



Annual
Report
2010



ADvTECH leads the private sector in the fields of education and resourcing, contributing meaningfully towards the sustainable development of human capacity in South Africa through the provision of education, training, skills development and career placement services.

Our purpose is to ignite a life-long passion for continuous learning and personal career development, and we are committed to creating a self-sustaining set of institutions offering the highest quality, leadership and innovation in the fields of education and resourcing. The Group's track record shows clearly our adherence to high ethical standards and our in-depth understanding of the interests of our various stakeholders.

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Performance highlights for the year ended 31 December 2010

Revenue  **7%**

Headline earnings per share  **7%**

Net asset value per share  **11%**

Distributions per share **21.5 cents**

	Percentage change	2010	2009
Revenue (R'm)	7%	1 470.1	1 376.0
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) (R'm)	(3%)	269.3	277.7
Operating profit before interest (R'm)	(7%)	202.9	218.9
Profit before taxation (R'm)	(8%)	212.1	229.8
Shareholders' equity (R'm)	11%	677.8	610.6
Total assets (R'm)	6%	984.6	928.7
EBITDA margin (%)		18.3	20.2
Net asset value per share (cents)	11%	169.1	152.3
Free operating cash flow before capex per share (cents)	(15%)	54.1	63.8
Headline earnings per share (cents)	(7%)	37.2	40.1
Diluted headline earnings per share (cents)	(7%)	37.1	40.1
Distributions per share (cents)	2%	21.5	21.0
Number of employees (at year-end)	1%	3 827	3 779
Number of employees with master's degrees	29%	233	180
Number of employees with doctorates	19%	32	27
Number of full-time students	1%	32 517	32 232
Number of job candidates placed	6%	4 088	3 862
Matric exam results			
Number of candidates	4%	1 213	1 169
Pass rate (%)		100	100
Number of higher education passes (%)	2%	100	98
Total number of distinctions	18%	2 729	2 304
Students with six or more distinctions	34%	151	113
Forbes Lever Baker and Varsity College Unisa students exam results			
Module pass rate (%)	4%	75.0	72.0
Throughput rate (%)		62.0	62.0
Corporate social investment and bursaries (R'm)	36%	57.2	42.2

Our vision

To be a South African leader in building lifelong careers for people through: Education, Training, Skills Development and Placement in Employment.

Our mission

We will realise our vision through:

- Growing great establishments of education and recruitment that are widely recognised as South African leaders in their field,
- Conducting our operations as an innovative and entrepreneurial listed company with outstanding value to our customers and superior returns to shareholders,
- Nurturing an employment environment with an inclusive, caring and responsible culture of development, performance and reward, and
- Promoting excellence, quality and customer focus in all our activities.

Our values

The values which matter most to us are:

- **Ethics**

We seek to set an example to our learners, clients and customers, through our own ethical conduct.

- **People centredness**

Sound education and placement depends on empowered and successful human interaction on a personal level.

- **High quality**

We aim to create and add quality in everything we do.

- **Sustainability**

By using resources wisely, and within the means created by our income, we aim to ensure that our establishments continue to serve future generations.

- **Caring and responsible leadership**

We take special responsibility for the people, especially young people, who are learners, clients, candidates and staff, by our example and by caring for their safety and needs.

- **Respect**

Respecting each other as well as our learners, clients and candidates.

Our strategic priorities



• A resolute focus on quality

Our institutions receive no subsidy or support from any other source and are dependent on revenues earned from students and job candidates who choose ADvTECH brands based on the value and reputation they enjoy. The obvious and most important cornerstone of this value and reputation lies in the quality of the service we offer, which must always more than justify the fees we ask. An important feature of high quality is to have sound, scalable and relevant yardsticks. We go to immense lengths to measure, enhance and protect the quality of our offerings. Maintaining this focus on quality is a key priority.



• A dedicated, passionate team

Academic research and practical experience have demonstrated beyond argument that the key to consistent high quality service delivery lies in attracting and retaining well qualified, experienced and enthusiastic staff. We are very proud of our staff and go to great lengths to measure and build on their strengths and capacity. Retaining this focus on being a 'Great Place to Work' is a key priority.



• Serving future generations

We believe that a key responsibility of management is to endeavour to ensure that ADvTECH thrives to serve many future generations of students and job seekers. This requires us to build strong and reputable brands while at the same time ensuring that we operate within our means. At a strategy level this includes thorough planning and the appropriate assigning of financial, physical, environmental and human resources. The idea of continuous growth and regeneration of resources is an important part of this notion which requires continuous investment in our future. Management remains focused on this concept as a key priority.



• Access to our quality education

We understand the role of quality education in improving the lives of South Africans. Our bursary, scholarship and financial support programmes provide thousands of deserving learners access to study at our institutions. At the same time, success in this area broadens and deepens the markets which we serve, which in turn helps to build the growth and sustainability of our Group. Widening access to our quality education continues to be a key priority.

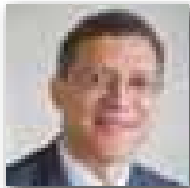
Our timeline



Brian Buckham



Michael Sacks



Leslie Maasdorp

2010

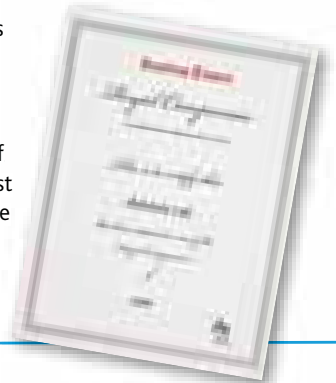
ADvTECH acquired **The Design School Southern Africa**, a leading institution in design education.

Mr **Brian Buckham**, who founded the Group in 1978 and served as Executive Chairman for some 15 years and as a director for 23 years in total, announced his retirement from the Board. Mr Buckham was responsible for the originating vision which resulted in the creation of ADvTECH and led the Group in many of the strategic investments which form its core today.

Mr **Michael Sacks** stepped down from the Board, having served as acting non-executive Chairman since his retirement as Chairman in December 2007.

The Board announced the appointment of Mr **Leslie Maasdorp** as Chairman of the Group with effect from 1 September 2010.

ADvTECH featured in the winners list of the *Financial Mail's Top Companies* for the third consecutive year. The Group ranked 16th in the *Business Times' Top 100 Companies* and was listed as one of *The Royals* in this survey for qualifying in the top 20 over the most recent three consecutive years. ADvTECH, for the fifth consecutive year, qualified for inclusion in the *JSE Socially Responsible Investment (SRI) Index*.



2009

ADvTECH acquired **Forbes Lever Baker (FLB)**, a specialised tertiary institution in advanced financial and accounting education.



The Group was ranked 16th in the *Financial Mail's Top Companies* and 11th in the *Business Times' Top 100 Companies*.

2004

The **IIE** was created to improve the Group's academic leadership and governance.



2008

ADvTECH acquired **Trinityhouse**, as well as the following recruitment businesses: **IT Edge**, **Tech-Pro Personnel** and **The Working Earth**.



ADvTECH was ranked 15th in the *Financial Mail's Top Companies* and 16th in the *Business Times' Top 100 Companies*.

2003

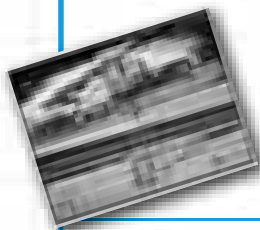
Two **Imagination Labs** commenced operations.



CrawfordSchools™ became the first educational institution in South Africa to be awarded the internationally prestigious Investors-in-People award.

2007

ADvTECH acquired the **National College of Photography** which was incorporated into **Vega**.



2002

Frank Thompson, formerly Deputy Chairman of Amalgamated Appliances, was appointed CEO of the Group.

Kapele Appointments (Pty) Ltd was formed.



2006

The **Academic Advisory Council** was established to advise the Board, Senate and The Independent Institute of Education (IIE) on all academic matters.



Vertex South Africa, a specialised advertising response handling business, was acquired and incorporated into **Kapele (Pty) Ltd** as **Vertex-Kapele**.

2000

A home grown recruitment brand, **Insource.ICT**, was formed to focus on staffing solutions in the information and communications technology industry.



FLB commenced operations.

2005

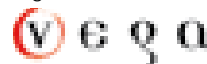
Inkokheli HR Appointments, a niche brand specialising in the recruitment and placement of human resource professionals, was launched.



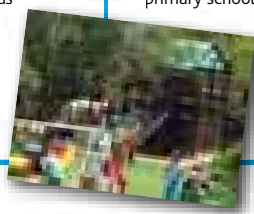
1999

ADvTECH entered the nursery schools market with the purchase of 18 pre-primary schools.

The second home grown education brand, **Vega**, was launched.



The Resourcing division was expanded through the acquisition of **Cassel & Company** and **Brent Personnel**.



1998

ADvTECH was the top performer in the Electronics sector of the JSE and featured in the Forbes Global Business and Finance magazine as one of the Top 300 small companies globally.

1989

Cassel & Company was established.



IMD College was formed.

1997

The acquisition of **Abbotts College** and **CrawfordSchools™** formed the basis of the schools offering within the Group.

Varsity College was acquired.

College Campus, the Group's first home grown tertiary brand, was launched.



ADvTECH acquired **Communicate Personnel** and **Network Recruitment**, which was the start of the successful Resourcing division. **Trinityhouse** was founded in Randpark Ridge.



Tech-Pro Personnel was established.

1987

Advanced Technical Systems (now **ADvTECH**) was listed in the Electronics sector of the JSE.

Network Recruitment was formed.



1986

Vertex South Africa was established.



1996

Rosebank College was acquired.



ADvTECH was the top performing company on the JSE.

1982

Communicate Personnel commenced operations.



1995

The Group acquired **Innovative Management Development (IMD) College** and **Global School of Business** which were incorporated into **Rosebank College** and **Varsity College** respectively.

1978

Brian Buckham founded the company which was then known as **Advanced Systems Incorporated**.

Brent Personnel was launched.



1993

CrawfordSchools™ commenced operations with a campus in Killarney.



1971

Abbotts College first opened its doors.



1991

Varsity College was launched in Durban to provide tuition support to 17 part-time Unisa students.



Corporate College International was founded.



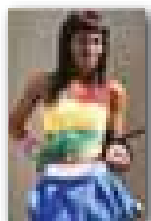
1948

Rosebank College was established.



