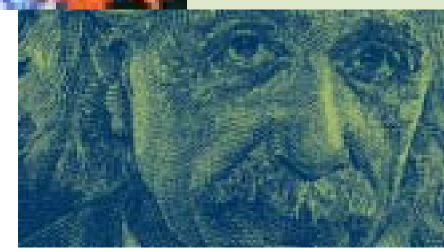
‘Education is the great engine to personal development’

Nelson Rolihlahla Mandela



ADTECH GROUP

ANNUAL REPORT 2004

ADvTECH is an organisation focused on the development, deployment and management of human capital and is listed on the JSE Securities Exchange South Africa (JSE). It is a Southern Africa leader in education, skills development, human resource management and recruitment.

The schools, tertiary and skills development divisions offer quality education from pre-primary to matriculation, diploma, degree and post-graduate levels, as well as adult basic education, training and learnerships. ADvTECH is committed to sound academic processes and governance.

The recruitment division is a significant force in niche areas of the placement industry, encompassing turnkey personnel solutions, full and part time staff recruitment and contract employees.

contents

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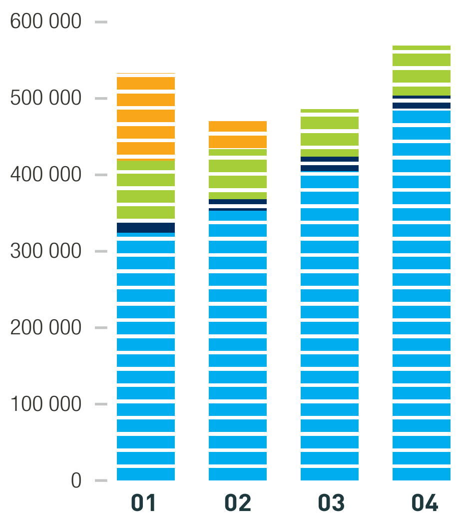
Financial highlights

for the year ended 31 December 2004

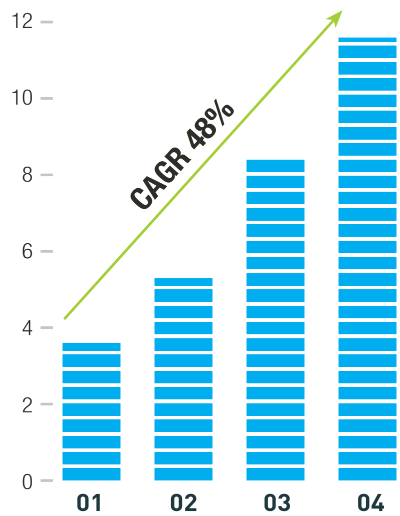
Headline earnings per share **up** 37% | Gearing down to 14% | Free operating cash flow per share **up** 28% | Compound annual growth rate *48% | Net asset value per share **up** 20%

R'000	2004	2003
Revenue	**569 834**	485 784
Operating profit before depreciation and amortisation (EBITDA)	**77 517**	65 472
Operating profit before interest	**56 230**	44 440
Ordinary shareholders' equity	**251 152**	213 118
Total assets	**421 680**	380 921
Number of employees	**2 346**	2 263
Net asset value per share (cents)	**70,6**	57,5
Free operating cashflow before capex per share (cents)	**24**	19
Gearing ratio (%)	**14**	37
EBITDA margin (%)	**13,6**	13,5
Headline earnings per share (cents)	**12,0**	8,8
Diluted headline earnings per share (cents)	**11,6**	8,4
Proposed distribution to shareholders per share (cents)	**4,5**	1,0



Revenue (R'000)

Resourcing – discontinued operations
Resourcing – continuing operations
Education – discontinuing operations
Education – continuing operations



Diluted headline earnings per share (cents)

***CAGR (Compound Annual Growth Rate 2001 – 2004)**

Group | AT A GLANCE

Today the ADvTECH Group employs over 2 300 people in South Africa and has approximately 38 000 learners. The Group has an annualised turnover of approximately R570 million.

(Education)

The education division houses the Group's educational brands and institutions, and provides a full range of educational services from infancy through to matriculation, diploma, degree and post-graduate levels, as well as adult basic education, training and learnerships. The division has three focus areas, namely: schools, tertiary and skills development. In order to foster academic leadership as well as compliance with important governance issues such as institutional ownership, quality assurance and academic process, the Group has created 'The Independent Institute of Education' which has responsibility in these areas.

At school level, the Group's businesses are dedicated to the education of children and learners from infancy to grade 12. The schools brands are Abbott's College, CrawfordSchools and Junior College.

The Group's tertiary institutions provide training on a part time, full time and short learning programme basis in the further education and training (FET) and higher education and training (HET) bands, specialising in face to face tuition. The brands include College Campus, Global School of Business, Rosebank College, Varsity College, Vega –The Brand Communications School and Bond South Africa.

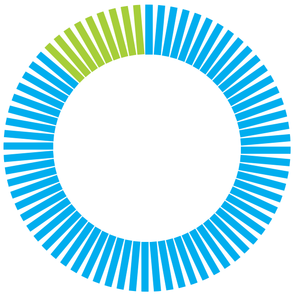
The skills development division houses Corporate College International (CCI). CCI is accredited as a training provider by the Education, Training and Development Practices Sectoral Education and Training Authority (ETDP SETA). Its primary business is course development and delivery within the National Skills Development Strategy.

(Resourcing)

The resourcing division has consolidated its position as one of the leading recruitment and literary resource suppliers in South Africa. The Group's recruitment businesses, which form the central component of the resourcing division, include Brent Personnel, Cassel & Co, Communicate Personnel, Network Recruitment, Pro-Rec Recruitment, The Insource Group and the empowerment company Kapele Appointments.

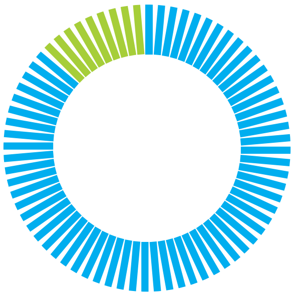
Mast Publications – which markets and sells subscriptions of magazines, periodicals, journals and newspapers to individuals, companies and government agencies worldwide – and Mast Bookshops – a retailer of books to the tertiary education market – complete this division.

The recruitment businesses have shown a collective growth of 70% over the past year. The post placement mentoring programme implemented by all recruitment brands is committed to providing support to clients and candidates during the crucial first three months of employment, ensuring smooth transition and effective integration of placed candidates in new work roles.



Divisional contribution to Group revenue for 2004

88% Education
12% Resourcing



Divisional contribution to Group operating profit for 2004

87% Education
13% Resourcing

our brands

ADvTECH LIMITED

ADvTECH EDUCATION

ADvTECH RESOURCING

ABBOTT'S COLLEGE

vega

CRAWFORD SCHOOLS

Junior college

GLOBAL

IMD COLLEGE
Live the experience. See the results

COLLEGE CAMPUS
CAREER COLLEGE

Corporate College

PROPERTY

Brent PERSONNEL

communicate PERSONNEL

KAPELE APPOINTMENTS

NETWORK

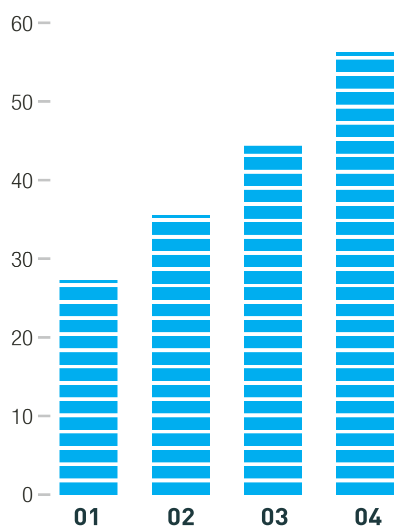
PRO-REC

MAST PUBLICATIONS

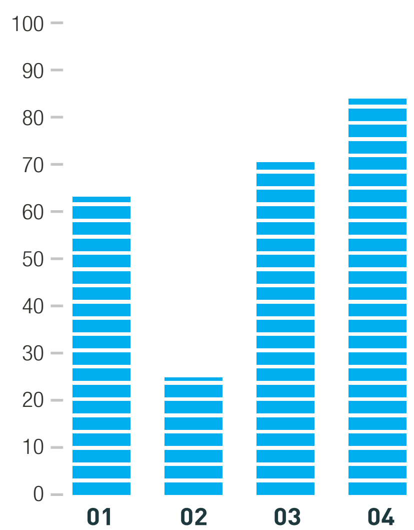
MAST THE BOOKSHOPS

Four year REVIEW

	12 Months 31 December 2004 Rm	12 Months 31 December 2003 Rm	12 Months 31 December 2002 Rm	12 Months 31 December 2001 Rm
Summarised income statements				
Revenue	**569,8**	485,8	470,0	516,0
Operating profit before depreciation and amortisation	**77,5**	65,4	55,3	47,4
Depreciation and amortisation	**21,3**	21,0	19,8	20,1
Operating profit	**56,2**	44,4	35,5	27,3
Net finance costs	**(0,4)**	(10,9)	(13,9)	(11,6)
Equity accounted earnings	**–**	–	1,1	0,8
Profit before exceptional items	**55,8**	33,5	22,7	16,5
Exceptional items	**(5,1)**	17,9	(258,8)	(18,6)
Profit/(loss) before taxation	**50,7**	51,4	(236,1)	(2,1)
Taxation	**10,1**	0,1	7,1	(0,9)
Profit/(loss) after taxation	**40,6**	51,3	(243,2)	(1,2)
Attributable to outside shareholders	**1,4**	0,8	(0,1)	0,3
Retained profit/(loss) for the year	**39,2**	50,5	(243,1)	(1,5)
Headline earnings	**42,8**	31,8	21,0	14,2
Summarised balance sheets				
Shareholders equity	**251,2**	213,1	172,4	428,7
Outside shareholders interest	**1,4**	0,8	–	2,5
Interest bearing debt	**35,2**	78,6	134,2	133,3
Current liabilities	**133,9**	88,4	90,5	96,8
	421,7	380,9	397,1	661,3
Non-current assets	**379,4**	354,4	352,9	596,8
Current assets	**42,3**	26,5	44,2	64,5
	421,7	380,9	397,1	661,3
Summarised cash flows				
Cash generated by operating activities	**97,3**	82,2	40,4	89,8
Net cash inflow from operating activities	**83,9**	70,4	24,8	63,1
Net cash outflow from investing activities	**(40,8)**	(19,9)	(30,4)	(40,6)
Net cash outflow from financing activities	**(0,7)**	(24,1)	(11,6)	(22,2)
Net increase/(decrease) in cash and cash equivalents	**42,4**	26,4	(17,2)	0,3



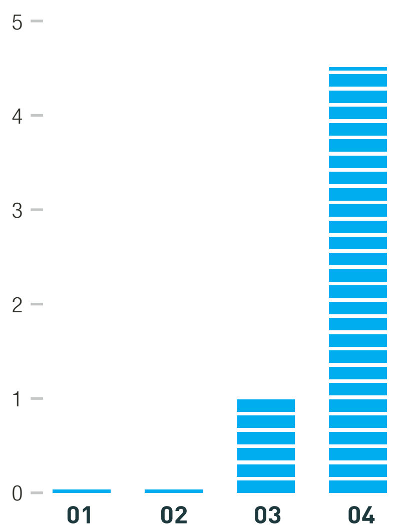
Operating profit before interest and tax (R million)



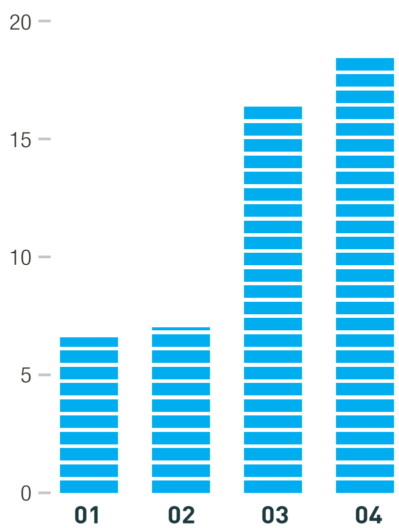
Net cash inflow from operating activities (R million)

Ratios & STATISTICS

	12 Months 31 December 2004 Rm	12 Months 31 December 2003 Rm	12 Months 31 December 2002 Rm	12 Months 31 December 2001 Rm
Earnings				
Earnings per ordinary share (cents)	**11,0**	13,9	(66,4)	(0,4)
Headline earnings per ordinary share (cents)	**12,0**	8,8	5,7	3,6
Diluted headline earnings per ordinary share (cents)	**11,6**	8,4	5,7	3,6
Proposed distribution per ordinary share (cents)	**4,5**	1,0	–	–
Profitability				
EBITDA on revenue (%)	**13,6**	13,5	11,8	9,2
EBIT on revenue (%)	**9,9**	9,1	7,6	5,3
Headline earnings for the year on average ordinary shareholders' funds (%)	**18,4**	16,5	7,0	6,6
Productivity				
Per R1 000 of revenue:				
Payroll costs (Rand)	**488,9**	499,2	487,4	443,6
Finance				
As a percentage of shareholders equity:				
Interest bearing debt (gearing)	**14,0**	36,9	77,8	31,1
Current assets to current liabilities	**0,3**	0,3	0,5	0,7
Operating cash flow per ordinary share (cents)	**21,3**	17,9	6,3	16,1
Free operating cash flow before capex per ordinary share (cents)	**23,8**	18,7	9,4	21,5
Net asset value per share (cents)	**70,6**	58,6	47,1	109,1
Debtors days as at 31 December	**22,3**	14,3	22,8	31,6
Interest cover	**140,5**	4,1	2,6	2,4
Other				
Total shares in issue (millions)	**393,7**	393,7	393,7	392,8
Weighted average number of shares in issue (millions)	**355,7**	363,5	366,2	392,8
Diluted weighted average number of shares in issue (millions)	**370,2**	377,1	367,1	392,8

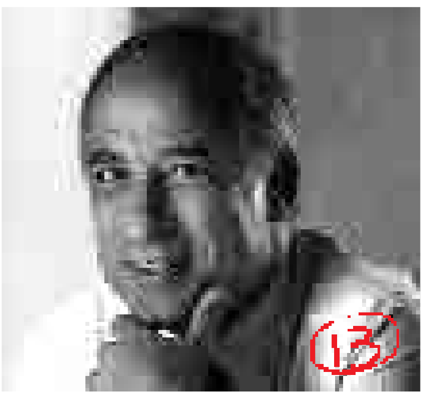


Distribution to shareholders (cents per share)



Headline earnings % of average ordinary shareholders' funds

the team



Directorate & EXECUTIVE COMMITTEE

1 Brown, Hugh 62 **Non-Executive Chairman** (Audit, Remuneration & Litigation Committee member), CA(SA) • Hugh was previously an executive director of Malbak Limited with responsibility for a large portfolio of companies. In this position he was CEO and Chairman of a number of listed and unlisted companies. He joined the board of ADvTECH in July 2002 as a non-executive director. He served as acting CEO for the period October 2001 to July 2002, prior to the appointment of Frank Thompson as CEO. He was appointed to his present position of non-executive Chairman in August 2002.

2 Thompson, Frank 49 **Chief Executive Officer** BCom, BAcc, CA(SA) • Frank has gained over 20 years experience in senior management and board positions, after qualifying at Deloitte. He spent 10 years in the Anglo American Group, mainly at electronics company Conlog, and 10 years in the Malbak Group and its subsequently unbundled entity, Amalgamated Appliance Holdings Limited, where he was deputy Chairman until joining ADvTECH on 1 August 2002 as CEO.

3 Deeb, John 41 **Group Financial Director** BCom(Hons), CA(SA) • John completed his articles in 1991 at Deloitte, after which he gained considerable experience in senior management positions in commerce. He spent nine years in the Murray & Roberts Group holding the position of financial director of the International Operations and Group financial controller. In 2001 John completed the Programme in Global Leadership at Harvard Business School. John joined ADvTECH in August 2004 as the Group financial director.

4 Duff, Craig 35 **Executive Director** *CEO Tertiary Division* • Craig was one of the founding members of Varsity College in 1990. Varsity College was acquired by ADvTECH in 1997 and he was appointed to the board the following year. Towards the end of 2001 the divisions within the Group underwent restructuring and Craig assumed responsibility for all the tertiary brands as CEO.

5 Levin, Hymie 59 **Non-Executive Director** (Chairman of Audit Committee & Litigation Committee member) BCom, LLB, LLM, HDip Tax Law, HDip Co Law • Hymie practised for more than 20 years as a partner in the renowned Johannesburg corporate law firm of Werksmans. In 1990, he established his own practice, HR Levin Attorneys, as a specialist corporate and tax lawyer. He is a non-executive director of various companies listed on the JSE Securities Exchange and is the Chairman of AG Industries Limited. He joined the ADvTECH Limited board as a non-executive director in 1987 at the time of ADvTECH Limited listing on the JSE.

6 Ferreira, David 42 **Independent Non-Executive Director** BA, LLB, MA(Oxon), MSc(LSE) • David is a founding shareholder and director of Praxis Capital, and serves as a non-executive director of a number of companies, including the Municipal Infrastructure Investment Unit. Before becoming a private equity investor, David worked in project and corporate finance, for leading South African and US firms, as well as for the World Bank. He joined the board of ADvTECH Limited in 2002 as a non-executive director.

7 Booyens, Nico 37 **Executive Director** *CEO of ADvTECH Property and Special Projects* BCom(Hons), CA(SA) • Nico completed his articles at Coopers & Lybrand in1995. He spent four years at Barloworld gaining extensive experience in all financial areas. He joined the Group as the financial director of ADvED Holdings Limited in 1999 and was later appointed as Group financial director of ADvTECH Limited. In August 2004 he assumed responsibility for the Property division as CEO.

8 Honey, Lenn 40 **Executive Director** *CEO Recruitment Division* BCom(Hons), MBA • Lenn commenced his career in the advertising industry in a strategic planning role, thereafter moving to management consulting, focussing on systems implementation and productivity improvement. In 1992 Lenn acquired Rosebank College which was incorporated into ADvTECH in 1997. He has remained with the Group since the sale and has been involved first in the Education division and thereafter as CEO of the Group's recruitment operations.

9 Sacks, Michael (Motty) 62 **Independent Non-Executive Director** (Chairman of Remuneration Committee, Audit & Litigation Committee member) CTA, CA(SA), AICPA(Isr) • Motty practiced as a Public Accountant and Auditor for five years after which he acted as an independent Corporate Advisor for 25 years prior to his appointment as executive Chairman of Netcare in 1997. He has served and continues to serve as a non-executive director to several companies, institutions and empowerment committees. He is also an Officer of the International Association of Political Consultants. He joined the ADvTECH Limited board in 2001 as an independent non-executive director.

10 Buckham, Brian 66 **Non-Executive Director** (Litigation Committee member) • Brian was a founding member of Advanced Technical Systems Limited, now known as ADvTECH Limited, which was listed on the JSE Securities Exchange in 1987. This was the culmination of over 30 years of senior management and board experience. He held executive director positions within ADvTECH until his retirement as executive Chairman in 2002 after which he remained on the board as a non-executive director.

11 Jansen, Jonathan (Prof) 48 **Independent Non-Executive Director** PhD (Stanford), MSc(Cornell), BEd, HEd, BSc • Jonathan is the dean of education at the University of Pretoria, and remains an active teacher of both first year and doctoral students, while leading three major research programmes. He is vice president of The Academy of Science of South Africa and was recently invited to receive an honorary doctors of education degree from the University of Edinburgh. He is a prominent speaker and writer on educational matters around the world and joined the ADvTECH Limited board in 2004 as an independent non-executive director.

12 Dowling, Dolina (Prof) 53 **Alternate Director** *Pro Vice Chancellor, Bond South Africa* BA(Open Univ), MA(Rhodes), PhD(Glasgow), DipEd, DipSpEd (Glasgow), APhS(London) • Dolina held senior positions in the public university sector before joining Bond South Africa in January 2002. She spent many years lecturing in Philosophy and published extensively on the philosophy of social relationships, gender and equity issues as well as various aspects of education. She has an in-depth knowledge of higher education and considerable experience in dealing with the challenges of transforming the higher education system in South Africa. She was appointed as an alternate director on the ADvTECH Limited board in 2003.

13 Isaakidis, Alex 54 **Alternate Director** *CEO Schools Division* BA, BCom (Hons) • Alex has had diversified experience in the field of education and various forms of engineering at senior management level within the Dorbyl Group. He was managing director of Chubb Lock and Safe for five years until he joined the Group in 1999 as managing director of the CrawfordSchools. In 2000 he assumed responsibility as head of the Schools division which comprises of CrawfordSchools, Abbott's Colleges and the Nursery Schools. Mast Publications was added to his portfolio in 2002. He was appointed as an alternate director on the ADvTECH Limited board in 2003.

14 Schwanzer, Shaun 38 **Exco member** *Group Human Resources* MMM, ADC, DipMkt, MProjM, CHRP(SA), MBA • Shaun served with the South African Navy until 1995, and held senior human resource positions in Cashbuild, Renwick, and Atraxis. He joined ADvTECH Limited in 2002 as head of human resources and is responsible for Corporate College International (CCI). His expertise lies in the areas of organisational behaviour, knowledge of the regulatory and labour environment as well external political awareness and networking. He has served as a member of Exco since 2002.

< Hugh Brown & Frank Thompson >

Chairman & CEO's REPORT

GENERAL REVIEW

2004 marks a milestone in ADvTECH's development. Against a background of academic achievement, continuing operational progress and growth, improved financial results and strong cash generation, the Group launched a new wave of investment in educational infrastructure which creates a secure, quality platform for continued growth in learner enrolment.

Academic achievement and career development are at the heart of the Group's goals in education and the acid test of this is the performance of our learners. Details of their results are set out in the annual report and we are proud to highlight the following achievements:

Schools matriculation

- 911 (96%) passes with university exemption
- 86 learners with 6 or more distinctions
- average of 2,6 distinctions per candidate at CrawfordSchools

Tertiary

- over 3 000 learners graduated with degrees, diplomas and certificates aligned to the National Skills Plan
- over 4 000 learners received tuition support through access and externally examined programmes
- 422 learners graduated *cum laude* or with distinction and a total of 31 070 subject distinctions being obtained

Skills development

- successful conclusion of 4 major learnership projects with 9 different SETA's and other agencies
- 2 200 learners completed learnerships and training programmes across 7 provinces

Operationally, a combination of organic growth and recognition of learnerships led to the Group increasing total learner numbers by 19% to 38 000. ADvTECH is committed to contributing to national transformative goals in education and employment through its educational programmes, enrolment and graduation successes. In 2004, over 50% of learners in the Group were previously disadvantaged. A significant number of learners were assisted by the Group's bursary schemes which, together with bursary partners, provided R23,7 million (2003 – R16 million) in bursaries and other student support. In the Recruitment businesses some 20 000 job interviews created over 2 000 new employment opportunities, primarily in IT, finance and engineering.

ADvTECH itself increased staff numbers by 4% to 2 346, of whom 66% are professional educators and over 200 are qualified at Masters or Doctoral level (NQF 7 and 8). Capacity and effectiveness were enhanced by taking on additional skilled resources, especially in academics and in the Group's management of its properties.

Notable features of the Group's financial results are the 27% increase in operating profit to R56 million, the increase of 37% in headline earnings per share to 12,0 cents per share, a 28% increase in operational cash flow before capex to 24 cents per share, and a reduction in the debt to equity ratio to 14% compared to 37% reported last year. Compound annual growth rate (CAGR) in fully diluted headline earnings per share since 2001 is 48%.

The Group's cash flow is seasonally weighted such that the Group reports maximum borrowing at its December year-end. Notwithstanding cash outlay of R21,4 million on new infrastructure (2003 – R10,9 million), average borrowings during the year were R15 million compared to R35 million at year end. As a result of lower average borrowings, reduced interest rates and a reimbursement of interest from SARS, the interest expense decreased to R0,4 million (2003 – R10,9 million). The effective tax rate for the year was 20%. This is forecast to increase to closer to the normal rate of 29% in future.

It is particularly gratifying to report that during the year a number of investment projects costing some R42 million came into fruition. In the Tertiary division four new college sites with a projected capacity growth for the Group of approximately 3 000 learners were prepared for opening in 2005. In the Schools division additional teaching accommodation for a total of 400 learners was prepared for 2005, which included the opening of the first Abbott's College in Gauteng. The Group plans to continue the development of new campuses.

Review of operations

(Education)

As a leading player in the field of independent education, ADvTECH has developed a range of well-recognised centres of excellence in teaching and learning and each brand in the division has established a unique environment. Learners participate in an experience where their own efforts, together with inputs from educators, family and other support groups, enable them to express themselves and grow as people, preparing for their participation in a broader South African society.

The well-known brands in the Education division include Abbott's College, CrawfordSchools, Junior College, College Campus, Corporate College International (CCI), Rosebank College, Varsity College and Vega – The Brand Communications School. Together, these names encompass some 50 individual campuses forming the Group's education business, which is more fully reviewed on pages 12 to 19 of this report. In the segmental analysis, CCI has been transferred from Resourcing to the Education division, better reflecting its growing activity in adult basic education and learnerships.

At mid-year we announced a process for the closure of Bond South Africa. The closure process, in cooperation with Bond University Australia, is proceeding according to plan and the last learners will graduate in 2006. The financial effect of Bond's closure in 2004 will be R2,6 million in operating losses and a further R5 million provision for future closing costs. Bond South Africa is not expected to have any further financial impact on the ADvTECH Group.

As has been stated in the past, ADvTECH supports the drive by the Department of Education (DoE), Council on Higher Education, Umalusi and South African Qualifications Authority to improve the general standards of education governance, the quality of teaching and learner assessment. As greater clarity on the implications and requirements of this drive is achieved, ADvTECH is modifying and developing its infrastructure to meet these needs and ensure compliance. During the year 'The Independent Institute of Education' was created within the Group with ultimate responsibility for ownership, academic governance, teaching, assessment and quality of tertiary. The Institute also replaces the Academic Advisory Board announced last year and this board has, as a result, been disbanded.

While a major focus within the division this year has been the roll-out of the new infrastructure and capacity, the division continued to generate a compelling record, combining academic excellence and sustained financial performance. The division improved its continuing EBITDA contribution by 17% to R97 million.

(Resourcing)

The Resourcing division comprises mainly the Group's recruitment, placement, temporary staffing and contracting activities together with other

'The Group launched a new wave of investment in educational infrastructure creating a secure, quality platform for continued growth in learner enrolment.'

smaller businesses. The portfolio of recruitment brands, comprising Brent Personnel, Cassel & Co, Communicate, Kapele Appointments, Network Recruitment, Pro-Rec Recruitment and The Insource Group has made excellent progress in consolidating its leadership in the Group's target markets. In addition to the recruitment businesses, the Resourcing division houses Mast Publications and Mast Bookshops. The Resourcing division is more fully reviewed on pages 20 to 23.

The recruitment business continued to build on its mid-year progress to deliver excellent full year results, which are a credit to the new management team who achieved their operating targets. The low capital requirements of the Resourcing division, combined with this year's operational success, have generated sound cash flow for the Group and an excellent return on funds employed.

The Resourcing division increased its EBITDA contribution by 70% to R10 million.

(Litigation)

Legal proceedings in respect of substantial claims against Andry Weilhockyj, Marina Weilhockyj *et al* are still in process. Every effort is being made to bring these matters to a speedy and satisfactory conclusion in the interest of shareholders.

ADvTECH's litigation sub-committee, which consists of non-executive directors, has advised the Board that legal counsel remains satisfied with the merits of the Group's claims and that the Group has no additional exposure other than for legal costs in these matters.

Litigation costs are expensed as incurred and amounted to R4,7 million in the year (2003 – R8,9 million).

Distribution to shareholders

It is the Group's policy to distribute 30 – 40% of available profits each year.

The Board has resolved after consideration of various options to recommend a distribution to shareholders by way of capital distribution out of share premium of 4,5 cents per share (2003 – dividend of 1,0 cents). This distribution requires shareholder approval at the Annual General Meeting and would be made to shareholders registered on 27 May 2005 and payable on 6 June 2005.

Staff and Board

The Group's academic, operational and financial results were not achieved without overcoming numerous challenges, including that of responding to the changes in regulatory requirements. We place on record our appreciation of the skill, energy and enthusiasm of the people of ADvTECH in overcoming these challenges, at the same time enhancing the Group's platform for growth.

We welcome John Deeb as Group financial director and Professor Jonathan Jansen as an independent non-executive director. We thank them, and all our other colleagues on the Board, for their contributions during the year.

Prospects

Both the Education and Resourcing divisions are now in a promising growth phase. The positive performance of the South African economy has increased demand for well-qualified, and motivated people. This in turn increases new job opportunities and demand for the quality education offered by the Group.

Provided the current economic environment is maintained and given the encouraging registrations for 2005 in the Education division, the Board expects to report improved headline earnings and operating cash flows for the next reporting period.

HF Brown
Chairman

FR Thompson
Chief Executive Officer

"It is the Group's policy to distribute 30 – 40% of available profits each year."

capital investment

education

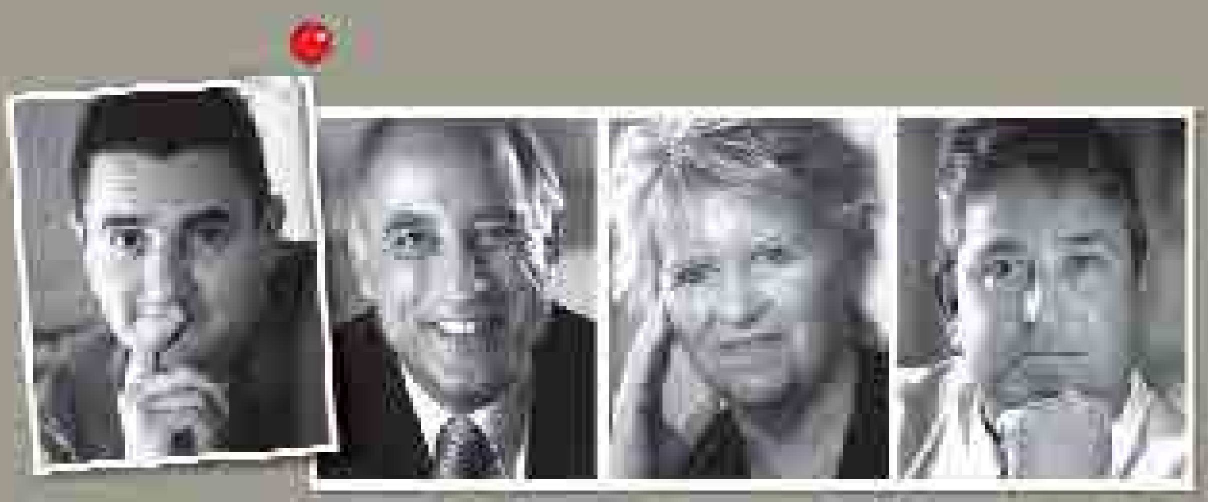
Revenue from continuing operations **up** 19%

Operating profit **up** 17%

Learner growth **up** 19%

The Education division is a leading player in the field of independent education. It comprises schools, tertiary, training and property divisions.

Schools, tertiary and training provide comprehensive education services from infancy through schooling to under-graduate, post graduate and corporate training. Property provides facility management services and amenities for owned and leased physical infrastructure.



< Craig Duff > < Alex Isaakidis > <Dolina Dowling > < Nico Booyens >


43
roxy

Education

The Education division represents the dominant contributor to the Group's results and strategic focus. The Education division has benefited in 2004 from strong organic growth which is evident in the increased learner numbers and turnover.

Overview

(Schools)

The schools brands include Abbott's College, CrawfordSchools and Junior College. The division is dedicated to the education and development of children and learners from infancy to Grade 12. Operating in Gauteng, Western Cape and KwaZulu-Natal, this division has some 11 000 learners in 48 schools.

An ongoing "commitment to excellence" in education has been established throughout our Schools division. Their varied approaches, constant appraisal and the development of unique educational systems has secured their position as one of the top providers of private education in South Africa.

The strategic location of our nursery schools group has made them an easily accessible provider of care and education to children from the age of six weeks to six years. The CrawfordSchools group, comprising 22 schools at pre-primary, preparatory and high school levels are non-denominational and co-educational. These schools specialise in the education of average and above average learners aimed at ensuring that they reach their full potential throughout their school career. The specialised tuition provided to learners from Grade 10 to Grade 12 at the Abbott's College's enables substantial growth in individual learners.

(Tertiary)

The tertiary brands include College Campus, Global School of Business, Rosebank College (incorporating Imperial Underwood College and IMD College), Varsity College and Vega – The Brand Communications School. Bond SA, the South African campus under license of Bond University, Australia – as announced – will close its operations by 2006. The broad range of individual brands are well-known within their respective market segments and have long established reputations, dating as far back as 1909, which ensures continuity with Alumni and prospective employers.

These brands offer lecture support to several externally examined degree and diploma programmes, which run concurrently with the division's own certificate and diploma programmes. The education and training provided in both the Further Education and Training (FET) and Higher Education and Training (HET) bands specialises in face-to-face tuition on a full, part-time and short learning basis.

In line with ADvTECH's philosophy of promoting life long learning, many campuses also offer an extensive range of short learning programmes which are customised to meet individual requirements. Overall the 21 campuses offer a holistic approach to education and personal development to over 25 500 learners reflecting an increase of 24%, focusing on all aspects of achievement.

(Training)

The training division encompasses the Group's learnership activities and Corporate College International (CCI). CCI offers adult basic education and training to client organisations aligned to the national skills plan.

(Regulatory issues and The Independent Institute of Education)

As compliance in terms of legislation is a vital component of our education business, 2004 saw the creation of 'The Independent Institute of Education', the structure of which will be implemented in 2005. The format and structure of this institute was created and formalised with extensive input from the DoE and will have ultimate responsibility for the ownership, academic governance, teaching, assessment and quality of the Group.

Each brand within the Tertiary division is registered with the DoE and runs programmes accredited by the Council of Higher Education. The Education division is working in conjunction with the DoE to ensure ongoing compliance with the new higher education regulations that are currently being implemented.

The Schools division is registered with its respective provincial Departments of Education. The curricula that are followed are approved by the DoE, and compliance with education legislation and regulations is ensured. Close relations are fostered with provincial education departments, and the division works in close cooperation with Umalusi in terms of accreditation.

Schools

Established in 1971, Abbott's College provides tuition to learners from Grade 10 to Grade 12 and, through its system, is able to substantially improve the results of learners.

Abbott's College allows learners to focus on their subjects in line with their future career. With its innovative approach and top results it is hardly surprising that Abbott's continues to be a top feeder school for UCT as well as Rhodes University.

Abbott's enrolments grew by 12,6% in 2004. The first campus outside the Cape was opened in Northcliff, Johannesburg in 2004. This new campus achieved a 100% matric pass rate in its first year.

In the 2004 matric results, Abbott's candidates achieved first place in the Western Cape province for higher grade Mathematics and Afrikaans second language. Abbott's learners also write the schools international assessment task (SIAT) examinations, a skills-based assessment programme which benchmarks learners against international standards. These tests are compiled by the Educational Testing Centre (ETC), a division of the prestigious University of New South Wales in Australia. In 2004, Abbott's achieved a gold medal in Science from SIAT.

Abbott's College provides an education model that prepares learners for a successful life through consistent support and guidance within a caring, structured environment.

CrawfordSchools, founded in 1993, offers choice, stability, accountability and autonomy. The schools endorse teaching that inculcates a love of learning and promotes independent thinking as well as ensuring a creative approach to problem solving.

While proudly South African, CrawfordSchools is committed to providing internationally recognised standards that allow their learners to be competitive both nationally and internationally. CrawfordSchools learners participated in the SIAT examinations in 2004, together with over 1,8 million learners worldwide, and achieved outstanding results with 41 learners within the Group receiving a higher distinction certificate and gold medals.

A diverse curriculum offers learners the opportunity to nurture their unique talents while the Lifeskills programme encourages social awareness and community responsibility.

CrawfordSchools has a reputation for academic excellence and 2004 was no exception. Academically, the matrics achieved a 100% pass rate and 97% university entrance. 2,6 distinctions were achieved per candidate, with 74% achieving an "A" or "B" aggregate. In KwaZulu-Natal, CrawfordSchools matriculants achieved first and second place. In Gauteng, Sandton College received the "Top Independent School" award.

Leadership and sportsmanship are developed through two categories of sport offered at CrawfordSchools. The first category comprises traditional, competitive sports, while the second category of "enrichment" sports includes scuba diving, horse riding, water-skiing, rock climbing, archery, fencing and clay pigeon shooting, as examples.

On the sporting field, many learners achieved national as well as provincial colours in individual as well as team sports. CrawfordSchools also had four individuals representing South Africa at the 2004 Athens Olympics.

Cultural development at CrawfordSchools is widely recognised and seen as crucial for development. Children are encouraged, from an early age, to express themselves through drama, music, art and public speaking. The Lifeskills programme adds another facet to the development of children, preparing them to cope with life's challenges. CrawfordSchools matriculants go forward, confident and secure, in the knowledge that they are well prepared for the future.

In 2004 CrawfordSchools achieved "Investors in People" accreditation, the first and only school Group in Africa to do so. "Investors in People" is an International benchmark standard which sets a level of good practice for improving an organisation's performance through people. It reflects a commitment to the enrichment and development of their staff and teachers.

CrawfordSchools' unique and innovative approach to education has made it a trend-setter in the country. A commitment to excellence pervades every aspect, of teaching. It is the cornerstone of a philosophy designed to educate without fear and to prepare young people for the future in a dynamic South Africa.

Junior College nursery schools was founded in 1968, with 22 schools situated in Gauteng, KwaZulu-Natal and the Western Cape. The schools offer care and education to children from the age of six weeks to six years (Grade 0).

These dynamic nursery schools remain on the cutting edge of early childhood development with a highly commended academic programme, which is unique to the Group and has resulted in exceptional school readiness evaluations.

The schools are easily accessible to their local communities and remain operational throughout the year to accommodate child care needs in and out of holiday seasons.

Some rationalisation of Junior College is taking place in order to consolidate the various nursery schools and improve the efficiency of the brand.

Tertiary

College Campus, established in 1997, is a focused provider of quality education offering full-time and part-time career-orientated programmes, certificates, diplomas and degrees in the fields of IT, Commerce and Leisure.

The campuses are situated in Randburg, Parktown and Pretoria and strive to equip learners with the skills that enhance their employment opportunities and their ability to make an effective and positive contribution to their potential employers.

The core values of College Campus are quality, career focused education, and the presentation of dynamic lecturers preparing learners for the workplace with a vibrant campus life and ongoing career advice. A bursary scheme is offered to high performers in a variety of academic, sporting and leadership categories.

College Campus established a Learnerships division in 2004 offering Information Systems Electronic Technological and Telecommunication ("ISETT") learnerships and Sectoral Education and Training Authority ("SETA") learnerships to 300 learners, as well as securing the tender to provide IT training and assessments to WITS Medical School and Faculty of Health Services.

College Campus embarked on a bursary initiative in 2004 to assist previously disadvantaged learners. Bursaries of up to 50% of annual fees were awarded to 73 learners which enabled them to study at College Campus.

Global School of Business, established in 1994 and now located in Sandton, focuses on preparing the working adult for the external examinations of South Africa's leading professional institutes such as the Institute of Marketing Management and the Institute of Chartered Secretaries and Administrators.

The vision of Global School of Business is to provide the highest standard of education and training to working adults, enabling them to achieve institutional degrees or diplomas on a part-time basis.

Founded in 1948, Rosebank College, also houses Imperial Underwood College, founded in 1909 and IMD College founded in 1989. Rosebank College offers a dynamic urban educational experience with 20 full-time and part-time programmes spanning a range of disciplines including careers in Business, IT, Hospitality, Applied Communications and Beauty Therapy.

Rosebank College's School of Business offers a spectrum of short learning programmes in both business and computing for working adults seeking formal certification for previously acquired knowledge, as well as for those looking to increase their skill set to enhance specific career development.

Rosebank College's five central business district-based campuses are located in Braamfontein, Boksburg, Cape Town, Pretoria and Durban, ensuring accessibility to all, while offering a socially interactive, secure and positive learning environment.

Rosebank College offers a unique life skills programme to equip learners to adjust to college life. This, together with individual attention and career advice, prepares Rosebank College learners for career success and the demanding needs of the workplace.

Rosebank College runs a number of bursary initiatives with urban radio stations and newspapers. They have a longstanding relationship with YFM 99,2, through the DJ Fresh bursary scheme and due to the success of this initiative further partnerships with P4 in Durban and Cape Town, Isolezwe newspaper and Dr L Mazibuko from the Sowetan have been formalised. Together they motivate and empower the youth of South Africa and currently award 120 annual scholarships for financially disadvantaged candidates who show promising academic ability.

Overall, the 21 tertiary campuses offer a holistic approach to education and personal development to over 25 500 learners reflecting an increase of 24%, focusing on all aspects of achievement.

Varsity College was founded in 1991 and is renowned for its commitment to providing the highest standards of education and training. Varsity College offers lecture and tutorial support for learners studying towards UNISA degrees as well as their own certificate and diploma programmes within the areas of computing, leisure and management.

Short learning programmes equip working adults with the necessary core skills to increase their effectiveness in the workplace and thus derive the benefits of increased productivity and performance.

A philosophy of academic excellence combined with practical career orientation is the focus of Varsity College, ensuring that the individual talents of learners are developed to their full potential. Learners skills are honed from an academic, practical and social perspective through the focussed attention of dedicated lecturers within small class settings.

The eight modern campuses are situated in Durban North, Westville, Sandton, Pretoria, Port Elizabeth, Pietermaritzburg, Rondebosch and Gardens with specific focus on social development and cultural activities, thereby ensuring that all learners' needs are well catered for. This includes the introduction of sporting and social facilities at some of the newer campuses, with the three new campuses opening their doors to learners for the first time in January 2005.

Varsity College has an ethos of raising learner awareness and is committed to a culture of community engagement, with each campus running fund raising and awareness programmes in support of local charities.

Vega – The Brand Communications School ("Vega") was launched in 1999 and retains its vision of delivering a new breed of communicators whose expertise includes the generation of sustainable brand ideas that build businesses.

Vega has remained at the cutting edge of the brand industry by winning numerous awards and accolades. Its governing body and advisory council ensures that the curricula development of Vega remain dynamic and industry relevant. The School is registered with the Department of Education to offer undergraduate and postgraduate degrees in the field of Brand Leadership and Communications.

Vega is located in Sandton and has recently expanded to new campuses in Green Point and Westville.

Vega has also embarked on a range of initiatives namely: the establishment of two community and two urban Imagination Labs where young, previously disadvantaged talent is discovered and developed; and a partnership with the SABC to establish Ulimi Lwami language centres that bring a fresh focus to the rich language diversity in our country.

Training

Corporate College International ("CCI") was established in 1991 offering a wide range of education, training and development services to South African organisations. CCI has expanded its operations throughout South Africa, and presently has a branch in Randburg. Satellite centres presently in Cape Town and Durban, are established on a project basis in a number of the presidential identified nodal areas, these are rural areas defined as being the most needy in terms of educational requirements, where short to medium term projects are undertaken and a variety of training programmes are delivered.

CCI is a competitive supplier of exceptional quality courses to client organisations, with a track record of support for National Qualification Framework (NQF) issues. This has ensured that successful learners obtain reputable national and/or international qualifications, which are related to and developed in support of the NQF and the Skills Development Act.

The Group has devoted considerable resources to enhancing its intellectual resources, academic capacity and physical infrastructure. The division anticipates continued growth in enrolments leading to improved profitability and cash flow in the next reporting period.

CCI is accredited as a Training Provider with the Educational Training and Development Practices Sector Education Training Authority, with its trainers qualified as educational training and development practitioners, in addition to holding qualifications as assessors and moderators.

Property

The Property division has been formalised this year to provide facility management services to the Group for the acquisition, administration and maintenance of physical infrastructure. The Group's 31 owned properties comprise 537 789 m^2 and house, *inter alia* the schools and tertiary institutions at the Benmore Campus. In addition, the property division locates, negotiates and manages the 57 leased properties which house the balance of the Group's operations across South Africa.

The Group has extended its property portfolio this year with the new Varsity College campus in Sandton and, in conjunction with local government, facilitating the building and development of two new Varsity College campuses in Durban.

(Operational overview)

The Education division represents the dominant contributor to the Group's results and strategic focus, with a revenue increase for continuing operations of 19% to R 486,8 million (2003 – R407,7 million) and operating profit of 17% to R96,5 million (2003 – R82,7 million). The learner numbers have grown by 19% to 38 000.

The financial effect of the closure of Bond South Africa is a cost of R2,6 million with a provision of R5 million for future costs. The growth in operating profits was negatively affected by approximately R2 million as a result of exceptional uptake of early settlement fee options which has resulted in a reduction in interest cost for the year and an increase in fees in advance in the balance sheet.

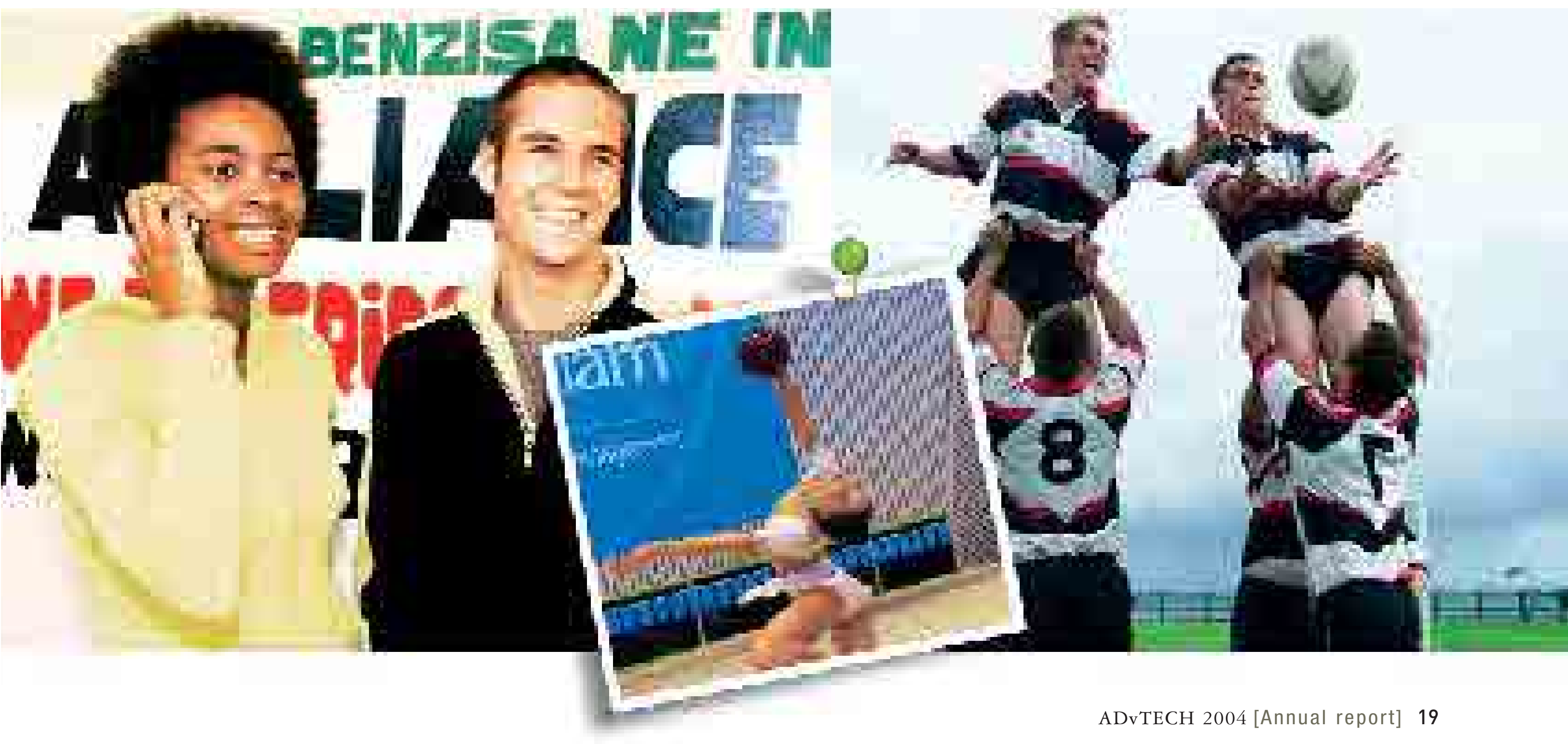
The construction of three new campuses, the establishment of 'The Independent Institute of Education' and additional skilled resources have led to increased overheads which have been absorbed in the year's results.

The major focus of the division for 2004 has been the roll-out of the new infrastructure and capacity while sustaining the solid track record as a growing business.

(Prospects)

The Education division has benefited in 2004 from strong organic growth which is evident in the increased learner numbers and turnover. The Group also devoted considerable resources to enhancing its intellectual resources, academic capacity and physical infrastructure. In the economy itself, increased disposable income and changing demographics have created a vibrant and growing market for independent education.

This trend is expected to continue in the year ahead which will see the results of the capital invested in the new and existing campuses of Abbott's, CrawfordSchools, Rosebank College, Varsity College and Vega. The division anticipates continued growth in enrolments leading to improved profitability and cash flow in the next reporting period.



resourcing

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Revenue from continuing operations **up** 15%

Operating profit **up** 70%

Placement growth **up** 36%

The Resourcing division comprises the Group's recruitment operations together with Mast Publications and Mast Bookshops.

The seven recruitment brands namely: Brent Personnel, Cassel & Co, Communicate Personnel, Kapele Appointments, Network Recruitment, Pro-Rec Recruitment Consultants and The Insource Group, form the core of the Resourcing division. Although the extensive portfolio of brands operates in similar niche markets, each business adopts a unique approach to reach an optimum recruitment solution for permanent, temporary and contract placements.

With a combined heritage of over 75 years and 16 branches situated in most major centres around the country, these businesses provide a flexible, tailored service to meet the needs of both clients and candidates.

Superior service is guaranteed through extensive databases and willingness to invest time and resources in order to understand both the culture and role-specific requirements of clients.

In addition to the recruitment businesses, the Resourcing division houses Mast Publications and Mast Bookshops. Mast Publications is a supplier of local and international periodicals to individuals, companies and government agencies. Mast Bookshops is a retailer of books to the tertiary education market.

Brent Personnel has been in existence for 27 years providing clients with access to high calibre candidates in finance, human resources office support positions and sales and marketing. Brent Personnel is a solution-driven organisation with a personalised programme designed to meet individual client and candidate requirements, customising delivery in order to fulfil these needs. This process comprises extensive interviews, testing and reference checks which are used to short-list candidates for a position. Emphasis is placed on providing a limited number of quality candidates appropriately matched to each position. The division prides itself on an ability to anticipate and meet the changing needs of their client base.

Cassel & Co is, currently in its 15th year of successful business operations, is a dynamic company specialising in the recruitment of temporary and permanent financial personnel. Cassel & Co has earned a reputation for its professionalism and its highly efficient yet personalised service to clients and candidates alike. Focussing entirely upon financial recruitment, Cassel & Co boasts a comprehensive database of qualified, competent candidates available for both contract and permanent roles.

Communicate Personnel has six branches nationwide and is currently in its 23rd year of specialised recruiting. The philosophy of Communicate Personnel is that each recruitment solution requires a unique approach, combined with an in-depth understanding of the client's needs and values. The business offers an innovative solution for a wide variety of recruitment assignments. Their unwavering commitment to source and place suitably qualified people within the information technology (IT), financial and engineering industries, through an understanding of the client's unique organisational culture and values, has ensured continued success.

The Insource Group was established in 2000, with a philosophy based upon the belief that their candidates are not merely employees filling positions, but the critical building blocks of the client's business strategies, driving business growth and solving business issues. The Insource Group believes that delivery is enhanced through information sharing that engenders understanding and trust. This forms the key to building a successful recruitment partnership

The strong performance of the Resourcing division during the year was primarily a result of the strong performance in Recruitment.

with their base of information and communication technology ("ICT") specialist clients. The team at Insource is committed to providing individualised recruitment solutions for each customer. Each solution is tailor-made in consultation with the client or candidate and a recruitment strategy is devised.

Kapele Appointments (Pty) Ltd was formed in 2002 as a committed black economic empowerment (BEE) service provider for both permanent and temporary empowerment recruitment solutions. The business focuses on supplying candidates for IT and financial positions in the public and private sectors of South Africa. Due to the strategic alliance with other brands in the Resourcing division, Kapele Appointments is well positioned to place candidates with skills from other sectors. They have structured their core products to provide the market with the most comprehensive portfolio of resourcing solutions available as either a single or a seamless integrated solution. This flexibility allows the client to tailor their requirements around their needs.

Network Recruitment has been established in the field of specialist recruitment for over 17 years and enjoys a formidable reputation as one of the leading players in a highly competitive industry. Network Recruitment offers a flexible recruitment solution in the areas of IT, finance, engineering and executive placements with an unrelenting focus on providing outstanding service and delivering superior results to both clients and candidates. This team of highly skilled, professional consultants is supported by an impressive infrastructure, designed to ensure rapid delivery of the right candidate without compromising levels of service and support.

Pro-Rec Recruitment is a newly acquired marketing and market research specialist placements division. It was established in 1999 and provides a hands-on recruitment service with particular emphasis on the marketing and market research field. Their specialisation enables delivery of a tailor made service to each client by sourcing the appropriate candidates for specific roles in the marketing arena.

Mast Publications has provided access to both local and international subscription-based publications to the South African market for more than 51 years. The business sources and facilitates subscriptions of any title requested, using sophisticated software to track publications and match them to individual or corporate subscribers' needs. Corporate libraries, universities, scientific and technical institutions, as well as government departments, make extensive use of these services. Mast Publications is in the process of repositioning itself to be well placed for the electronic environment which is changing the method of information delivery. This will result in a shift to the management of the client electronic subscriptions so as to facilitate a continuous competitive pricing structure, while ensuring the publisher's intellectual property remains protected at all times.

The Mast Bookshop, located at the University of KwaZulu-Natal campus in Pietermaritzburg, is a retail bookstore, supplying academic, tertiary and educational books as well as general fiction and non-fiction material to schools, libraries and other educational facilities.

(Operational overview)

The strong performance of the Resourcing division during the year was primarily a result of the strong performance in Recruitment. Revenue increased by 15% to R68 million (2003 – R59 million) and operating profit grew 70% to R9,8 million (2003 – R5,7 million). In this period consulting resources were increased by some 9% to meet the demands of an increasingly buoyant economy, evidenced by the 36% increase in placements for 2004.

The recruitment market in South Africa began to improve in 2004, particularly in the niche markets which are the focus areas of the division. The IT market appears to have put the excesses of "Y2K" behind it. These factors, coupled with successful implementation of management's operating plans, drove divisional performance.

(Prospects)

An increasingly buoyant economy has provided an environment conducive to growth for the recruitment industry. This is evident in the strong recruitment activity for finance, engineering and IT market placements, which, together with the well-established brands, market share growth and a client-focused approach, will ensure that the Resourcing division is well positioned to benefit from this opportunity in 2005.

Human resources MANAGEMENT

< Shaun Schwanzer >

The Human Resource (HR) activity is organised in such a way that its products and services are shaped around the needs of the business. HR contributes to each division achieving its strategic goals and growth with each having a dedicated HR practitioner, whilst compensation and benefits, equity, industrial relations and skills & management development are managed at Group level.

(People and the organisation)

ADvTECH's organisational structure has changed significantly over the past year. The requirements set out by the Department of Education and other government institutions have resulted in a shift in the composition of ADvTECH employees, particularly regarding academic and work related experience that is now required.

