

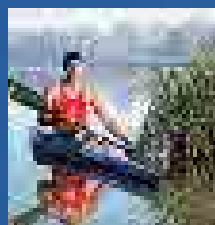
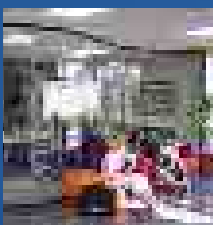
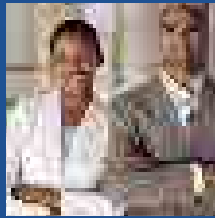


ANNUAL REPORT 2007



*Developing talent to succeed
in an ever-changing world*

One of the most constant features of life today is change. Institutions of learning, businesses, governments and countries around the world are having to respond to complex economic, social and environmental challenges. At ADvTECH our focus is on incorporating new concepts and life-long learning approaches in classrooms and corporations to give people the skills, confidence and opportunities they need to succeed in a fast-changing world.



CONTENTS

2	Financial highlights
4	Five year financial review
5	Ratios and statistics
6	Value added statement
7	Group profile
10	Chairman's letter to shareholders
12	CEO's report to stakeholders
16	Education
28	Resourcing
34	Sustainability



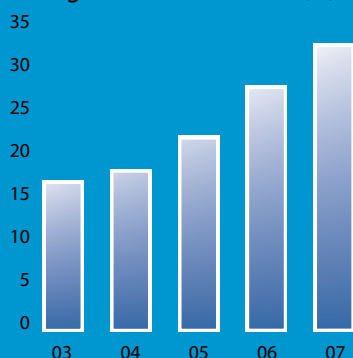
FINANCIAL HIGHLIGHTS

for the year ended 31 December 2007

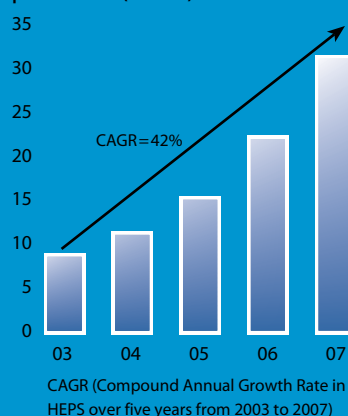
Revenue	▲ up 16%
Operating profit	▲ up 31%
Headline earnings per share	▲ up 41%
Distribution per share	▲ up 45%

R'000	%	2007	2006
Revenue	16%	962 711	830 129
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	30%	194 030	149 038
Operating profit	31%	160 548	122 284
Profit before taxation	37%	174 869	127 823
Ordinary shareholders' equity	27%	414 924	327 246
Total assets	25%	659 017	529 023
Distribution per share (cents)	45%	16.0	11.0
Net asset value per share (cents)	27%	105.4	83.1
Free operating cashflow before capex per share (cents)	5%	42.1	40.1
EBITDA margin (%)		20.2	18.0
Headline earnings per share (cents)	41%	32.0	22.7
Diluted headline earnings per share (cents)	42%	31.0	21.8
Number of employees (at year end)	8%	3 105	2 888

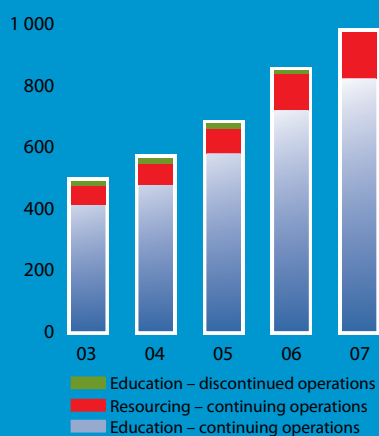
Headline earnings for the year on average shareholders' funds (%)



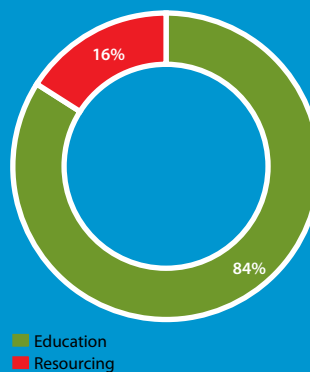
Diluted headline earnings per share (cents)



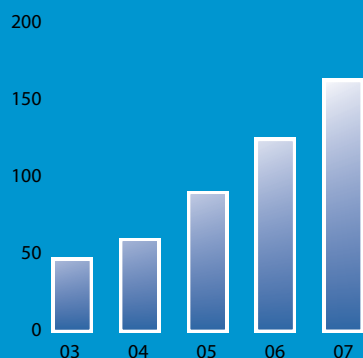
Revenue (R'm)



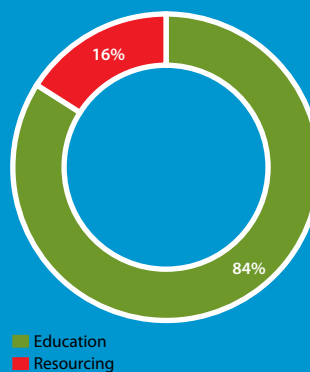
Divisional contribution to group revenue



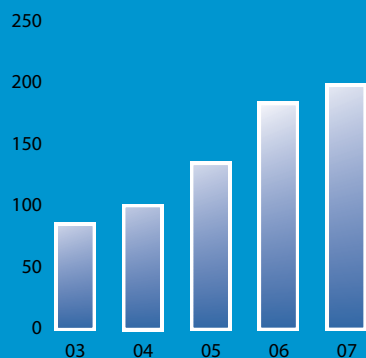
Operating profit (R'm)



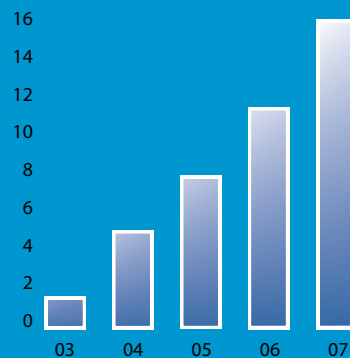
Divisional contribution to group operating profit



Cash generated by operating activities (R'm)



Distribution to shareholders (cents per share)



R'm	2007	2006	2005	2004	2003
Summarised Income Statements					
Revenue	962.7	830.1	661.0	554.9	485.8
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	194.0	149.0	112.6	78.4	65.4
Depreciation and amortisation	33.5	26.8	25.6	21.8	21.0
Operating profit	160.5	122.2	87.0	56.6	44.4
Net interest received/(finance costs)	14.4	5.5	0.1	(0.4)	(10.9)
Profit before other income statement items	174.9	127.7	87.1	56.2	33.5
Other income statement items	–	–	–	(5.7)	17.9
Profit before taxation	174.9	127.7	87.1	50.5	51.4
Taxation	52.9	38.5	27.2	12.2	0.1
Profit after taxation	122.0	89.2	59.9	38.2	51.3
Attributable to minority interest	2.8	2.9	2.1	1.4	0.8
Profit attributable to equity holders of the parent	119.2	86.3	57.8	36.8	50.5
Headline earnings	118.8	83.5	56.6	40.3	31.8
Summarised Balance Sheets					
Shareholders' equity	414.9	327.2	285.5	241.6	213.1
Minority interest	1.3	1.4	1.4	1.5	0.8
Interest bearing debt	10.9	18.1	23.2	35.2	78.6
Current liabilities	231.9	182.3	170.0	139.4	88.4
	659.0	529.0	480.1	417.7	380.9
Non-current assets	478.8	438.7	407.1	375.4	354.4
Current assets	180.2	90.3	73.0	42.3	26.5
	659.0	529.0	480.1	417.7	380.9
Summarised Cash Flows					
Cash generated by operating activities	195.3	180.2	131.6	97.3	82.2
Net cash inflow from operating activities	140.6	101.4	108.7	83.9	70.4
Net cash outflow from investing activities	(74.7)	(72.9)	(61.5)	(40.8)	(19.9)
Net cash outflow from financing activities	(7.2)	(5.1)	(7.9)	(0.8)	(24.1)
Net increase in cash and cash equivalents	58.7	23.4	39.4	42.4	26.4

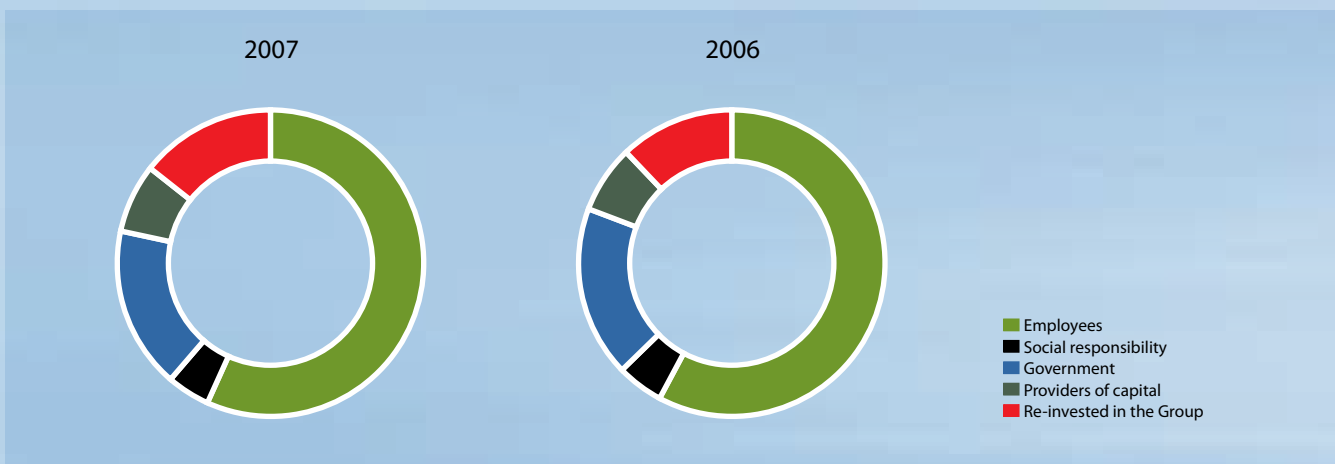
**The 2004 to 2007 results have been prepared in accordance with IFRS, while the 2003 year is disclosed in line with the accounting standards that applied at the time that they were prepared.*

	2007	2006	2005	2004	2003
Earnings					
Earnings per share (cents)	32.1	23.5	16.0	10.3	13.9
Headline earnings per share (cents)	32.0	22.7	15.7	11.3	8.7
Diluted headline earnings per share (cents)	31.0	21.8	14.9	10.9	8.4
Distribution to shareholders per share (cents)	16.0	11.0	7.0	4.5	1.0
Profitability					
EBITDA on revenue (%)	20.2	18.0	17.0	14.1	13.5
EBIT on revenue (%)	16.7	14.7	13.2	10.2	9.1
Headline earnings for the year on average shareholders' funds (%)	32.0	27.2	21.5	17.7	16.5
Productivity					
Per R1 000 of revenue:					
Payroll costs (Rand)	487.6	498.3	510.3	521.3	499.2
Finance					
Interest bearing debt as a percentage of shareholders' equity	2.6	5.5	8.1	14.6	36.9
Current assets to current liabilities	0.8	0.5	0.4	0.3	0.3
Operating cash flow per share (cents)	35.7	25.8	27.6	21.3	17.9
Free operating cash flow before capex per share (cents)	42.1	40.1	28.9	23.8	18.7
Net asset value per share (cents)	105.4	83.1	72.5	61.4	58.6
Debtors days as at 31 December	18.4	10.1	15.9	22.9	14.3
Interest cover	–	–	–	159.3	4.1
Other					
Total shares in issue (millions)	393.7	393.7	393.7	393.7	393.7
Weighted average number of shares in issue (millions)	372.0	368.0	361.9	355.7	363.5
Diluted weighted average number of shares in issue (millions)	383.0	382.9	381.3	370.2	377.1

VALUE ADDED STATEMENT
for the year ended 31 December 2007

R'm	2007	2006
Value added		
Revenue	962.7	830.1
Interest received	17.5	9.4
Cost of providing services	(247.0)	(216.2)
	733.2	623.3
Value distribution		
Employees		
Net benefits paid to employees	404.3	360.3
Social responsibility		
CSI and Bursaries	33.4	30.6
Government	136.9	112.5
Government taxes	52.9	44.1
Net VAT paid	18.9	15.1
PAYE	65.1	53.3
Providers of capital	53.3	44.4
Minority interest	2.8	2.9
Finance costs	3.1	3.9
Distribution to shareholders	47.4	37.6
Reinvested in the Group		
Retained to sustain and grow the Group	105.3	75.5
	733.2	623.3

VALUE DISTRIBUTION



OVERVIEW

ADvTECH focuses on the sustainable development of human potential. As a leader in education, training, skills development and career placement in the independent sector, ADvTECH makes a meaningful contribution to the deployment, development and management of South Africa's human capital.

EDUCATION DIVISION

A network of leading schools, tertiary and skills development institutions offers quality education in the pre-primary, matriculation, diploma, degree and postgraduate stages, including adult education, training and learnerships. The Independent Institute of Education (IIE) maintains ADvTECH's commitment to sound academic processes and governance.

RESOURCING DIVISION

The Resourcing Division offers significant value in niche areas of the placement industry, including turnkey personnel solutions, full- and part-time staff recruitment and contract employees.

EDUCATION BRANDS

There are three main areas within the Education division: Schools, Tertiary and Skills, each offering a branded and focused learning experience for students within a specific area of education.

Name	Focus	Date established	Location
	As the overarching academic body of the ADvTECH Group, the IIE is responsible for academic leadership and regulatory matters, academic governance, teaching, learning and quality management.	2005	
	A nurturing, loving environment ensures holistic development for children from the age of six weeks to six years.	1979	Gauteng: Fourways Bryanston Witkoppen Ext 6 Sunninghill Meyersdal KwaZulu-Natal: Cato Manor
 ABBOTTS COLLEGE	Catering for Grade 10, 11 and 12 students, the unique methods include the provision of top teachers, small classes, supervised homework, extra lessons and clinics, eight full reports each year, a wide choice of subjects and a personal mentor.	1971	Gauteng: Northcliff Pretoria East Western Cape: Claremont Milnerton
 CRAWFORDSCHOOLS PRE-PRIMARY • PREPARATORY • COLLEGE	With a proud record of academic success, CrawfordSchools™ measures the achievements of its students against globally benchmarked academic standards. The outstanding and well-rounded young adults graduating from CrawfordSchools™ are the product of personal attention to every child, every day, from their arrival in our schools at pre-Primary level to the final completion of their schooling at College level.	1993	Gauteng: Fourways Lonehill Pretoria Rivonia Sandton KwaZulu-Natal: North Coast La Lucia
 COLLEGE CAMPUS THE CAREER COLLEGE	Creating a memorable tertiary educational experience through extensive support for both academic and personal development. Career-focused certificate, diploma and degree programmes for full-time and part-time students are offered under the four IIE faculties viz. <ul style="list-style-type: none"> • Information Technology • Business • Leisure • Applied Humanities 14 accredited IIE qualifications are available at College Campus.	1997	Gauteng: Parktown Randburg Pretoria

EDUCATION BRANDS continued

Name	Focus	Date established	Location
 <p>(incorporates Imperial Underwood College – founded 1909 and IMD College)</p>	<p>Career-specific courses, individual attention and a unique life skills programme equip tertiary students for the demands of the workplace.</p> <p>Full-time and part-time programmes in a range of disciplines including:</p> <ul style="list-style-type: none"> • Applied Communications • Beauty Therapy • Business • Hospitality • Information Technology <p>Rosebank College offers 22 accredited IIE programmes.</p>	1948	<p>Gauteng: Braamfontein Benoni Pretoria</p> <p>Western Cape: Cape Town</p> <p>KwaZulu-Natal: Durban</p>
 <p>(incorporates Global School of Business)</p>	<p>Providing students with the knowledge and skills to compete in a dynamic work environment.</p> <p>Offering 15 accredited IIE certificate and diploma programmes in the following faculties:</p> <ul style="list-style-type: none"> • Information Technology • Leisure • Business • Applied Humanities <p>Additionally, Varsity College offers tutorial support for UNISA degrees from undergraduate to postgraduate level in commerce, education, law and humanities, as well as the Institute of Marketing Managements' Diploma in Marketing and Bachelor of Business Administration Degree.</p> <p>Varsity College offers programmes to both full-time and part-time students.</p>	1991	<p>Gauteng: Sandton Pretoria</p> <p>Western Cape: Gardens Rondebosch</p> <p>Eastern Cape: Port Elizabeth</p> <p>KwaZulu-Natal: Durban North Pietermaritzburg Westville</p>
 <p>The Brand Communications School</p>	<p>Vega embraces a holistic, creative and innovative approach to making a difference to 21st century business by developing and sustaining brands.</p> <p>Offering five accredited undergraduate and postgraduate degree programmes in branding and marketing communications.</p> <p>Additionally Vega offers part-time programmes and specialised corporate training.</p>	1999	<p>Gauteng: Johannesburg</p> <p>Western Cape: Cape Town</p> <p>KwaZulu-Natal: Durban</p>
<p>School of Business and Technology</p>	<p>Enhanced personal and career development to working adults through the provision of short learning programmes across a range of computing, management, finance and administration programmes</p> <p>The SoBT offers these programmes on all campuses of College Campus, Rosebank College and Varsity College.</p>	1997	19 venues country-wide
 <p>IMFUNDO</p> 	<p>Imfundo derives its name from its meaning and purpose; namely, to acquire skills and learning.</p> <p>Its core business is to build careers through training and skills development to both employed and unemployed individuals.</p> <p>Additionally it operates outsourced assessment and examination services in conjunction with the IIE and is involved extensively in Adult Basic Education and Training (ABET).</p>	1990	Head office in Randburg, training takes place on site at clients' premises

RECRUITMENT BRANDS

Each of the recruitment brands is distinctively positioned in its niche market to serve the individual needs of clients and candidates.

Name	Focus	Date established	Location
	Permanent, contracting and temporary staffing solutions in: <ul style="list-style-type: none"> • Finance • Human Resource • Office Support 	1978	Gauteng: Johannesburg
	Permanent, contracting and temporary staffing solutions in: <ul style="list-style-type: none"> • General Accounting • Specialised Finance 	1989	Gauteng: Johannesburg
	Permanent, contracting and temporary staffing solutions in: <ul style="list-style-type: none"> • Engineering • Finance • Freight and logistics • Information Technology (IT) 	1982	Gauteng: Johannesburg Pretoria Western Cape: Cape Town
	Focuses exclusively on Human Resource recruitment, providing temporary, contract and permanent staffing solutions.	2006	Gauteng: Midrand
	Provides contracting and permanent staffing solutions for the Information and Communications Technology (ICT) industry.	2000	Gauteng: Midrand Eastern Cape: Port Elizabeth
	Permanent staffing solutions in: <ul style="list-style-type: none"> • Engineering • Executive placement • Finance • Information Technology (IT) 	1987	Gauteng: Johannesburg Pretoria
	Permanent staffing solutions in: <ul style="list-style-type: none"> • Marketing • Market research • Media and sales • Public relations 	1998	Gauteng: Johannesburg
	Permanent staffing solutions in: <ul style="list-style-type: none"> • Engineering • Finance • ICT 	1986	Gauteng: Johannesburg

* A division of Kapele Appointments (Pty) Ltd, a BEE company within the ADvTECH Group.



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder

I have great pleasure in presenting my Chairman's letter to ADvTECH shareholders in this 2007 Annual Report. On 1 December 2007, I advised the Board of my intention to retire as Chairman in 2008 and this, therefore, will be my last letter to shareholders in that capacity.

Looking back to the commencement of my term in office as a non-executive director in 2001, I am reminded that the ADvTECH Group was then in a state of financial and organisational distress. Nevertheless, after a practical realignment of shareholder interests and a diligent analysis of the business units, the Board concluded that the Group's underlying education and resourcing business would retain their appeal and, properly managed, would in time present positive prospects for recovery.

While a complete restructure of the Board and management brought a new perspective, focus and order to the Group's activities, it was some years before the financial viability of the Group was finally restored and opportunities for growth and expansion could be considered with confidence.

In the event, through the effort and discipline of management, including certain judicious Board initiatives, ADvTECH has, since 2002, recorded an average compound annual growth rate in earnings of 42%. It is this very success which has made for my easy withdrawal as Chairman and added great satisfaction to my term in office.

No institution, public or private, can survive and prosper without strong executive leadership at the helm and talented and committed management in its ranks. ADvTECH has been fortunate to have recruited, nurtured and developed an energetic, loyal, highly qualified cohesive team. As a consequence, today, apart from a market capitalisation of almost R2 billion, ADvTECH is regarded as the premier private education and resourcing Group in South Africa.

When one considers the value of a quality education including the acquisition of skills, the independence that education provides, the positive impact on human growth and development, the earning power enhancement, the ability to obtain and retain employment and compete for recruitment, particularly for students from emerging and previously disadvantaged communities, one begins to appreciate the contribution that

ADvTECH's education business presents, as a feature of South Africa's growth, progress and future prosperity.

Gone are the days where the thought of private education conjures up such notions as exclusive, segregated, and expensive, catering only to the elite. The facts generally, and particularly applicable to the ADvTECH Education division, reveal a completely different picture. During 2007, ADvTECH Education had an enrolment of some 45 000 students across its campuses, of which over two thirds were historically disadvantaged individuals (HDIs). As inspiring is that ADvTECH's 967 matric candidates for 2007 achieved a 100% pass rate. One third achieved an "A" aggregate and, collectively, our matrices attained 1 814 distinctions. In similar vein, the Group's tertiary students achieved a pass rate of almost 80% across some 75 000 final examinations. The KwaZulu-Natal Varsity College graduating class of 2007 achieved a 100% pass rate in the BEd Degree for all registered subjects and four of our students were placed in the top 20 UNISA CTA examinations nationally.

Clearly these results are an impressive indication of the quality of our academic instruction and the reciprocal commitment to academic growth and achievement by the student body. These positive academic standards are generally applicable to the entire Education division and the Board, management and staff can feel immensely proud, not only because of the progressive contribution to the intellectual capacity and empowerment of the students enrolling each year, but also to the tens of thousands of the Group's past graduates who are now active in the South African economy. A small but growing number of these graduates are employed by the Group.

ADvTECH's smaller but potent Resourcing division has also made impressive progress over the years. Its excellent returns on capital employed confirm good support in the market, a prolific strike rate and efficient recovery of fixed costs. There is a distinct correlation between education and

employment and while there is a natural and convenient alliance between ADvTECH's two core business units, the Resourcing division has developed in its own right a reputation as one of the leading human resource placement networks in several specialised industry sectors for executive placement in South Africa. In 2007 alone, the Division created new career opportunities for over 4 300 candidates.

The value of ADvTECH's business is clearly revealed in the growing demand for our services, the quality of our offering, the strength and resilience of our business model and the substantially recurring nature of its revenues. Given this sound foundation and the efficiencies of each business unit, it is not unexpected that for the year ended 31 December 2007, their activities have translated into solid financial results. Group revenues increased in the year by 16% to R963 million. Operating profit increased by 31% to R161 million and headline earnings per share increased by 41% to 32.0 cents. As a result, the Board was able to approve a 45% increase in the total distribution from 11 cents to 16 cents per share, which includes a final distribution of 11 cents.

ADvTECH has made progress in transformation and sustainability with the guidance of the Board Transformation Committee and Academic Advisory Council. For 2007, 70% of students and over 50% of placements were HDI as defined in the DTI codes. Our management is 25% HDI (2006: 23%). Total HDI staff increased by 18% compared to an overall increase in staff of 8%.

I welcome Eric Shipalana as an executive director, Dr Felicity Coughlan as an alternate

director, and Dr Chabani Manganyi, a new appointee to the Academic Advisory Council. Given their experience and record, I have no doubt they will add enormous value to the Group.

I would also like to thank the Board of directors, our Chief Executive Officer, Mr Frank Thompson, our management and staff for their commitment and loyalty to the Group, and particularly pay tribute to the Group's non-executive directors for their wise counsel, their untiring support and their valuable contributions during our meetings and deliberations, not only during the past year but also throughout my term as Chairman.

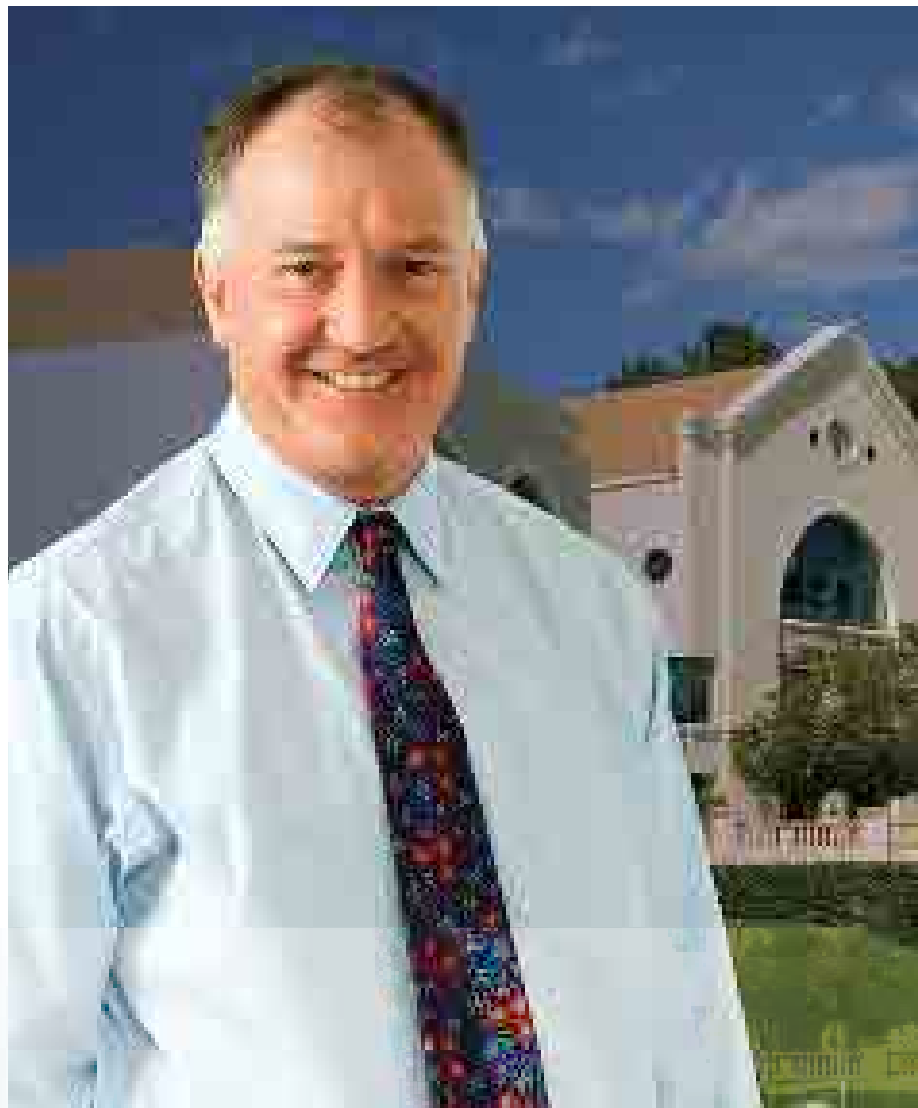
I would conclude that ADvTECH's business units are being well managed, the Group balance sheet is sound and, given the nature and continuing demand for the Group's specialised services, the prospects for future growth seem extremely favourable.

Shareholders will find more detailed information in the pages following this letter and I hope that the information contained in this Annual Report will leave you with the same sense of satisfaction as an ADvTECH shareholder as I have enjoyed as Chairman of the ADvTECH Group.



Sincerely,

Motty Sacks
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT TO STAKEHOLDERS

Once again ADvTECH delivered excellent academic, operational and financial results for the year ended 31 December 2007, against a recent economic background which posed a tougher challenge than was the case in the previous year.

These results were achieved through the growing strength of our brands, the resilience of our business model and a balance of academic and transformational growth. This enabled the Board to sustain our continuing investment in infrastructure and academic resources.

Education

In the Education division, infrastructure expansion and broader and more elevated service offerings continued to be economically complementary key factors in the Group's strategy and financial model.