1990

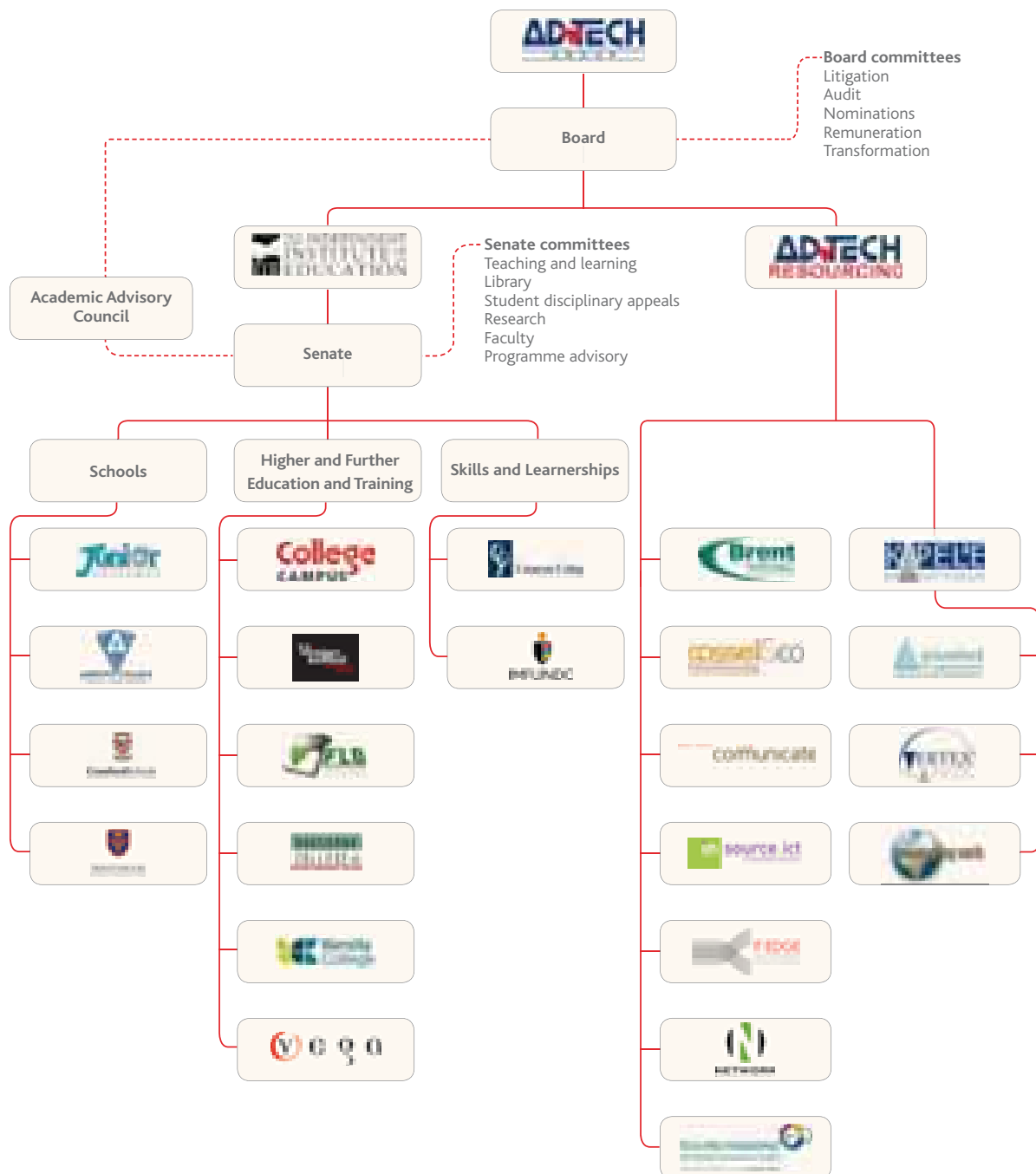
The Design School Southern Africa was formed.



1909

Imperial Underwood Campus, which was incorporated under **Rosebank College**, commenced operations.

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Education division

The Education division comprises a nationwide network of widely recognised brands that cater for learning and development needs at every life stage across the spectrum of education. Focus areas include Schooling (from pre-primary to matric), Higher and Further Education and Training (certificates, diplomas, undergraduate and postgraduate degrees, and short learning programmes), and Skills and Learnerships (skills programmes, short programmes and adult basic education and training).

The Independent Institute of Education (IIE) is the largest most accredited and recognised private education institution in the country, and is responsible for the academic leadership and governance of education and training activities undertaken at the Group's 59 education sites across South Africa. As a leader in quality education, the IIE continuously invests in research, innovation and the implementation of best practice principles, suitably benchmarked, to deliver an exceptional standard of education to all our students.

Resourcing division

The Resourcing division includes a portfolio of specialist brands that focus on niche markets where there is a high demand for scarce skills. Services offered include permanent, temporary and contract staffing solutions as well as recruitment advertising, e-recruitment and advertising response handling. While each brand has a distinct profile and service offering, all Resourcing brands work to the Division's ethos of thoroughly understanding both candidates' and clients' needs to ensure the best possible recruitment solutions are offered consistently.

The scope of ADvTECH for the year ended 31 December 2010

59 education sites

49 000 students, of which

32 500 are full-time students

50 accredited higher education programmes, ranging up to bachelor's and honours levels

20 staffing branches

4 100 job candidates placed





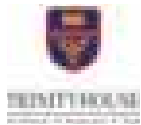



3 827 employees, of which






1 373 have degrees, ranging from bachelors degrees to doctorates, and

334 are alumni.








Our brands




Education division

Brand	Focus	Est	Location
	The Independent Institute of Education (IIE) is responsible for the academic leadership and governance in the Group. As a national provider, the IIE oversees a total of 59 education sites in the Group. www.iie.ac.za	2004	Gauteng: Sandton
	Junior Colleges is a nurturing group of nursery schools that provide for the holistic development of children from the age of six weeks to six years within a 'home-away-from-home' environment. www.juniorcolleges.co.za	1979	Gauteng: Bryanston, Fourways, Fourways Gardens, Meyersdal, Sunninghill KwaZulu-Natal: Cato Manor
	Abbotts College focuses on the final years of schooling and caters exclusively for Grade 10, 11 and 12 students. The College recognises the individual needs of its students and uses unique methods and systems to develop their full academic potential in an inclusive, caring and focused environment. www.abbotts.co.za	1971	Gauteng: Johannesburg South, Northcliff, Pretoria East Western Cape: Century Gate, Claremont
	The well rounded Pre-Primary, Preparatory and College students at CrawfordSchools™ are the product of personal attention to every child, every day. A fresh and innovative approach to academic, sports and cultural activities ensures its students are well prepared to meet the challenges of the future. www.crawfordschools.co.za	1993	Gauteng: Fourways, Lonehill, Pretoria, Rivonia, Sandton KwaZulu-Natal: Ballito, La Lucia
	Trinityhouse is founded on time honoured traditional values and comprises a Pre-Primary, Preparatory and High school. Students are offered a healthy balance of academic, sports and cultural activities within a structured, secure and disciplined environment that is shaped by a strong Christian ethos. www.trinityhouse.co.za	1997	Gauteng: Randpark Ridge
	College Campus offers students a well balanced and vibrant higher education learning environment. A combination of career-orientated study programmes, practical experience outside the lecture room and support services are used to guide students in their chosen career paths. College Campus offers 13 accredited full-time IIE qualifications in the faculties of Applied Humanities, Business, Information Technology and Leisure as well as a range of part-time short learning programmes designed for working adults wanting to enhance their careers. www.collegecampus.co.za	1997	Gauteng: Parktown, Pretoria, Randburg
	The Design School Southern Africa (DSSA) is committed to furthering the design education process with the objective of producing highly skilled, well rounded graduates who will positively contribute to the economy by combining multi-faceted design skills with new technology and business skills, and who have a heightened awareness of socio-economic issues. DSSA offers full-time undergraduate degrees and part-time courses in design and is an Autodesk and Lectra accredited training centre. www.designschoolsa.co.za	1990	Gauteng: Pretoria, Randburg
	The Forbes Lever Baker Educational Institute for Accountancy and Management (FLB) is a school specifically geared towards the training needs of prospective chartered accountants from first year through to their qualifying exams. The specialisation in core areas together with a hands-on approach, the encouragement of creative thinking and personal contact with a highly experienced lecturer team is the key to FLB's solid reputation for producing top results. FLB is an accredited tuition centre for selected undergraduate and postgraduate degrees that fall within Unisa's College of Economics and Management Sciences. Tuition for Certified Financial Analyst courses and courses in the fields of Investment and Financial Management also form part of the FLB offering. FLB is a gold status provider for the international Association for Chartered Certified Accountants programmes. www.flb.co.za	2000	Gauteng: Randburg

Brand	Focus	Est	Location
	<p>Rosebank College offers a unique higher and further education urban experience with campuses conveniently located in the heart of city centres. A focus on programmes that are fully integrated with work experience, a wide range of social, cultural and sports activities, as well as careful attention to individual well being, ensures that its graduates are ready to step into the work environment.</p> <p>Rosebank College offers 17 accredited full-time IIE qualifications in the faculties of Applied Humanities, Business, Information Technology and Leisure as well as a variety of part-time short learning programmes that focus on advancing the careers of working adults.</p> <p>www.rosebankcollege.co.za</p>	1948	<p>Gauteng: Benoni, Braamfontein, Pretoria</p> <p>KwaZulu-Natal: Durban</p> <p>Western Cape: Cape Town</p>
	<p>Varsity College's holistic and integrated approach to teaching and learning, together with their student support and development programmes, ensures that the potential of every student is maximised. Higher education programmes that integrate theory and practice, coupled with an emphasis on the development of life and personal skills, prepare students for employment after graduation.</p> <p>Varsity College offers 15 accredited full-time IIE qualifications in the faculties of Applied Humanities, Business, Information Technology and Leisure as well as a range of part-time short learning programmes that provide the opportunity for adults to progress their careers. Varsity College is a licensed tuition centre for a range of undergraduate and postgraduate degrees that fall within Unisa's College of Economics and Management Sciences, Human Sciences and Law. Varsity College also offers tutorial support for the IMM GSM Diploma in Marketing and the ICHM Vocational Graduate Diploma in International Hotel Management.</p> <p>www.varsitycollege.co.za</p>	1991	<p>Gauteng: Pretoria, Sandton</p> <p>KwaZulu-Natal: Durban North, Pietermaritzburg, Westville</p> <p>Western Cape: Rondebosch</p> <p>Eastern Cape: Port Elizabeth</p>
	<p>Vega aims to graduate a new breed of brand thinkers who are capable of generating innovative and sustainable ideas that solve 21st century problems. All courses at Vega are taught within the context of creating, building and managing healthy brands and the businesses which underpin them to add meaningful value.</p> <p>Vega offers accredited IIE certificate, diploma, undergraduate and postgraduate degree programmes under the School of Branding which is part of the Faculty of Applied Humanities. Part-time qualifications, short learning programmes, corporate training and interactive workshops within the context of branding, communication and new business concepts are also offered at Vega.</p> <p>www.vegaschool.com</p>	1999	<p>Gauteng: Bedfordview, Braamfontein, Pretoria, Randburg</p> <p>KwaZulu-Natal: Durban North, KwaMashu, Westville</p> <p>Western Cape: Cape Town</p>
	<p>Corporate College International (CCI) focuses on improving the earnings potential of both employed and unemployed adult learners by offering skills programmes, full qualifications and adult basic education and training. As an accredited training provider for the Education, Training and Development Practices Sectoral Education and Training Authority (SETA), CCI delivers Occupational Directed Education Training and Development services to both the public and private sectors.</p> <p>www.ccionline.co.za</p>	1991	Head office in Randburg. Training takes place either on site, at clients' offices or rented training facilities nationally.
	<p>Imfundo's core business is to build careers through training and skills development for both employed and unemployed individuals through learnership qualifications, skills programmes and short programmes that support the National Skills Development Strategy. In addition Imfundo renders and administers benchmarking assessments for various SETAs.</p> <p>www.imfundo.co.za</p>	2005	Head office in Randburg. Training takes place either on site, at clients' offices, or at rented facilities nationally.

Resourcing division

Brand	Focus	Est	Location
	Brent Personnel has been in existence for 33 years and provides customised permanent, temporary and contract staffing solutions to the Finance and Office Support industries. www.brent.co.za	1978	Gauteng: Sunninghill
	Cassel & Company has a track record of service excellence that spans 22 years and offers premier permanent, temporary and contract staffing solutions in Accounting and Finance. www.cassel.co.za	1989	Gauteng: Sunninghill
	Communicate Personnel is one of the longest established recruitment brands in South Africa and has 29 years' experience in providing innovative permanent, temporary and contract staffing solutions to the following specialist industries: Engineering, Finance, Freight and Logistics, Information Technology (IT) and Supply Chain Management. www.communicate.co.za	1982	Gauteng: Bruma, Midrand, Pretoria KwaZulu-Natal: Durban, Umhlanga Western Cape: Cape Town
	Insource.ICT specialises in permanent and contract Information Communication Technology staffing solutions, placing candidates at all levels within organisations nationwide. www.insource.co.za	2000	Gauteng: Midrand Eastern Cape: Port Elizabeth
	IT Edge offers flexible permanent and contract IT staffing solutions in line with the change and innovation that is synonymous within the IT industry. www.itedge.co.za	2000	Gauteng: Blackheath
	Network Recruitment comprises three specialist areas: Network Engineering, Network Finance and Network IT recruitment, and has 24 years' experience in offering optimum permanent staffing solutions to both clients and candidates in these industry sectors. www.networkrecruitment.co.za	1987	Gauteng: Bruma, Centurion, Menlyn, Sunninghill
	Tech-Pro Personnel is the unrivalled leader in Supply Chain Management recruitment and is actively involved in the development of this profession in South Africa. The brand offers permanent staffing solutions in Logistics, Planning, Procurement and Technology. www.tech-pro.co.za	1997	Gauteng: Bryanston

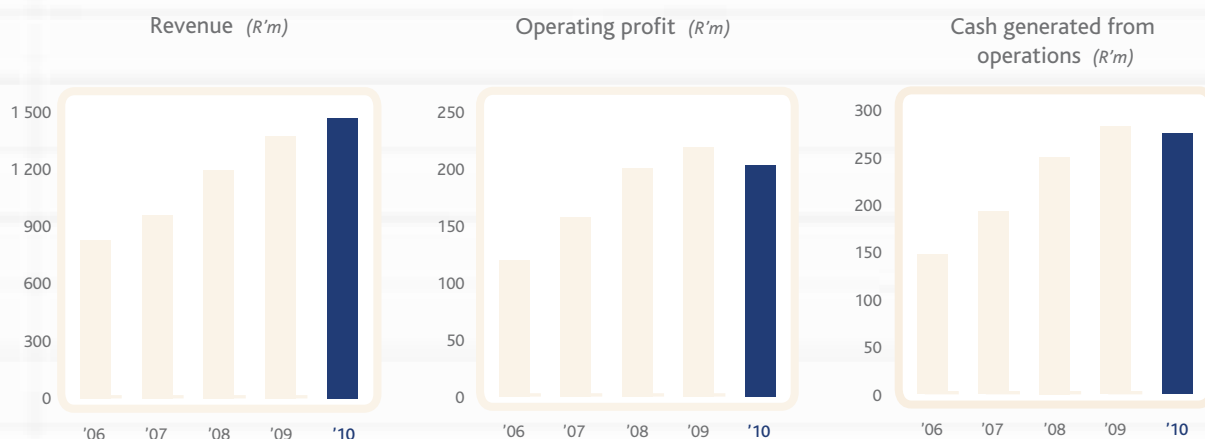
Brand	Focus	Est	Location
	Inkokheli HR Appointments is the only recruitment business in South Africa that focuses solely on permanent, temporary and contract staffing solutions in Human Resources. www.inkokheli.com	2005	Gauteng: Sunninghill
	Vertex-Kapele has 25 years of industry experience in providing Human Resource (HR) solutions for specialised industry sectors throughout Africa. Contract staffing solutions, Advertising Response Handling, Recruitment Advertising and Strategic HR consulting services are offered in various commercial sectors. www.vertexsa.com	1986	Gauteng: Bryanston
	The Working Earth is South Africa's only recruitment advertising specialist that links advertising to electronic response handling using the power of the internet. The brand offers the following recruitment methodologies: Advertising Response Handling, Electronic Recruitment, In-company Recruitment, and Recruitment Advertising. www.theworkingearth.co.za	2000	Gauteng: Weltevreden Park

** Inkokheli HR Appointments, Vertex-Kapele and The Working Earth are divisions of Kapele Appointments (Pty) Ltd, a BEE company within the ADvTECH Group.*



Five year financial review for the year ended 31 December 2010

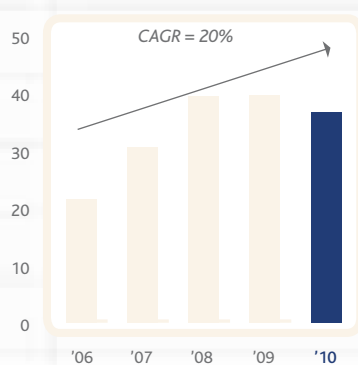
	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm
Summarised statements of comprehensive income					
Revenue	1 470.1	1 376.0	1 197.8	960.4	830.1
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	269.3	277.7	246.3	191.2	146.1
Depreciation and amortisation	66.4	58.8	45.6	33.5	26.8
Operating profit before interest	202.9	218.9	200.7	157.7	119.3
Net interest received	9.2	10.9	21.8	14.4	5.5
Profit before taxation	212.1	229.8	222.5	172.1	124.8
Taxation	63.3	69.6	67.1	52.9	38.5
Profit for the year	148.8	160.2	155.4	119.2	86.3
Headline earnings	148.6	160.3	155.5	118.8	83.5
Summarised statements of financial position					
Shareholders' equity	677.8	610.6	508.9	414.9	327.2
Interest bearing debt	—	—	3.9	10.9	18.1
Vendor claims	—	—	12.0	—	—
Current liabilities	306.8	318.1	274.2	233.2	183.7
	984.6	928.7	799.0	659.0	529.0
Non-current assets	852.6	787.9	665.3	478.8	438.7
Current assets	132.0	140.8	133.7	180.2	90.3
	984.6	928.7	799.0	659.0	529.0
Summarised cash flows					
Cash generated by operating activities	271.8	314.3	250.5	190.4	177.3
Net cash inflow from operating activities	118.7	169.6	154.0	135.8	98.5
Net cash outflow from investing activities	(122.3)	(155.3)	(234.9)	(71.8)	(70.0)
Net cash inflow/(outflow) from financing activities	1.5	(18.5)	6.6	(5.4)	(5.1)
Net (decrease)/increase in cash and cash equivalents	(2.1)	(4.2)	(74.3)	58.6	23.4



Ratios and statistics for the year ended 31 December 2010

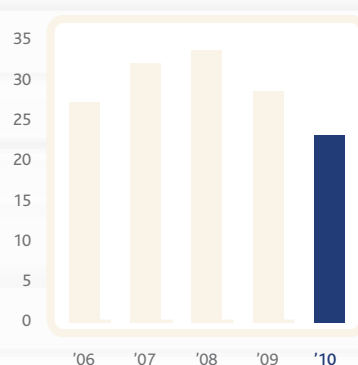
	2010	2009	2008	2007	2006
Earnings and distribution					
Earnings per share (cents)	37.2	40.1	40.2	32.1	23.5
Headline earnings per share (cents)	37.2	40.1	40.2	32.0	22.7
Diluted headline earnings per share (cents)	37.1	40.1	40.0	31.0	21.8
Distributions to shareholders per share (cents)	21.5	21.0	20.0	16.0	11.0
Profitability					
EBITDA on revenue (%)	18.3	20.2	20.6	19.9	17.6
EBIT on revenue (%)	13.8	15.9	16.8	16.4	14.4
Operating profit on average shareholders' funds (%)	31.5	39.1	43.5	42.5	39.0
Headline earnings on average shareholders' funds (%)	23.1	28.6	33.7	32.0	27.2
Productivity					
Per R1 000 of revenue:					
Payroll costs (Rand)	501.3	493.5	495.8	488.8	498.3
Revenue per average fixed assets (Rand)	2.2	2.3	2.4	2.3	2.2
Revenue per employee (R'000)	384.1	364.1	328.8	309.3	287.4
Revenue per square metre (R'000)	6 931.2	6 669.9	5 944.4	5 413.9	5 383.3
Finance					
Interest bearing debt as a percentage of shareholders' equity	—	—	0.8	2.6	5.5
Current assets to current liabilities	0.4	0.4	0.5	0.8	0.5
Operating cash flow per share (cents)	29.6	42.3	39.1	34.5	25.0
Free operating cash flow before capex per share (cents)	54.1	63.8	52.9	40.8	40.1
Net asset value per share (cents)	169.1	152.3	129.3	105.4	83.1
Debtors days as at 31 December	19.6	22.5	22.1	18.5	10.1
Other					
Total shares in issue (millions)	400.8	400.8	393.7	393.7	393.7
Weighted average number of shares in issue (millions)	399.9	399.4	386.5	372.0	368.0
Diluted weighted average number of shares in issue (millions)	400.2	399.7	389.1	383.0	382.9
Employee headcount at year-end	3 827	3 779	3 643	3 105	2 888
Total capacity occupied ('000 m ²)	212.1	206.3	201.5	177.4	154.2

Diluted headline earnings per share (cents)

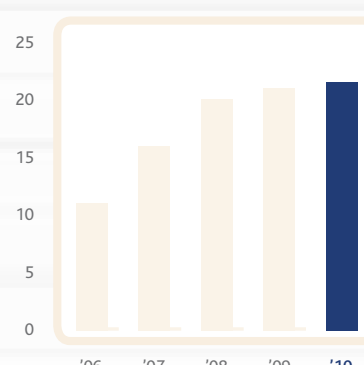


CAGR (Compound Annual Growth Rate in HEPS over five years from 2006 to 2010)

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



Distributions to shareholders (cents per share)



A letter from the Chairman



Leslie Maasdorp
Chairman

Dear Shareholder

Last year's letter highlighted that 2009 would be remembered as one of the most challenging economic periods of modern history. In 2010 the world and South Africa began the slow process of rebuilding economies, businesses, financial systems and confidence and some progress has been made in all of these areas. This improvement was felt to some extent in the markets served by the ADvTECH Group although the lingering effects of the recession continue to impact on growth in demand and affordability for some consumers. As we reported at the interim stage, these challenges continued to affect our business last year and our earnings for the full year repeated the 7% decline posted after six months. However, I am pleased to be able to tell you that demand has responded well to our focus on quality and satisfactory enrolment figures across the Group must be considered a positive sign so far in 2011.

A review of the Group's operations confirmed the long-term sustainability of the business and enabled the Board to reaffirm the long-term commitment to growth and investment. At the same time, it was necessary to temper the rate at which new projects were undertaken in order to match better the availability of capacity to the realities of demand in a more difficult economic climate. It is satisfying to be able to conclude that our leadership position in independent education and staffing remains secure and that we were able to maintain the high standard of quality and customer satisfaction while obtaining a return on funds employed well above the cost of capital.

Since 2002, when the Group was restructured, ADvTECH has delivered compound annual growth in earnings of 28% while the share price has increased some twentyfold. The tough economic climate of the last few years has interrupted the growth trend, although we have continued to invest for the longer-term opportunities which we are convinced lie ahead. These investments are underpinned by the Group's strong cash flow and balance sheet which enable your Board to address opportunities with confidence and without undue stretching of resources.

"Our leadership position in independent education and staffing remained secure and we were able to maintain our high standard of quality and customer satisfaction."

Market acknowledgement of the Group's accomplishments was again recognised by the *Financial Mail* and the *Sunday Times* as ADvTECH was once more included in the Top 20 rankings for 2010 by both publications. An additional accolade was the naming of ADvTECH as one of 'The Royals' by the *Sunday Times*, marking our inclusion in the Top 20 rankings for three successive years.

The Education division, representing 86% and 87% of the Group in revenue and profits respectively, maintained its contribution to national education and training output and recorded further improvements in key quality measures. The division enrolled some 50 000 (2009: 61 000) students of which 32 500 (2009: 32 200) were full-time students. The decrease in the total number of students was due to the Department of Higher Education and Training not awarding further adult basic education and training contracts in the year. More than two thirds of the student body is black, including many of the Group's top achievers and the top achieving Matric student.

The academic results of the Group's students once again improved appreciably. This is testament to the constant focus on quality, the improvements in teaching and learning and the enabling and supportive environment provided by ADvTECH. Our 1 213 Matric candidates achieved a 100% pass rate with all of them qualifying for entrance into higher education institutions. 151 students attained six or more distinctions and the class as a whole obtained a total of 2 729, equivalent to 2¼ distinctions per candidate. Perhaps equally significant is the fact that the Group average scores for Mathematics, Physical Science, English, Accounting and Information Technology ranged from 68% to 75%. It must be borne in mind that more than 50% of our Matric candidates enter our colleges with no selection process and more than a third only spend one year studying at our schools. 15 graduation ceremonies took place during the year at which 2 931 (2009: 2 468) students graduated with accredited higher education qualifications at certificate, diploma, degree or honours level. The Group's undergraduate Unisa students attained a further improvement in the average module pass rate to 75% (2009: 72%). In the Unisa CTA examinations Forbes Lever Baker and Varsity College students occupied eight of the top 15 places nationally.

"ADvTECH continues to provide a beacon of quality in two of the most crucial areas of South African life and economic activity."

ADvTECH's Resourcing division focuses on the permanent placement of individuals offering scarce skills in high demand areas of the economy. These include Engineering, Finance, Freight and Logistics, Human Resources and Information Technology. Continued determined focus on the Group's well proven business model and niche markets enabled the Division to turn around its fortunes in this year and return to profit growth. The Division placed approximately 4 100 (2009: 3 900) candidates in new positions.

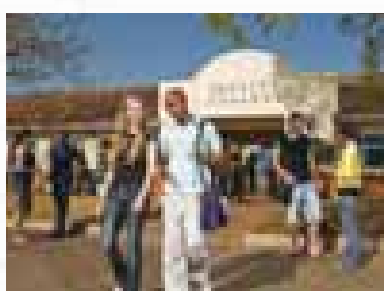
The Group's overall financial performance is considered satisfactory in the circumstances. Revenue increased by 7% to R1.5 billion. Earnings before interest, taxation, depreciation and amortisation decreased by 3% to R226 million while increased depreciation charges resulted in a 7% decline in operating profit to R202 million. Headline earnings per share also declined by 7%, as they did in the first six months, to 37.2 cents.

Free operating cash flow per share before capital expenditure decreased by 15% to 54.1 cents, mainly as a result of the decrease in capital creditors. This is equivalent to cash conversion of 145% of headline earnings per share which emphasises the Group's quality of earnings. Given this positive feature of ADvTECH's results, the Board was able to approve distributions for the year of 21.5 (2009: 21.0) cents per share, which includes a final distribution of 13.5 (2009: 13.5) cents per share.

During the year, Messrs Brian Buckham and Motty Sacks retired from the Board. Mr Buckham founded ADvTECH in 1978 and thus concluded more than 30 years of service to the Group, including terms as Chief Executive, Chairman and Non-executive director. Mr Buckham steered the Group through its listing in 1987. Mr Sacks joined the Board as an Independent non-executive director in 2001 at a difficult time in the affairs of ADvTECH and was appointed Chairman in 2005. Both Messrs Buckham and Sacks have rendered years of valuable service to the Group and played decisive roles in the creation of ADvTECH as it is today. The Board records their achievements with much satisfaction and gratitude and wishes them a long and happy retirement. The Board now consists of seven independent non-executive directors and two executive directors. At the meeting on 25 March 2011 Mr Fani Titi announced his resignation from the Board. Mr Titi was appointed in 2006 and has provided much valuable insight to the Board. The Board notes with regret his decision to reduce the range of his activities and accepts his consequent decision to resign.



ADvTECH continues to provide a beacon of quality in two of the most crucial areas of South African life and economic activity. The broad range of the Group's offerings and its extensive corporate social programmes, totalling some R57 million last year, mean that its services are available to a very broad spectrum of the South African population. There is no doubt of the role of education, training and career guidance in providing greater choice and opportunities in careers and employment as well as more broadly in a holistic life. ADvTECH is making a significant contribution to supporting this vital aspect of developing and transforming our society. It is doing so in a sound and self sustaining way which lays the foundations for a long-term future. I can therefore assure shareholders that ADvTECH has a sound business model, the resources to enable further growth and an effective management team.



I would like to thank our management and staff for their continued efforts and dedication during a difficult year. I also acknowledge the Group's non-executive directors and Academic Advisory Council for their wise counsel.

Yours sincerely

LW Maasdorp
Chairman

Our Chief Executive Officer's report



Frank Thompson
Chief Executive Officer

Introduction

ADvTECH achieved steady financial results for the year ended December 2010 in the context of the gradual recovery of the local economy and slow return of business confidence to many sectors. These results confirm the resilience of the Education division which experienced growth in demand, albeit at a reduced rate due to the economic conditions, and to a lesser extent the lack of progress in the awarding of contracts by the Department of Higher Education and Training. The Resourcing division contributed a valuable component of the Group's revenue with an encouraging return to profit growth. While the Education division was not able to deliver its characteristic levels of growth, excellence in academic results at both schools and tertiary level underlines the continuing emphasis on quality education in its operations. The strength of the Group's business model and annuity revenue stream continue to underpin the sustainability of ADvTECH and provide a powerful platform for the future.

Education

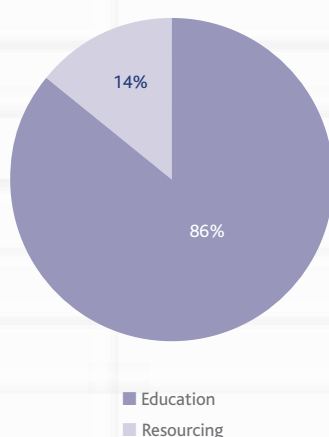
In line with the Group's model of longer-term sustainability, the Education division continues to prioritise investment in human resources, information technology and physical infrastructure. Although the total number of students enrolled decreased due to the absence of government contracts awarded, the stability in the number of full-time students reinforces ongoing demand for the quality education services offered across our 59 (2009: 57) education sites. In 2010, 66% of our student body studied full-time, while a further 25% enrolled on short learning programmes to enhance their career opportunities. The balance (9%) studied part-time. The annuity nature of the Group's revenue is illustrated by the fact that 60% of our full-time students are returning students, who contribute 50% to Group revenue.

The Group's schools still focus primarily on the state and provincial matriculation exams, although the Independent Examination Board matriculation exams are offered at Trinityhouse. All necessary teaching and quality arrangements are in place to ensure that competitive world-class schooling is offered. ADvTECH students are tested against a variety of international benchmarks which verify that the curriculum, standard of education and level of attainment are all at appropriate levels.

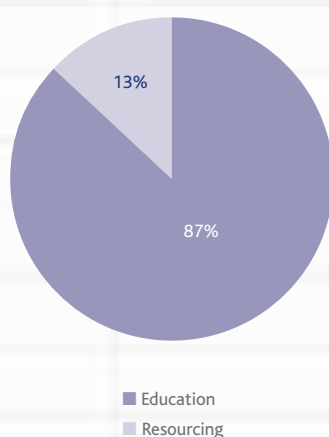
At post-schooling level, the leadership, governance and support provided by the Academic Advisory Council, Senate and various specialist advisory committees have contributed to The Independent Institute of Education (IIE) building on its strong reputation as a leading private higher education institution. With the increase of accredited education programmes between NQF levels 5 and 7 to 50, offered across

"The strength of the Group's business model and annuity revenue stream continue to underpin the sustainability of ADvTECH and provide a powerful platform for the future."

Divisional contribution
to Group revenue (%)



Divisional contribution to
Group operating profit (%)



21 sites of delivery, the Group holds the largest base of accredited higher education programmes in the independent sector.

The IIE is actively involved in furthering the position, role and reputation of private education providers in South Africa and in 2010, initiated The Private Higher Education Institution Group (PHEIG), a co-operative body comprising representatives from several private higher education providers. The aim of PHEIG is to enhance the reputation of the independent education sector as a whole and promote its contribution in addressing the education challenges facing South Africa.

Our year-end examination results and benchmarking evaluations were once again excellent. The achievements of our Matric and Unisa students are detailed on page 24 of this report. The real value of these results is measured however, by the progress and success of alumni in their subsequent education and careers, which ADvTECH continues to monitor through representative surveys.

During the year, 343 students who matriculated from CrawfordSchools™ in either 2004 or 2005 were surveyed formally as part of a follow-up study. Of these students, 98% went on to study at various higher education institutions, 212 of which have completed their studies while the remaining 125 students are either enrolled on qualifications where the course duration is longer than five years (e.g. Medicine) or have decided to study towards second or third qualifications. Of those who have qualified, 94% are employed in their field of study. A total of 96% of the students surveyed indicated that they would recommend CrawfordSchools™ to others while 94% said that they would enrol their children at the School.

The Rhodes Scholarship is the oldest and perhaps the most prestigious international graduate scholarship in the world, with a class of 82 scholars selected from around the world each year. Vivek Naranbhai, a 2004 Crawfordian, was recently awarded a Rhodes Scholarship and begins his studies at Oxford later this year. He is the Group's third Rhodes Scholar in the past two years.

In 2010, a further 652 students were surveyed in our annual IIE graduate study. The employment success of IIE degree graduates has been demonstrated once again by their quick absorption into the economy, with more than 80% of them obtaining employment within three months of graduating. Despite this, the survey revealed that the employment of diploma students has declined as a result of the tough economic climate. In response, the IIE has renewed its focus on honing the work readiness and job search skills of current students across each of its campuses. To the credit of the IIE, 73% of our graduates surveyed indicated that their IIE qualification

Our Chief Executive Officer's report *(continued)*

prepared them well for their first job and 90% of them said that they would recommend their campus to other students. As a positive sign of appetite for tertiary study, the report shows that 15% of the IIE students surveyed enrolled for further studies, 21% of which chose to study further at IIE campuses.

The Group continues to hire its own graduates with a current alumni headcount of 334, representing 9% of the workforce.

Resourcing

The Resourcing division yielded the benefits from its focus on key niche markets as well as the strength of the Group's operating model during the period. Notwithstanding the difficulties experienced by much of the employment services industry, the Division continued to provide a valuable component of the Group profits, with a return to revenue growth in the second half of the year. The Division's revenue remained the same as the previous year but the benefits of stringent cost controls during the first six months, benefitted performance for the full year and enabled the return to profit growth.

While a strong focus was maintained on the core markets of Engineering, Finance and Information Technology, investment was made into developing the smaller sectors of Freight and Logistics, Human Resources and Supply Chain Management. The Division enhanced its position as the leading provider of IT staff and retained the market leadership in the placement of permanent staff in the Finance and Human Resource categories.

During the year, 4 100 candidates were placed in new career positions.

Financial

In the context of a subdued operating environment, I am pleased to report a 7% increase in revenue to R1.5 billion. This growth reflects continued real growth in full-time students and inflation-related increase in the fees. The financial pressure experienced by some consumers negatively impacted the revenue normally earned from enrolments on short learning programmes, the spend for which is discretionary.

The overall earnings performance reflects the increased cost of operation, primarily occupancy costs and depreciation, flowing from the Group's long-term investment strategy, which, in this period, was not matched fully by revenue growth. This led to a 3% decline in earnings before interest, taxation, depreciation and amortisation to R269 million and a 7% decrease in operating profit to R203 million. In line with the trend established at mid-year, headline earnings per share declined by 7% to 37.2 cents.

The main drivers of the reduction in operating profit despite the increase in revenue were the 23% increase in occupancy costs and the 13% increase in depreciation. These increases flowed from the bringing to use of new premises and facilities in terms of our long-term investment strategy. It is evident that these cost increases were not fully matched by revenue growth in this year. Other operating costs were contained with per capita staffing costs increasing 7% and other operating costs 6.5%.

The costs associated with the rollout of the Group's new Information Technology (IT) system resulted in an above-inflation increase in central administration costs of 9% to R45 million.

Overall, the operating margin decreased slightly. While the Education division's operating margin declined to 17%, the Resourcing margin increased by 2% to 16%.

The Education division was still able to report an 8% increase in revenue to R1.3 billion, although operating profit declined by 7% to R216 million for reasons mentioned above. The Resourcing division overcame a challenging period, contributing R208 million to Group revenue and realised the benefits of its stringent cost controls in the form of a 13% increase in operating contribution to R33 million.



The delay of certain capital expenditure projects in order to match better the revenue growth, resulted in the significant decline in the Group's capital creditors, which led in turn to a 15% decrease in free operating cash flow before capex per share to 54.1 cents. Cash conversion of earnings remained strong, reflected by free operating cash flow before capex per share amounting to 145% of earnings. The Group sustained its sound management of debtors, and despite a difficult economic climate, managed to reduce net debtors by 7%.

This strong cash flow enabled the Group to earn almost as much in interest as last year, despite the very significant drop in interest rates, and fund from its own resources capital expenditure of R105 million (2009: R129 million), acquisitions of R20 million (2009: R57 million), company taxation of R78 million (2009: R75 million) and capital distributions of R84 million (2009: R80 million). Net asset value per share increased by 11% and the Group remains in a strong financial position with an ungeared balance sheet. A 23% increase in fees received in advance can be interpreted as a positive signal in regard to cash flow for 2011.

Investment

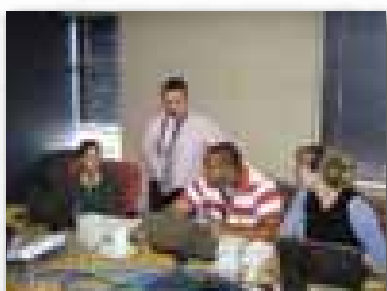
In 2010 the Group continued with its consistent and strategic investment in new capacity. This was tempered by the recognition of the short-term cost effects of such investments on earnings and cash flow which need to be taken into account in planning operations. As a result, capital expenditure in the year decreased to R105 million from R129 million in 2009. Capital commitments at the end of the year amounted to R94 million (2009: R123 million) and operating lease commitments, being primarily for the provision of leasehold educational premises, were R385 million (2009: R356 million). These commitments include the opening of a new Trinityhouse school in the West Rand which is the first tangible result of our commitment to building this brand. As already reported, R20 million was spent on acquiring The Design School Southern Africa (DSSA).

Infrastructure

I am pleased to report that initiatives related to our investment in infrastructure are progressing well. The implementation of the System for Academic Management (SAM), an academic Enterprise Resource Planning system, is on track for completion on 31 March 2011, within 15% of the original authorised budgeted cost. The finance component became partly operational during 2010 while the academic and marketing modules as well as overall integration are being commissioned during the first quarter of 2011.

The system supports information structures that facilitate both Group and brand initiatives around academic, financial and student relationship management. The near real-time information offered by the system enables extensive standardised reporting at all organisational levels which allows for more timely and accurate decision making. SAM plays an important role in enhancing all aspects of our students' experience with us and has been designed to meet both current and future requirements to enable sustainable growth. It provides a solid platform for the planned increased use of IT in teaching and learning within ADvTECH.

Close on 600 staff from around the country were trained online to use the system via Live Communications Server. This innovative use of technology to train our staff, positively impacted the project rollout with notable cost and time benefits. SAM is supported by a dedicated centralised team that is responsible for monitoring, maintaining and enhancing the system's functionality and capability.



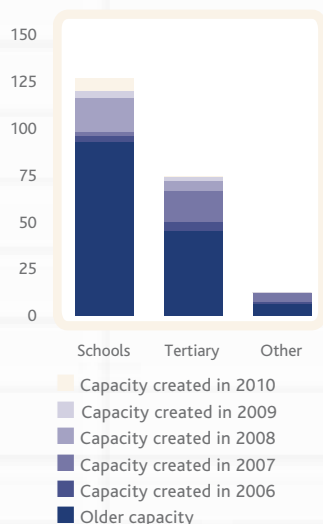
An online SAM training session



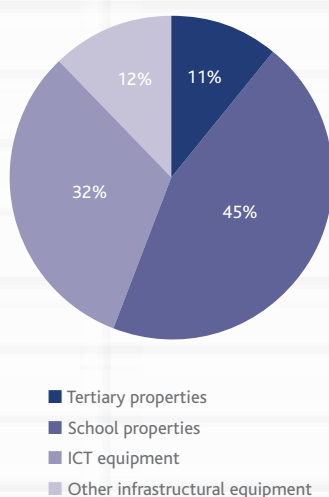
The SAM project team

Our Chief Executive Officer's report *(continued)*

Indication of additional capacity created in 2010
Based on square meterage created ('000 m²)
Total capacity created to date 212 100 m²



Investment Programme
2008 – 2010 (R398 million)
Major infrastructural investments
brought into use



A key physical resource within ADvTECH is our portfolio of properties which are situated in some of South Africa's most sought after areas. The value of this property portfolio underpins ADvTECH's growth and sustainability strategy. The Group Properties department is responsible for facilities management, maintenance, occupational health and safety as well as refurbishments, and plays an integral role in the selection and procurement of new sites for the Group.

The overarching aim of the Department is to provide suitable sites to enable the Education and Resourcing divisions to meet delivery targets and accommodate anticipated growth in demand, a critical factor in our overall sustainability as a Group. A key part of this is to ensure that, as far as possible, new facilities are brought into service on a 'just-in-time' basis. Refurbishments and improvements focus on enhancing functionality and brand differentiation while promoting the underlying commonality within brands. Efficient space utilisation is integral to the Group's productivity and ultimate profitability.

Projects completed during 2010 include:

- the building of a new Crawford Pre-Primary Fourways site in response to the growth in the number of learners,
- occupational therapy rooms, four new classrooms and a school hall at Crawford Preparatory Fourways,
- eight new classrooms and an additional sports field at Crawford Preparatory North Coast,
- a block of eight classrooms including a science laboratory at Crawford College Lonehill,
- a new swimming pool at Trinityhouse Randpark Ridge, and
- the relocation of the Vega campuses in Durban and Pretoria to more suitable premises.

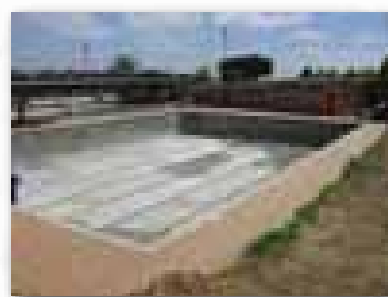
Further activities in 2010 included the relocation of Corporate College International to surplus leased accommodation in Randburg and the relocation of the DSSA campus in Birnam to the ground floor of premises currently occupied by Vega in Randburg. This completes the development of a leading creative hub for students interested in this field.

In total, the Properties division developed a further 5 800 m² (2009: 5 800 m²) of education space during the year.

During 2010 the Group conducted its triennial valuation of fixed property. The Group's properties were valued at R883 million (2007: R615 million). This represents a surplus of R431 million (2007: R331 million) as compared to book value in the balance sheet.



*The new classroom block at
Crawford College Lonehill*



*The new swimming pool under construction
at Trinityhouse Randpark Ridge*

Litigation

Legal proceedings against Marina and Andry Welihocky remain in process. The Group's legal counsel remains satisfied with the merits of the claims in this matter and that, save for legal costs, the Group has no further exposure.

Staff

ADvTECH staff are at the fulcrum of our success and sustainability. The members of our team have diverse backgrounds, skills and experience. However, they share a remarkable passion for what they do and a commitment to excellence. We strive to attract and retain excellent staff, develop and grow them to meet both the needs of the Group and their aspirations as well as ensuring they are appropriately rewarded. The 'Great Place to Work' initiative continues to be used as a means to achieving our staffing goals.

During the year our staff complement increased to 3 827 (2009: 3 779). The Group maintained steady progress in its black staff complement as a whole as well as in its senior management structures. Our academic staff set a quality benchmark in private education and as at December 2010, the Group's employees held 1 373 degrees in total including 233 master's degrees and 32 doctorates, collectively representing a significant body of intellectual capacity and academic leadership.

Prospects

The South African economy is expected to continue to recover from the effects of the recession, although uncertainty remains over the ability of the economy to create sufficient new jobs. Education remains a key requirement for securing suitable employment in a modern economy and the Group's unrelenting focus on academic quality and performance will stand it in good stead. The Resourcing division appears to have made solid gains in market position and expects to continue to develop its leadership in the niche markets for high demand scarce skills which it serves.

It is clear that a positive response to the Group's commitment to quality is taking place in the form of growing demand for places at our campuses and an increase in the job specifications received. Accordingly, the directors remain committed to the long-term sustainable development strategy of the Group and continue to plan further investments for growth. The Group's high academic standards, growing demand for the educational offerings and effective contribution of its resourcing business, continue to provide confidence in the Group's prospects.

Appreciation

My thanks go to our Chairman and Board members for their counsel and to the management team for their dedication and skill. It has not been an easy year for all of us, and accordingly, it is with grateful thanks that I convey my appreciation to all employees for their commitment and hard work.



FR Thompson

Chief Executive Officer

Academic achievements in external examinations

- The **1 213 Matric students** at Abbotts College, CrawfordSchools™ and Trinityhouse achieved a **100% pass rate**, all of whom qualified for entrance into higher education institutions.
- Our matriculants obtained distinctions in almost a third of subjects written, achieving **2 729 As** in total.
- **Six or more subject distinctions** were obtained by **151** of our Matric candidates.
- **Overall averages of 80% and above** were achieved by 23% of our 2010 Matric cohort with 41 of these students achieving averages of **90% and above**.
- In the Independent Schools category in KwaZulu-Natal, **four out of the top five students** who wrote the 2010 National Senior Certificate were from Crawford College La Lucia.
- The Gauteng Department of Education recognises the **Top Independent Schools** in the province annually. In 2010, the top three places were occupied by **Crawford College Pretoria, Crawford College Sandton and Crawford College Lonehill** respectively.



Back row (from left to right):

Chetan Ramlall (Crawford College La Lucia) 9 As, 95.85% average,
 Nolene de Jong (Crawford College Pretoria) 8 As, 94.08% average,
 Sehrish Ebrahim Khan (Crawford College La Lucia) 9 As, 96.00% average,
 Kirsty Frances (Crawford College La Lucia) 9 As, 95.35% average,
 Vayur Soobiah (Crawford College Sandton) 9 As, 95.54% average,
 Katlego Chauke (Abbotts College Pretoria East) 6 As, 86.77% average.
 Jason Parry (Trinityhouse Randpark Ridge) 8 As, 88.62% average.

Front row (from left to right):

Danielle Winter (Crawford College Lonehill) 9 As, 93.46% average,
 Ciao-Ting Lin (Crawford College North Coast) 8 As, 93.77% average.

- **FLB and Varsity College postgraduate students** studying towards the Unisa Certificate in the Theory of Accounting (CTA) achieved exceptional results in 2010:
 - Tina van der Merwe, a Varsity College student, was the **top Unisa CTA student** in South Africa,
 - **eight out of the top 15 Unisa CTA students** in the country studied at either FLB or Varsity College,
 - our students occupied the **first place nationally across all four papers** written in the Unisa CTA exam:



Tina van der Merwe

- * Tina van der Merwe was the top student in Applied Management Accounting and Applied Taxation,
- * Lydie Tocko was the top student in Applied Financial Accounting, and
- * Daniel Lilian was the top student in Applied Auditing,

- the CTA national awards presented by Unisa in Applied Financial Accounting and Applied Taxation were dominated by FLB and Varsity College with:

- * **six students in the top 10** in the country for Applied Financial Accounting, and
- * **nine students in the top 10** in the country for Applied Taxation.

- FLB and Varsity College students enrolled in a range of Unisa undergraduate degree programmes achieved a **75% module pass rate**.
- The final-year Unisa Bachelor of Education students at Varsity College achieved a **96% pass rate** and a **distinction rate of 57%**.

Brand highlights



- Junior Colleges Fourways celebrated their **30th anniversary** in October 2010.
- The new purpose built Abbotts College campus in the south of Johannesburg was officially opened with the school immediately achieving a **100% pass rate** amongst its first group of Matric students.
- Abbotts College was accredited with **Investors-in-People (IIP)**, an international standard that aims to improve organisation performance through people. Along with CrawfordSchools™ and Junior Colleges, these are the only schools in South Africa to achieve IIP accreditation.
- The **Trinityhouse High School choir** was invited and performed at a brunch for the alumni of Oxford University at Rhodes House in Oxford.



- The number of **accredited higher education programmes** offered by the IIE increased to **50**, strengthening its position as South Africa's leading private higher education institution.
- The IIE submitted **eight new qualifications for accreditation** to the Higher Education Quality Committee.
- **80% of IIE degree graduates** surveyed were employed in less than three months after qualifying.



- **FacultyBytes**, a public site designed to practise academic writing for publication, was launched by the IIE.



- Academic operations and student support services across all College Campus and Rosebank College sites were improved through the formation of the centralised **Centre for Learning and Student Services**, which offers specialised support in these areas.

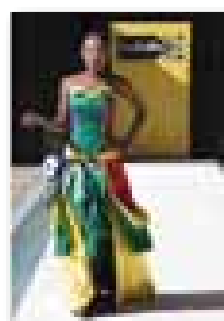
**College
CAMPUS**

- College Campus and Rosebank College together submitted 61% of the papers presented at the IIE's annual **Celebrating Teaching and Learning** workshops, which recognise teaching innovations introduced in the delivery of IIE programmes.
- **College Campus** relaunched their brand positioning to further differentiate their offering in the market.



- The acquisition of **The Design School Southern Africa (DSSA)** added to the IIE's stable of specialist education brands.

- The following **DSSA students** were successful in various competitions:
 - Luamie Hanekom was a finalist in the student category in the Sanlam South African Fashion Week,
 - Marné Nelson, Charné Gouws, Chanel Korf all qualified as finalists in the Football Friday Fashion Funk competition,
 - Kim Fish and Tamlyn O'Donoghue were finalists in the 2010 CaesarStone Student Design competition,
 - Michael Craig was a finalist in the PG Bison 1.618 Student Competition and won the SABS Design Institute's Design Achiever Award, and
 - Racheal Trengrove was the Commercial winner in the student category in the Plascon Prism Awards.



Chanel Korf's design



Michael Craig

Operational highlights *(continued)*

- **Final-year students** enrolled in the following IIE programmes at **Varsity College** excelled in 2010:

IIE programme	Final-year pass rate
Diploma in Public Relations	91%
Diploma in Hotel Management	87%
Diploma in Sport Development and Management	81%
Diploma in Travel and Tourism Management	94%
Diploma in International Travel	85%

- Varsity College introduced a **new logo and visual language** to emphasise being a modern, engaging, purposeful, healthy and exciting brand.



- The **new campus** to which Vega relocated in Sunnyside, Pretoria, was officially opened by Professor Derrick de Jongh.
- Vega launched **two new programmes**, the Advanced Diploma in Brand Innovation and Advanced Certificate in Professional Photography.
- Vega photography lecturers won a Silver Award and two Bronze Awards at the **Fujifilm Professional Awards** as well as a Bronze Award at the **International Aperture Awards**.
- The work of three Vega students was published in the international **D&AD Annual**. Their entries were selected from over 3 700 student entries from around the world.

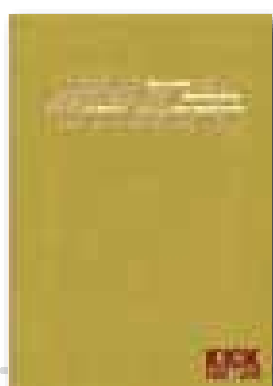
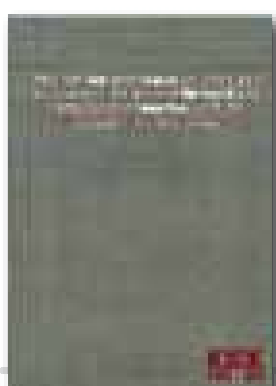
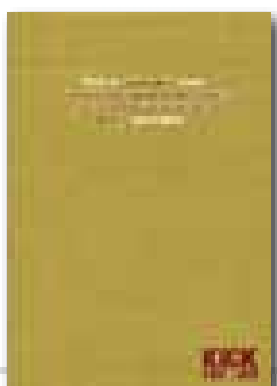


Chad Goddard's work that won a Gold Craft Loerie

- Vega students excelled in industry awards and won:
 - a Gold Craft, two Silver and four Bronze Awards at the **Loerie Awards**,



- Best Concept and Best Animation Special Mention at the **Vuka! Awards**, and
- three Gold **Pendoring Awards** for their 'Kick Racism' campaign.



- Corporate College International was awarded contracts by the Department of Education, Office of the Public Service Commission, the Thabo Mbeki Development Trust for Disabled People, Transnet, Multichoice and the Department of Cooperative Governance and Traditional Affairs to run various **learnership and skills development programmes**.



- ADvTECH Resourcing launched its **internship programme**. A total of 10 learners participated in the programme, each of whom was assigned senior managers as personal mentors.
- Cassel & Company launched '**The Bottom Line**', a networking event aimed at providing mentoring support to newly qualified chartered accountants in the country.
- Communicate Personnel expanded its services and now offers staffing solutions in **Supply Chain Management** as well.
- Insource.ICT hosted its annual **IT Salary Survey Breakfast** at which **Clem Sunter** addressed 150 clients on the issues impacting the South African IT industry.
- Network Recruitment initiated a series of **salary surveys** during 2010, the first of which was conducted in the **scarce skills engineering industry**.
- The Working Earth won the Most Creative Recruitment Advert Award in the Private Sector category and was the runner up for the same award in the Public Sector category at the **Avusa Media Annual Recruitment Awards**.



Winner of the Most Creative Advert Award (Standard Bank) – Private Sector

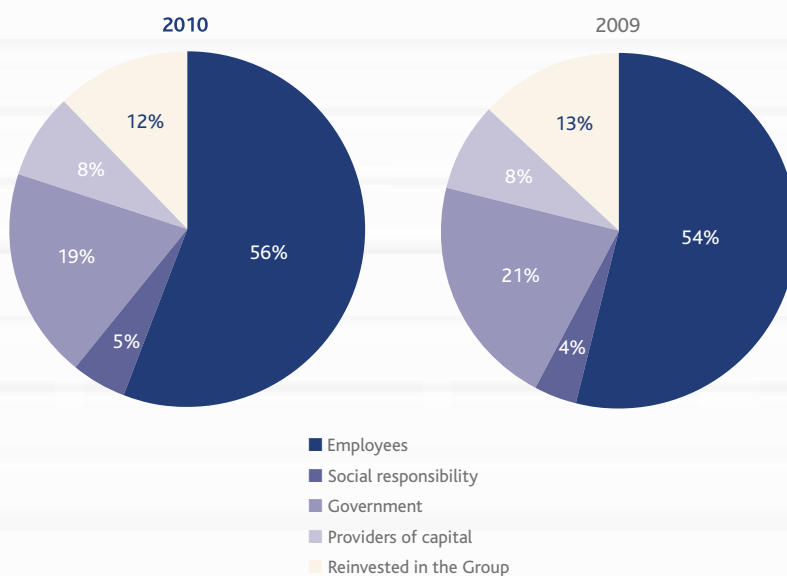


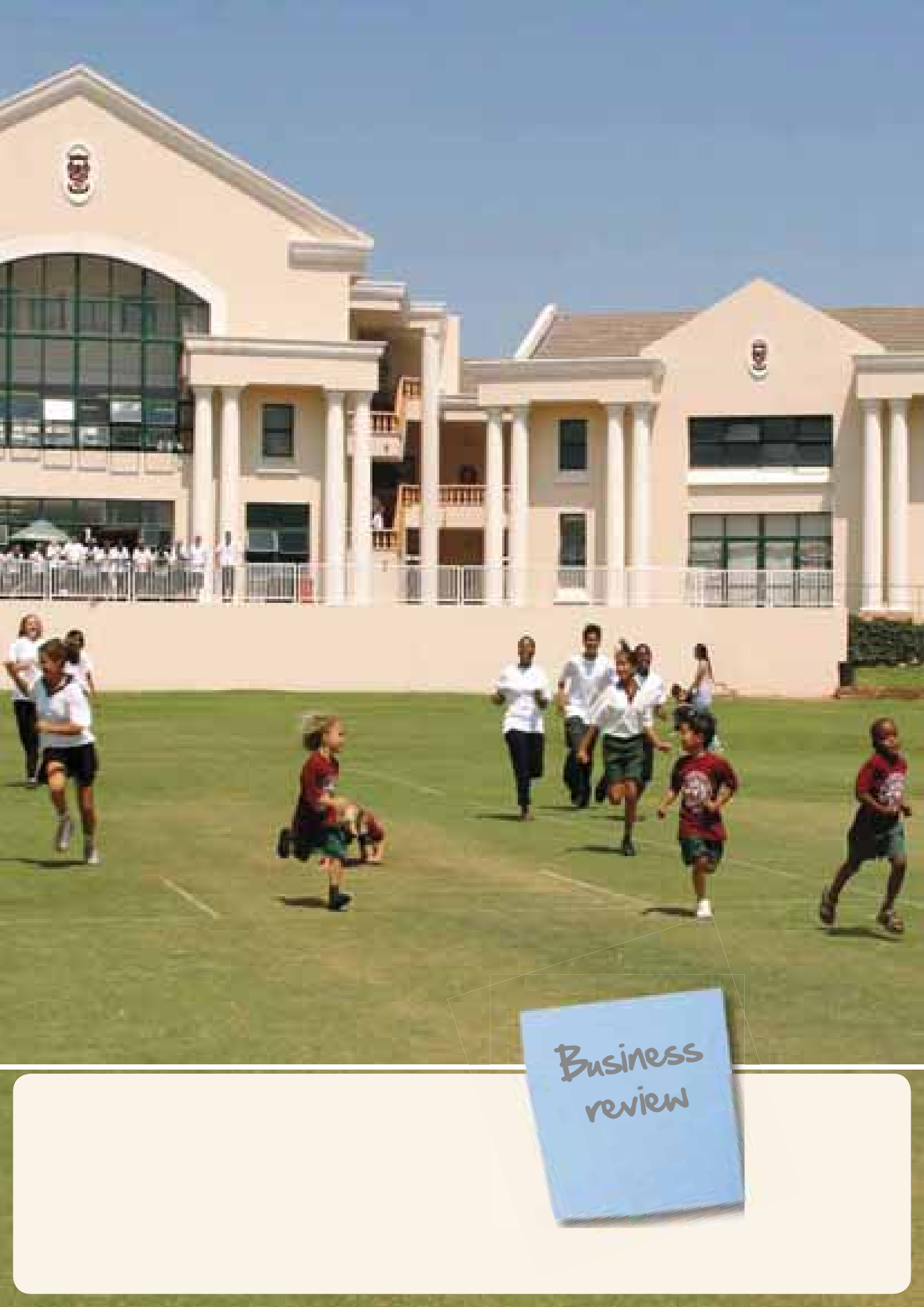
Runner-up of the Most Creative Advert Award (Department of Science and Technology) – Public Sector

Value added statement for the year ended 31 December 2010

	2010 R'm	2009 R'm
Value added		
Revenue	1 470.1	1 376.0
Interest received	9.4	11.0
Cost of providing services	(383.0)	(350.2)
	1 096.5	1 036.8
Value distribution		
Employees		
Net benefits paid to employees	614.8	560.4
Social responsibility		
Corporate social investment and bursaries	57.2	42.2
Government	210.5	216.3
Government taxes	64.7	70.8
Net VAT paid	23.6	26.9
PAYE	122.2	118.6
Providers of capital	85.5	80.5
Finance costs	0.2	0.1
Distributions to shareholders	85.3	80.4
Reinvested in the Group	128.5	137.4
	1 096.5	1 036.8

Value distribution





Business
review

2010 Academic Advisory Council Report

The Academic Advisory Council (AAC) occupied itself in 2010 with advising The Independent Institute of Education (IIE) on how to better position itself as a private provider of education and in particular, in the higher education space. Following several years of a more open approach to the role of private higher education, the IIE has been concerned that this is less of the case under the current administration. The AAC has advised that while there may be a change in the political environment the most compelling case for private education, over and above the constitutional protection, lies in the quality of what we deliver and the experienced value that students who study with us are able to gain.

As a private provider, the IIE has no public purse to use as a safety net for protecting against any failure and in order to safeguard our position the following key areas of current practice that need to be protected were identified:

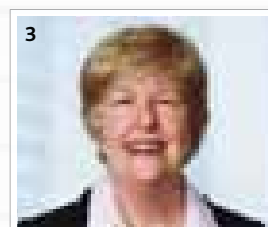
- our value proposition of a focus on employability or other future value to those that have paid for our education services,
- the ongoing provision for reinvestment and renewable investment in sustainability, and
- our leading presence in many areas of education.

The AAC has advised that going forward the IIE needs to build on this foundation with a strategy that includes the following:

- appropriate responsiveness to niche markets and the skills requirements in a developing economy,
- relevant high quality programmes that are clearly linked to employability and that continue to promote a methodology that includes experiential learning,
- positioning itself as a leader in private higher education which includes attaining a higher public profile,
- increased visibility of our community engagement and good citizenship, and
- further use of technology to improve the quality of both teaching and learning.

The AAC welcomes the work that the leadership of the IIE is doing with other private higher education providers to engage collectively with the public and with regulators so as to attend to matters of mutual interest in a more co-ordinated and aligned manner.

Academic Advisory Council



1. Mr Tim Allen

Tim Allen is the Head of Academics for all the schools that are part of the Group. Trained as a teacher at the Johannesburg College of Education, Tim completed an Honours degree in Applied Linguistics through the University of KwaZulu-Natal. He taught in the private and public sectors, and was involved in school management at Kloof High School in Natal before moving to Crawford College Durban as Principal. As the Head of Academics, he is particularly involved in assessment programmes and quality management for our schools and has been involved in researching and implementing teaching programmes that reflect current trends internationally.

2. Dr Felicity Coughlan

Felicity Coughlan is the Director of the IIE. She is a registered social worker with an Honours degree in Social Work and an Honours degree in Psychology (both from Rhodes University); a Master's degree in Sociology from the University of London and a Doctorate in Social Work from Unisa. Dr Coughlan has worked in public and private higher education since 1991.

3. Prof Brenda Gourley

Brenda Gourley's long career in academia culminated in her period of office as Vice Chancellor of the University of KwaZulu-Natal in South Africa for eight years, followed by a period of office as Vice Chancellor and CEO of The Open University in the United Kingdom for eight years. She has served two terms as Chair of the Association of Commonwealth Universities and two terms on the Board of the International Association of Universities. She is an accountant by profession and holds board memberships of several companies and institutions, in both the private and public sectors as well as consultancies in both sectors. She is a Fellow of Tufts University in Boston, USA. She is a member of the ADVTECH Limited Board which she joined in May 2008. Her contribution to education is recognised worldwide and she has been awarded honorary doctorates by numerous international universities.

4. Prof Chabani Manganyi

Chabani Manganyi attained a DLitt et Phil degree in Psychology at Unisa in 1970. His appointment as Vice Chancellor of the University of the North was followed by a period as Executive Director of the PSI Joint Education Trust, during which time he was called to serve as Director-General of the then national Department of Education. His extraordinary contributions to education in South Africa have been acknowledged by honorary doctorates that were awarded to him in 2008 by Unisa and the University of the Witwatersrand.

5. Dr Thomas Oosthuizen

Thomas Oosthuizen has a Doctorate in Marketing Communications from Unisa. He is an extra-ordinary honorary professor in Business Management at the University of Johannesburg. Dr Oosthuizen is a strategic marketing and brand adviser to multi-national clients in Africa and the Middle East.

6. Prof Stanley Trollip

Stanley Trollip attended the University of Illinois Urbana-Champaign where he received a Doctorate in Educational Psychology, with an emphasis on how computers could facilitate teaching and learning. Since 1976 he has been a professor and a consultant and was until recently Director of Learning Strategies at Capella University, an online university. These studies led to Prof Trollip co-authoring a very successful graduate textbook, *Multimedia for Learning: Methods and Development* (Allyn and Bacon).



**Quality driven systems
don't give up on under-
performing learners
and students. They
support and nurture
them towards meeting
often demanding
standards. This is the
ethos of the IIE.**

In South Africa, all education institutions need to be registered with either the provincial or national departments of Education. In the case of our schools, the process is the same as it would be for all other schools and includes a quality assurance process by Umalusi. With respect to the tertiary campuses, the IIE's registration by the Department of Higher Education and Training is for the provision of both higher and further education programmes. These higher education programmes are accredited by the Higher Education Quality Council (HEQC) while further education programmes are accredited by the relevant Sectoral Education and Training Authority (SETA).

This extensive registration and accreditation system ensures a standard quality assurance system across the private and public sectors. The system only applies to full tertiary qualifications and organisations are expected to quality assure short learning programmes themselves against the same standards as apply to full qualifications.

The IIE's education brands operate in an environment that is dynamic, well resourced, nurturing and student centred. The focus is on academic excellence as well as on the achievement of life skills that will equip students to succeed in the working world now and in the future. Study experiences are designed to develop the intellectual, emotional, social and physical capacity of students whilst unlocking their potential for excellence. As tertiary qualifications are vocationally directed, they all have an element of work integrated learning either through workplace experience or simulations. Integral to an IIE education is the commitment to citizenship for all students with community service opportunities being provided as part of the curriculum. By combining volunteer and community service opportunities with programme specific work related skills, students are able to gain valuable experience which stands them in good stead when seeking employment.

ADvTECH's academic leadership and governance system incorporates the AAC and Senate. The AAC, which includes external leaders in education and business, advises the ADvTECH Board, Senate and IIE on academic matters. Senate is the ultimate academic decision making structure and sets academic policies for the Group. It is chaired by the Director of the IIE while the Registrar, Heads of Faculty and Heads of Programme are ex officio members along with all other IIE academic staff. Elected representatives of the lecturing and teaching body as well as elected student representatives also serve on Senate while representatives from the ADvTECH management team attend as observers. Senate is responsible, either directly or through its committees, for the structure and curriculum of all programmes, teaching and learning, libraries, research and student discipline.

The career-focused higher and further education qualifications offered by the IIE fall under four faculties, each led by a team of academics who provide leadership and guidance on programme content, material and assessment. Each faculty receives input from one or more Programme Advisory Committees which include appropriate external industry and academic expertise to ensure that the content of programmes and qualifications remain current, progressive and relevant. A major project currently in progress is the realignment of all IIE accredited programmes with the new Higher Education Qualification Framework (HEQF). Of the 17 programmes submitted to the HEQC for accreditation in 2010, nine were realigned to the HEQF, while the remainder were new qualifications.



The IIE is committed to delivering exceptional quality. To achieve this requires continuous investment in research, innovation and the implementation of best practice principles suitably benchmarked. Examples in this regard include:

- new programmes that are researched and introduced at IIE schools to augment the syllabus such as Numicon (a numeracy programme) and the Early Year Foundation Stages curriculum,
- the System for Academic Management, an enterprise resource planning system which offers near real-time information that allows for timeous interventions to continuously improve the performance of our higher education students,
- the 'Ministry of Creativity', an annual competition where our teachers submit curriculum and teaching innovations that if accepted, are tested and rolled out across IIE schools as appropriate,
- the 'Celebrating Teaching and Learning Colloquia', where our higher and further education lecturers present papers and workshops related to the best teaching practices on their campuses, and
- 'Pulse', a process designed to evaluate and improve the quality and equitable delivery of education across all IIE higher education sites. A similar internal review, 'Building on Excellence', assesses the quality of service at selected IIE schools annually.

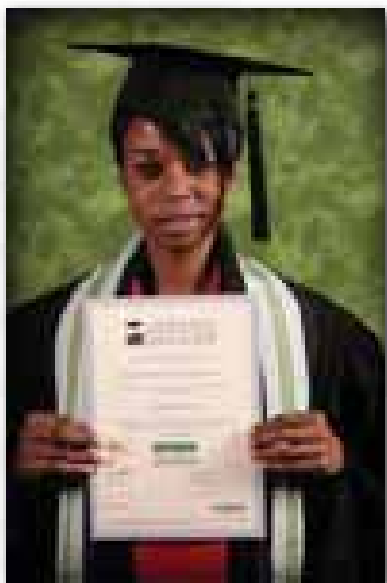
It is understood that some students need additional support to meet the standards required and this support is provided by all IIE brands. As a result the vast majority of our students are able to meet the often demanding standards. Based on carefully constructed curricula that are delivered through best teaching practices, students are assessed and evaluated regularly so that individual progress and development needs can be monitored and met.

Our academic staff set a quality benchmark in private education. As at December 2010, the Group's employees held 1 373 degrees including 32 doctorates and 233 master's degrees, collectively representing a significant body of intellectual capacity and academic leadership. With the growth of the IIE's solid reputation as a successful, quality education provider in the market, there has been a marked increase in interest from talented academics who wish to work with the Institute. Several IIE academics serve as programme reviewers for the HEQC and are also external examiners for other private and public higher education institutions.

Life-long learning is a core value of the ADvTECH Group, and accordingly, the IIE supports their staff in the enhancement of qualifications, academic learning and personal development through bursaries, academic leave and the mentoring of research. Through *The Journal of Independent Teaching and Learning*, which has been published annually since 2006, the IIE provides developmental support to those wishing to publish for the first time, whilst simultaneously providing the academic norm of blind peer review for final publication. The Journal makes a valuable contribution to education nationally through this combination of developmental support and high quality peer review. FacultyBytes, a public website launched by the IIE in 2010, provides developmental opportunities for new academic writers while at the same time providing an educationally directed online space for conversations about quality education.

The IIE is actively involved in furthering the position, role and reputation of private education providers in South Africa. In 2010, IIE staff were involved in a research project, conducted by the Council on Higher Education, on the State of Private Higher Education in South Africa.

IIE Forums are hosted at least twice a year, at which prominent industry and academic leaders are invited to address guests on current and relevant topics. The Forums provide opportunities for reflection and debate on key educational issues, and considers the role of private education in addressing them. John Volmink addressed both Forums this year on 'The Success and Challenges of the National Senior Certificate'.



The Private Higher Education Institution Group (PHEIG), initiated by the IIE, is a co-operative body comprising representatives from several private education providers. The aim of the Group is to collectively enhance the reputation of the independent education sector and promote its contribution to addressing the education challenges facing South Africa.

Dr Felicity Coughlan (Director: IIE) continued to serve on the HEQC Board and Accreditation Committee in 2010, testament to the role and contribution of the IIE to higher education in South Africa. Dr Coughlan was also invited to facilitate sessions at the International Federation of University Women's conference in Mexico in August 2010 and thereafter to facilitate their strategic planning conference in Geneva in November 2010.



There are currently six Junior Colleges, catering for children from six weeks to six years old. All campuses are well resourced and offer a comprehensive curriculum which includes INPP (The Institute for Neuro and Physiological Psychology), Numicon and THRASS (Teaching Handwriting Reading and Spelling Skills) programmes which address gross motor, numeracy and literacy skills respectively.

An academic development coordinator is responsible for the early childhood development syllabus at Junior Colleges. The Early Year Foundation Stages (EYFS) curriculum which embraces the six areas of learning vital to each stage of a child's development was introduced in 2009 and fully implemented in 2010. Through meaningful and directed activity, all foundation skills are covered, from the correct pencil grip to gross motor coordination, language and social development. The EYFS curriculum also allows for each child's development and progress to be tracked and if gaps are observed, these are immediately addressed.



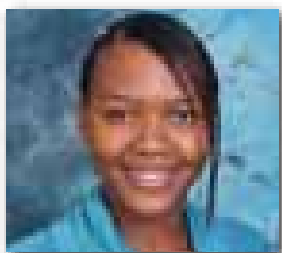
Junior Colleges Luthuli decided to show its appreciation to the South African Police Service for keeping them safe at school during the strike. The staff and children prepared a tea-time treat as a small token of their appreciation.

Junior Colleges encourage and develop children to think for themselves and to gain confidence, self-esteem and independence. Notable evidence of this is that some 80% of the eligible children voluntarily participate in eisteddfods annually.

Enrolments increased by 15% in 2010 and there are waiting lists for future enrolments across all sites. During the year, two new classrooms were added at Junior Colleges Castillian and the upgrade to playgrounds across all the sites has commenced.



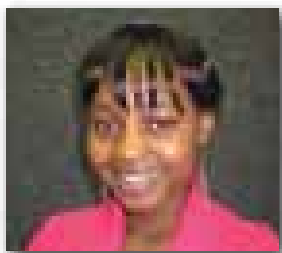
Abbotts College caters exclusively for Grades 10, 11 and 12 which are pivotal in shaping these young adults' future. The College's core philosophy is a firm belief in the individual worth of every student and a total commitment to helping them find the right career path in a nurturing and inclusive environment.



Katelgo Chauke, a Tshikululu bursary student at Abbotts College Pretoria East, matriculated with six distinctions and won a full bursary to study Actuarial Science at the University of Pretoria.

Small classes, supervised homework, in-house extra lessons and clinics, eight detailed reports a year, a personal mentor for each learner and access to teachers outside school hours contribute to the success of the College's students in their final years of schooling. Students can enrol in Career Targeting Schools at the College that provide focused attention on subjects designed to prepare them for their career choice e.g. Art and Design or Business. Abbotts College offers a unique money-back guarantee based on academic performance.

Testament to the efficacy of this approach was that all students at Abbotts College who wrote the National Senior Certificate at the end of the year passed and qualified for entrance into higher education institutions. This includes the Matric group from the Johannesburg South campus which was only opened in 2010. Matric students who wrote Mathematics at the Claremont campus performed exceptionally well, achieving a distinction rate of 25% in the subject.



Gloria Phasha, a Tshikululu bursary student at Abbotts College Northcliff, matriculated with five distinctions and was awarded a full bursary to study Medicine at the University of Stellenbosch.

A cohort of previously disadvantaged students attends Abbotts College as part of a programme, funded jointly by Tshikululu Social Investments (Tshikululu) and ADvTECH, to improve their Mathematics and Physical Science skills. These students face many challenges from the time taken to travel to school to in some cases, having no electricity at home. All 32 Tshikululu bursary students at Abbotts College who wrote Matric in 2010 achieved Bachelor degree passes as well as 55 distinctions between them.



The essence of the Crawford experience is infusing students with a joy for learning in a positive, nurturing environment where individuality and mutual respect are paramount. 'Think, Understand and Apply', the CrawfordSchools™ academic philosophy, is at the core of every learning stage from Pre-Primary through to Preparatory and College. Using this philosophy, the team of experienced and committed Crawford teachers enthuse and encourage every learner to achieve at their highest level of ability. The extent to which students, parents and staff are entrenched in and delighted with the CrawfordSchools™ offering was again confirmed in the results of the annual customer satisfaction survey conducted by IPSOS Markinor across all Crawford sites.



Karolina Brook, a 2005 Crawfordian, attended Princeton University after Matric. Her awards while at Princeton University include the Shapiro Prize for Academic Excellence at the end of first year and the Adel Mahmond Global Scholar's Grant at the end of second year. She was accepted at Harvard Medical School last year, based on her outstanding performance at Princeton University.

CrawfordSchools™ excelled in the National Senior Certificate (NSC) in 2010 with an average distinction rate of 3.35 per Matric candidate and 23% of candidates achieving six or more distinctions. As per the previous year, 97% of candidates received Bachelor degree passes. Further details on Crawford Matric achievements can be found on page 24 of this report.

In addition to the NSC, Crawford students are offered the following international benchmark examinations:

- the Schools International Assessments Tests (SIAT) conducted in Mathematics, Physical Science and English and written by students from Grade 3 to Grade 12,
- the Australian General Achievement Test (GAT), written by Grade 12 students in June each year, and
- The Victorian Curriculum and Assessment Authority (VCAA) Equivalence Examination, written by Grade 12 students as their preliminary examination.

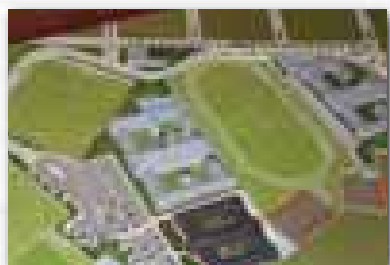
A number of Crawford students are admitted to international universities on the strength of their NSC results and VCAA Certificate of Equivalence.



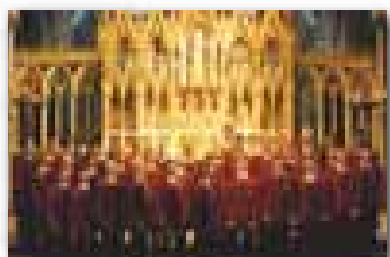
Crawford students reviewing notes on their iPods.

Encouraging innovative and creative teaching practices is an integral part of the Crawford approach. For example, providing a group of students with an iPod Touch loaded with textbooks and other learning tools was piloted in 2010 at Crawford College Sandton. The iPods were used voluntarily by students to take notes, review books and exchange ideas. Teachers used them to communicate homework and other notices effectively. Based on this successful pilot (and the considerable saving of paper), the project will be rolled out to other classes during 2011.

The growth of CrawfordSchools™ continues with the number of students doubling in the past 10 years. Capacity at the Schools has been expanded in line with this growth, and the infrastructure invested in CrawfordSchools™ during 2010 is detailed on page 22 of this report.



A site for the new Trinityhouse in the West Rand was secured in 2010. The construction of this new purpose built campus will commence in 2011 and is expected to be completed for enrolments in 2012.



The Trinity Singers performing at Ely cathedral

Trinityhouse is founded on three principles: a holistic education, time honoured traditional values and a strong Christian ethos. The Trinityhouse Pre-Primary, Preparatory and High School functioned at full capacity (with waiting lists) in 2010, educating 1 800 learners in total. The Independent Quality Assurance Agency (IQAA), which provides quality assurance and evaluation services to independent and private schools in South Africa, assessed Trinityhouse in 2010 and the School passed their IQAA evaluation with distinction.

The School's Independent Examination Board (IEB) candidates achieved a 100% pass rate with 96% (2009: 91%) of these students receiving Bachelor degree passes. A total of six or more subject distinctions were attained by 11% of the Trinityhouse Matric cohort, up from 7% in 2009.

Trinityhouse's noteworthy achievements in the sporting arena continued during the year with 65 representatives at either national or provincial level in disciplines such as cricket, netball, hockey, rugby and tennis.

For the Trinityhouse High School choir, known as the Trinity Singers, 2010 was a memorable year. Following their performance at a dinner hosted by the Rhodes Trust at the Constitutional Court of South Africa, the choir was invited to perform at a brunch for the alumni of Oxford University at Rhodes House in Oxford. As part of this tour, the Singers also performed at the Canterbury, St Paul's, Ely and Southwark cathedrals in the United Kingdom. Canterbury cathedral has subsequently requested the Trinity Singers to lead their services while their resident choir is on holiday.

College CAMPUS

The College Campus Student Council at each site organises regular social, sports and cultural activities.



The College Campus soccer team



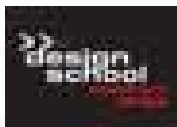
Students dressed traditionally to campus on Heritage Day

College Campus offers a 'fresh start' higher education study experience in a personal, caring environment and prepares students to contribute positively to the working world immediately after graduating.

The repositioning of the Brand commenced a few years ago with the relocation of all College Campus sites to more suburban settings. This included the upgrade of facilities such as libraries, lecture rooms and computer laboratories across all campuses. The focus for 2010 was on the alignment of programmes to better suit this repositioning and as a result, qualifications in the high demand scarce skills Information Technology (IT) field were strengthened. A new three-year Diploma in IT management along with seven new IT Short Learning Programmes were developed and will be offered in 2011. A new College Campus logo and visual language were also introduced during the year.

Another considerable undertaking in 2010 was the orientation of all staff on the Brand's repositioning and updated human resources policies. Based on the annual staff climate survey results, management structures at all three College Campus sites were realigned to improve operational efficiencies.

Innovative approaches are encouraged continuously to ensure the best quality teaching and learning. College Campus Randburg, for instance, revamped the 2010 Orientation Week programme, structuring it along the lines of the TV series 'The Amazing Race'. In this novel way, new students retained important information on topics such as lecture attendance, assignment writing, student support services and plagiarism.



The Design School Southern Africa (DSSA) is the most recent addition to the IIE stable of brands, offering Bachelor of Arts degrees in Interior Design, Graphic Design and Fashion Design. These degree programmes combine rigorous academic components together with practical elements. Students executing practical projects for example, have to submit a research paper motivating their design solution. This approach, together with experiential learning programmes, ensures that DSSA graduates are sought after and receive extensive recognition from industry, further details of which appear on page 25 of this report. A particular strength of the School is that lecturers are recognised specialists in their specific design field.



Nabeela Akbar, who graduated in 2007, has her own boutique in Johannesburg (Nabeela Couture) and was invited to participate in the Dubai Fashion Week in August 2010 to showcase her collection on an international platform.

A one-year Foundation Course in Art and Design is offered as a bridging course for prospective candidates of DSSA degree programmes, who may not yet have the artistic or academic ability to gain entry to them at the required level. English Communication was recently introduced as part of this course to help students improve the quality of their assignments as well as develop research and academic writing skills. Based on the marked improvement of students' English skills, the course is currently offered as a free module to any DSSA student requiring assistance in this area.

As with all IIE brands, classes are small and DSSA students have access to facilities such as Apple Mac Laboratories as well as designer recreational areas. During 2010, the Birnam campus was relocated to the ground floor of premises currently occupied by Vega in Randburg.



Forbes Lever Baker (FLB) is an acknowledged leader in financial and accounting education, offering undergraduate and postgraduate degree students tuition support for both Unisa and the internationally recognised Association for Chartered Certified Accountants (ACCA). Since 2001, FLB students have consistently been placed in the top 15 nationally in the Unisa Certificate in the Theory of Accounting (CTA) examination. The excellent results achieved by FLB students in the 2010 CTA examination appear on page 24 of this report. In 2010 FLB was voted the top performing campus in South Africa by ACCA, based on its 2009 exam results.



The use of SMART™ teaching technology during classes enhances the FLB learning experience, with students being able to download lecture notes on site via the internet shortly after completing lectures.

Statistics indicate that FLB's accounting students are six times more likely to graduate than the national average of 11.9% of accounting students who graduate annually. Approximately 70% of FLB students go on to pass the Chartered Accountancy Board examination. These notable academic results are attributed to the proven experience of FLB academic staff who are recognised experts in their respective fields. The importance of professional and responsible conduct is emphasised at all times and all FLB students sign a learning contract undertaking to fulfil all academic requirements stipulated therein.

During the year academic course offerings were expanded to include Investment Management and, as part of their collaborative relationship, the FLB School of Financial Accounting will be opened at the Varsity College premises in Pretoria in 2011.

The annual FLB Winter School is a significant community outreach initiative, at which Matric students are provided with free tuition and notes in Mathematics and Accountancy. In 2010 there were 600 attendees, up from 40 when the project was first launched three years ago.



Rosebank College offers a premium higher and further education experience at vibrant campuses located near the heart of city centres. Programme curricula are regularly monitored and revised to meet employer and industry expectations, an essential process in the provision of the College's quality career-orientated qualifications.



The Writing for Learning Workshop held at Rosebank College Durban

A focus during the year was a more in-depth understanding of the market in order to map the further development of the Brand. Plans addressing key opportunities identified in this research are currently being implemented.

Academic operations and student support services across all College Campus and Rosebank College sites were centralised through the formation of the Centre for Learning and Student Services (CLASS) in 2010. Besides the standardisation of 87 academic processes across both brands, other benefits of CLASS include improved teaching and learning programmes as well as customer service.



A Scrabble tournament held at Rosebank College Pretoria

Established in 2008, Rosebank College's strategic partnership with both Special Olympics and Lifeline continues to provide students with the opportunity to participate in experiential learning programmes and community outreach activities at the same time. Through the College's long standing relationships with DJ Fresh, