2. DL Honey		
	2.3. MI Sacks		
3. Ordinary resolution no. 3. To re-appoint auditors Deloitte & Touche			
4. Ordinary resolution no. 4. To ratify the directors' fees for the financial year ended 31 December 2003			
5. Ordinary resolution no. 5. To place the unissued shares under the control of the directors			
6. Ordinary resolution no. 6. To renew the general authority to the directors to issue shares for cash.			
7. Special resolution no. 1 To renew the general authority for the company to repurchase its own shares			
8. Special resolution no. 2 To amend the articles of Association to allow for the electronic delivery of shareholder information.			

(Indicate instructions to proxy by way of a cross in space provided above)

Unless indicated above, my proxy may vote as he / she thinks fit.

Signed this _____ day of _____ 2004

Signed _____

Each shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the company.

(Instructions overleaf)

Instructions on signing and lodging the form of proxy:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". Any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those names that follow.
2. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
3. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form.
4. Forms of proxy may be deposited at or posted to the registered office of the company or the company's Transfer Secretaries to be received by not later than 09h00 on Tuesday 1 June 2004.

Attendance at the annual general meeting:

1. **Certificated members**
Only registered shareholders who are registered in the register of members of the company under their own name may complete a form of proxy or alternatively attend the meeting.
Beneficial shareholders whose shares are not registered in their own name but are registered in any other name, or in the name of a company, or in the name of a nominee company may not complete a form of proxy or attend the meeting unless a form of proxy is issued to them by the registered shareholder.
2. **Uncertificated/dematerialised shareholders**
All beneficial owners of dematerialised shares other than those in "own-name", who wish to attend the annual general meeting must request their Central Securities Depository Participant ("CSDP") or broker to provide them with a letter of representation, or instruct their CSDP or broker to vote by proxy on their behalf. This has to be done in terms of the agreement entered into between the shareholder and their CSDP or broker.
3. **Dematerialised shareholders with "own-name" registration**
Dematerialised shareholders who have "own-name" registration must complete and return a form of proxy should they be unable to attend the meeting in person but wish to be represented thereat.

Voting:

1. All holders of ordinary shares will be entitled to attend and vote at the annual general meeting. On a show of hands, every holder of ordinary shares who is present in person or, in the case of a company, the representative appointed in terms of s188 of the Companies Act 1973 (Act 61 of 1973), as amended, shall have one vote.
2. On a poll, the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every ordinary share held.

Registered office:
ADvTECH Limited
364 Kent Avenue
Randburg
2194

Transfer Secretaries:
Ultra Registrars (Pty) Ltd.
11 Diagonal Street
Johannesburg
2001

Annual General Meeting Venue:
Deloitte & Touche
Auditorium
Building 3
Woodlands Office Park
Woodlands Drive
Woodmead

Tel: (011) 886-5100
Fax: (011) 781-1350

Tel: (011) 832-2652
Fax: (011) 834-4398

Tel: (011) 806-5000

March 2004
ADVTECH Share Reister
C/o Group Secretary
P.O. Box 2369
Randburg
2125

Notice to ADvTECH Shareholders

In terms of the Companies Act and the JSE Securities Exchange South Africa Listings Requirements, Financial Statements are sent to all certificated shareholders, and those shareholders whose shares are held by nominee companies that have specifically requested them. The proposed amendment to the company's Articles of Association (Special Resolution number 2 in the notice of the annual general meeting) will allow any shareholder to receive Financial Statements, circulars, notices of meetings and proxy forms by electronic means.

Shareholders who would prefer to receive shareholder information electronically are requested to complete the attached election form.

Shareholders are requested to take note of the following:

- Shareholders may withdraw their consent and apply to receive investor information via the current delivery methods again at any time, or are welcome to request individual Financial Statements, circulars or notice when needed.
- The date of the annual general meeting will be announced on our website, and copies of the notice and proxy forms will be available on request as well as on the website. www.advtech.co.za
- Shareholders may potentially incur cost with respect to this form of delivery (e.g. online time).
- In future, shareholders will have to notify the company and/or the transfer secretaries of any change to their email address.

ELECTION FORM

TO: ADvTECH Share Register, c/o Group Secretary, P.O.Box 2369, Randburg, 2125
Telephone: +27 (0) 11 886 5100 Fax: +27 (0) 11 886 4512
Email: contact@advtech.co.za

Please send all future Investor Information to my e-mail address, which is as follows:

Email address: _____

My particulars are as follows:

Surname and full first names: _____

Current postal address: _____

Number of shares held: _____

Account number: _____

Broker Name: _____

Nominee Company: _____

CSDP: _____

Signed at _____ on _____ 2004

Signature _____