The strength of this approach was highlighted during the year in our further interactions with the Higher Education Quality Council (HEQC) and other regulatory bodies on both a formal institutional basis as well as regular and constructive liaison. The HEQC accredited two additional qualifications offered by the Independent Institute of Education (IIE), the unique hybrid BA/BComm Degree in Brand Building and Management and the three year Diploma in Marketing, launched early in 2008 at the Vega and Rosebank College sites respectively.

With 33 programmes accredited across 19 campuses between NQF levels 5 and 7, the Group now holds the largest base of accredited higher education programmes in the independent sector.

Results across the spectrum of matric, final tertiary qualifications, year-end examinations and benchmarking evaluation were once again excellent, and the Group has been acknowledged for the excellence of its top scholars as well as the achievements and improvements in results achieved by the student body as a whole. The Group continues to monitor the progress of alumni at all levels and it is gratifying to report that they continue to make good inroads in their subsequent careers. By way of example, the most recent survey of our tertiary graduating class revealed that some 85% were either gainfully employed in their field of study (70%) or studying further in their field (15%). We are also proud to report that the Group staff complement includes 112 alumni.

The significant growth of our Education division to 45 000 students (2006: 39 000), reflecting an increase of 15%, is clear evidence of the potential of this market and our consistent approach to quality education. An important driver of growth in student numbers has been the increased uptake of short learning programmes (SLP) across the tertiary division. Another important facilitator of this growth has been the creation of new and improved campus capacity for students. Other interventions that have helped ensure safe and smooth campus operations, include the provision of facilities to meet operational exigencies, such as the power crisis.

Resourcing

The Resourcing division maintained a strong focus on the key niche markets of IT, finance and engineering, while also growing new sectors of sales, freight and HR. With further development of human capital and physical assets, the division was able to strengthen and grow its brands markedly during the year, increasing consultant numbers by 15% and nearly doubling office capacity.

Unemployment continues to be one of South Africa's greatest socio-economic challenges. Against this background, the Resourcing division increased output during the year to obtain new career opportunities for over 4 300 candidates.

Financial performance

Financial performance in the year under review was pleasing. The Group achieved a 16% increase in revenue to R963 million, a 31% increase in operating profit to R161 million, a 41% increase in headline earnings per share to 32.0 cents and a 45% increase in distributions per share to 16 cents.

The results were underpinned by sound operational performances. The Education division increased revenue by 14% to R813 million (18% if adjusted for the effect of Crawford Glenmore which was closed in 2006), while operating profit grew by 25% to R163 million, reflecting further management efficiency, growth and improved capacity

utilisation. The Resourcing division increased revenue by 26% to R150 million and operating profit by 53% to R31 million. The margin improvement in Resourcing was primarily the result of strong demand which assisted both volumes and prices and was coupled with good control of costs. Central administration costs increased by 23% due to the additional resources and management capacity put in place to accommodate the rapid growth of the Group.

Free cash flow before capex grew by 5% to 42.1 cents. This enabled the Group to remain in a net cash position throughout the year after funding capital expenditure of R78 million (2006: R65 million), corporate taxation of R22 million (2006: R47 million) and capital distributions of R47 million (2006: R38 million). The inherent nature of ADvTECH's working capital is based on payments for educational fees received in advance compared to arrear payments for services rendered to the Group, which gives rise to a structure in which current liabilities usually exceed current assets. This situation resolves itself in the normal course of trading on an ongoing basis.

The balance sheet reflects the impact of the capital expenditure programme with fixed assets having grown from R396 million to R441 million. Under working capital, trade and other receivables increased by R25 million to R49 million due to some significant amounts that in terms of the contracts only became due after year end.

The most recent survey of our tertiary graduating class revealed that some 85% were either gainfully employed in their field of study (70%) or studying further in their field (15%).

Payment has subsequently been received for most of these. Prepayments include a deposit of R4 million for the acquisition of a business with an effective date of 1 January, 2008. Fees received in advance increased by R18 million to R65 million and trade payables increased by R9 million to R137 million. The increase in taxation owing from R7 million to R30 million is a result of the timing of actual payments.

Corporate action

Tighter conditions and higher interest rates in the economy have brought an increased flow of more viable acquisition opportunities to our attention. One such opportunity was the purchase of the National College of Photography which was concluded to take effect as of 1 January 2008. This has allowed us to expand our service offering, with photographic courses available at Vega from the beginning of 2008. In addition, we have conditionally concluded two small transactions in recruitment which will enhance both capacity and performance in the coming years.

Our ability to make progress with these transactions further endorse our strength as a business and the validity of our model.

Transformation and sustainability

ADvTECH's management continued to make progress in transformation and sustainability in accordance with its mandate. We also continued to benchmark ourselves in these

areas by reference to the relevant DTI codes and the JSE SRI index.

In 2007, 70% of students and over 50% of placements were HDI. Further transformation appointments were made across the Group up to director level and management is now 25% black (2006: 23%). It is also worth noting that management is 65% female. Total HDI staff increased by 18% compared to an overall increase in staff of 8%.

The Group's value added statement illustrates clearly our extensive financial contribution to South African society with 55% of value being paid to staff, 19% to Government in the form of various taxes and 5% on Corporate Social Responsibility. This leaves a further 14% which is retained in the business to secure its growth and 7% as a return to the providers of capital.

Consistent with our approach of widening access to education for less privileged learners, in 2007 we committed a significant proportion of our profits to social investment, the bulk of which was allocated to bursaries, scholarships and financial support for deserving learners at school and tertiary level. This totalled R33 million (2006: R31 million), equivalent to 28% of headline earnings.

As responsible corporate citizens we aim for continuous improvement in the management of our environmental impact. Accordingly, in 2007 we finalised an Environmental policy focused on achieving and demonstrating sound environmental practices and performance with particular reference to engagement with the communities of which we are already a part or are seeking to join.

Litigation

Legal proceedings against Marina and Andry Welihocky remain in process. The discovery phase of this litigation has continued and this year the costs have been R0,4 million (2006: R1,1 million).

The Group's legal counsel remains satisfied with the merits of the claims in this matter and, save for legal costs, the Group has no further exposure.

Property Leveraging our assets

The key physical resources within Advtech are our people and our properties. The Properties division is responsible for facilities management, refurbishment and new developments at each of the campuses and premises owned or leased by the Group. The division also plays a part in the selection and acquisition of new sites and the procurement process for sites, services and contracts.

The overarching aim of the division is to enable the Education and Resourcing divisions to meet delivery targets and to position the Group to accommodate anticipated growth in demand – an important factor in our overall sustainability as a Group. A key part of this is to ensure that new facilities are brought into service on a "just-in-time" basis as far as possible, given that too early means wasted resources and too late means that customer service can be compromised. Every new property investment is assessed in the light of feasibility, cost, demographics, utilisation, resources and risk. Refurbishments and improvements are focused both on enhancing brand differentiation and promoting underlying commonality within brands, so that all brand sites across the country have the same look and feel, regardless of geographic location.

In the Education division, key property activities in 2007 included the relocation of Vega to the Bordeaux campus and two new sites for College Campus. Other activities were the refurbishment of Rosebank College in Braamfontein and the creation of additional capacity at Varsity College Benmore and at Crawford College North Coast. In line with the Group's commitment to raising the bar of excellence, we also continued to enhance facilities throughout the division. On the Resourcing side, we significantly increased capacity, with the division growing consultant numbers by 15% and the necessary provision being made for growth in the branch structure to serve the expanding market.

Going forward, we will continue to view a long-term horizon for the planning of infrastructural requirements within the Group's growth plans.

Staff

Understanding that our people are pivotal to our sustained business success, we strive to be an employer of choice by creating "A Great Place to Work". We achieve this through a culture of developing and rewarding high performance and a policy of developing and training our own people, the number of which increased in the year under review by 8%, from 2 888 to 3 105.

Our people come from diverse backgrounds and have a range of skills, but they share certain key attributes: a passion for what they do and a commitment to excellence. Education and employment are fundamental human issues and working in these fields often necessitates extraordinary levels of sensitivity, compassion and understanding. I wish to thank all the people of ADVTECH for the dedicated manner in which they perform

both their ordinary and their out-of-the-ordinary duties. In doing so they provide a solid foundation for growth and add value, not just to the Group, but to the lives of thousands of children, parents, tertiary students and working adults throughout the country.

Prospects

There is no doubt that we enter 2008 in a less robust economy than that which prevailed during 2007. Disposable incomes are likely to be affected by higher interest rates and growing inflation. Notwithstanding these factors and the perceived decline in business confidence, there is a growing appreciation by an increasing number of students and parents that quality education and instruction remains an essential factor for human development, economic capacity and independence. This trend of recognition is already revealed in the Group's 2008

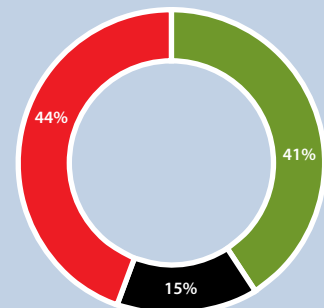


student applications and admissions and given this pattern, barring any unforeseen or adverse economic developments during the year, the Group expects to report further growth in earnings and positive cash flows during the next period.

Frank Thompson
Chief Executive Officer

Investment Programme 2005 – 2007

Major infrastructural investments brought into use

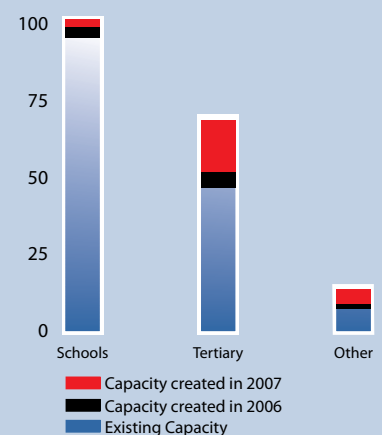


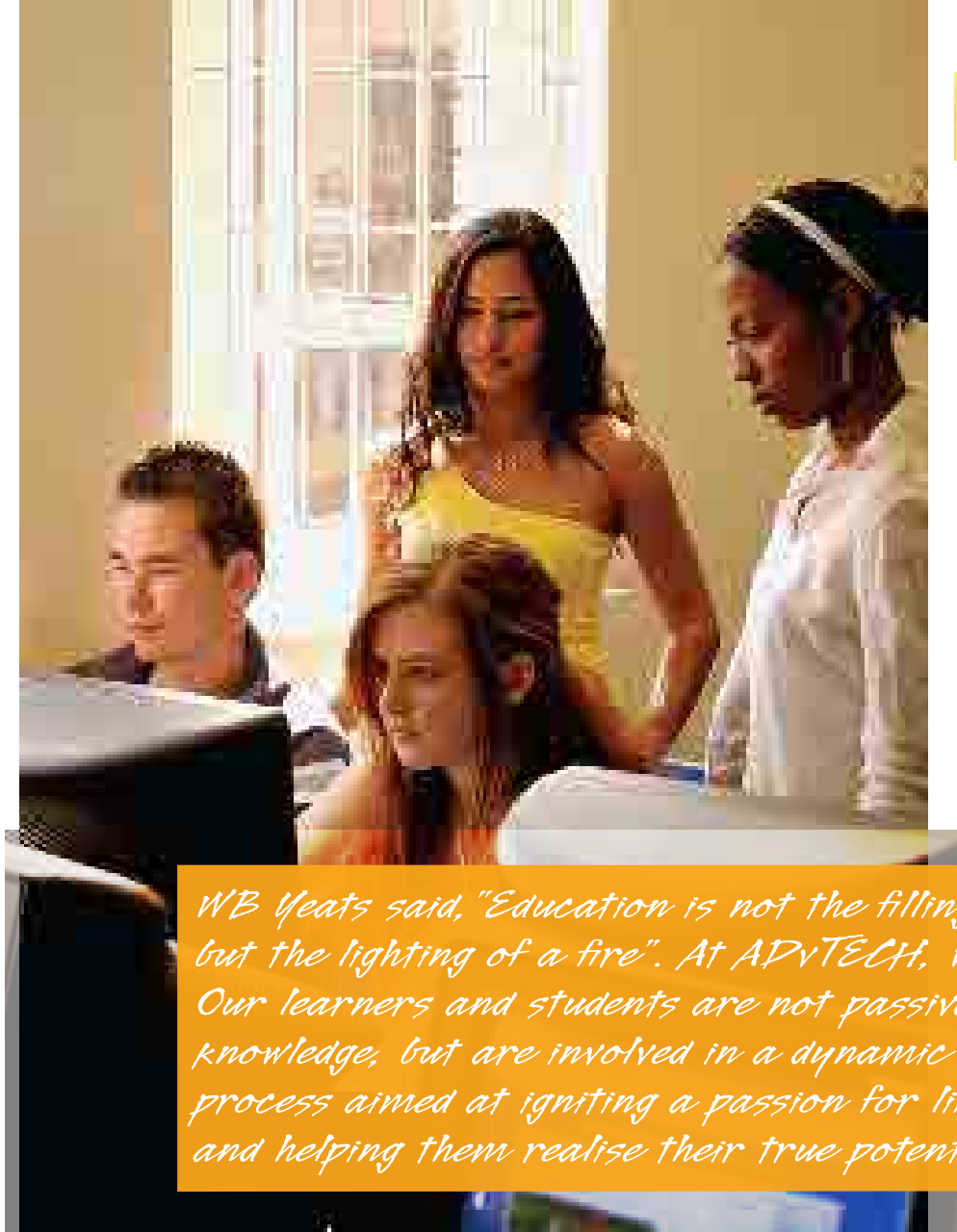
Total R212 million

■ Tertiary properties
■ School properties
■ Infrastructural equipment

Indication of additional capacity created in 2007

Based on square meterage created ('000m²)
Total capacity created to date 177 500 m²





WB Yeats said, "Education is not the filling of a pail, but the lighting of a fire". At ADVTECH, we take this to heart. Our learners and students are not passive recipients of knowledge, but are involved in a dynamic and interactive process aimed at igniting a passion for life-long learning and helping them realise their true potential.