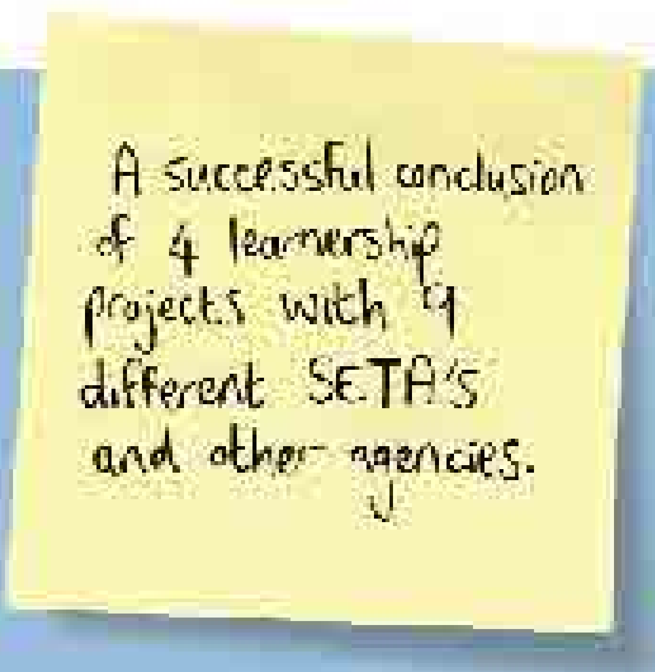
A number of additional people have been employed to cover projects such as "Learnerships" and "Skills Development Initiatives" and management has been strengthened with key appointments having been made in quality assurance and academic management in order to ensure the successful implementation of these and also future projects.

(Group benefits and administration)

The year under review has seen the successful culmination of various audits, restructuring of the payroll and administration of the Group, as well as solid initiatives to improve on retirement funding contributions and administration. The Group has consolidated its many payrolls while establishing a separate learnership administration to support operations in their management of the learnership projects. The Group follows globally accepted norms in basic salary, performance reward and share incentive remuneration.

(Training and skills development)

After two years of planning and research, this year saw the effective implementation of learnership projects throughout the Group. The establishment of effective working relationships between the lead employer,



ADvTECH participates in a number of **social responsibility** projects at divisional level, which have resulted in specific and dedicated projects unique to the focus of the specific division. The group's corporate social responsibility investments have been educationally focused.

provider and sector education training authority (SETA), together with the creation of strong and efficient administrative support, has been core to this process. SETA has responded well to the interactive process and this has resulted in the establishment of projects ranging from Adult Basic Education and Training (ABET) at NQF Level 1 to Diplomas and Certificates at NQF Level 5.

The Group has successfully provided internal and external training and development to its employees and as such ensured that 65% of its skills levy was recouped in 2004. In addition to external training, ADvTECH's divisions have continued to provide in-house education, training and development programmes to all employees to ensure optimal skills development and transfer.

(Employment equity)

ADvTECH recognises that employment equity is essential in addressing the disparities of the past and in so doing, encourages a workplace that is diverse and non-discriminatory. ADvTECH submits one Group-wide equity plan and report. Each divisional human resources manager and line manager is responsible for achieving the stipulated divisional targets.

Transformation has been addressed through the application of employment equity targets and in 2004 the Group achieved a 5% increase in the recruitment of previously disadvantaged personnel, including black senior management and other staff appointments.

(Procurement and black economic empowerment)

The Group utilises a black economic empowerment (BEE) preferred procurement policy and currently spends in excess of 38% of its procurement rand with BEE suppliers. A review of the procurement information in anticipation of Code 500 of the Codes of Good Practice on Black Economic Empowerment was launched and will be completed in mid 2005. This is expected to bring the group in line with the overriding principles of the broad-based BEE framework. Group HR continues to monitor and provide input to the sector transformation charters as and when they apply to the Group.

(Corporate social responsibility)

The Group's corporate social investment for the 2004 year totals approximately R28 million (2003 – R23 million) and has been expended on a range of social projects including bursaries, education assistance, donations and employee assistance programmes.

ADvTECH participates in a number of social responsibility projects at divisional level, which have resulted in specific and dedicated projects unique to the focus of the specific division. Irrespective of the division's speciality, the majority of the Group's corporate social responsibility investments have been educationally focused.

Through the year, projects undertaken have included: the provision of computers to Moletsani High School and the undertaking of ABET and literacy projects; sponsoring of teaching bursaries for students from previously disadvantaged communities who have already completed their first year of studies; donation of classroom tables, chairs, computers, educational material, uniforms and sporting equipment to the Carolina School, resulting in improved educational facilities and a subsequent 122% increase in enrolment numbers for 2004; tertiary division continues to cater for the development of social and sports related activities with the community, thus providing learners with a holistic and cultural aspect to their learning experience; and Corporate College International embarked upon learnerships outside the traditional cities and support bound areas and based its 2004 learnerships in the presidential nodal points. These nodal points have been identified as areas where the normal infrastructure does not exist, but where people development is most needed to uplift human and economic activities.

(Managing HIV/Aids)

ADvTECH is committed to addressing HIV/Aids in a pro-active and non-discriminatory manner. As such, extensive research has been done into the formation and implementation of an effective and relevant HIV/Aids programme. The Group has to a large extent enjoyed community participation in its initiatives to highlight the HIV/Aids pandemic, e.g. our continued commitment to the Lucky Mazibuko / Nelson Mandela Foundation scholarship and co-operation and promotion with prominent radio and TV personalities.

(Environmental and health & safety)

The Group undertook a group-wide Occupational Health and Safety (OHS) inspection regime during 2004 comprising independent internal and external inspections and visits from the Inspectorate of the Department of Labour. The Group OHS department has ensured that all business units and places of work achieve and maintain above 85% in all aspects of OHS. Training and continuous reviews are undertaken to ensure the Group remains at this level.

(Promotion of access to information)

ADvTECH as a private body has compiled the Section 14 Manual, not only to comply with the provisions of the Promotion of Access to Information Act 2 of 2000, but also to foster a culture of transparency and accountability in our environment and to ensure that members of the public have effective access to information in our possession which will assist them in the exercise and protection of their rights. Our manual, that provides the correct procedure to follow to access information in terms of Section 51 of the Act, can be downloaded from this website www.advtech.co.za/AccessInfo.pdf.

(HR governance)

Each division has a human resource practitioner whose primary responsibility is to ensure both people support and governance compliance, within their division, with the many requirements imposed by legislation and other regulatory guidelines. HR actively participate in new initiatives with the Department of Labour involving Codes of Good Practice and Technical Assistance Guides. Divisional CEO's, in conjunction with human resources, have formalised the management of career development and succession planning, salary adjustments and accountability for leave in terms of accruals and audit. This process is contained in the divisional approval framework and has enhanced the governance in the human resources environment.

Corporate governance

ADvTECH Limited and its subsidiaries (the Group) confirm their commitment to the principles of transparency, integrity and accountability as advocated in the King II Code on Corporate Governance and as required by the JSE Securities Exchange South Africa (JSE). Corporate Governance is the means of ensuring due and adequate control over the strategy and direction of an organisation and the management, use and disposition of its assets – both financial and non-financial – in achieving its key objectives. Through this process, shareholders and other stakeholders may derive assurance that the Group is being ethically and prudently managed in compliance, in all material respects, with the King Code on Corporate Governance. The Board and committees acknowledge their responsibilities 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 Listings Requirements and other relevant legislature.

Board of directors

The ADvTECH Limited Board (the Board) has a unitary board structure, which consists of five executive, six non-executive directors, and two alternate directors. The Board is balanced so that no individual or small group is able to dominate decision-making. The Board meets regularly, retains full and executive control over the companies concerned and monitors executive management in implementing Board plans and strategies and as such has reserved certain responsibilities to itself. In addition, the articles of association of the company provide for material decisions taken between meetings to be confirmed by way of directors' resolutions. Executive management attend board meetings from time to time by invitation.

The role of chairman and chief executive officer (CEO) are separate with the chairman being a non-executive director. The chairman and CEO provide leadership and guidance to the Board and encourage proper deliberation on all matters requiring the Board's attention, and they obtain optimum input from the other directors.

A procedure for the assessment of Board performance is not formally in place, though through standard Board procedure together with the review of minutes of meetings, reports by individuals and subcommittees, ongoing assessment of performance and decisions take place.

(Non-executive directors)

The Board comprises a strong contingent of six non-executive directors, three of which are independent non-executive directors. They bring with them diversity of experience, insight, and independent judgement on issues of strategy, performance, resources, and standards of conduct.

The non-executive directors have no service contracts with the Company and are appointed for specific terms subject to re-election and the provisions of the Companies Act. Recommendations to members for re-appointment are not automatic, but are considered individually, based on their contribution.

(Executive directors)

Being involved with the day-to-day business activities of the group, these directors are responsible for ensuring that decisions, strategies, and views of the Board are implemented. Executive directors have standard employment contracts, with a maximum of three months notice on termination.

All directors, excluding the CEO, are subject to retirement and re-election by shareholders every third year. In terms of the memorandum and articles of association of the Company, the CEO is subject to re-election every five years. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment.

(New appointments)

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

Roles and responsibility of directors

The Board retains overall accountability for the day-to-day management and strategic direction of the Group, as well as for attending to the legislative, regulatory, and best practice requirements. The Board has delegated to the CEO and the Executive Committee, authority to run the day-to-day affairs of the Company. Accountability to shareholders remains paramount in Board decisions, and this is balanced against the demands of the regulatory environment in which the Group operates, and the concerns of its other stakeholders.

To assist the Board in discharging its collective responsibility for corporate governance, several committees have been established, to which certain of the Board's responsibilities have been delegated. These committees operate with written terms of reference and comprise, in the main, non-executive directors. Ad hoc committees are created as and when necessary.

Board and Board committee meetings

The Board and its committees are supplied with full and timely information ensuring that relevant facts are brought to the attention of directors.

The record of attendance by each director at ADvTECH Limited Board meetings, for the financial year ended 31 December 2004, is set out in the table below.

Directors	30/01	19/03	28/05	14/06	03/08	15/10	03/12
JNP Booyens	✓	✓	✓	✓	✓	✓	✓
HF Brown*	✓	✓	✓	✓	✓	✓	✓
BD Buckham*	✓	✓	✓		✓	✓	✓
JJ Deeb**			✓	✓	✓	✓	✓
DS Dowling****				✓			
CN Duff	✓	✓	✓	✓	✓	✓	✓
DK Ferreira*	✓		✓	✓	✓	✓	✓
DL Honey	✓	✓	✓	✓	✓	✓	✓
A Isaakidis****							✓
HR Levin*	✓	✓		✓	✓		✓
MI Sacks*	✓	✓				✓	✓
JD Jansen***						✓	✓
FR Thompson	✓	✓	✓	✓	✓	✓	✓

**Non-Executive Director*
***Joined ADvTECH in May 2004 and appointed as executive director on 3 August 2004*
****Non-Executive Director appointed on 16 August 2004*
*****Alternate Director*

(Group Executive Committee)

The Executive Committee (Exco) consists of the five executive directors as well as alternate directors Mr A Isaakidis, Dr DS Dowling and the Human Resources Executive Mr S Schwanzer. Exco meets on a regular basis and is empowered and responsible for implementing strategies and policies as determined by the Board. It is responsible for the day-to-day managing of the business and affairs of the Group within a defined approvals framework.

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

(Remuneration Committee)

The remuneration committee consists of the following non-executive directors:

MI Sacks (Chairman)
HF Brown

The remuneration committee has been instrumental in the development of a broad remuneration strategy for the Group while taking into account the responsibility and individual performance, when considering executive directors' emoluments, share option allocations and other benefits.

The remuneration committee relies on external market surveys and industry reward levels as benchmarks in addition to the advice obtained from independent professional advisers. This enables the committee to ensure that remunerations are set at realistic levels while ensuring that packages are structured in such a way that short and long-term incentives depend on the achievement of business objectives and the delivery of shareholder value. In order to promote director interests with shareholders, share incentives are considered a critical element of executive incentive remuneration. It recommends to the Board, the fees paid to directors and guarantees that no person is involved in any decisions as to his or her own remuneration.

The chairman's compensation, however, does not form part of the mandate of the remuneration committee and is negotiated with non-executive members of the Board as and when required.

Succession planning for the Group CEO is not dealt with by the remuneration committee, but is decided by the Board.

The remuneration committee meets on an ad hoc basis and met twice during the 2004 financial year.

(Audit Committee)

The audit committee consists of the following non-executive directors:

HR Levin (Chairman)
HF Brown
MI Sacks

The role of the audit committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met four times during the 2004 financial year.

Directors	26/01	18/03	29/07	29/11
HR Levin	✓	✓	✓	✓
HF Brown	✓	✓	✓	✓
MI Sacks	✓			✓

The Group audit committee operates in accordance with a written charter authorised by the Board, and provides assistance to the Board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting, and disclosure;
- Internal and external audit policy;
- Activities, scope, adequacy, and effectiveness of the internal audit function and audit plans;
- Review and approval of external audit plans, findings, problems, reports, and fees;
- Compliance with the Code of Corporate Practices and Conduct;
- Compliance with the Group's code of ethics;
- Ensures that non-audit services will not be obtained from the external auditors where the provision of such services could impair audit independence; and
- Reviewing and recommending the approval of interim and annual results

The audit committee performed its responsibilities in terms of the charter during the 2004 financial year. No changes were adopted to the charter.

The audit committee has reviewed the financial statements with management, and discussed the quality of the accounting policies with the external auditors. The audit committee considers the annual financial statements of ADvTECH Limited and its subsidiaries to be a fair presentation of its financial position on 31 December 2004, and of the results of its operations, changes in equity, and cash flows for the period, in accordance with the statements of Generally Accepted Accounting Practice (GAAP) and the Companies Act.

The CEO, Group financial director, the head of internal audit and the external audit partner, attend the audit committee meetings by invitation. Copies of the minutes of the meetings were submitted to the Board.

Both the external and internal auditors, as well as the compliance officer, have unrestricted access to the audit committee, which ensures that their independence is in no way impaired.

(Academic Advisory Board)

The ADvTECH Limited Academic Advisory Board (AAB) has continued to advise management and the Board on all issues pertaining to the academic environment that the Group operates in. This includes, but is not limited to programme offerings, policy and legislative imperatives and governance issues. The AAB is comprised of distinguished independent academics and meets approximately four times a year with the CEO of ADvTECH and the Pro-Vice Chancellor of Bond SA in attendance at meetings.

In accordance with the requirements of the Department of Education (DoE), 'The Independent Institute of Education' was created within the group and a new advisory structure in the form of a Senate, which will be established in 2005. This will ensure continued compliance with all DoE policies, legislative and governance issues and as such the Academic Advisory Board has been disbanded and replaced.

(Litigation Committee)

BD Buckham (Chairman)
HF Brown
HR Levin
MI Sacks

Legal proceedings in respect of substantial claims against Andry Welihockyj, Marina Welihockyj et al are still in process. Every effort is being made to bring these matters to a speedy and satisfactory conclusion in the interest of shareholders.

ADvTECH's litigation sub-committee, which consists of non-executive directors, has advised the Board that legal counsel remains satisfied with the merits of the Group's claims and that the Group has no additional exposure other than for legal costs in these matters.

Risk management

There is no formal risk management committee, however, the Board in conjunction with Exco and the risk and compliance manager, reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed for which a group risk management matrix has been compiled. The Group's major assets are insured against loss and this together with the disaster recovery plan will ensure that the business, from an information technology and operational viewpoint, continues with the least amount of disruption.

Internal control

To meet its responsibility in providing reliable financial information, ADvTECH Limited and its subsidiaries maintain financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss or unauthorised acquisition, use, or disposal, and that all transactions are properly authorised and recorded.

The system includes a documented organisational structure, division of responsibility, established policies, and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to all employees throughout the Group.

Internal Auditors monitor the operation of the internal controls and systems and report their findings and recommendations to management and the Board of directors. Corrective actions are taken to address control deficiencies and where other opportunities present themselves for improving the system as they are identified. The Board, operating through its audit committee, provides supervision of the financial reporting process and internal control systems.

No material incidents have come to the attention of the Board that would indicate any breakdown in internal controls during the year under review.

Internal audit

The Group's internal audit department has a specific mandate from the Audit Committee to independently appraise the appropriateness, adequacy and effectiveness of the Group's systems, financial internal controls, and accounting records, reporting its findings to divisional management and the Audit Committee. The Group internal audit manager reports to the Financial Director on an administrative basis and has direct access to the CEO and the chairman of the audit committee.

The Group assessed its internal control system as at 31 December 2004 in relation to the criteria for effective internal control over financial reporting according to best practice and in terms of group policy and procedure. The internal control process has been in place up to the date of the approval of the annual report and financial statements.

Based on its assessment, the Group believes that, as at 31 December 2004, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use, or disposition, met all material aspects of its mandate, with an overall improvement of 12% across the Group.

The internal audit coverage plan is based on risk assessments performed at each operating unit. The coverage plan, as approved by the audit committee, is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

Nothing has come to the attention of the Board to indicate that any material breach of these controls has occurred during the period under review.

Ethical standards

The Group has developed and implemented a Code of Ethics (The Code), which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated, as and when necessary, to ensure it reflects the highest standards of behaviour and professionalism.

In summary, The Code requires that, at all times, all Company personnel act with the utmost integrity and objectivity and in compliance with the letter and the spirit of both the law and company policies.

The directors believe that ethical standards are being met and fully supported by the ethics programme.

Accounting and auditing

The Board places strong emphasis on achieving the highest level of financial management, accounting, and reporting to shareholders. The Board is committed to compliance with the Statements of Generally Accepted Accounting Practice in South Africa and the JSE Listings Requirements.

The directors are responsible for ensuring the Group's companies maintain adequate records, and for reporting on the financial position of the Group and the results of activities with accuracy and reliability. Financial reporting procedures are applied in the Group at all levels to meet this responsibility. The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with South African standards.

It is the directors' responsibility to prepare financial statements that fairly presents:

- The state of affairs as at the end of the financial year under review;
- Profit or loss for the period;
- Cash flows for the period; and
- Other material non-financial information.

The external auditors observe the highest level of business and professional ethics and their independence is not impaired in any way.

The external auditors, Deloitte & Touche, were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors, and committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented. The external auditors review all internal audit reports on a regular basis. The external audit function offers reasonable, but not absolute, assurance as to the accuracy of the Group's financial disclosures.

Going concern

The directors are of the opinion that the business will be a going concern in the year ahead. The Board's statement regarding this is contained in the Directors' responsibility statement on page 2 of the annual financial statements. The Board has also recorded the facts and assumptions on why they concluded that the business will be a going concern for the next financial year.

Company secretary

All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the provisions of the Companies Act, and who is considered by the Board to be fit and proper for the post. The company secretary is responsible to the Board and provides guidance and advice to the Board and, other duties as stipulated in section 268G of the Companies Act, and the Company, on matters of ethics and good corporate governance. The company secretary works with the Board to ensure compliance with the rules of the JSE. The company secretary oversees the induction of new directors and assists the Group chairman and the CEO in setting the annual Board plan and other related matters. The company secretary also serves as the risk and compliance manager for the Group.

Insider trading

The company has a written policy adopted by the Board on insider trading, which states that no director, executive, manager or any employee with "price sensitive information" may deal directly or indirectly in the company's shares during closed periods. The company operates a closed period between its interim and final results, and also at times when cautionary notices are in existence. All directors' share dealings require the prior approval of the chairman, and the secretary retains a record of all such share dealings and approvals.

Related transactions

Members of the Board are required to disclose any conflict of interest, which they may have at the regular Board meetings. During the year under review no material contracts involving directors' interests were entered into in the current year.

The following is the only contract, entered into on 1 January 2001, which a director has an interest in:

Director	Contract	Company	**2004 (R)**	2003 (R)
BD Buckham	Lease: ADvTECH Education (Pty) Ltd	K2 Properties	**1 530 891**	1 376 916

HR Levin is a non-executive director and is a senior partner at HR Levin Attorneys who provide legal service to the Group. (2004: R9 703; 2003: R0)

DL Honey is an executive director and whose brother, E Honey, is a director of Bowman Gilfillan who provides Trade Mark services to the Group.

JJ Deeb, DS Dowling, DL Honey and A Isaakidis have been awarded Crawford School Bursaries for their children in terms of the Group's bursary policy.

Employment Equity

The Group continues to subscribe to the philosophy of employee upliftment and has dedicated resources to both training and development programmes to achieve demographic representation in its workforce. This philosophy has enabled ADvTECH to embrace the principles of the Skills Levy Act (with its training initiatives) and the Employment Equity Act. All employees are encouraged to develop their full potential for both themselves and the group.

Notes.

administration

www.advtech.co.za

(011) 886-5100

ADvTECH Limited Registration number 1990/001119/06
JSE code: ADH ISIN: ZAE 0000 31035

Group secretary Moya Lämmle, 364 Kent Avenue, Ferndale, Randburg 2194

Head office PO Box 2369, Randburg 2125

Registered office 364 Kent Avenue, Ferndale, Randburg 2194
Telephone +27 (0)11 886 5100, facsimile +27 (0)11 886 4512

Internet address www.advtech.co.za

Email address contact@advtech.co.za

Independent auditors Deloitte & Touche

Transfer secretaries Ultra Registrars, 11 Diagonal Street, Johannesburg 2001
Telephone +27 (0)11 832 2652, facsimile +27 (0)11 834 4398

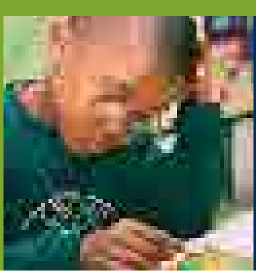
Sponsor Bridge Capital Services (Pty) Limited

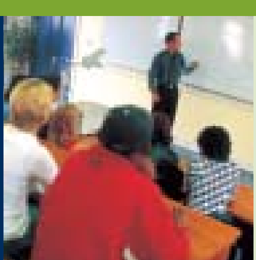
Overleaf for contents

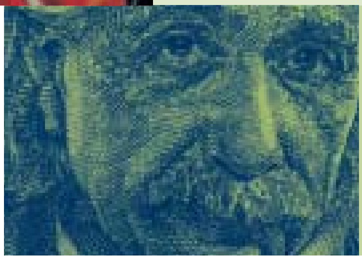
ADvTECH students | ACHIEVE

In all its various educational undertakings ranging from pre-school infants through to adults, and from basic education and training through matriculation to post-graduate studies, ADvTECH and its educators strive to provide appropriate and career focused learning which is distinguished by a commitment to excellence. During the last year, this commitment has been highlighted by a wide range of achievements, each of which is praiseworthy in its own right, but which, taken in aggregate, represent a benchmark of academic excellence that justifies the decision of thousands of families to participate in ADvTECH programmes. Some of these achievements are highlighted throughout this report.

‘investing for growth’







Annual Financial Statements 2004

ADTECH GROUP

Notable features of the Group's financial results are the 27% **increase in operating profit** to R56 million, the increase of 37% in headline earnings per share to 12,0 cents per share, a 28% increase in operational cash flow before capex to 24 cents per share, and a reduction in the debt to equity ratio to 14% compared to 37% reported last year. Compound annual growth rate (CAGR) in fully diluted headline earnings per share since 2001 is 48%.

contents

Corporate governance | SUMMARY

ADvTECH strives for effective corporate governance by endeavouring to ensure that long-term strategies and plans are maintained and that the proper processes, records and management structures are in place to achieve business objectives and create shareholder value.

At the same time ADvTECH seeks to ensure that the business operates to maintain the organisation's integrity, reputation and accountability to its stakeholders. The ADvTECH Group subscribes to the highest levels of corporate governance tenets and values and is committed to complying with the recommendations contained in the Code of Corporate Practices and Conduct as set out in the second King Report on Corporate Governance for South Africa 2002 ("King II"), most elements of which are either formally or informally in place.

approval of the annual financial statements

The annual financial statements and Group annual financial statements which appear on pages 03 to 27 were approved by the board on 11 March 2005 and are signed on its behalf by:

HF Brown
Chairman

FR Thompson
Chief Executive Officer

JJ Deeb
Group Financial Director

report of the independent auditors

To the members of ADvTECH Limited

We have audited the annual financial statements and group annual financial statements of ADvTECH Limited set out on pages 03 to 27 for the year ended 31 December 2004. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

Scope

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

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

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

Opinion

In our opinion these annual financial statements fairly present, in all material respects, the financial position of the company and of the group at 31 December 2004 and the results of their operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

Deloitte &Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

11 March 2005

certificate by secretary

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

MJ Lämmle (ACIS)
Group Secretary

segmental reporting

for the year ended 31 December 2004

R'000	Education 2004	Resourcing 2004	Central administration 2004	Total 2004
Revenue	501 815	68 019	–	569 834
Continuing operations	486 850	68 019	–	554 869
Discontinuing operations	14 965	–	–	14 965
EBITDA	94 061	9 851	(26 395)	77 517
Continuing operations	96 576	9 851	(21 576)	84 851
Discontinuing operations	(2 604)	–	–	(2 604)
Litigation costs	89	–	(4 819)	(4 730)
Depreciation and amortisation	19 763	1 068	456	21 287
Continuing operations	18 867	1 068	456	20 391
Discontinuing operations	896	–	–	896
EBIT	74 298	8 783	(26 851)	56 230
Continuing operations	77 709	8 783	(22 032)	64 460
Discontinuing operations	(3 500)	–	–	(3 500)
Litigation costs	89	–	(4 819)	(4 730)
Profit after taxation	56 312	6 610	(22 226)	40 696
Funds employed				
Property, plant and equipment	333 318	1 058	6	334 382
Deferred taxation assets	14 327	27 527	2 679	44 533
Investment	–	495	–	495
	347 645	29 080	2 685	379 410
Current assets	28 864	208	13 197	42 269
	376 509	29 288	15 882	421 679
Current liabilities	109 365	20 188	4 348	133 901
Total funds employed	267 144	9 100	11 534	287 778
Capital expenditure	41 864	558	7	42 429

R'000	Education 2003	Resourcing 2003	Central administration 2003	Total 2003
Revenue	426 551	59 233	–	485 784
Continuing operations	407 741	59 233	–	466 974
Discontinuing operations and businesses disposed of	18 810	–	–	18 810
EBITDA	79 737	5 674	(19 939)	65 472
Continuing operations	82 735	5 787	(16 353)	72 169
Discontinuing operations and businesses disposed of	(2 998)	–	–	(2 998)
Recoupment of litigation costs	–	–	5 250	5 250
Litigation costs	–	(113)	(8 836)	(8 949)
Depreciation and amortisation	19 222	1 325	485	21 032
Continuing operations	18 218	1 325	485	20 028
Discontinuing operations and businesses disposed of	1 004	–	–	1 004
EBIT	60 515	4 349	(20 424)	44 440
Continuing operations	64 517	4 462	(16 838)	52 141
Discontinuing operations and businesses disposed of	(4 002)	–	–	(4 002)
Recoupment of litigation costs	–	–	5 250	5 250
Litigation costs	–	(113)	(8 836)	(8 949)
Profit after taxation	37 718	4 736	8 819	51 273
Funds employed				
Property, plant and equipment	312 178	1 571	2	313 751
Intangible assets	1	–	–	1
Deferred taxation assets	11 752	26 329	2 126	40 207
Investment	–	495	–	495
	323 931	28 395	2 128	354 454
Current assets	17 703	8 751	13	26 467
	341 634	37 146	2 141	380 921
Current liabilities	72 683	15 706	40	88 429
Total funds employed	268 951	21 440	2 101	292 492
Capital expenditure	25 003	704	444	26 151

directors' report

for the year ended 31 December 2004

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2004.

Nature of business

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

Financial results

The results for the year ended 31 December 2004 are set out in the financial statements and a full commentary thereon is provided in the Chairman and CEO's report.

Share capital

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

Number of share in issue 31 December 2004	393 664 886

Capital distribution

Share code: ADH ISIN code: ZAE 0000 31035

The Board is pleased to recommend a distribution to shareholders, to be paid out of share premium, of 4,5 cents per share. Shareholders will be asked to consider, and if deemed fit, to approve the capital distribution at the annual general meeting of the Company to be held on Tuesday, 17 May 2005.The Board is satisfied that the capital remaining after payment of the dividend is sufficient to support the current operations and to facilitate future development of the business.

Post balance sheet events

The directors are not aware of any matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 31 December 2004 or the financial position at that date.

Special Resolutions Adopted by Subsidiary Companies

The full statutory information relating to the following special resolutions passed by subsidiary companies is available for inspections at the Company's registered office.

ADvTECH Education (Pty) Limited
14 December 2004:
"The name of the company be changed from ADvTECH Education (Pty) Limited to: "The Independent Institute of Education (Pty) Limited" or any such similar name as the Registrar of Companies at CIPRO may allow."

Interest of directors

As at 31 December 2004, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company was 19,87% (2003 – 27,3%) in aggregate and per director as follows:

	Beneficial				Non-beneficial			
Director	Direct		Indirect		Direct		Indirect	
	2004	2003	2004	2003	2004	2003	2004	2003
JNP Booyens	1 923 430	1 169 000	205 000	175 000	–	–	–	–
HF Brown	200 000	–	200 000	–	–	–	–	–
BD Buckham	26 392 650	26 392 650	897 255	897 255	970 276	970 276	–	–
JJ Deeb	200 000	–	200 000	–	–	–	–	–
C Duff	2 824 430	1 500 000	2 297 014	2 060 014	–	–	–	–
DK Ferreira	–	–	–	–	–	–	26 059 427	62 359 427
DL Honey	3 043 514	2 059 196	246 000	210 513	513	513	–	–
JD Jansen	–	–	–	–	–	–	–	–
H Levin	7 906 427	7 906 427	–	–	93 573	93 573	–	–
MI Sacks	–	–	–	–	–	–	–	–
FR Thompson	2 634 430	10 000	1 619 500	1 382 500	–	–	–	–
Alternate directors								
DS Dowling	–	40 000	82 000	70 000	–	–	–	–
A Isaakidis	66 666	–	164 000	140 000	–	–	–	–
Totals	45 191 547	39 077 273	5 910 769	4 935 282	1 064 362	1 064 362	26 059 427	62 359 427

At the date that this Annual Report was prepared, none of the current directors of the Group has disposed of any of the shares held by them as at 31 December 2004, nor had they acquired any additional shares.

Directors' share options

The directors held the following share options at 31 December 2004:

Name of director	Share options at 31 Dec 2003 Exercise price (cents)	Number	Share options granted during the year Number	Price (cents)	Share options exercised during the year Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	Share options at 31 Dec 2004 Number
JNP Booyens	23	2 600 000						2 600 000
	32	3 973 290			1 324 430	80	635 726	2 648 860
DS Dowling	24	80 000						80 000
	35	480 000						480 000
CN Duff	23	2 600 000						2 600 000
	32	3 973 290			1 324 430	80	635 726	2 648 860
DL Honey	23	2 600 000						2 600 000
	32	3 973 290			1 324 430	80	635 726	2 648 860
A Isaakidis	31	200 000			66 666	85	36 000	133 334
	35	800 000						800 000
FR Thompson	37	3 940 000			1 313 333	80	564 733	2 626 667
	32	3 933 290			1 311 097	80	629 327	2 622 193
JJ Deeb			1 000 000	75				1 000 000
Total		**29 153 160**	**1 000 000**		**6 664 386**		**3 137 238**	23 488 774

The share option exercise terms are detailed in note 16 on page 25.

Directors' emoluments

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year to 31 December 2004, are set out below:

Executive	Fees	Salary	Bonus****	Expense allowances	Other***	Provident fund contri-butions	Total 2004	Total 2003
JNP Booyens		772 675	339 922	124 200		102 855	1 339 652	1 177 438
JJ Deeb*		493 352	213 400	100 000		66 443	873 195	–
CN Duff		1 048 474	497 420	87 840		134 190	1 767 924	2 584 076
DL Honey		879 129	535 643	99 000		117 954	1 631 726	1 271 414
FR Thompson		1 143 666	725 200	180 000		156 334	2 205 200	1 855 375
Alternate Directors							–	–
DS Dowling		646 603	194 280	168 600		88 426	1 097 909	509 202
A Isaakidis		777 437	277 445	110 600		90 879	1 256 361	614 213
Total executive	–	5 761 336	2 783 310	870 240	–	757 081	10 171 967	8 011 718
Non-executive								
C Bomela							–	25 000
HF Brown	270 000						270 000	220 000
BD Buckham	46 429				205 200		251 629	1 026 955
DK Ferreira	46 429						46 429	50 000
HR Levin	60 357						60 357	60 000
MI Sacks	71 786						71 786	90 000
JD Jansen**	20 833						20 833	–
Total non-executive	515 834	–	–	–	205 200	–	721 034	1 471 955
Total	515 834	5 761 336	2 783 310	870 240	205 200	757 081	10 893 001	9 483 673

* *Joined ADvTECH in May 2004 and appointed as executive director in August 2004*

** *Appointed August 2004*

*** *The payment to Mr BD Buckham, under "Other" is for consultancy fees based on a fixed term contract.*

**** *The Company bonus plan approved by the Board and its Remuneration Committee makes provision for a bonus payment on the attainment of agreed profits as well as a payment for the achievement of individual objectives.*

directors' report

for the year ended 31 December 2004 *(continued)*

Directors' emoluments *(continued)*

There were no directors fees for executive directors for the year under review as this is incorporated into their salary packages.

Directorate

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

JJ Deeb	– appointed as a Director	3 August 2004
JD Jansen	– appointed as a Non-executive Director	16 August 2004

In terms of the company's Articles of Association the following directors retire at the forthcoming annual general meeting and, all being eligible, offer themselves for re-election: Messrs BD Buckham, JJ Deeb, DK Ferreira, JD Jansen and HR Levin.

Company secretary

The office of company secretary was held by LJ Gomes from January 2004 till March 2004 and MJ Lämmle from April 2004 till December 2004. The secretary's business, postal and e-mail address is as follows:

Business address	Postal address
364 Kent Avenue	PO Box 2369
Ferndale	Randburg
2194	2125

E-mail address: groupsec@advtech.co.za

income statement

for the year ended 31 December 2004

		Group		Company	
R'000	Notes	2004	2003	2004	2003
Revenue	2	569 834	485 784	–	–
Operating profit/(loss) before depreciation and amortisation		77 517	65 472	(2 527)	(705)
Education – continuing operations		96 576	82 735	–	–
Education – discontinuing operations		(2 604)	(2 998)	–	–
Resourcing – continuing operations		9 851	5 787	–	–
Central administration		(21 576)	(16 353)	(2 527)	(705)
Recoupment of litigation cost		–	5 250	–	–
Litigation costs		(4 730)	(8 949)	–	–
Depreciation and amortisation	3	21 287	21 032	2	1
Operating profit/(loss) before interest	3	56 230	44 440	(2 529)	(706)
Interest received	4.1	4 087	9 292	22	46
Interest paid	4.2	(4 463)	(20 203)	(101)	(438)
Fair value adjustment	8	–	–	4 461	15 981
Profit before exceptional items		55 854	33 529	1 853	14 883
Exceptional items	5	(5 054)	17 884	–	8 621
Profit before taxation		50 800	51 413	1 853	23 504
Taxation	6	(10 104)	(140)	477	1 295
Profit after taxation		40 696	51 273	2 330	24 799
Attributable to outside shareholders		(1 446)	(823)	–	–
Profit attributable to ordinary shareholders		39 250	50 450	2 330	24 799
Distribution to shareholders		(3 532)	–	(3 532)	–
Retained earnings/(net loss) for the year		35 718	50 450	(1 202)	24 799
Dividend per share (cents)		1,0	–	1,0	–
Earnings per share (cents)	7.1	11,0	13,9		
Headline earnings per share (cents)	7.3	12,0	8,8		
Diluted earnings per share (cents)	7.2	10,6	13,4		
Diluted headline earnings per share (cents)	7.3	11,6	8,4		

statement of changes in equity

for the year ended 31 December 2004

R'000	Note	Ordinary share capital	Share premium	Shares held by the share incentive trust	Non-distributable reserves	Accumulated loss	Outside share-holders	Total
Group								
Balance at 1 January 2003 restated		3 937	355 100	(8 106)	18 231	(196 766)	–	172 396
Accumulated profit for the year						50 450		50 450
AC133 opening balance adjustment						273		273
Movement in translation reserves					(2 287)			(2 287)
Outside shareholders for the year							823	823
Shares acquired – Crawford settlement				(8 621)				(8 621)
Revaluation of shares in Share Incentive Trust				2 794		(2 794)		–
Share options exercised				907				907
Balance at 31 December 2003		3 937	355 100	(13 026)	15 944	(148 837)	823	213 941
Accumulated profit for the year						39 250		39 250
Outside shareholders for the year							1 446	1 446
Outside shareholders distribution							(823)	(823)
Share options exercised				2 316				2 316
Distribution to shareholders						(3 532)		(3 532)
Balance at 31 December 2004		3 937	355 100	(10 710)	15 944	(113 119)	1 446	252 598
Company								
Balance at 1 January 2003		3 937	355 100	–	–	(148 943)	–	210 094
Opening balance as previously reported		3 937	355 100			(188 501)		170 536
Fair value adjustment	8					39 558		39 558
Accumulated profit for the year						24 799		24 799
Loss on sale of shares to Share Incentive Trust						(2 794)		(2 794)
Balance at 31 December 2003		3 937	355 100	–	–	(126 938)	–	442 193
Accumulated profit for the year						2 330		2 330
Distribution to shareholders		–	–			(3 532)		(3 532)
Balance at 31 December 2004		3 937	355 100	–	–	(128 140)	–	440 991

balance sheet

for the year ended 31 December 2004

		Group		Company	
R'000	Notes	2004	2003	2004	2003
Assets					
Non-current assets		379 411	354 454	232 757	232 124
Property, plant and equipment	12	334 382	313 751	7	2
Intangible assets	13	1	1	–	–
Investment	14	495	495	–	–
Investments in subsidiaries	15			160 988	156 527
Loan to Share Incentive Trust	16			10 710	13 026
Deferred taxation assets	17	44 533	40 207	2 680	2 126
Indebtedness of subsidiaries	15			58 372	60 443
Current assets		42 269	26 467	2 487	13
Inventories	18	5 226	4 764	–	–
Accounts receivable (trade and other)		34 756	18 982	2 482	3
Prepayments		2 070	2 284	5	–
Taxation		–	10	–	10
Cash and cash equivalents		217	427	–	–
Total assets		421 680	380 921	235 244	232 137
Equity and liabilities					
Capital and reserves		252 598	213 941	230 897	232 099
Share capital	9	3 937	3 937	3 937	3 937
Share premium		355 100	355 100	355 100	355 100
Shares held by the Share Incentive Trust		(10 710)	(13 026)	–	–
Non-distributable reserve	10	15 944	15 944	–	–
Accumulated loss		(113 119)	(148 837)	(128 140)	(126 938)
Outside shareholders' interest		1 446	823		
Interest bearing debt		35 181	78 551	–	(2)
Interest bearing debt – medium-term	11.1 – 11.3	22 976	7 554	–	–
– short-term	11.1 – 11.2	8 567	24 753	–	–
– bank overdrafts and bankers' acceptances	11.3 – 11.4	3 638	46 244	–	(2)
Current liabilities		133 901	88 429	4 347	40
Accounts payable (trade and other)		68 081	40 782	4 311	15
Provisions	19	6 978	1 209	1	–
Leave pay accrual		3 235	4 402	1	–
Taxation		5 412	1 000	–	–
Vendor claims		9 349	8 844	–	–
Fees-in-advance		40 811	32 167	–	–
Shareholders for dividend		35	25	35	25
Total equity and liabilities		421 680	380 921	235 244	232 137

cash flow statement

for the year ended 31 December 2004

		Group		Company	
R'000	Notes	2004	2003	2004	2003
Cash flows from operating activities					
Cash generated/(utilised) by operations	23.1	78 000	68 020	(2 628)	4 933
Utilised to decrease/(increase) working capital	23.2	19 325	14 158	4 129	(6 338)
Cash generated/(utilised) by operating activities		97 325	82 178	1 501	(1 405)
Net interest (paid)/received		(1 709)	(9 400)	22	(392)
Taxation paid	23.3	(8 166)	(2 350)	(67)	–
Dividends paid	23.4	(3 522)	(1)	(3 522)	(1)
Net cash inflow/(outflow) from operating activities		83 928	70 427	(2 066)	(1 798)
Cash flows from investing activities					
Additions to property, plant and equipment – to maintain operations	23.5	(13 565)	(14 811)	(7)	(444)
Additions to property, plant and equipment – to expand operations	23.6	(29 945)	(11 340)	–	–
Proceeds on disposal of property, plant and equipment		173	531	–	799
Proceeds on transfer of property, plant and equipment		1 079	–	–	–
Payments to outside shareholders		(823)	–	–	–
Decrease in investment in joint venture		–	1 129	–	–
Proceeds on disposal of investments		–	4 620	–	–
Reduction in loan to share trust		2 316	907	–	–
Net cash (outflow)/inflow from investing activities		(40 765)	(18 964)	(7)	799
Cash flows from financing activities					
Decrease in medium-term interest bearing debt		(767)	(25 047)	–	–
Proceeds from shares issued		–	–	–	–
Decrease in inter-company loans		–	–	2 071	31 681
Net cash (outflow)/inflow from financing activities		(767)	(25 047)	2 071	31 681
Net decrease/(increase) in cash and cash equivalents		42 396	26 416	(2)	30 238
Cash disposed		–	(613)	–	–
Cash and cash equivalents at beginning of the year		(45 817)	(71 620)	2	30 236
Cash and cash equivalents at end of the year		(3 421)	(45 817)	–	2

Cash and cash equivalents includes bankers' acceptances.

notes to the financial statements

for the year ended 31 December 2004

1. Accounting policies

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

The financial statements and Group financial statements are prepared on the historical cost basis, modified by the restatement of financial instruments to fair values and incorporate the following principal accounting policies, applied on a basis consistent with that of the previous year.

1.1 Basis of consolidation

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

1.2 Interests in joint ventures

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

1.3 Translation of financial statements of foreign entities prepared in foreign currencies

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

1.4 Revenue recognition

1.4.1 Revenue

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

1.4.2 Net dividend income

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

1.4.3 Interest

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

1.5 Exceptional items

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

1.6 Property, plant and equipment

1.6.1 Owned

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

The annual rates for this purpose are:

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

Borrowing costs incurred relating to the development of properties are capitalised and included in the cost of properties until completion, less any identified impairment loss. The capitalisation rate used to determine the borrowing cost capitalised is the prevailing average borrowing rate. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1. Accounting policies *(continued)*

1.6 Property, plant and equipment *(continued)*

1.6.2 Repairs and Maintenance

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

1.6.3 Leased

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

1.7 Intangible assets

1.7.1 Goodwill

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

1.7.2 Trademarks

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

1.7.3 Development Costs

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

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

Training and routine maintenance costs are expensed as incurred.

1.8 Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment losses are recognised as an expense.

1.9 Inventories

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

1.10 Foreign currencies

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

1.11 Deferred taxation

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

1.12 Provisions

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

1.13 Retirement benefits

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

1. Accounting policies *(continued)*

1.14 Related party transactions

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

1.15 Discontinued operations

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

1.16 Dividends

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

1.17 Shares held in the Share Incentive Trust

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

1.18 Cash and cash equivalents

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

1.19 Financial instruments

1.19.1 Financial Assets and Liabilities

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

1.19.2 Financial Measurement

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

Financial Investments

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

Trade and other Receivables

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

Cash and Cash Equivalents

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

Trade and other Liabilities

Trade and other liabilities are stated at amortised cost.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost.

Derivative Instruments

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

1.20 Concentration of credit risk

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

1.21 Liquidity risk

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

1.22 Comparative figures

Comparative figures have been regrouped or reclassified where necessary to give a more appropriate comparison. There has been no impact on previously reported net income or the balance sheet classifications, except for the fair value adjustment as disclosed in note 8.

R'000	Group 2004	Group 2003	Company 2004	Company 2003
2. Revenue				
An analysis of the Group's revenue is as follows:				
Continuing operations:				
Tuition fees	479 431	404 898	–	–
Placement fees	60 777	54 126	–	–
Sales of goods and services	14 661	7 950	–	–
	554 869	466 974	–	–
Discontinuing operations:				
Tuition fees	14 965	16 314	–	–
Sales of goods and services	–	2 496	–	–
	14 965	18 810	–	–
	569 834	485 784	–	–
3. Operating profit/(loss)				
Operating profit/(loss) before interest is stated after taking the following into account:				
Expenditure:				
Amortisation of development costs	–	525	–	–
Auditors' remuneration	2 826	1 018	–	–
– Current year audit fees	827	788	–	–
– Other services	1 999	230	–	–
Depreciation of property, plant and equipment	21 287	20 507	2	1
Owned				
– Land and buildings	2 042	1 996	–	–
– Computer equipment	8 052	8 079	2	1
– Furniture, fittings and equipment	6 482	7 241	–	–
– Motor vehicles	1 165	1 139	–	–
– Video equipment, courses & masters	1 474	29	–	–
– Leasehold improvements	2 472	1 933	–	–
Leased				
– Computer equipment	81	31	–	–
– Motor vehicles	2	59	–	–
Portion of depreciation included under exceptional items	(483)	–	–	–
Directors' emoluments	10 793	9 484	516	737
– For services as directors	516	737	516	737
– For managerial and other services	10 277	8 747	–	–
Net exchange rate losses	20	208	–	–
Operating lease charges	27 163	28 572	–	–
– Premises	22 734	23 155	–	–
– Equipment	4 429	5 417	–	–
Pension and provident fund contributions	17 470	14 329	39	47
Professional fees	1 601	1 034	88	–
Staff costs	260 291	228 141	211	338

	Group		Company	
R'000	2004	2003	2004	2003
4. Finance costs				
4.1 Interest received				
Call account	2 035	–	–	–
Current accounts	–	9 292	–	–
Other	2 052	–	22	46
	4 087	9 292	22	46
4.2 Interest paid				
Long term loans	(1 648)	–	–	–
Compulsory convertible loans	(1 835)	(5 809)	–	–
Bankers acceptances	(122)	(1 988)	–	–
Other	(858)	(12 406)	(101)	(438)
	(4 463)	(20 203)	(101)	(438)
Net finance cost	(376)	(10 911)	(79)	(392)
5. Exceptional items				
Discontinuing operation – closure provision for Bond South Africa	(5 198)	–	–	–
– other	–	4 303	–	–
Profit/(loss) on sale of divisions or assets	144	(385)	–	–
Discontinuing operations – Australia	–	6 988	–	–
Impairment of development costs	–	(1 643)	–	–
Crawford settlement – recoupment of goodwill written off	–	8 621	–	8 621
Exceptional items before taxation	(5 054)	17 884	–	8 621
Taxation	1 528	721	–	–
Exceptional items after taxation	(3 526)	18 605	–	8 621

Discontinuing operation – closure of Bond South Africa

On 18 June 2004 the board of directors announced a plan to discontinue the operations of Bond South Africa once current students have completed their degrees.

R'000	2004	2003
Financial impact of the discontinuing operation		
Operating loss to date of closure decision	(2 525)	(5 190)
Depreciation	(483)	(915)
Provision for closure costs	(5 198)	–
Loss attributable to discontinuing operation	(8 206)	(6 105)
Taxation	2 468	2 085
Net loss attributable to discontinuing operation	(5 738)	(4 021)
Total assets of the discontinuing operation	4 672	5 516
Total liabilities of the discontinuing operation	16 246	11 322
Cash (outflow)/inflow from operating activities	(436)	105
Cash outflow from investing activities	5	922
Cash inflow from financing activities	434	2 889

R'000	Group 2004	Group 2003	Company 2004	Company 2003
6. Taxation				
6.1 Taxation comprises				
SA Normal taxation:				
Current taxation – current year	15 343	6 019	(618)	(10)
– prior year	(3 308)	(3 860)	–	–
Deferred taxation – current	(853)	(2 329)	2	(319)
– prior year	(1 217)	310	–	(966)
Secondary tax on companies	139	–	139	–
Total taxation per the income statement	10 104	140	(477)	(1 295)

Estimated taxation losses for the Group carried forward at year-end were R83,8 million (2003 – R76,3 million).

Estimated taxation losses for the Company carried forward at year-end were R8,9 million (2003 – R7,1 million).

R'000	Group SA Normal	Group Foreign	Group Total
6.2 Reconciliation of current taxation			
31 December 2004			
Taxation on income at normal rate	14 806	–	14 806
Adjusted for:			
Permanent differences	(316)	–	(316)
Disallowable expenditure	2 516	–	2 516
Non-taxable income	(2 832)	–	(2 832)
Timing differences	853	–	853
Allowance for future expenditure	(3 140)	–	(3 140)
Deferred and prepaid expenditure	53	–	53
Fees-in-advance	3 957	–	3 957
Increase in provision for bad debts	3 109	–	3 109
Capitalised finance leases	57	–	57
Amortisation of trademarks	(3 808)	–	(3 808)
Estimated taxation losses carried forward	2 256	–	2 256
Other	(1 631)	–	(1 631)
Current taxation	15 343	–	15 343
31 December 2003			
Taxation on income at normal rate	13 199	2 002	15 201
Adjusted for:			
Permanent differences	(9 509)	(2 002)	(11 511)
Disallowable expenditure	1 698	(2 002)	(304)
Non-taxable income	(11 207)	–	(11 207)
Timing differences	2 329	–	2 329
Allowance for future expenditure	731	–	731
Deferred and prepaid expenditure	388	–	388
Fees-in-advance	(878)	–	(878)
Increase in provision for bad debts	135	–	135
Capitalised finance leases	(113)	–	(113)
Amortisation of trademarks	(3 796)	–	(3 796)
Estimated taxation losses carried forward	6 335	–	6 335
Other	(473)	–	(473)
Current taxation	6 019	–	6 019

R'000	Group 2004	Group 2003

6. Taxation *(continued)*

6.2 Reconciliation of current taxation *(continued)*

R'000	Group 2004	Group 2003
Profit before taxation	50 800	51 413
Tax at 30%	15 240	15 424
Adjusted for tax on outside shareholders	(449)	(247)
Adjusted for foreign tax at different rates	15	24
Tax on income at normal rates	14 806	15 201
Permanent differences	(316)	(11 511)
Secondary tax on companies	139	–
Prior year taxes – normal	(3 308)	(3 860)
– deferred	(1 217)	310
Tax per the income statement	10 104	140

R'000	Company 2004	Company 2003
Taxation on income at normal rate	556	7 051
Adjusted for:		
Permanent differences	(1 171)	(3 924)
Disallowable expenditure	167	–
Non-taxable income	(1 338)	(3 924)
Timing differences	(3)	319
Prepayments	(2)	153
Provision for leave pay	(22)	(3)
Estimated taxation losses carried forward	577	169
Other	(556)	–
Current taxation	(618)	3 446
Profit before taxation	1 853	11 984
Tax at 30%	555	3 595
Permanent differences	(1 171)	(3 924)
Secondary tax on companies	139	–
Prior year taxes – deferred	–	(966)
Tax per the income statement	(477)	(1 295)

R'000	Group 2004	Group 2003
7. Earnings per share		
7.1 Earnings per share		
Profit attributable to ordinary shareholders per income statement	39 250	50 450
Number of shares in issue at year end ('000)	393 665	393 665
Less: Weighted number of shares held by the Share Incentive Trust ('000)	(37 963)	(30 200)
Weighted average number of shares in issue ('000)	355 702	363 465
Earnings per share (cents)	11,0	13,9
7.2 Diluted earnings per share		
There is a potential dilution of 0,5 cents per share (2003: 0,5 cents per share), resulting from the issuing of shares held by the Share Incentive Trust arising from the exercising of rights under the share incentive scheme.		
Diluted number of shares ('000)	370 174	377 041
Diluted earnings per share (cents)	10,6	13,4
7.3 Headline earnings per share		
Profit attributable to ordinary shareholders per income statement	39 250	50 450
Exceptional items – Gross (Refer note 5)	5 054	(17 884)
– Taxation (Refer note 5)	(1 528)	(721)
Headline earnings	42 776	31 845
Headline earnings per share (cents)	12,0	8,8
Diluted headline earnings per share (cents)	11,6	8,4

R'000	Company 2004	Company 2003
8. Fair value adjustment		
At the time of the adoption of AC 133 in 2003, in respect of fair value adjustments, the fair value gain on the acquisition of shares in a wholly owned subsidiary of the Company, ADvTECH Education (Pty) Limited, was dealt with only on consolidation. In this report it is now appropriately accounted for in the general ledger of ADvTECH Limited as well. This requires the comparatives for 2003 to be restated. The adjustment has no impact on the consolidated disclosure nor the results for the year. The effect on the company results however are as follows:		
The effect on the accumulated loss is:	–	39 558
The effect on the company current year earnings is:	4 461	15 981

R'000	Group 2004	Group 2003	Company 2004	Company 2003
9. Share capital				
Authorised				
500 000 000 shares of 1 cent each (2003 – 500 000 000 shares of 1 cent each)	5 000	5 000	5 000	5 000
500 000 000 N shares of 0,01 cent each (2003 – 500 000 000 N shares of 0,01 cent each)	50	50	50	50
	5 050	5 050	5 050	5 050
Issued				
393 664 886 shares of 1 cent each (2003 – 393 664 886 shares of 1 cent each)	3 937	3 937	3 937	3 937
	3 937	3 937	3 937	3 937

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

	Group		Company	
R'000	2004	2003	2004	2003
10. Non-distributable reserve				
Comprising:				
Deferred taxation on trademarks written off against shareholders' equity	15 944	15 944	–	–
	15 944	15 944	–	–
11. Interest bearing debt				
11.1 Instalment sale and finance lease agreements				
Secured by motor vehicles, furniture and fittings and computer equipment having a book value of R7,3 million (2003 – R9,3 million)	6 678	9 608	–	–
Less: Current portion of instalment sale and finance lease agreements	(3 702)	(4 450)	–	–
	2 976	5 158	–	–
The liabilities bear interest at rates varying between 9,5% and 15,5% (2003 – prime overdraft rate to prime plus 1%) and are payable in average monthly instalments of R0,5 million (2003 – R0,4 million) including interest.				
11.2 Compulsorily convertible loans				
Secured by security bonds over properties having a cost of R204 million (2003 – R264 million)	4 865	22 699	–	–
Less: Current portion of loans	(4 865)	(20 303)	–	–
	–	2 396	–	–
The remaining loan is payable bi-annually in instalments of R5,1 million each (2003 – bi-annually in one instalment of R9,6 million and three equal instalments of R5,1 million each), and bears a variable interest rate of currently 8,94% (2003 – 10,76%). The compulsorily convertible loan in ADvTECH Education (Pty) Limited was settled during the year.				
11.3 Mortgage bond				
Secured by security bonds over properties having a cost of R40,3 million.	20 000	–	–	–
Less: Current portion of loan	–	–	–	–
	20 000	–	–	–
The loan is payable in monthly instalments of R0,6 million (starting in July 2006), and bears interest at a fixed rate of 11,92%. The facility granted amounts to R50 million.				
Total medium-term liabilities (Refer note 11.1 & 11.2)	31 543	32 307	–	–
Less: Current portion (Refer note 11.1 & 11.2)	(8 567)	(24 753)	–	–
Net medium-term liabilities	22 976	7 554	–	–
11.4 Bankers acceptances	–	40 000	–	–
(2003 – The bankers acceptances bore interest at the base rate plus an administration charge which varied between 10,1% and 10,8%)				

R'000	Group 2004	Group 2003	Company 2004	Company 2003
11. Interest bearing debt *(continued)*				
11.5 Bank overdrafts	3 638	6 244	–	(2)
Overdraft balance bears interest at the prime rate (2003 – Prime rate)				
Total bank overdrafts and bankers' acceptances	3 638	46 244	–	(2)

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

12. Property, plant and equipment

Group R'000	Cost: 1 January 2004	Additions	Disposals	31 December 2004
Owned				
Land and buildings	264 197	8 923	–	273 120
Computer equipment	40 095	6 501	(85)	46 511
Furniture, fittings and equipment	48 946	7 125	(150)	55 921
Motor vehicles	6 085	964	(285)	6 764
Video equipment, courses and masters	732	1 075	–	1 807
Leasehold improvements	34 624	17 313	–	51 937
	394 679	41 901	(520)	436 060
Leased				
Computer equipment	1 719	528	–	2 247
Motor vehicles	481	–	–	481
	2 200	528	–	2 728
	396 879	42 429	(520)	438 788

Group R'000	Accumulated depreciation: 1 January 2004	Depreciation	Disposals	31 December 2004
Owned				
Land and buildings	7 119	2 042	–	9 161
Computer equipment	26 804	8 052	(85)	34 771
Furniture, fittings and equipment	34 416	6 482	(123)	40 775
Motor vehicles	2 870	1 165	(284)	3 751
Video equipment, courses and masters	84	1 474	–	1 558
Leasehold improvements	9 734	2 472	–	12 206
	81 027	21 687	(492)	102 222
Leased				
Computer equipment	1 697	81	–	1 778
Motor vehicles	404	2	–	406
	2 101	83	–	2 184
	83 128	21 770	(492)	104 406

Group R'000	Net book value 31 December 2004	31 December 2003
12. Property, plant and equipment *(continued)*		
Owned		
Land and buildings	263 959	257 078
Computer equipment	11 740	13 291
Furniture, fittings and equipment	15 146	14 530
Motor vehicles	3 013	3 215
Video equipment, courses and masters	249	648
Leasehold improvements	39 731	24 890
	333 838	313 652
Leased		
Computer equipment	469	22
Motor vehicles	75	77
	544	99
	334 382	313 751

Company R'000	Cost 1 January 2004	Additions	31 December 2004
Owned			
Computer equipment	22	7	29
Furniture, fittings and equipment	4	–	4
	26	7	33

Company R'000	Accumulated depreciation 1 January 2004	Depreciation	31 December 2004
Owned			
Computer equipment	20	2	22
Furniture, fittings and equipment	4	–	4
	24	2	26

Company R'000	Net book value 31 December 2004	31 December 2003
Owned		
Computer equipment	7	2
Furniture, fittings and equipment	–	–
	7	2

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

Land and buildings have been pledged as security for the general banking facility (Refer note 11.2 – 11.3).

Motor vehicles, furniture and fittings and computer equipment, having a net book value of R7,3 million (2003 – R9,3 million) have been pledged as security for the instalment sale and finance lease agreements (Refer note 11.1).

The group has had its fixed property valued during May 2004. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuators. Their valuation based on present land use came to R348,9 million, a premium of R85 million or 32% over book value as at 31 December 2004. The insured value of buildings alone amounted to R325 million.

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

Group R'000	Accumulated depreciation 1 January 2003	Depreciation	Disposals	Exchange differences	31 December 2003
Owned					
Land and buildings	5 123	1 996	–	–	7 119
Computer equipment	23 654	8 079	(4 929)	–	26 804
Furniture, fittings and equipment	29 555	7 241	(2 380)	–	34 416
Motor vehicles	2 689	1 139	(958)	–	2 870
Video equipment, courses and masters	55	29	–	–	84
Leasehold improvements	8 341	1 933	(540)	–	9 734
	69 417	20 417	(8 807)	–	81 027
Leased					
Computer equipment	1 666	31	–	–	1 697
Motor vehicles	345	59	–	–	404
	2 011	90	–	–	2 101
	71 428	20 507	(8 807)	–	83 128

Company R'000	Cost 1 January 2003	Additions	Disposals	31 December 2003
Owned				
Computer equipment	184	318	(480)	22
Furniture, fittings and equipment	151	–	(147)	4
Motor vehicles	–	126	(126)	–
	335	444	(753)	26

Company R'000	Accumulated depreciation 1 January 2003	Depreciation	Disposals	31 December 2003
Owned				
Computer equipment	111	1	(92)	20
Furniture, fittings and equipment	54	–	(50)	4
	165	1	(142)	24

R'000	Group 2004	Group 2003	Company 2004	Company 2003
13. Intangible assets				
13.1 Goodwill				
Carrying value at beginning of the year	1	1	–	–
Carrying value at end of the year	1	1	–	–
13.2 Development costs				
Carrying value at beginning of the year	–	2 168	–	–
Impairment	–	(1 643)	–	–
Amortisation for the year	–	(525)	–	–
Carrying value at end of the year	–	–	–	–
Total intangible assets carrying value at end of the year	1	1	–	–
14. Investment				
Unlisted shares at fair value				
26% (2003 – 26%) 39 100 shares interest in Rhino Management (Pty) Limited at cost	723	723	–	–
Less: Accumulated impairment	(228)	(228)	–	–
Directors' valuation (fair value based on discounted cash flow)	495	495	–	–

	Company							
	Issued share capital		Proportion held directly or indirectly		Interest of holding Company – Shares		Interest of holding Company – Indebtedness	
	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003	31 Dec 2004	31 Dec 2003
	R	R	%	%	R'000	R'000	R'000	R'000
15. Investments in and indebtedness of subsidiaries								
Direct:								
ADvTECH Education (Pty) Ltd	2	2	100	100	101 228	96 766	52 058	54 129
ADvTECH Resource Holdings (Pty) Ltd	3 150 023	3 150 023	100	100	59 760	59 761	6 314	6 314
Indirect:								
ADvTECH Training (Pty) Ltd	2	2	100	100				
Strategic Connection (Pty) Ltd	100	100	100	100				
Learntron (Pty) Ltd	310 010	310 010	100	100				
Time Systems SA (Pty) Ltd	1 000	1 000	100	100				
ADvTECH Resourcing (Pty) Ltd	10	10	100	100				
Business Learning Systems (Pty) Ltd	1 000	1 000	100	100				
Kapele Appointments (Pty) Ltd	100	100	70	70				
TimeMaster (Pty) Ltd	100	100	100	100				
Triumph Holdings Ltd[2]	4	4	100	100				
Crowe Associates (Pty) Ltd[1]	16	16	100	100				
ADvTECH Australia (Pty) Ltd[1]	10	10	100	10				
Chisholm (Pty) Ltd[1]	9	9	100	100				
HC Leon (Pty) Ltd	100	100	100	100				
Resource Development International (Pty) Ltd	200	200	100	100				
Bryan Hattingh Independent Services (Pty) Ltd	1	1	100	100				
Sight and Sound Education (Pty) Ltd	150	150	100	100				
Westeria Investment Holdings (Pty) Ltd	1	1	100	100				
					160 988	156 527	58 372	60 443

Results of the subsidiaries so far as it concerns members of the Company: Aggregate profit after taxation R31 million (2003 – R26 million). All companies are incorporated in the Republic of South Africa except as indicated [1] Australia [2] British Virgin Islands.

	Number of shares	
	2004	2003

16. ADvTECH share incentive scheme

Certain employees and directors are eligible to participate in the scheme. The option offer price is the closing price at which shares are traded on the JSE Securities Exchange South Africa on the trading day immediately preceding the offer date. One third of the share options accepted by the participants are exercisable at intervals of 2, 4 and 6 years after the offer date. On exercise of the options, the participant pays the Share Incentive Trust, an amount equal to the offer price multiplied by the number of options exercised. If a participant leaves the employ of the Group prior to exercising the options, then the options lapse.

Reconciliation of options	2004	2003
Options outstanding on 1 January	41 481 660	36 913 660
Options granted during the year	1 000 000	9 724 000
Exercised	(7 046 567)	(3 940 000)
Lapsed	(1 089 304)	(1 216 000)
Options outstanding at 31 December	34 345 789	41 481 660

As at 31 December 2004 there were 329 (2003: 360) participants (including directors) in the ADvTECH Share Incentive Scheme.

	Number of shares		Loan value (R'000)	
	2004	2003	2004	2003
Reconciliation of shares owned				
Shares owned by the Trust as at 1 January	40 463 439	29 008 565	13 026	8 106
Shares acquired from Crawford settlement	–	15 394 874	–	5 827
Less: Options exercised during the year	7 046 567	3 940 000	2 316	907
Shares owned as at 31 December	33 416 872	40 463 439	10 710	13 026

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

	Group		Company	
R'000	2004	2003	2004	2003

17. Deferred taxation assets

	Group 2004	Group 2003	Company 2004	Company 2003
Opening deferred taxation assets	40 207	38 188	2 126	841
Current year timing differences	853	2 329	(2)	319
Prior year taxation	1 217	(310)	–	966
Tax asset transferred to deferred tax	2 256	–	556	–
Balance at end of year	44 533	40 207	2 680	2 126
The balance comprises:				
– Prepayments	(474)	(527)	(2)	–
– Allowance for future expenditure (S24C)	(8 321)	(5 181)	–	–
– Fees received in advance	10 746	6 789	–	–
– Capitalised finance leases	71	14	–	–
– Provision for bad debts	5 500	1 354	–	–
– Doubtful debts allowance	(1 375)	(338)	–	–
– Provision for leave pay	970	1 341	–	21
– Trademarks (S11G(a))	11 260	15 068	–	–
– Estimated taxation loss carried forward	25 148	22 892	2 681	2 105
– Other	1 008	(1 205)	1	–
	44 533	40 207	2 680	2 126

18. Inventories

	Group 2004	Group 2003	Company 2004	Company 2003
Books	1 949	2 033	–	–
Promotional items	3 267	1 800	–	–
Other	10	931	–	–
	5 226	4 764	–	–
Purchases of books included in cost of sales during the year	4 149	4 209	–	–

	Group		Company	
R'000	2004	2003	2004	2003
19. Provisions				
Discontinuing operations				
Balance at the beginning of the year	1 209	6 742	–	–
Provision raised	6 935	–	–	–
Release of provision	(1 166)	(5 460)	–	–
Adjustment required by AC133	–	(73)	–	–
Balance at the end of the year	6 978	1 209	–	–

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

20. Foreign currency exposure

Uncovered and unhedged foreign liabilities

Nature of monetary item	Foreign currency	Foreign currency '000 2004	Foreign currency '000 2003	Rand equivalent R'000 2004	Rand equivalent R'000 2003
Trade credit	US Dollars	52	5	300	33
Trade credit	British Pounds	28	1	310	10
Trade credit	Australian Dollars	553	14	2 468	69
				3 078	112

	Group		Company	
R'000	2004	2003	2004	2003
21. Commitments				
21.1 Capital commitments				
Capital expenditure commitments to be incurred				
Capital expenditure approved by the directors:				
Contracted but not provided for	38 516	2 597	–	–
Not contracted for	43 900	47 604	5	–
	82 416	50 201	5	–
Capital commitments will be financed through existing facilities and working capital.				
21.2 Operating lease commitments				
Commitments under operating leases are as follows:				
Property				
Due within one year	19 314	19 363	–	–
Due within two to five years	50 565	44 066	–	–
Due thereafter	37 409	37 118	–	–
	107 288	100 547	–	–
Equipment				
Due within one year	1 331	2 103	–	–
Due within two to five years	1 333	2 572	–	–
Due thereafter	–	–	–	–
	2 664	4 675	–	–
	109 952	105 222	–	–

22. Contingent liabilities

In terms of the Group's banking arrangement the company has issued to its bankers an unlimited suretyship on behalf of a wholly owned subsidiary for overdraft facilities which at 31 December 2004 were not being utilised.

R'000	Group 2004	Group 2003	Company 2004	Company 2003

23. Notes to the cash flow statement

23.1 Cash generated/(utilised) by operations

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Profit before taxation	50 800	51 413	1 853	23 504
Depreciation and amortisation net of profit and loss on disposal of property, plant and equipment	21 626	23 116	2	(187)
Profit on disposal of investments	–	(356)	–	–
Fair value gain on forward purchase of shares	–	–	(4 461)	(15 981)
Net finance costs	376	10 911	(22)	392
Net interest paid	376	9 400	(22)	392
Interest accrued	–	1 511	–	–
Shares received in settlement of Crawford matter	–	(8 621)	–	–
AC133 adjustments	–	618	–	–
Discontinuing operations	5 198	(6 988)	–	–
Other	–	(2 073)	–	(2 795)
	78 000	68 020	(2 628)	4 933

23.2 Utilised to decrease/(increase) working capital

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Increase in inventories	(462)	(2 454)	–	–
Increase/(decrease) in accounts receivable and prepayments	(15 560)	8 597	(171)	(4 384)
Increase/(decrease) in accounts payable	26 703	594	4 300	(1 954)
Increase in fees in advance and deposits	8 644	7 421	–	–
Decrease/(increase)	19 325	14 158	4 129	(6 338)

23.3 Taxation paid

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Balance at beginning of year	(990)	(1 064)	10	–
Adjusted for:				
– prior year adjustments	3 308	3 860	–	–
– prior year adjustments – non cash	(414)	(117)	–	–
Current charge	(15 482)	(6 019)	(77)	10
Balance at end of year	5 412	990	–	(10)
Cash amount paid	(8 166)	(2 350)	(67)	–

23.4 Dividends paid

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Balance at beginning of year	(25)	(26)	(25)	(26)
Declared during the year	(3 532)	–	(3 532)	–
Balance at end of year	35	25	35	25
Cash amount paid	(3 522)	(1)	(3 522)	(1)

23.5 Additions to property, plant and equipment (to maintain operations)

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Computer equipment	(5 880)	(7 255)	(7)	(318)
Furniture and equipment	(5 914)	(6 622)	–	–
Motor vehicles	(800)	(237)	–	(126)
Video equipment, courses and masters	(533)	(581)	–	–
Leased assets	(438)	(116)	–	–
	(13 565)	(14 811)	(7)	(444)

23.6 Additions to property, plant and equipment (to expand operations)

R'000	Group 2004	Group 2003	Company 2004	Company 2003
Land and buildings	(9 033)	(3 213)	–	–
Computer equipment	(1 204)	(224)	–	–
Furniture and equipment	(1 211)	(205)	–	–
Motor vehicles	(164)	(7)	–	–
Video equipment, courses and masters	(109)	(18)	–	–
Leasehold improvements	(18 134)	(7 669)	–	–
Leased assets	(90)	(4)	–	–
	(29 945)	(11 340)	–	–

share information

distribution of shareholders at 31 December 2004

Range of shareholding	Number of shareholders	% of shareholders	Number of shares	% of total shares
1 to 10 000	2 445	78,5%	4 653 499	1,18%
10 001 to 100 000	476	15,3%	15 538 578	3,95%
100 001 t 500 000	105	3,4%	23 240 777	5,90%
500 001 to 1 000 000	36	1,2%	26 830 642	6,82%
more than 1 000 000	53	1,7%	323 401 390	82,15%
	3 115	100%	393 664 886	100%

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2004 the spread of shareholders was as follows:

Shareholder spread

Public shareholding	3 100	99,5%	228 463 686	58,0%
Non-public shareholding	15	0,5%	165 201 200	42,0%
Directors (including subsidiary directors)	13	0,4%	78 440 815	19,9%
ADvTECH Share Incentive scheme	1	0,0%	33 587 680	8,5%
Holding/controlling 10% or more	1	0,0%	53 172 705	13,5%
Total of all shareholders	3 115	100%	393 664 886	100%

Major shareholders

According to the information available to the Company after reasonable enquiry, the following shareholders are directly or indirectly interested in 5% or more of ADvTECH's share capital.

	Number of shares held	% of shares held
Old Mutual	53 172 705	13,5%
Sanlam	36 980 290	9,4%
ADvTECH Share Incentive Trust	33 587 680	8,5%
Welihockyj interests	28 791 974	7,3%
BD Buckham	27 289 905	6,9%
Network Healthcare Holdings Limited	26 302 293	6,7%
Praxis Active Equity Fund II	26 059 427	6,6%

	2004	2003
Closing price at period end (cents)	120	84
Total number of transactions at JSE	2 053	1 181
Total number of shares traded	94 988 320	35 261 937
Total value of shares traded (R)	84 293 545	19 250 998
average price per share (cents)	89	55
Shares in issue	393 664 886	393 664 886
Percentage volume traded to shares in issue	24%	9%
PE ratio	11,21	10,35
Actuaries' index for sector (Support Services)	1 235,35	827,05

Note:
Shares in issue per the JSE as at 31 December 2004.

share information

distribution of shareholders at 31 December 2004

Shareholders' diary

	2005
Announcement of annual results 31 December 2004	Monday, 14 March
Annual Report	Tuesday, 29 March
Annual General Meeting	Tuesday, 17 May
Distribution	Monday, 6 June
Interim results for the six months ending 30 June 2004	August

Capital distribution

The Board is pleased to recommend a distribution to shareholders, to be paid out of share premium, of 4,5 cents per share. Shareholders will be asked to consider, and if deemed fit, to approve the capital distribution at the annual general meeting of the Company to be held on Tuesday, 17 May 2005.

Subject to this approval and in compliance with STRATE, the following dates will be applicable to the capital distribution:

	2005
Last day to trade	Friday, 27 May
Trading commences ex-distribution	Monday, 30 May
Record date	Friday, 3 June
Payment date	Monday, 6 June

Share certificates may not be dematerialised or rematerialised between Monday, 30 May 2005 and Friday, 3 June 2005, both days inclusive.

notice to shareholders

Notice is hereby given to all members of ADvTECH Limited ("the Company") that the fifteenth Annual General Meeting of members will be held at Deloitte, Building 3, Woodlands Office Park, Woodlands Drive, Woodmead, Sandton on Tuesday, 17 May 2005 at 10h00 to transact the following business:

To consider and, if thought fit, pass the following resolutions with or without modification as ordinary resolutions:

1. Ordinary Resolution Number One

To receive and adopt the Group Annual Financial Statements for the year ended 31 December 2004, including the Directors' Report and the report of the Auditors thereon.

2. Ordinary Resolution Number Two

To resolve that the re-appointment of Mr BD Buckham as a non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 53 of the Company's articles of association for a further term of office be authorised and confirmed.

(A brief CV appears on page 07 of the annual report.)

3. Ordinary Resolution Number Three

To resolve that the re-appointment of Mr DK Ferreira as a non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 53 of the Company's articles of association for a further term of office be authorised and confirmed.

(A brief CV appears on page 07 of the annual report.)

4. Ordinary Resolution Number Four

To resolve that the re-appointment of Mr HR Levin as a non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 53 of the Company's articles of association for a further term of office be authorised and confirmed.

(A brief CV appears on page 07 of the annual report.)

5. Ordinary Resolution Number Five

To confirm the appointment of Mr JJ Deeb, who has been appointed as a director since the last Annual General Meeting and who, in terms of the Company's articles of association, retires from office at the conclusion of the Annual General Meeting, and being eligible, offers himself for re-election.

(A brief CV appears on page 07 of the annual report.)

6. Ordinary Resolution Number Six

To confirm the appointment of Prof JD Jansen, who has been appointed as a director since the last Annual General Meeting and who, in terms of the Company's articles of association, retires from office at the conclusion of the Annual General Meeting, and being eligible, offers himself for re-election.

(A brief CV appears on page 07 of the annual report.)

7. Ordinary Resolution Number Seven

To resolve that the re-appointment of Deloitte & Touche as auditors, until the conclusion of the next Annual General Meeting in accordance with S270 (1) of the Companies Act, 1973 (Act 61 of 1973), as amended, be authorised and confirmed.

8. Ordinary Resolution Number Eight

To resolve that the fees paid to the directors of the Company in respect of the year ended 31 December 2004, as set out in the annual financial statements on page 05, be approved.

9. Ordinary Resolution Number Nine

To resolve that the ordinary shares in the authorised but unissued share capital of the Company be placed under the control of the directors as a general authority in terms of Section 221 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Securities Exchange South Africa until the next Annual General Meeting of the Company, for allotment and issue to such persons and on such conditions as the directors deem fit.

10. Ordinary Resolution Number Ten

To resolve that, subject to not less than 75% of the votes of those shareholders of the Company present in person or by proxy and entitled to vote at the Annual General Meeting ("the AGM") at which this ordinary resolution number ten is considered, being cast in favour of this ordinary resolution, the directors of the Company be authorised by way of a general authority to issue a maximum of 10% of the authorised shares for cash as they in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the Company, the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE") and the following limitations:

- The authority shall be valid until the date of the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution.
- A paid press announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue was determined or agreed by the directors and the effect of the issue on net asset value, earnings

and headline earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue.

- Issues in terms of this authority will not in the aggregate exceed 10% of the Company's issued share capital in any one financial year. For purposes of determining the shares comprising the 10% number in any one year, account will be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any shares which may be issued in future arising out of the issue of such options/convertible securities.
- Shares issued must be of a class already in issue.
- In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares in question, as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors.
- Any such issue will only be made to public shareholders as defined in Paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties as defined in paragraph 10.1 of the Listings Requirements.

11. Ordinary Resolution Number Eleven

To resolve that the directors of the Company be authorised to make a capital distribution out of the share premium account of 4,5 cents per share to ordinary shareholders recorded in the register of the Company at the close of business on Friday, 3 June 2005, and as a result thereof, the share premium account of the Company presently totalling R355 100 000 be and is hereby reduced by an amount of R16 343 716 to R338 756 284.

11.1 Reason for the distribution out of share premium

After consideration of various options, the Board has decided to make a capital distribution (the distribution) to shareholders out of share premium as the Company has permanent shareholders' funds in excess of its requirements.

11.2 Pro forma financial effects

Set out in the table below are the *pro forma* financial effects of the distribution out of share premium on the Company's earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share based on the Company's audited financial results for the year ended 31 December 2004. The *pro forma* financial effects have been prepared for illustrative effects only and, because of their nature, they may not give a true reflection of the Company's financial position or results.

	Before the distribution out of share premium[1]	After the distribution out of share premium	Percentage change
Earnings per share (cents)	11.0	10.5[2]	(4,6)
Headline earnings per share (cents)	12.0	11.5[2]	(4,2)
Weighted average number of shares in issue ('000)	355 702	355 702	
Net asset value per share (cents)	70,6	66,0[3]	(6,5)
Net tangible asset value per share (cents)	70,6	66,0[3]	(6,5)
Number of shares in issue ('000)	393 665	393 665	

Notes:

1. Extracted from the audited financial results for the year ended 31 December 2004.
2. The earnings and headline earnings per share figures in the "After the distribution out of share premium" column have been based on the following assumptions:
   - the distribution out of share premium was made on 1 January 2004; and
   - interest (notional), has been accrued for at 11% per annum, which reflects the Group's average overdraft rate for the year. No tax relief is due on the borrowings to settle payments of a capital nature.
3. The net asset value and net tangible asset value per share figures in the "After the distribution out of share premium" column have been based on the assumption that the distribution out of share premium was made on 31 December 2004.

   The independent reporting accountants' report on the *pro forma* financial effects is contained in Annexure 1 of this notice. Deloitte & Touche, as independent reporting accountants, has provided its written consent to act in the capacity stated and to its name being used in this notice and has not withdrawn its consent prior to the publication of this notice.

11.3 Salient dates

Set out below are the salient dates and times pertaining to the distribution out of share premium:

	2005
Last day to trade in order to participate in the distribution out of share premium on	Friday, 27 May
Trading commences ex-distribution on	Monday, 30 May
Record date on	Friday, 3 June
Payment date on	Monday, 6 June

Share certificates may not be dematerialised or rematerialised between Monday, 30 May 2005 and Friday, 3 June 2005, both days inclusive.

11.4 Share capital

The share capital and premium before and after the distribution out of share premium are set out below:

Authorised (before and after)	R'000
500 000 000 shares of 1 cent each	5 000
Issued (before)	
393 664 886 shares of 1 cent each	3 937
Share premium	355 100
	359 037
Issued (after)	
393 664 886 shares of 1 cent each	3 937
Share premium	338 756
	342 693

11.5 Adequacy of working capital

The Board, having considered the impact which the distribution out of share premium will have on the Company, is of the opinion that for a period of 12 months following the date of the passing of ordinary resolution number eleven:

- the Company and the Group will be able in the ordinary course of business to pay its debts;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and Group. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these annual Group financial statements;
- the share capital and reserves of the Company and Group will be adequate for ordinary business purposes; and
- the working capital of the Company and Group will be adequate for ordinary business purposes.

Immediately following the approval of ordinary resolution number eleven, but prior to effecting the payment to shareholders, the Company will provide its Sponsor, Bridge Capital Services (Pty) Limited, with all documentation as required in terms of Schedule 25 of the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE"). The Company will not proceed with the payment to shareholders until the Sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

11.6 Exchange control

The distribution out of share premium will be effected in accordance with the Exchange Control Regulations of the South African Reserve Bank ("SARB") details of which are summarised below. If in doubt, shareholders should consult their professional advisors without delay.

Emigrants from the common monetary area

In the case of dematerialised shareholders who are emigrants from the common monetary area, the payment of the cash distribution to an emigrant will be effected by depositing such amounts directly into the blocked Rand bank account of his/her duly appointed CSDP or broker and held to the order of the authorised dealer in foreign exchange in South Africa controlling such shareholder's blocked accounts in terms of South African Exchange Control. In this regard, it will be incumbent on shareholders to notify the transfer secretaries of the details of the authorised dealer concerned. If the information regarding the authorised dealer is not provided and no instruction is given as required, settlement of the cash distribution will be held on deposit in an non-interest bearing account pending receipt of the necessary information or instruction as to payment to the relevant authorised dealer.

In the case of certificated shareholders who are emigrants from the common monetary area, whose registered address is outside the common monetary area and whose document/s of title has/have been restrictively endorsed under the Exchange Control Regulations of the SARB, the payment of the cash distribution will be effected by depositing such amounts into the blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling the shareholder's blocked assets in terms of South African Exchange Control. In this regard, it is incumbent on shareholders to notify the transfer secretaries of the details of the authorised dealer concerned. If the information regarding the authorised dealer is not provided and no instruction is given as required, settlement of the cash distribution will be held on deposit in a non-interest bearing account pending receipt of the necessary information or instruction as to payment to the relevant authorised dealer.

All other non-residents of the common monetary area

In the case of dematerialised shareholders who are non-residents of, but are not emigrants from, the common monetary area, whose registered addresses are outside the common monetary area, settlement of the cash distribution will be credited directly to the bank account nominated by the shareholder's duly appointed CSDP or broker, respectively.

In the case of certificated shareholders who are non-residents of, but are not emigrants from, the common monetary area, whose registered addresses are outside the common monetary area and whose document/s of title has/have been restrictively endorsed under the Exchange Control Regulations of the SARB, settlement of the cash distribution will be deposited with the authorised dealer in foreign exchange in South Africa controlling the shareholder's blocked assets in terms of South African Exchange Control. In this regard, it will be incumbent on shareholders to notify the transfer secretaries of the details of the authorised dealer concerned. If the information regarding the authorised dealer is not provided or no instruction is given as required, settlement of the cash distribution will be held on deposit in a non-interest bearing account pending receipt of the necessary information or instruction as to payment to the relevant authorised dealer.

11.7 Opinion of the directors

The directors have considered the terms and conditions of the distribution out of share premium and are of the opinion that they are fair and reasonable to the Company and its shareholders. Accordingly, the directors recommend that shareholders vote in favour ordinary resolution number eleven required to give effect to the distribution out of share premium. The directors, in respect of their own holdings of shares, intend to vote in favour of ordinary resolution number eleven.

12. Ordinary Resolution Number Twelve

To resolve that, in terms of Articles 13 and 13.2 of the Company's Articles of Association and subject to the Company obtaining a statement by the Directors that after considering the effect of such maximum payment the:

- Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting;
- assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements;
- share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting; and
- working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting.

the Directors of the Company shall be entitled, from time to time, to pay by way of a reduction of share premium, capital distributions to shareholders of the Company in lieu of a dividend. Such distributions shall be amounts equal to the amounts which the Directors would have declared and paid out of profits of the Company as final dividends in respect of the financial year ending 31 December 2005. This authority shall not extend beyond the date of the Annual General Meeting following the date of the Annual General Meeting at which this resolution is being proposed.

In terms of the JSE Listings Requirements any general payment(s) may not exceed 20% of the Company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year.

General payments, from time to time, to pay by way of a reduction of share premium, capital distributions to shareholders of the Company in *lieu* of a dividend, shall not be effected before the JSE has received written confirmation from the Company's Sponsor to the effect that the Directors have considered the solvency and liquidity of the Company and the Group as required in term of section 90 (2) of the Companies Act, 1973 (Act 61 of 1973), as amended.

Special business

To consider and, if thought fit, pass the following resolution with or without modification as a special resolution:

13. Special Resolution Number One

To resolve as a special resolution that the Company approves, as a general approval as contemplated in Sections 85(2) and 85(3), as amended of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), the acquisition of shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of Section 85 to Section 89 of the Act, the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE"), namely that:

- The repurchase of securities may only be effected through the order book operated by the JSE trading system and done without any understanding or arrangement between the Company and the counterparty;
- Authorisation thereto being given by the Company's articles of association;
- Approval by shareholders in terms of a special resolution of the Company, which shall be valid only until the Company's next Annual General Meeting provided that it does not extend beyond 15 months from the date of the special resolution;
- At any point in time, the Company will only appoint one agent to effect any repurchase(s) on the Company's behalf;
- In any one financial year the general authority to repurchase will be limited to a maximum of 20% of the Company's issued share capital of that class at the time authority is granted in that financial year;
- Repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- The Company after such repurchases still complies with paragraphs 3.37 to 3.41 of the Listings Requirements concerning shareholder spread requirements;
- The Company makes an announcement in terms of paragraph 11.27 of the JSE Listings Requirements; and
- Repurchases may not be made during a prohibited period as defined in paragraph 3.67 of the Listings Requirements.

The reason for and effect of special resolution number one is to grant the directors a general authority in terms of the Act, as amended, for the acquisition by the Company of shares issued by it on the basis reflected in the special resolution.

14. To transact such other business as may be transacted at an Annual General Meeting.

Explanatory notes to ordinary resolution numbers eleven and twelve and special resolution number one

Information required in terms of the JSE Listings Requirements with regard to distribution out of share premium, the general authority for the Company to make general payments to shareholders and the general authority for the Company or any of its subsidiaries to repurchase the Company's securities appears in the annual financial statements, to which this notice of Annual General Meeting ("notice") is annexed as indicated below:

- Directors and management: pages 07 of the annual report;
- Major shareholders: page 28 of the annual financial statements;
- Directors' interests in securities: page 04 of the annual financial statements;
- Share capital of the Company: page 32 of the annual financial statements; and
- Litigation: page 30 of the annual report.

The directors, whose names are given on page 07 of the annual report in which this notice was included collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice contains all information required by law and the Listings Requirements of the JSE Securities Exchange South Africa.

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 31 December 2004.

Additional explanatory notes to ordinary resolution number twelve and special resolution number one

Pursuant to and in terms of the JSE Listings Requirements, the directors of the Company hereby state:

1. That the intention of the Company and/or any of its subsidiaries is to utilise the general authority to repurchase securities and/or general authority to make a general payment to shareholders, if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, appropriate capitalisation structures for the Company, the long-term cash needs of the Company, and will ensure that any such repurchases and/or payments are in the interests of shareholders;
2. That the method by which the Company and/or any of its subsidiaries intends to repurchase its securities and the date on which such repurchases will take place, has not yet been determined;
3. That the method by which the Company intends to make general payments to shareholders in terms of a general authority and the date on which such payments will take place has not yet been determined; and
4. That after considering the effect of a maximum permitted general repurchase of securities or general payments, the Company and its subsidiaries are, as at the date of this notice convening the Annual General Meeting of the Company, able to fully comply with the

JSE Listings Requirements. Nevertheless, at the time that the contemplated general repurchase or general payment is to take place, the directors of the Company will ensure that:

- The Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting;
- The assets of the Company and the Group will be in excess of the liabilities of the Company and Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these annual group financial statements;
- The share capital and reserves of the Company and Group will be adequate for ordinary business purposes for a period of 12 months after he date of the notice of Annual General Meeting;
- The working capital of the Company and Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of Annual General Meeting; and
- The Company will provide its Sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme or general payment until the Sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Notes:

Any shareholders wishing to attend the AGM who have already dematerialised their shares in ADvTECH, and such dematerialised shares are not recorded in the electronic sub-register of ADvTECH in their own names, should request letters of representation from their duly appointed Central Securities Depository Participant ("CSDP") or broker, as the case may be, to authorise them to attend and vote at the AGM in person.

Any shareholders entitled to attend and vote at the AGM are entitled to appoint proxies to attend, speak and vote at the AGM in their stead. The proxies so appointed need not be members of the Company.

If you have not yet dematerialised your shares in ADvTECH and are unable to attend the Annual General Meeting, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of ADvTECH namely, Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Monday, 16 May 2005.

If you have already dematerialised your shares in ADvTECH:

- And such dematerialised shares are recorded in the electronic sub-register of ADvTECH in your own name and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of ADvTECH namely, Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Monday, 16 May 2005; or
- Where such dematerialised shares are not recorded in the electronic sub-register of ADvTECH in your own name, you should notify your duly appointed Central Securities Depository Participant ("CSDP") or broker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the Annual General Meeting.

By order of the Board

MJ Lämmle
Secretary

Bridge Capital Services (Pty) Limited
Sponsor

annexure 1

"The Directors
ADvTECH Limited
364 Kent Avenue
Ferndale
Randburg
2194

14 March 2005

Dear Sirs

Report of the independent reporting accountants on the unaudited pro forma financial effects of the proposed distribution by ADvTECH Limited ("ADvTECH") to shareholders out of share premium

1. Introduction

We report on the unaudited *pro forma* financial effects of the distribution to shareholders out of share premium in terms of section 90 of the Companies Act (Act 61 of 1973), as amended, as set out in paragraph 11.2 of the notice of Annual General Meeting of ADvTECH to be dated on or about 31 March 2005. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only to provide information about how the proposed distribution to shareholders out of share premium might affect the shareholders of ADvTECH. Because of their nature, the unaudited *pro forma* financial effects may not give a fair reflection of ADvTECH's financial position nor the effect on income going forward.

At your request, and for purposes of the proposed distribution to shareholders out of share premium, we present our report on the unaudited *pro forma* financial effects of ADvTECH in compliance with the Listings Requirements of the JSE Securities Exchange South Africa.

2. Responsibilities

The directors of ADvTECH are solely responsible for the preparation of the unaudited *pro forma* financial effects to which this independent reporting accountants' report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to form an opinion on the unaudited *pro forma* financial effects and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial effects beyond that owed to those to whom those reports were addressed at their dates of issue.

3. Basis of opinion

Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted financial information to the audited results of ADvTECH for the year ended 31 December 2004, considering the evidence supporting the adjustments to the unaudited *pro forma* financial effects, recalculating the amounts based on the information obtained and discussing the unaudited *pro forma* financial effects with the directors of ADvTECH.

Because the above procedures do not constitute either an audit or a review made in accordance with statements of South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited *pro forma* financial effects.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

4. Opinion

In our opinion:

- the unaudited *pro forma* financial effects have been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of ADvTECH; and
- the adjustments are appropriate for the purposes of the unaudited *pro forma* financial effects, as disclosed.

Yours faithfully

Deloitte & Touche"

form of proxy

ADvTECH LIMITED
Registration Number: 1990/001119/06
("ADvTECH" or "the Company")
JSE Code: ADH ISIN: ZAE 0000 31035

For use by certificated members and dematerialised members with "own name" registration at the meeting of ADvTECH to be held on Tuesday, 17 May 2005 at 10h00 at Deloitte, Building 3, Woodlands Office Park, Woodlands Drive, Woodmead, Sandton.

I/We ______________________________

Of ______________________________

being the holder of: ______________________________ shares in ADvTECH, do hereby appoint (see note 1)

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the Chairman of the meeting as my/our proxy to act for me/us at the meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for and/or against the resolutions in respect of the shares registered in my/our name/s in accordance with the following instructions

	Number of votes (one vote per ordinary share)		
Resolution	In favour of	Against	Abstain
Ordinary Resolution Number One To receive and adopt the Annual Financial Statements of the Company and the Group for the year ended 31 December 2004.			
Ordinary Resolution Number Two Re-appointment of Mr BD Buckham			
Ordinary Resolution Number Three Re-appointment of Mr DK Ferreira			
Ordinary Resolution Number Four Re-appointment of Mr HR Levin			
Ordinary Resolution Number Five Confirm the appointment of Mr JJ Deeb			
Ordinary Resolution Number Six Confirm the appointment of Professor JD Jansen			
Ordinary Resolution Number Seven Re-appointment of auditors			
Ordinary Resolution Number Eight Approval of Directors' fees			
Ordinary Resolution Number Nine Re-new the Directors' general authority over the unissued shares			
Ordinary Resolution Number Ten General authority it issue a portion of the unissued shares for cash			
Ordinary Resolution Number Eleven Authority to make a capital distribution to ordinary shareholders			
Ordinary Resolution Number Twelve General authority to make general payments to ordinary shareholders			
Special Resolution Number One General authority for the acquisition of shares issued by the Company			

(Indicate instructions to proxy by way of a cross in space provided above)
Unless indicated above, my proxy may vote as he / she thinks fit.

Signed this ______________________________ day of ______________________________ 2005

Signed ______________________________

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of the Company) to attend, speak and vote on behalf of that shareholder.

notes to the form of proxy

1. This form of proxy must be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" deregistrations.
2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies (who need not be shareholders of the Company) of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the meeting". The person whose name appears first on the proxy and which has not been deleted will be entitled to act as proxy in priority to those whose names follow.
4. As shareholders' instructions to the proxy must be indicated by the insertion of the relevant number of ordinary shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote at the meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to so comply will be deemed to authorise the proxy to vote in favour of the resolutions. A shareholder or his/ her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy.
5. Forms of proxy must be lodged at or be posted to the registered office of Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Monday, 16 May 2005.
6. The completion and lodging of this form will not preclude the shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
7. The Chairman of the meeting may reject or accept any form of proxy not completed and/or received, other than in accordance with these notes, provided that in respect of the acceptance he is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. An instrument of proxy shall be valid for any adjournment of the meeting as well as for the meeting to which it relates, unless the contrary is stated thereon.
9. The authority (or a certified copy of the authority) of a person signing the form of proxy

   (a) under a power of attorney; or

   (b) on behalf of a company,

   must be attached to this form of proxy unless the Company has already recorded the power of attorney.
10. Where shares are held jointly, at least one of the joint shareholders must sign the form of proxy.
11. A minor must be assisted by his/her guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Registered office
364 Kent Avenue
Ferndale
Randburg
2194

PO Box 2369
Randburg
2125

Transfer secretaries
Ultra Registrars (Pty) Limited
11 Diagonal Street
Johannesburg
2001

PO Box 4844
Johannesburg
2000

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(011) 886-5100

ADTECH
GROUP