EDUCATION DIVISION

The Education division comprises a trend-setting network of schools, tertiary, learnership and skills development brands catering for the needs of learners across the spectrum of education. This starts at pre-school level and continues with school, undergraduate, postgraduate, corporate training, skills development, adult basic education and learnerships. These activities are undertaken at 50 sites and campuses across South Africa under the guidance of the Independent Institute of Education (IIE). The Education division is the major contributor to the Group's operations and financial results.

ADVTECH's educational brands operate in an environment that is dynamic, well-resourced and nurturing. Students are afforded the opportunity to realise their academic aspirations and equip themselves to compete in the demanding work environment of today and the coming decades. Each individual is exposed to a wide range of experiences designed to develop their intellectual, cultural and physical capacity while unlocking their potential for excellence.

Over the years we have made significant investments in academic initiatives such as advanced teacher training, increasing expenditure on academic co-ordinators, as well as enhancing learning materials and assessment methods. Our aim is to make a positive impact on the lives of our students and, in the longer term, to facilitate their career planning and job placement.

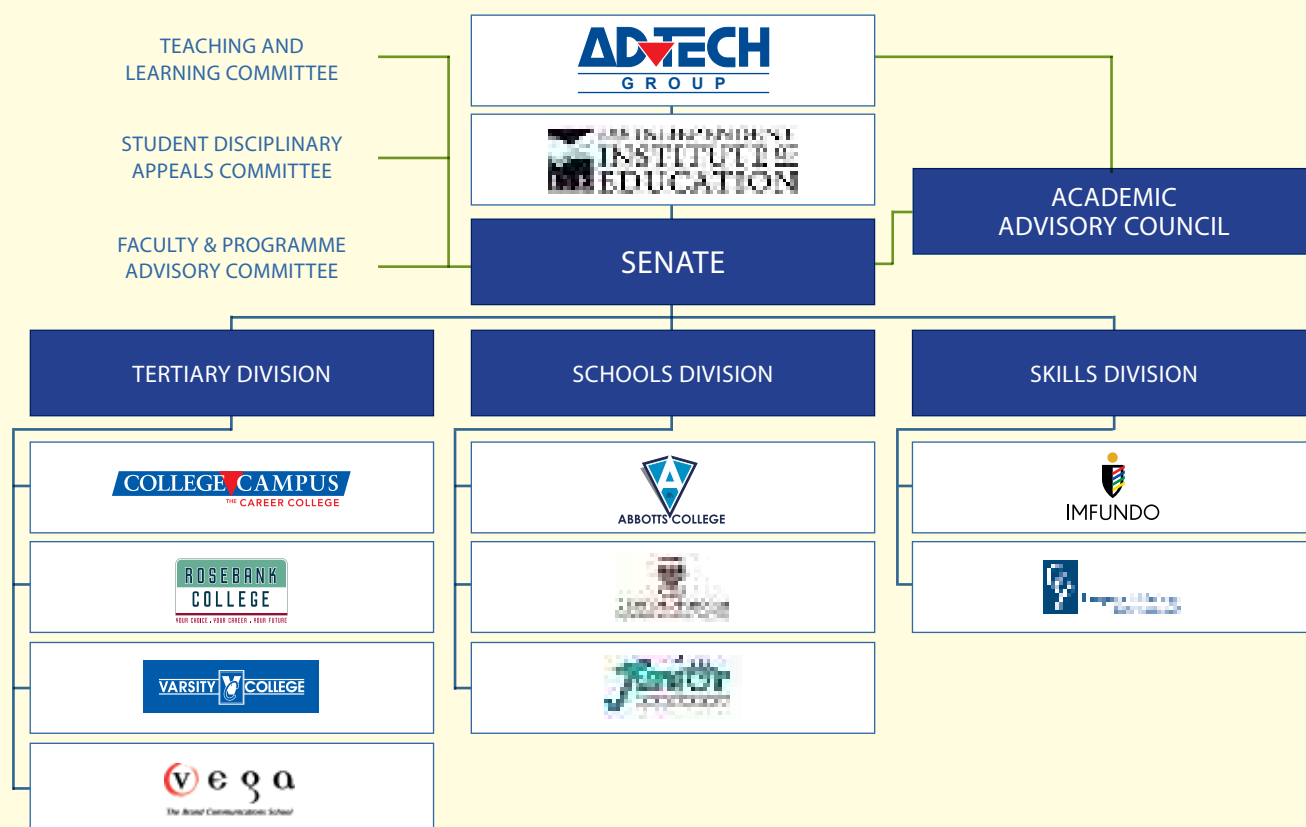


2007 HIGHLIGHTS

- Full time matric candidates at CrawfordSchools™ and Abbotts College achieved 100% pass rate
- The Schools division made a significant contribution to the national output of higher grade Mathematics and Physical Science
- Matric candidates at CrawfordSchools™ were very successful in the arts, with averages per candidate of 87% for Art, and 82% for both Drama and Dance
- Crawford College Pretoria was awarded the trophy for the top independent school in Gauteng
- CrawfordSchools™ matriculants averaged 2,65% subject distinctions per candidate
- Malebelo Maphutha from Crawford Lonehill was honoured with a Thabo Mbeki Matric Merit award
- Black matriculants at Abbotts College again secured more passes on higher grade Mathematics than any other higher education institution in the country
- A BA/BComm Degree in Brand Building and Management was launched at Vega
- Vega students won 19 Loerie awards – more than any other creative school in the country
- The Group's tertiary students achieved a pass rate of almost 80% across 75 000 final examinations
- The national pass rate at Rosebank College increased by 4%
- Four Varsity College students were placed in the top 20 students nationally for the UNISA BCompt Honours programme (CTA)
- The KwaZulu-Natal Varsity College BEd graduating class of 2007 achieved a pass rate of 100% for all registered subjects.



INDEPENDENT INSTITUTE OF EDUCATION



"No other private institution can provide as many accredited programmes, on as many sites and over as many academic fields - let alone with the same level of quality assurance as we do. The important thing is that we have been able to achieve this without having to sacrifice the particular differentiation that makes each brand so successful in its own right."

*Dr Felicity Coughlan
Director of the IIE*

The Independent Institute of Education (IIE) is the overarching academic body for the ADvTECH Group. In addition to oversight of the Group's schools, adult education and training activities, the main focus of the IIE is to be a leader in providing, through ADvTECH's various private educational institutions, high quality, career-focused Higher and Further educational programmes.

The IIE assumes ultimate responsibility for academic leadership and governance of all programmes. This includes programme development and review, monitoring of individual site capacity, quality assurance, continuous assessment and final certification. The IIE also establishes and maintains relationships with the relevant Government bodies and consults with industry stakeholders in order to ensure that qualifications are relevant and current. The IIE's disciplines include General Education (including ABET), Further and Higher Education Qualifications as well as Short Learning and Skills Programmes.

ADvTECH has established the Academic Advisory Council (AAC), which includes leaders in both industry and education, who advise the Board, Senate and the IIE on all academic matters. Senate is the ultimate academic decision-making body and develops academic policies for the Group. It has been structured to comprise full-time academic staff, including academic management and elected representatives of the student body and teaching staff. Representatives of management attend as observers. Senate is responsible, either directly or through its committee structures, for teaching and learning, libraries, student discipline and faculty oversight. Programmes are reviewed and updated under the academic leadership in each of the four faculties – Business, Leisure, Information Technology and Applied Humanities. Each faculty is guided by a Programme Advisory Committee, which includes appropriate external industry expertise, in reviewing programmes and curricula to ensure that they remain current, progressive and relevant.



The IIE ensures that quality assurance is effective and transparent by encouraging students to provide feedback and by making its contact details available to all students.

In South Africa, the Department of Education (DoE) is required to register all academic institutions and their programmes. Before qualifying for registration, accreditation by at least one national assurance authority is necessary. The Council for Higher Education (CHE) accredits all qualifications at Higher Education level. At Further Education level, which includes schools, accreditation is granted by UMALUSI. At training and skills development level, where necessary accreditation is granted by the relevant Sectoral Education and Training Authorities (SETAs). In 2007, in the culmination of years of groundwork by the IIE, the DoE registered the IIE as a private Higher Education provider thus replacing existing registrations held by individual institutions in the Group.

Following this outcome, the Higher Education Quality Council (HEQC), a permanent sub-committee of the Council for Higher Education, audited the IIE's programmes. This audit focused on the institutional academic quality assurance arrangements (from staffing to governance to libraries) across all tertiary sites. Initial feedback endorsed the progress that the IIE as a whole is making in quality assurance and concurred broadly with the Group's internal assessment of development priorities.

Two additional qualifications were accredited by the HEQC in 2007 – the BA/BComm Degree in Brand Building and Management and the three year Diploma in Marketing which will be offered in 2008 at the Vega and Rosebank College sites respectively. During the latter half of 2007, the Further Education programmes offered by the IIE were approved by the relevant SETAs. This achievement means that the IIE holds

Tracking success

To measure the efficacy of programmes and facilitate continuous improvement, the IIE has commissioned graduate tracking projects for diploma, certificate and degree programmes. Preliminary results from these projects are encouraging.

In the most recent tracking study, a statistically valid sample of some 900 recent diploma and certificate graduates indicated the following:

- 61% were employed and a further 26% pursued a further qualification after completing their studies with the IIE.
- Of the employed students, 67% entered first positions directly related to their chosen field of study.
- A fair proportion of the remaining students are travelling or have not entered employment for other personal reasons.
- 63% were willing to support or mentor current students through an alumni association.

On the degree programmes, the latest tracking data reveals:

- 70% of the 2003 graduates were employed within six months of graduating with a further 16% self employed and 1% studying at a postgraduate level. Many of the 13% who were not employed were travelling.
- 72% of the 2004 graduates were employed within six months, 5% were studying at postgraduate level and 2% were self-employed.
- 78% of the 2005 graduates were employed, 9% were self-employed and 5% were studying further at postgraduate level.

33 accredited programmes across 19 sites. The IIE plans to continue the development of vocationally orientated programmes at both Further and Higher Education level, as well as other focused learning programmes to meet the skills needs of students in a range of industries and sectors.

The confirmation of accreditation and registration with the DoE has affirmed our sites as centres of excellence, giving us a national footprint and has placed us in a market leadership position. As a nationally accredited provider, we can significantly enhance our offering to our target market. What this means in practical terms is that a student could move from Johannesburg to Cape Town, complete their accredited qualification and have the same educational and social experience at a different campus.

Quality is a benchmark not just of ADvTECH's academic governance systems, but also of our people, who represent a significant pool of experienced academic and operational leaders. As at December 2007, the Group's employees held 48 doctorates and 275 master's degrees, representing collectively a significant body of intellectual capacity and academic leadership.

Lifelong learning is a core value of the ADvTECH Group and accordingly, the IIE supports enhancement of qualifications, academic learning and personal development through bursaries, academic leave, mentoring of research and publications such as The Journal of Independent Teaching and Learning, first published in 2006. The IIE provides developmental support to those wishing to publish for

the first time, while simultaneously providing the academic norm of blind peer review for final publication. The journal makes a valuable contribution to education nationally through this combination of development and high quality peer review

Junior Colleges

At Junior Colleges, our aim is to develop and nurture children from infancy to six years of age so that they will venture from our schools as positive and secure individuals, ready to face their schooling future with confidence.

Our nursery offering for the very young includes stimulating, beautifully decorated and "baby friendly" crèches for babies from six weeks old. We have created a special, warm and welcoming atmosphere.

This emphasis on care extends all the way through Junior Colleges, as we believe the foundation phase is the most critical stage of a child's journey through education. It forms the basis of building confidence and self-esteem, learning and socialising, as well as cultural and creative growth. We also consider areas such as fine- and gross-motor co-ordination and perceptual development to be vital.

We foster learner participation in events, including Eisteddfods, puppet shows, outings, sporting events and Parents' Days. In the classroom, we promote the use of electronic whiteboards and interactive learning. In the year ahead school principals will be attending a course in neuro-cognitive development and this will be incorporated into our teaching methods. In keeping with our focus on making learning fun, we will also be introducing THRASS (Teaching Handwriting Reading and Spelling Skills), a phonics programme based on a revolutionary, fun approach to reading and spelling.

Junior Colleges sustains a happy track record of sending well adjusted children out into the world, ready and eager to start "big school".

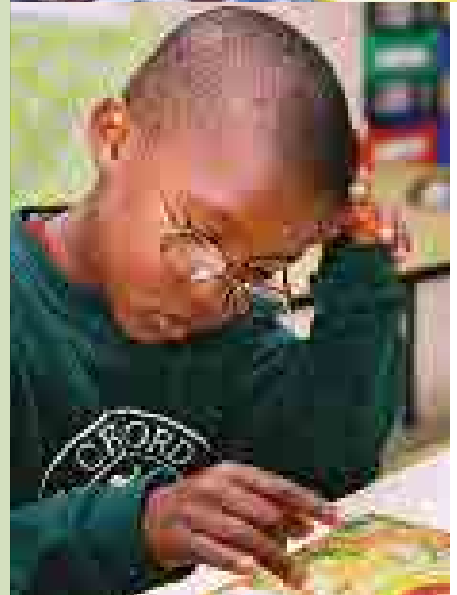
Abbotts College

The reputation of Abbotts College has spread well beyond the borders of South Africa, with the College recognised as one the top feeder schools to universities and tertiary



Extending the Abbotts College network of care

At Abbotts College, our emphasis is on inclusivity, embodied in our 'network of care' which begins with eight reports a year and is focused on bringing out the best in each of our learners. The network of care extends throughout the college community. This was highlighted when Lee-Anne Rafferty, a teacher at Abbotts College, Milnerton initiated a project to upgrade the RDP house of one of the college's support staff members, Ethel Mashalaba. The house, situated in Khayelitsha on the Cape Flats was unplastered, unfurnished and had only one tap. Lee-Anne spearheaded a drive to become involved. Fittings – such as a bath and kitchen sink – as well as finishes and furniture were provided, and Lee-Anne and her team put in time and labour to complete the outstanding work on the house.



colleges throughout the country. In addition to a sound academic programme, we also offer varied, fulfilling cultural and sporting activities. Such is our confidence in the quality of our education and the determination of our students that we offer a money back guarantee.

Our focus is on optimising the individual worth of each particular student and helping them find the right career path. A Shadow Work Placement Programme forms an integral part of the Grade 11 year and our Career Targeting Schools prepare students for careers in the fields of Mathematics and Science, Business, Hospitality and Tourism, Art and Design.

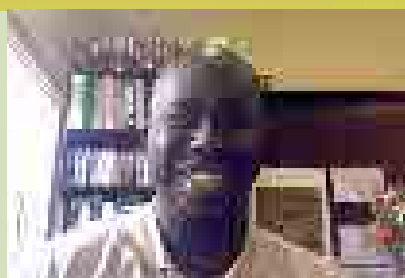
Our 435 matriculation candidates distinguished themselves with 100% pass rate and 404 distinctions in aggregate. We also excelled in producing more black students passing Mathematics at higher grade than any other institution in South Africa.

The decision by the Botswanan Government to terminate a funding programme for secondary learners studying in South Africa impacted directly on enrolment numbers for 2007, including in our hostel system. Accordingly, we merged our Durbanville college into our nearby Milnerton campus and all Grade 10 and 11 students were offered places at Milnerton. Most staff were offered positions either in Milnerton or elsewhere within the Group. It is gratifying to report that continued demand and a focused marketing campaign have had a positive impact on student numbers for 2008.

2008 is the first year in which candidates will write the Senior Certificate according to the new outcomes-based curriculum. While the curriculum is highly demanding in the Mathematics and Science fields, given the fact that these are particular areas of strength at Abbotts College, we look forward to another year of outstanding results.

Lasting solutions through environmental education

At CrawfordSchools™, we recognise that education takes place within a constantly changing context. To ensure that education remains relevant, teachers participate in a variety of forums and conferences. A case in point was the World Environment Education Conference (WEEC) held in Durban in July 2007. Here it became evident that teachers have a key role to play in focusing on real outcomes to change values and behaviour through the principles of sustainable development and respect for the environment.



In the words of Thami Nkabinde, a Geography teacher at Crawford College, Fourways: "Our simple lives contribute to complex global environmental problems and we must have a more hands-on approach to environmental education. Learners must become aware of switching off lights and geysers, of the dangers of veld fires and of keeping the environment clean".



"Crawford is a very special place. There is such a warm environment and it is like a close-knit family. Everybody cares about you, really tries to help you and inspires confidence both in yourself and your skills."

Benji Rosman,

Matriculant in 2007,

*Crawford Sandton, BSc Computer Science and Applied Mathematics 2006 (Wits)
Double Honours Degree Computer Science and Applied Mathematics 2007 (Wits)
Vice Chancellor's Scholarship 2004*

CrawfordSchools™

At CrawfordSchools™ we believe in a holistic education where academic excellence, good citizenship, leadership and sportsmanship are developed. Our focus is on a positive, nurturing environment, where individuality and mutual respect are promoted. This ensures that Crawford graduates are well rounded, confident individuals who are able to think, understand and apply the education and life skills with which they have been equipped. Our students are prepared for responsible adulthood and potential leadership.

With a choice of up to 23 subjects, students are offered the opportunity to pursue special areas of interest and we provide the opportunity for pupils to participate in as many different activities as possible. An indication of the popularity and importance of sports at CrawfordSchools™ is that, although not compulsory, approximately 90% of Preparatory School pupils and 80% of College students participate in sport. In 2007, CrawfordSchools™ had 218 provincial and 23 national representatives flying the Crawford flag in the sporting arena.

A key feature of the CrawfordSchools™ approach from Grades 4 to 12 is reliable, continuous assessment. Assessment is a process of gathering valid and reliable information about the performance of the student on an ongoing basis against clearly defined criteria in order to monitor progress

and provide appropriate, motivational support. Examinations are just one of the methods used to assess students' progress, but these allow for national and international benchmarking of Crawford students. In addition to the National Senior Certificate, the following benchmark examinations are offered:

- Schools International Assessment Tests (SIAT) – formulated by the Educational Testing Centre of the University of New South Wales in Australia and used throughout Australia, New Zealand, South Africa, the USA, China, India and several other Asian countries, these tests are conducted in English, Mathematics and Science.
- General Achievement Test (GAT) – broadly similar to the American SATS assessment, this is written in June each year by all our Grade 12 students.
- Victorian Curriculum and Assessment Authority (VCAA) – written by Grade 12 students as their Preliminary examinations in August/September, the VCAA Certificate of Equivalence gives students the advantage of leaving school with an internationally benchmarked certificate.

To enhance students' learning, all our teachers are trained in different fields and subject specialists work with Science, Life Orientation and English teachers. Other training includes fields as diverse as International Computer Driving Licence,

interactive white boards, Apple computers, THRASS and neuro-cognitive development.

At pre-primary level our child-friendly environment ensures that each child's physical, social, emotional and intellectual needs are met. Physical activities focus on specialist physical education and neuro-cognitive development, while cultural and creative activities emphasise movement and dance, as well as drama, art and music. Learning programmes include Computer Literacy, Numeracy, Literacy incorporating THRASS, and Life Skills, in keeping with the National Curriculum and enriched with additional extension activities.

Our preparatory schools introduce pupils to the Crawford standards of academic, cultural and sporting excellence. Academic excellence is achieved through a philosophy

*"We were inspired
to achieve results beyond any
we thought we were capable of,
not only academically,
but in all aspects of life."*

Craig and Ryan Jonsson

Matriculants in 1995 at Crawford Killarney

Joint managing directors of

Advanced Product Technology

Founders of the Orange Mountain Bike agency



of "Think, Understand and Apply." Small classes ensure individual attention and a code of conduct ensures that pupils are taught personal responsibility from an early age.

The 2007 matriculation results continued to uphold the CrawfordSchools™ standard of excellence. Crawford achieved a 100% pass rate of full-time candidates and a university exemption rate of nearly 98%. Our 532 matric students averaged 2.65 subject distinctions including 133 for Mathematics and 89 for Science, both at higher grade. Performance in arts and culture was also noteworthy, with averages per candidate of 87% for Art, and 82% for both Drama and Dance.

A highlight was the achievement of Malabelo Maphutha from Crawford College Lonehill, in being honoured with the Thabo Mbeki Matric Merit Award. Run under the auspices of the Thabo Mbeki Education Trust, these awards recognise the 18 top-performing matriculants in the country by the awarding of a certificate and through financial aid for their tertiary education. In addition, Crawford College Pretoria lifted the honour of top independent school from Crawford College Sandton, confirming the Group's impressive position as the top independent school in Gauteng for the past eleven years.

CrawfordSchools™ are well prepared for the challenges of the new National Senior Certificate outcomes-based curriculum and look forward to another year of outstanding results.

College Campus

At College Campus we strive to equip students with the skills that will enhance their employment opportunities and their ability to make an effective, positive contribution to industry. We make this a reality through career advice, study options and support for both academic and personal development. Our aim is to provide our students with the highest quality career-focused education. Key features of all our qualifications include the integration of theory and practical application through simulated workplace environments.

To enhance this focus, academic teams and the Student Forum Bodies (SFBs) organised very successful Career Expos on all three sites during the course of the year. Other key activities included new academic management structures to improve management efficiency and academic delivery.

A vibrant campus life is an integral part of the College Campus experience. Towards the end of 2007, our Parktown and Randburg campuses moved to new facilities which strongly reflect our friendly, energetic corporate identity and have enabled us to meet significant growth in demand. New facilities include more lecture rooms, study and research areas, as well as upgraded library, canteen and parking facilities. SFBs were established on all three campuses in 2007 to encourage and promote student participation in campus life.

Looking forward, a focus area for 2008 will be the creation of additional capacity for growth. We will also be implementing additional academic capacity on all our campuses through the appointment of a vice principal: academics.

Rosebank College

In 2007, Rosebank College continued to deliver on its promise of providing an urban educational experience which has relevance, currency and credibility with its stakeholders. The success of this is reflected in good growth in both full- and part-time enrolments. The national pass rate across all subjects and programmes increased by 4% from 2006.

Particular successes were achieved in the following programmes, (student pass rates shown in brackets):

- Certificate in Beauty Therapy (88%)
- Diploma in Programming (77%)
- Certificate in Construction and Engineering Drafting (73%)
- Diploma in Hotel Management (73%)
- Diploma in Sport Management (73%)
- Diploma in Media Studies and Journalism (71%)

The high standard of education offered by Rosebank College was affirmed by the Higher Education Quality Committee (HEQC) who visited the Rosebank College sites during the 2007 audit. The Braamfontein campus also hosted the HEQC audit panel for their review of all the IIE tertiary sites.



Creating a sense of responsibility

At College Campus, we strongly believe that in order to achieve personal development, learning should extend beyond the curriculum. Accordingly, we promote participation in corporate social investment and community projects. One example of this is our association with Heartbeat, a non-profit organisation which assists orphans with government grants, support group care, home visits, food parcels and aftercare facilities. In April 2007 in conjunction with Heartbeat, College Campus students visited the children at the aftercare facility approximately twice a month on Saturday mornings, where they participated in and extended the children's activities. The students were accompanied by the student relations manager, who is responsible for community outreach programmes. The outreach programme was focused not just on benefiting the children, but also on giving the volunteer students a greater sense of community and belonging.

Rosebank College has invested in building capacity from both a staff and infrastructure perspective. In staffing terms, we grew both at regional and national level. At national office level the focus was on academic quality assurance and systems development. At site level, the focus was on growing management capacity and the academic staff base in order to ensure the sustainable growth of Rosebank College. Many of the current managers have been internally developed and groomed. Building a team of vice-principals and department heads who can lead their teams has been the core focus of these capacity building initiatives. The majority of this mid-level tier of managers is black and underscores our focus on

developing equity appointments effectively. The significant increase in the permanent academic staff base represents a critical investment in our future and highlights the academic governance and leadership example set by the IIE.

In terms of infrastructure, facilities at the Braamfontein site were upgraded, with the refurbishment of the reception, offices, canteen and the addition of a campus radio station and cyber centre. A highlight was the move of the Boksburg campus to a custom fitted facility in Benoni. The accessibility and convenience of the site has led to a significant increase in the number of part-time students.



Rosebank College: turning dreams into reality

Driven by the dream of a career in radio, Mpumelelo 'Lelo' Mzaca enrolled for a two year Diploma in Media Studies and Journalism at Rosebank College, Braamfontein. Mpumelelo received his diploma in 2005 and today he is a news and sports journalist at Classic FM. Rosebank College's emphasis on programmes that are fully integrated with work experience stood Mpumelelo in good stead. He comments, "The lecturers at Rosebank College went the extra mile in motivating students by encouraging us to work hard towards a career. In fact, while studying I got my first job at Classic FM. Highlights at the College were our practical sessions where we were tasked to get stories and monitor all forms of media. I want to live up to my name 'Mpumelelo' which means 'success'. Rosebank College equipped me with the necessary knowledge to get ahead and do it!"



Varsity College

At Varsity College, we strive to ensure that our students get a head start in an increasingly competitive marketplace through personalised attention, a culture of open debate and discussion and a combination of theoretical and experiential learning. The well structured academic calendar and timetables allow students to obtain various practical workplace experiences and to develop those critical skills relevant to their own futures. Students' ability to obtain work is facilitated by the fact that our campuses are situated close to residential and commercial hubs in each of the major centres.

The success of our dynamic approach to learning was underscored by a healthy increase in student enrolments and in the number of subject distinctions achieved during the year. There was a high success rate in information technology SLPs, with 84% of adult learners successfully completing IT SLPs. Four Varsity College students were placed in the top 20 students nationally for the UNISA BCompt Honours programme (CTA), a highly impressive result for a very demanding programme. The KwaZulu-Natal Varsity College graduating class of 2007 achieved a 100% pass rate in the BEd Degree for all registered subjects. These achievements were echoed on the sport field, with many of our students obtaining provincial and national sporting colours.

"My favourite thing about Varsity College is the mix of people. There's genuine diversity and yet somehow everyone seems to be on a similar wavelength. Everyone's focused on getting somewhere in life."

*Nkanyiso Msiya
Diploma in Sport Management*

Engaging with communities

Student relations managers (SRMs) on each Varsity College campus ensure that our students have the opportunity to become involved in their communities. This ranges from initiatives such as Captain Courage or Queen for a Day, in conjunction with Reach for a Dream, to on-campus events like shave-a-thons to raise funds for the South African National Cancer Association (SANCA).

The VC Cares Committee, comprising of Varsity College students, assisted the SRMs in organising these initiatives.

Students are also encouraged to participate in a wide variety of social and sporting activities available on and off campus. A Student Liaison Body (SLB) on each campus is responsible for organising events throughout the year.

In order to ensure that we continue to deliver on our brand promise to all stakeholders, in the year under review we made significant investments in academic delivery. Three additional national heads of department were appointed together with a national SLP co-ordinator. These national staff have a direct link into the IIE and represent Varsity College at IIE Faculty Board meetings as well as IIE Teaching and Learning Committee meetings.

We expanded academic capacity at all Varsity College sites through the appointment of additional full-time academic staff members. To further support our drive for excellence, new academic initiatives and further educational developments were tabled at eight academic conferences held in 2007 and attended by a broad base of delegates, ranging from national and site Heads of Department, national and site librarians, site academic development co-ordinators (ADCs), site student relations managers (SRMs) and site SLP co-ordinators amongst others.

The ADCs have implemented strategies that have improved the academic delivery of our lecturing teams and provided the students with additional quality academic support, including:

- improved lecturer induction and orientation

- lecturer skills development workshops at the sites
- the implementation of a student performance tracking and support system
- student support workshops.

Outside the lecture theatre, students have access to a wide range of resources and facilities. Our library offers access to extensive electronic information resources and is well stocked with books, periodicals and journals. Dedicated library staff ensure that students have full access to the resources they need to meet their academic requirements. In 2007, library staff capacity was increased by 80% in order to service the growing number of students.

To underpin further Varsity College's rapid growth, additional offices were established in Gauteng and the Western Cape in order to enhance the national support structure and strategic direction of the brand.

Looking forward, with all campuses either at capacity or quickly reaching capacity, new sites are being considered at various locations around the country. This will ensure the next exciting phase in the growth and development of the Varsity College brand.



Vega

Since inception in 1999, Vega has established a reputation for producing graduates who perform exceptionally well within the marketing and creative industries. This success is based on a combination of theoretical and practical teaching including simulations of real-life advertising agency scenarios, an internship at one of the top marketing and branding communication agencies during third year and preparation of a world-class portfolio by each graduating student. Around 85% of our graduates are placed within the advertising and marketing industries, with a majority joining established agencies.

Pass rates underlined the high standard of teaching and in the year under review these were:

- BA in Communications Management – 95% (one distinction)
- BA Honours in Brand Leadership – 96% (three distinctions)
- BA Honours in Communications Management – 77%
- Diploma in Communications Management – 100%.

Vega's growing reputation was given a boost when students from the three campuses won 19 of the 43 student awards at the 2007 Loerie Awards, made up of four gold, three silver and 12 bronze awards.

A highlight in the year under review was the introduction of a unique hybrid BA/BComm Degree in Brand Building and Management, which will be offered from the beginning of 2008. The three year degree combines the theoretical academic elements of business and brand management with creative hands-

Ulimi Lwami – finding a common language

A joint initiative between Vega and the SABC, Ulimi Lwami is dedicated to creating communication that is both conceptualised and delivered in the mother tongue of all South Africa's inhabitants. Ulimi Lwami Centres are located at Vega's Johannesburg, Durban and Cape Town campuses. At these centres students are trained to create culturally relevant communication aimed at a South African market in a way that realistically identifies the social and linguistic differences between the diverse groups within

our borders. The focus is on facilitating the creation of brands that embody a truly South African language based on a firmly rooted cultural information base.

Workshops and short courses in cultural sensitivity and diversity are offered at these centres, as well as isiZulu, Sesotho and isiXhosa language courses aimed at communicators who are not already versed in these languages. Courses are incorporated into the curricula of Vega's many brand-based qualifications and are also available to external media professionals looking to expand their frames of reference.

on practical programmes. The degree is groundbreaking in that it combines the previously separate disciplines of business management and creative application and is based on a hybrid approach to strategic, financial and creative business solutions. We were able to expand our service offering further with our acquisition of the National College of Photography, with a range of photography courses beginning in 2008.

In addition to full-time programmes, Vega Orbit provides a variety of part-time learning opportunities to develop knowledge and skills in the areas of branding, strategy, creativity and innovation. The demand for Vega's Orbit programmes has increased by 70% in the last three years.

2007 saw the move of the Sandton campus to freshly redesigned and refurbished premises in Bordeaux. In association with Café (Communications and Advertising Forum for Empowerment), Vega launched the fifth Imagination Lab at Funda Community College in Soweto, Johannesburg. Established in 2003, the Imagination Lab introduces learners to a variety of disciplines including photography, film, multimedia, design and art directing through a one-year advertising programme aimed at fast-tracking transformation.

To ensure that our curriculum remains relevant to the needs of industry and to enhance our students experiential learning process, in 2007 we initiated strategic partnerships with a number of key industry players.

"Vega is arguably the most technologically well-equipped educational institution in the world."

Bruno Verolini
Ex-Apple Country Manager

"Brand awareness becomes second nature after Vega. Everything we do at the magazine is brand-orientated and that way of thinking has become natural to me, thanks to my time at Vega. I question everything and look at everything from an analytical, contextual perspective."

Gordon Laws
Graduated from Vega in 2003,
currently Features Editor at FHM Magazine



"FAIS is a stunning example of how INSETA, SAQA and the IIE with Imfundo (the appointed INSETA logistics provider) were able, within the NQF, to work to ensure qualifications and bring credit to this sector."

Samuel Isaacs
Executive Officer,

South African Qualifications Authority
(SAQA)

School of Business and Technology

In a business environment that is constantly changing and becoming increasingly competitive, there is a need for adults to acquire new skills and upgrade existing ones through focused learning that takes place at convenient times. The School of Business and Technology (SoBT) offers Short Learning Programmes (SLPs) that have been designed specifically for working adults and which are quality assured and certified by the IIE. SLPs are offered by the SoBT at College Campus and Varsity College and at the School of Business (SoB) at Rosebank College. Vega and Imfundo also offer SLPs in their own right. Generally, participants in the SLPs are working adults who are changing career direction or who want to increase their levels of competence. Participants on any particular programme tend to have diverse backgrounds and come from both formal and informal sectors.

The focus of the SLPs is to enhance students' career objectives and increase their effectiveness in the workplace, deriving the obvious benefits of increased productivity and performance through the acquisition of skills. The demand for these programmes is highlighted by an eightfold increase in student numbers over the last eight years.

Working adults returning to a formal learning environment can sometimes feel daunted. Consequently, the emphasis is on creating a vibrant adult education experience that is challenging, enjoyable and fulfilling. SLPs are conducted throughout the year outside normal working hours. Computing programmes offered include Personal and Office Computing, Computer and Network

Architecture and Pastel Accounting. Business programmes cover key areas that include Finance, Marketing and Human Resource Management, as well as Business Management and Logistics.

Small classes ensure individual attention. Lecturers are selected based on their business experience and expertise both professionally and by formal qualification. Through lectures, workshops and hands-on sessions, candidates are exposed to functional business and technology tasks, gaining an industry-neutral, thorough grounding in their chosen area of study. This mix of theoretical and practical experience is reinforced by ongoing evaluation and feedback which leaves participants confident to move forward.

The SoBT is extremely responsive to the needs of industry and business. The business programme in Project Management, for example, is a programme that was developed in response to an identified need for these skills across a broad sector of industry. Going forward, SoBT will examine ways of further enhancing engagement with industry to ensure that programmes offered continue to meet market needs.

Imfundo

Established in 2005, Imfundo delivers adult based skills development within the National Skills Development Strategy (NSDS). Imfundo is fully integrated within the Sector Education and Training Authority (SETA) system, contributing to the management and delivery of NSD targets and objectives. Our main focus is to access and utilise the Government Skills Fund, through various



EDUCATION DIVISION continued

SETAs, to train and uplift the people of our country. This is accomplished through learnerships, short courses and other adult education or training.

In 2007, Imfundo was awarded the tender to administer the National Assessment for INSETA, whereby all brokers in South Africa are to become compliant to the Financial Advisory and Intermediary Services Act (FAIS) Fit and Proper requirement. INSETA represents a broad base of constituents within the insurance sector. The first assessment was completed in November 2007 and further assessments will take place twice a year in July and November up to the end of 2009. These will be held in examination centres throughout the country.

Corporate College International (CCI)

Housed within Imfundo, Corporate College International (CCI) offers a wide range of education, training and development courses to South African organisations. Since 1990, CCI has ensured that successful learners obtain reputable national and international qualifications which are related to and developed in support of the National Qualifications Framework (NQF) and Skills Development Act.

Key projects in the year under review included the training of 539 Wealth Management learners across seven provinces in a project sponsored by the Department of Labour and the Insurance Sector Training Authority (INSETA). By the end of 2007, the learners had completed 40% of the theory component of the programme and are expected to graduate by July 2008.

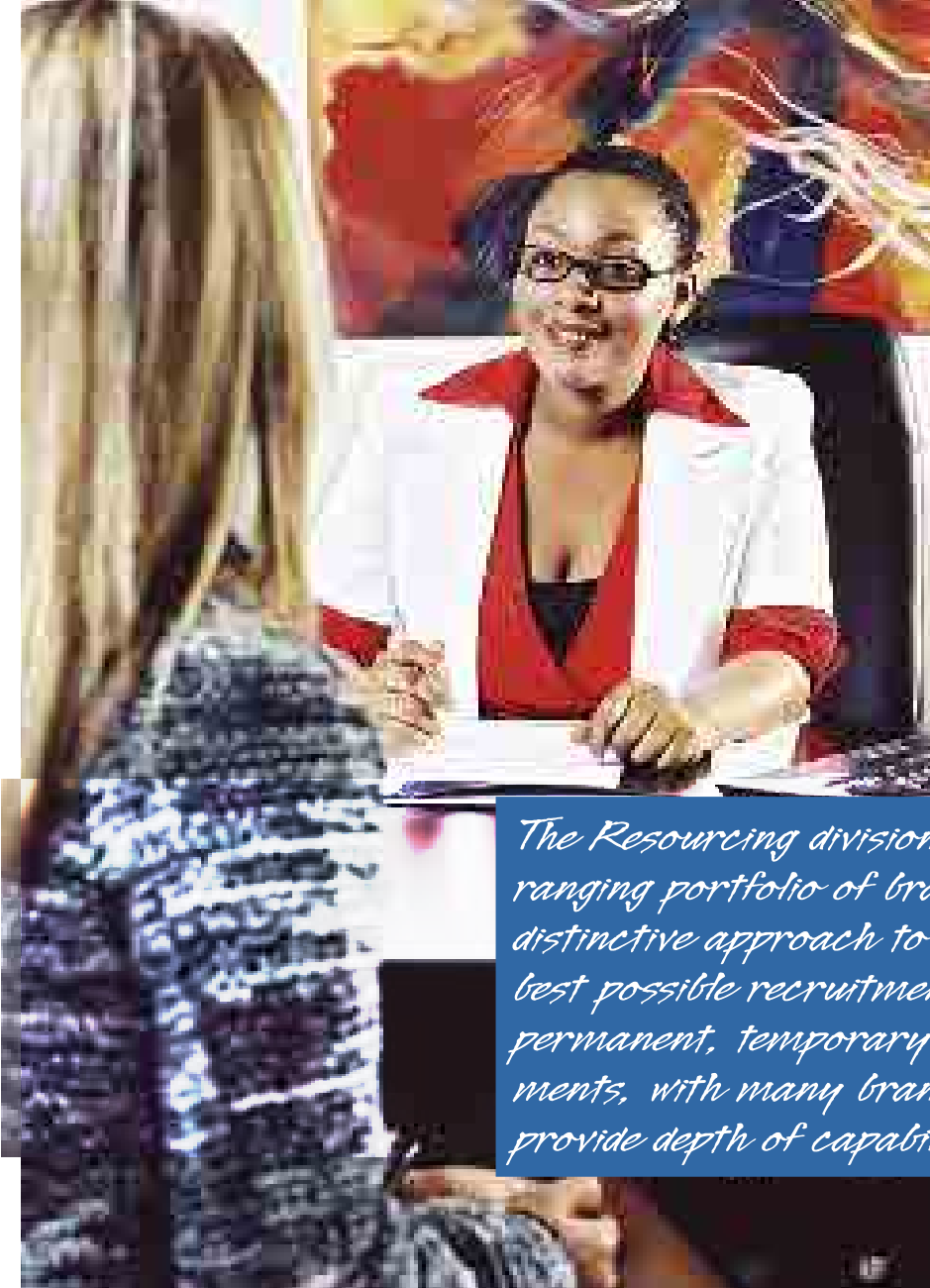
CCI also participated in a project involving New Venture Creation (NVC) training. This training is designed to promote entrepreneurial skills and develop a sound foundation for the application of these skills to explore a diverse range of entrepreneurial opportunities. CCI also continued to participate in a re-skilling project conducted for De Beers at Koffiefontein, which is being delivered on five sites in the area.



"When we help men and women to develop their skills, the sense of achievement is enormous. Visiting Koffiefontein, I got to see the effect the company has on the lives of South Africans."

Mapule Makhofola

Corporate College International



The Resourcing division incorporates a wide-ranging portfolio of brands, each with their own distinctive approach to providing the best possible recruitment solution for permanent, temporary and contract placements, with many brands overlapping to provide depth of capability.

RESOURCING

ADvTECH's Resourcing division closes the loop in the ADvTECH chain of value which focuses on the development of human potential through education, continuing all the way through to the workplace and the development of individual careers through optimum job placement.

Skilled people represent distinctive value creation capabilities for any business. New business models, technology advances, the knowledge economy and globalisation have highlighted talent as a key differentiator for competitive advantage and sustainability. With a joint legacy of over 134 years and 24 branches in major cities around the country, this imperative has driven the Resourcing division's growth over the last number of years.

While our various brands have different areas of specialisation, they have a common focus: thorough understanding of the client's unique organisational cultures and values, as well as a commitment to helping candidates maximise their potential.

Understanding the needs of client and candidate's cultural and role specific require-



2007 HIGHLIGHTS

- Brent Personnel continued to expand, increasing revenue by 78%
- Cassel & Company continued to show steady growth
- Communicate Personnel increased its national footprint, opening two new branches in Johannesburg and Pretoria
- Inkokheli Appointments grew rapidly and is increasingly being viewed as the specialist provider of choice in the human resources recruitment field
- Insource.ICT is now the largest specialised permanent IT recruiting firm in South Africa. The contracting division which was started in 2000, showed exceptional growth
- Network Recruitment restructured into three specialist divisions – engineering, finance and IT. The business is currently exploring initiatives in overseas markets
- ProRec launched a team dedicated to marketing and media placement
- Vertex-Kapele continued to show steady growth in the human resource field and was the recipient of two awards from Business Times Careers, the biggest recruitment publication in South Africa. In the Engineering category Vertex-Kapele won the Best Black and White Advertisement award for their client Sentech, and won the best Colour Advertisement award in the Information Technology category for their client Oracle
- Placements were secured for 3 961 permanent employees and 360 temporary and contract employees
- Consultant numbers increased by 15%
- Number of branches increased by 17%

including search status and success rates are provided to the client and followed up by quarterly service audits.

All our recruitment brands are accredited members of the Association of Personnel Service Organisations (APSO) and the Institute of Personnel Consultants (IPSC). In addition, our brands belong to the Confederation of Associations in the Private Employment Sector (CAPES) and Information Technology Association (ITA).

In the year under review, the dominant trend in the human resourcing field in South Africa was the ongoing skills shortage. A survey* released in 2007 indicated that around 80% of companies were experiencing difficulty in recruiting staff. The shortage was particularly acute in the fields of engineering, science, information technology, sales and marketing.

With many brands focused on these specific areas, the Resourcing division's placement to meet demand and growth was strong across all brands. This robust performance was based on a number of key factors: ongoing organic growth, a strong presence in the engineering, finance and information technology (IT) niches, as well as productivity improvements flowing from increased investment in training and development. Over the past two years, growth within our own business has led to a significant increase in our staff complement.

Despite a slowing in national and international growth rates, our robust business model and the ongoing skills shortage provide a sound platform for continued growth. Against this backdrop, growth prospects for the Resourcing division are extremely sound.

*Deloitte and Touche: National Remuneration Guide, February 2007



ments together with the extensive databases allows for facilitation of the best, tailor-made, recruitment solution. Pooling of knowledge by all our brands ensures the best fit for any vacancy. Our consultants have access to a pool of over 263 000 candidates on the Resourcing division's database.

A dedicated account manager or project team provides one point of contact for the client, alleviating unnecessary visits and possible duplication of CVs. The project team screens, interviews and short-lists select candidates, who are presented to the clients. After placement, monthly status reports,



Brent Personnel

Brent Personnel has a 30 year track record of providing quality candidates in the business disciplines of finance, human resources and office support. The business offers permanent staff placements as well as temporary, contingency, contract and project staffing.

Brent Personnel is a solutions driven organisation with a personalised programme designed to meet individual client and candidate requirements, customising delivery in order to fulfil these needs. The process involves extensive interviews, testing and reference checks which are used to short-list candidates for a position. The emphasis is on providing a limited number of carefully selected candidates.

Cassel & Company

Cassel and Company specialises in temporary and permanent recruitment in the finance and accounting fields. The "Cassel Edge" on which Cassel & Company has built its reputation is based on an in-depth understanding of clients' businesses and values, as well as the elements driving their competitive advantage. The business has a strong pool of well qualified permanent and temporary talent and opportunities for these people in the relevant target markets, as well as proven skill in harnessing the right talent, from accounts clerk to senior accountant.

This has the advantage of providing competitive turnaround times and the ability to supply the right calibre of candidates for our clients.

Communicate Personnel

Launched in 1982, Communicate Personnel (Communicate) is one of the longest-established recruitment businesses in South Africa. The business focuses on IT, finance and engineering staff and, more recently, freight and logistics recruitment solutions.

Communicate's success is based on a belief that each recruitment solution requires a unique approach to candidates, combined with an in-depth understanding of the client's needs and values. All consultants specialise in niche areas and have extensive knowledge of their particular industry. This means that clients deal with a recruitment expert, ensuring optimum delivery on job specifications. In addition, dedicated specialist teams conduct research on each client's requirements, thereby creating a deeper understanding of the client's needs, resulting in an enhanced skills-to-position match and ultimately, longer tenure of the placed candidate.

The business has a personalised approach to recruitment, preferring not to send an abundance of CVs. Instead, Communicate believes that candidates should share their

knowledge and experience in face-to-face meetings with the client. This unique approach offers strategic insights to both clients and candidates. The interviewing process facilitates a clearer understanding by the client of career expectations, resulting in a higher rate of offers accepted. In addition, Communicate encourages candidates to research thoroughly their career options. This strategy enables candidates to make informed decisions when opportunities present themselves.

The committed relationship between consultants, candidates and clients promotes dedicated service, while clients enjoy a range of value-added services.

Inkokheli Appointments

'Inkokheli' is a Xhosa name meaning leader, chosen in view of the specialist role Inkokheli Appointments has taken in building strong relationships with leaders in the human resources field. Since inception in December 2006, Inkokheli's team made up of staff with specialist qualifications, knowledge and experience, has enabled the business to deliver with credibility and become leaders within the human resources recruitment area.

Inkokheli, which is part of empowerment company Kapele Appointments, specialises in the placement of permanent, contracting



and temporary human resources candidates in executive, senior management and non-management positions, and is the only HR niched brand in South Africa. Inkokheli prides itself on high quality client relationships, top calibre candidates and professional staff.

Insource.ICT

Established in 2000, Insource.ICT's consultants are experienced in placing professionals across all technology areas and levels within the South African ICT industry. Some of these areas are development/programming, network management, business analysis, quality assurance and testing, specialist data warehousing, security, technical support, operations and business development. Based in Midrand and Port Elizabeth, Insource.ICT is linked to a national database which enhances service delivery and turnaround times.

The business philosophy is founded on the belief that candidates are not merely employees, but the critical building blocks of clients' business strategies, driving business growth and solving business issues. Delivery is enhanced through information sharing that engenders understanding and results in a successful recruitment partnership with the business's base of ICT specialist clients. "Partnership" in this context implies a mutual striving toward business goals and strategies, with Insource.ICT taking responsibility for supplying the right people.

The success of Insource.ICT is based on a quality management approach covering all aspects of the recruitment process, from the taking of a recruitment brief through sourcing of candidates, to placement. Standard and advanced candidate checking ranges from personal references to a full Kroll MIE check. Kroll MIE, the largest background screening company in the world, performs checks across a broad range of areas, including verification of qualifications.

Insource.ICT is well known for quick turnaround times, both in response to job specifications and candidate applications.

Kapele Appointments

ADvTECH Resourcing's empowerment alliance partner, Kapele Appointments, which manages the Vertex-Kapele and Inkokheli brands, enjoyed a year of strong growth in 2007, with both operations enhancing their presence in their respective markets. It was also a positive year from an empowerment perspective, with changes ensuring that the business is optimally aligned with the new BEE codes released during this period.

Focusing on people

Understanding that people are the core of our business, in 2007 the Resourcing division focused on delivering improved benefits to our staff in terms of salary structures, benefits, leave and wellness programmes, including the employee assistance programme (EAP). We identified a need to help employees overcome obstacles in their personal lives. Accordingly, working through the Human Resources department, we sponsored three sessions per employee with a contracted psychologist. This initiative has had a significant impact in terms of productivity, working relationships and retention. In terms of the latter, our statistics indicate that 90% of people who would normally have left the business because of difficult personal circumstances have chosen to stay on as a direct result of the counselling sessions.



Network Recruitment

Network Recruitment, established in 1987, has offered outstanding recruitment solutions to both clients and candidates for more than 20 years, living up to the credo of "Developing Relationships, Delivering Results". The business specialises in the niche areas of IT, finance, engineering and executive placements.

Network Recruitment's team of highly skilled, professional consultants is supported by an extensive infrastructure, designed to ensure rapid delivery of the right candidate without compromising levels of service and support. This is enhanced by the business' access to the Resourcing division's continually expanding database of exceptional candidates. The business development team, in partnership with branch managers and specialist consultants, concentrates on face-to-face interaction with clients. Candidate verification methodologies include ITC, record and qualification checks. Regular consultation enables more accurate matching of candidates to each position and a clearer understanding of the specific culture of the organisation and of the client's current and future requirements and expectations. The resulting return on investment for the client, as well as career enhancement for the candidate, ensures consistent, repeat business for Network Recruitment.

This partnership approach is further enhanced by a candidate mentoring programme which offers support to both candidates and clients. Regular communication with the candidate during the crucial period after an offer has been extended, ensures candidate commitment. Interaction with both client and candidates during the critical first three months of employment ensures a smooth transition into the organisation.

Clients are offered vendor training, where applicable, and a vendor-on-site solution is supplied for bulk recruitment projects. Network Recruiting also offers outsourcing recruitment services.

ProRec Recruitment

A member of the South African Marketing Association (SAMA), ProRec Recruitment is a specialist consultancy dedicated to providing staffing solutions in the marketing, market research, media and sales and public relations industries.

The business, established in 1998 and based in Johannesburg, provides a personalised, hands-on recruitment service. ProRec undertakes comprehensive needs analyses with clients to gain an understanding of their needs, and a team of specialist consultants delivers a customised service by sourcing appropriate candidates. The business's high level of specialisation enables delivery of a tailor-made service for each client.





Vertex-Kapele

Acquired by the ADvTECH Group in 2006, Vertex-Kapele specialises in human resource solutions for the ICT sectors, as well as financial services and engineering.

The Vertex brand has a large multi-national and local customer base, developed and retained over 21 years by virtue of a culture of 'customer dazzlement', delivery of unique and innovative solutions and a customer for life strategy. Vertex-Kapele's flagship offering, the Vertex response handling methodology, has changed the way companies view and execute recruitment, cementing Vertex-Kapele's position as a preferred recruitment and HR solutions provider.

The original company, Vertex, was established in 1986, and is staffed by industry and HR professionals with in-depth industry knowledge. Their service incorporates more than just recruitment. Their human resources solutions are fast, cost-effective and time efficient. Committed and empowered, Vertex-Kapele delivers on time, right the first time.



*"People are the real wealth of nations.
Development is thus about expanding the choices
people have to live lives that they value."*

UNDP Development Report 2001

SUSTAINABILITY REPORT

Overview

The Group's role as a responsible corporate citizen is underscored by the vital role our Education and Resourcing divisions play in helping to overcome the challenges of the current educational and skills capacity constraints facing South Africa, thereby promoting the country's social and economic growth.

Sustainability is about achieving a delicate balance between long term economic objectives, social upliftment activities and environmental impacts. Our inclusion on the JSE's SRI Index reflects our contribution to South Africa's development and our deep commitment to the social, economic and environmental sustainability of the sectors in which we operate. As a Group, our focus is on continuing to help transform the social and economic landscape of the country while adding value for our shareholders.

Transformation is inherent in our business model given the role played by the Group in educating, training and placing in careers

many thousands of historically disadvantaged individuals (HDIs), both pre- and post-1994. Some 70% of our students and 37% of our staff complement are HDI. We strive to sustain this transformatory role of our model through a programme of continuous reinvestment in capital expenditure, bursary programmes and empowerment initiatives.

Unsurprisingly, given the contribution of women to education in South Africa, the Group also contributes to the development of women in staff and management. As at the end of 2007, women comprised 76% of our work force and 65% of management. We also celebrate the appointment of women to senior positions in the Group with two recent Group Exco appointments being women.

ADvTECH has established several committees and management structures to implement and monitor sustainable development in the Group, including:

- The Board Transformation Committee (BTC), which guides, monitors, reviews and evaluates the Group's progress against the

triple bottom line of economic, social and environmental performance.

- The Academic Advisory Council, comprising leading educational experts, advise the Group in educational matters and policy.
- The HESIO (Human Resources, HIV/Aids, Employment Equity, Skills Development, Investors-in-People, Occupational Health and Safety) Committee, which oversees programmes dealing with issues such as retirement, HIV/Aids, health and wellness, employment equity, skills development, occupational health and safety as well as environmental issues.
- The Remuneration Committee (RemCom), consists of non-executive directors. This committee ensures that remuneration policies are fair and that they encourage the retention of top talent.
- The IIE Senate, which ensures that our educational programmes are of the highest academic standards and that they prepare our students for an increasingly competitive workplace.

People

Human capital development is the cornerstone of ADVTECH's sustainability. As a people-centred service organisation, our own people are fundamental to our business activities. Accordingly, we strive to be "A Great Place to Work" and our strategic priorities include recruitment, retention and development of highly motivated, top achievers, as well as succession planning. In 2007, the number of staff rose by 8% to 3 105 employees (2006: 2 888 employees) of whom 2 000 were permanent employees.

Skills development and training

The Group has adopted a proactive skills development strategy that aims to promote our employees' personal and career development and entrench our culture of high performance. Training initiatives include Investors in People (IiP), learnerships, granting of bursaries for staff and their children, staff training days, continued professional development and the Management Development Programme (MDP).



Investing in people

Investors in People (IiP) is an international standard that aims to improve organisational performance through people. The standard, which is based on four key principles – commitment, planning, action and evaluation – emphasises the involvement of employees in decision making and the role of managers in the development of employees. CrawfordSchools™ was the first group of schools identified by the Department of Labour in 2002 as a pilot site for Investors in People. In 2006, several sites belonging to CrawfordSchools™ reviewed by the Education and Training SETA retained their status. This review process was rolled out to other CrawfordSchools™ in 2007, and our Junior College sites achieved accreditation for the first time.



A disproportionate number of places in the MDP are allocated to black staff to ensure that transformation in management is facilitated while ensuring that the requisite level of skills and experience remain in place. With the MDP entering its fourth year, many of its past students have achieved promotions into more senior management roles. All divisions have specific skills development plans and budgets which are aligned to their business strategies.

Remuneration

To entrench a culture of high performance, RemCom ensures that the Group's remuneration philosophy is aligned with business strategy, and that our remuneration practices are soundly based and governed.

During 2007, the education sector suffered a strike which resulted in disruption to the third quarter of the school year. ADVTECH was not affected directly, but management had already embarked on a remuneration study to ensure that the Group's key strengths were secured.

Remuneration is regularly benchmarked against the market and Group performance. Guaranteed remuneration comprises a cost-to-company package, which includes benefits such as medical aid and retirement funding while low income employees are offered accident insurance which includes funeral cover.

Performance remuneration in the form of incentives, bonuses and profit sharing is implemented in certain employment categories to reward and retain high-performing employees. Depending on seniority and responsibility of the individual concerned, the maximum incentive available ranges from 8% to 50% of the cost-to-company remuneration package.

Remuneration is structured according to the following framework:

• General staff

The remuneration of teachers and academic staff is benchmarked against state remuneration, which establishes the guidelines for basic cost-to-company remuneration and the incentivisation of exceptional performance where deemed appropriate. The remuneration of Resourcing staff is based on an incentive structure, with the majority of consultants receiving a performance-related package linked to rigorous quality standards. Appropriate recognition is given to the qualifications of professional staff.

At the end of 2007 the Group announced the roll out of a Broad Based share scheme whereby all permanent staff with more than two years' service qualify to own shares in ADVTECH. Other features of the scheme include training in issues relating to share ownership and assistance with the costs of owning shares.

- **Senior staff and management**

The remuneration strategy for these employees encompasses three elements:

- A guaranteed cost-to-company package;
- Annual incentive remuneration based on pre-determined key performance indicators (KPIs); and
- Long-term incentive remuneration based on participation in share incentive schemes offered by the ADvTECH Share Incentive Trust.

- **Executive leadership**

Executive leadership is offered a similar remuneration structure to that of senior staff and management, but the annual incentive remuneration is typically based on a combination of individual KPIs (two-thirds of incentive) and group KPIs, based on the performance of the business unit for which the executive is responsible (one-third of incentive). The bulk of the maximum potential bonus is earned by achieving targets as agreed with the executive concerned and approved by RemCom at the beginning of each year.

HIV/ Aids

Recognising the high rate of prevalence of HIV/Aids in South Africa, we take a pro-active

approach to the pandemic and have an established HIV/Aids policy in place. This covers, among other things, anti-discriminatory measures on the basis of HIV/Aids status for both students and employees. While the HIV/Aids risk to the Group has been identified as being relatively low, we established ongoing HIV/AIDS education and awareness campaigns as far back as 2001.

In our schools, we regularly bring in speakers to address staff and parents. In addition, HIV/Aids is part of the Life Orientation curriculum from Grades 4 to 12. At tertiary level, awareness initiatives include workshops on HIV/Aids Awareness, Voluntary Counselling and Testing (VCT) programmes, presentations during student orientation and readily available condoms, pamphlets and brochures.

Occupational health and safety

A safe work place leads to higher levels of productivity and employee satisfaction. ADvTECH is committed to a safe, healthy and hygienic working environment in compliance with the South African Occupational Health and Safety Act. As a Group, we place particular emphasis on the safety of students and staff. A formal Health and Safety policy sets out

appropriate workplace procedures, while a dedicated Group health and safety officer trains, audits and proactively ensures adherence to these procedures.

Labour relations

ADvTECH endorses employee rights as set out in the South African Constitution. The Group's policies and procedures are aligned with legislation and with the Constitution. Human resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all Group operations.

Corporate social investment

Understanding that education is one of the most important tools for promoting equity, we commit a significant proportion of our profits to social investment, the bulk of which is allocated to bursaries, scholarships and financial support for deserving learners at school and tertiary level. This is consistent with our approach of widening access to education for less privileged learners. In 2007, this totalled R33 million (2006: R31 million), equivalent to 28% of headline earnings.

Black Economic Empowerment (BEE)

Sustainability and transformation are strongly interlinked. ADvTECH is committed to addressing the inequities of the past whilst ensuring sustainable development going forward. While we make use of external accredited empowerment ratings agencies, our focus is on the spirit, rather than the letter, of transformation. In the year under review, the Group continued to make progress in transformation and sustainability under the guidance of the Board Transformation Committee (BTC) and the Academic Advisory Council (AAC). The Group is steadily becoming more representative of the country as a whole in terms of staff, students and placements. In 2007, the number of historically disadvantaged individuals (HDIs) appointed increased by 18% compared to an overall increase in staff of 8%, while 70% of all students and over 50% of placements were HDI.

"ADvTECH is an exceptional company to work for. A highlight of my time with ADvTECH was being selected for the Management Development Programme. I learnt so much and the company's faith in me has been enormously encouraging."

Moloko Chepape

Rosebank College graduate, currently National Brand Sales and Training Manager for Rosebank Colleges countrywide





The BTC reviews the Group's progress on the pillars of transformation: employment equity, training and development, community involvement, BEE procurement and black share ownership.

Employment equity

Employment equity is regarded as both a strategic and business imperative. In line with our values, we strive for equal opportunity and fair treatment in employment. We believe that diversity strengthens our employee component, enhances our ability to service our target markets and provides appropriate role models for our students

The Group's Employment Equity policy sets out yearly employment equity targets and is monitored by the Group Exco, the BTC as well as the HESIO Committee. Targets to date have been achieved.



Promoting enterprise development

In August 2007, ADvTECH Properties issued a tender for extensive upgrade work on the Varsity College campus at Pietermaritzburg. The work involved the building of 12 new lecture rooms, three new computer studios, a new computer laboratory, a multi-purpose facilities room, renovations and improvements to the administration and student services block, a total revamp of the canteen and the installation and upgrading of electronic equipment.

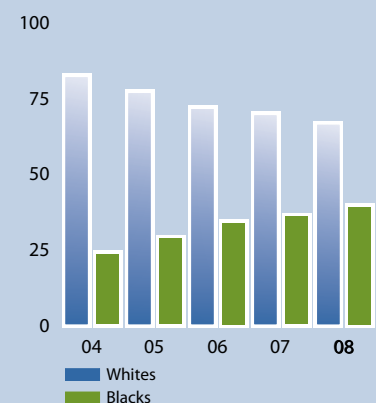
A BEE contractor, Abafana Contractors, submitted the lowest tender, but the professional team were concerned about accepting their price as Abafana had not handled such a big contract before – in fact, the project was about five times bigger than anything they had handled previously. Accordingly Patrick Napier, Operations Project Manager with ADvTECH's Property division, agreed to mentor Abafana Construction through the process from both an administrative and operational point of view. Abafana duly completed the contract on time, within budget and with very good quality work.

"The contractor is now empowered in the true sense of his administration and project management capabilities, and can confidently move his business to the next level," commented Patrick Napier. "This has served as a good model for further enterprise development."

ADvTECH's employee profile is changing steadily – evidenced by the accompanying bar chart. ADvTECH continues to benchmark itself in these areas by reference to the relevant DTI codes, the Employment Equity Act and the JSE SRI Index.

In 2007, the total HDI staff increased by 18% compared to an overall increase in staff of 8%.

Employment Equity
September 04 – January 08 (%)





Acting responsibly

For many years, Craigavon Agricultural Holdings near Fourways in Johannesburg was a quiet area where flora and fauna, including bushbabies, flourished. However, a few years ago the Johannesburg City Council made Fourways a main node development. Developers moved in, trees were cut down and the bushbabies were negatively affected. In response, Madeline Reed, together with other concerned residents, founded Bushbaby SOS in order to put guidelines in place for people and bushbabies to co-exist.

Madeline recently sold her 2.2 hectare property to ADvTECH Properties, who plan to use the property to extend the facilities of Crawford Fourways Preparatory School. "ADvTECH Properties have undertaken to maintain

corridors of trees on the property to facilitate the bushbabies' passage as they forage for food. While the construction of a sport field will inevitably result in the removal of some trees, these will be re-located where possible. "Against this backdrop, I had peace of mind in selling my property to ADvTECH, rather than any other developer," commented Madeline.

Crawford has also become actively involved in the fight to save the bushbabies, holding an Activity Day in 2007 to raise awareness for the bushbaby cause. Apart from having a positive spin-off for the bushbabies, the whole exercise holds important environmental lessons for the learners.

Ownership

ADvTECH's current overall BEE shareholding is 34 million shares, representing a 9% shareholding. While the Group itself has not embarked on a specific ownership empowerment initiative as explained under the enterprise development section, it has facilitated the creation of an empowered recruitment enterprise.

Management control

In the year under review, further transformation appointments were made across the Group up to director level. Management is now 25% HDI (2006: 23%).

Skills development and training

ADvTECH emphasises skills development, with employees from previously disadvantaged backgrounds being given preference. This has enabled the Group to promote employees from within.

The Management Development Programme (MDP), which started in 2005, is being used as a vehicle for accelerating the development of black managers in the Group. In 2007, black participation in the programme amounted to 39%, compared to overall black management in the Group of 25%.

Skills development expenditure for 2007 was R4 million (2006: R3 million), reflecting an increase of 33%.

Procurement

The Group has an affirmative procurement process which seeks to support suppliers from historically disadvantaged communities.

Enterprise development

Since 2002, ADvTECH has provided financial support, expertise and infrastructural support to Kapele Appointments (Pty) Ltd, a black empowered recruitment enterprise incorporating Inkokheli Appointments and Vertex-Kapele. Kapele Appointments has built up a strong reputation as the preferred BEE service provider in the recruitment market.

Environment

As a Group, our focus is on serving the needs of the communities in which we are located. Accordingly in 2007 we finalised an Environmental policy focused on achieving and demonstrating sound environmental practices and performance with particular reference to engagement with the communities of which we are already a part or are seeking to join.

Measures to reduce our environmental footprint include comprehensive waste management, limiting the use of hazardous substances and energy saving – an approach which has obvious economic benefits. This includes the use of low-voltage light bulbs, switchgear controlled lighting and the use of energy wheels in air conditioning systems.

Environmental control measures are monitored by means of both internal and external audits – the latter conducted by external service providers.

In establishing new buildings or expanding existing buildings, the Properties division conducts Environmental Impact Studies to identify ways to mitigate against potential impacts on the environment. Environmental Awareness Programmes take place on an ongoing basis throughout our operations, while clean-up projects in the Schools division create awareness and encourage a greater sense of environmental responsibility.

Corporate governance

The 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") and the Companies Act, 61 of 1973, as amended ("the Act"). 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 and the provisions of the Act. 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 Limited Listings Requirements.

Sustainability, good governance, transparency and comprehensive reporting are integral to building the Group's credibility among all our stakeholders. The Group has established standard and specialist oversight bodies related to all key functions.

Academic governance structures include the Academic Advisory Council, the Senate of the IIE and various Committees, all of which are focused on maintaining and enhancing consistently high standards of academic excellence. The Group's organisational governance structure including the BTC, HEISO, RemCom, Audit, Litigation and Nominations Committees, uphold equally high standards of operational excellence.

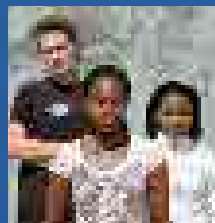
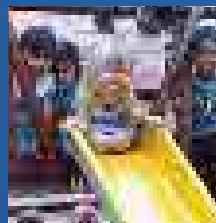
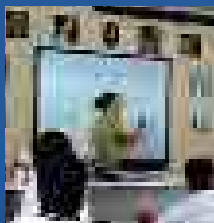
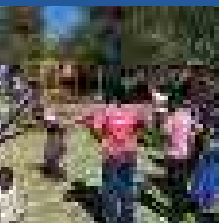
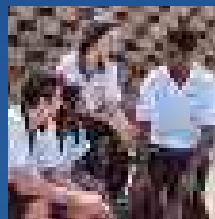
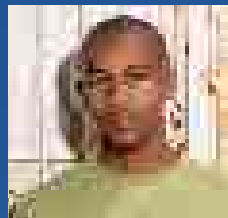
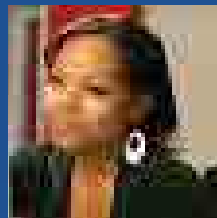
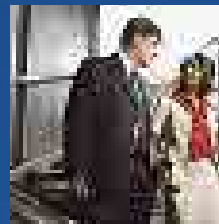
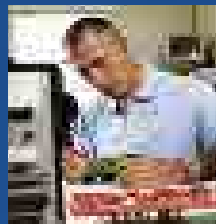
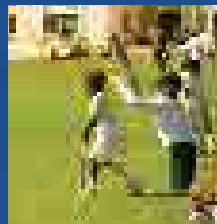


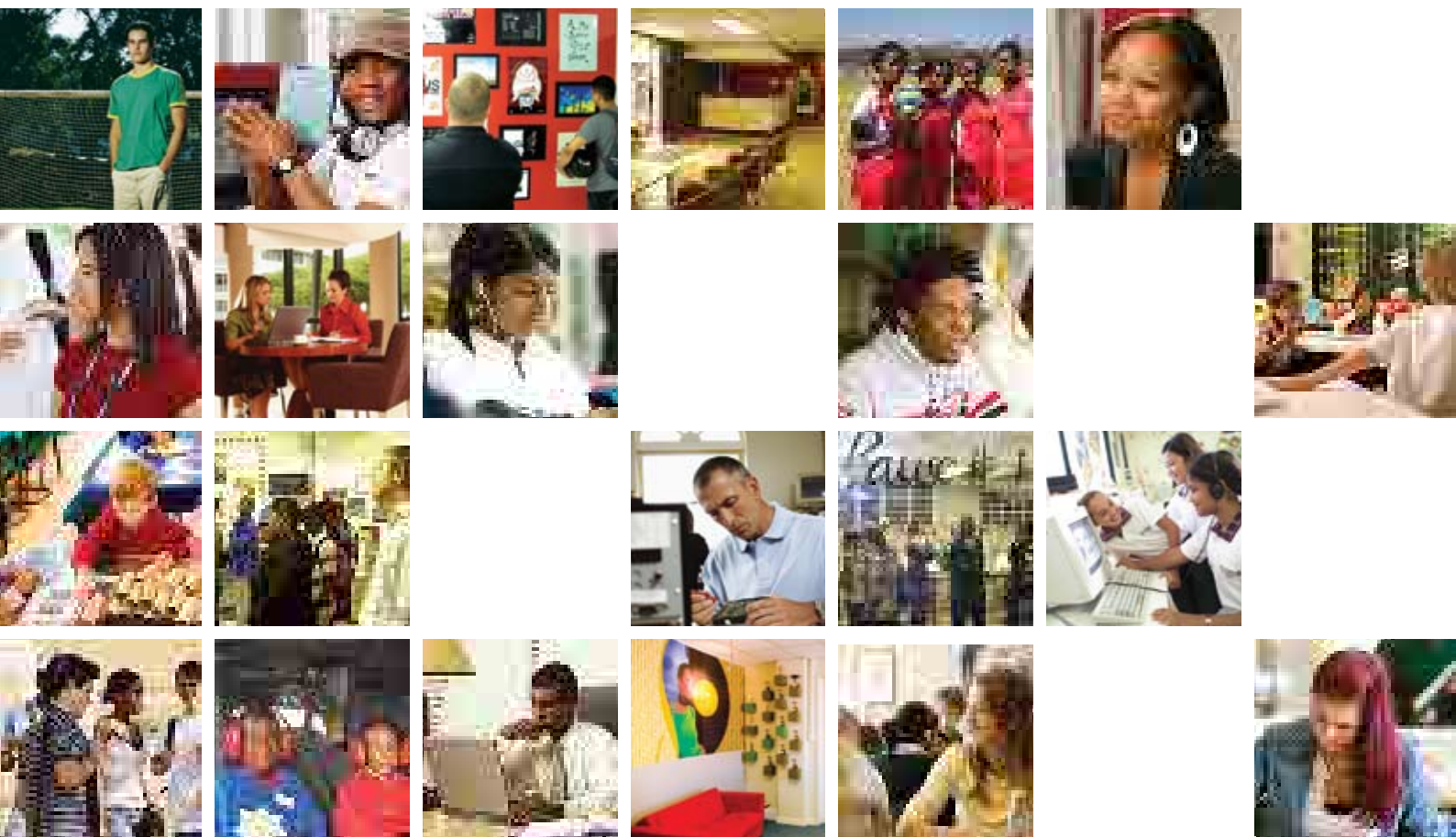
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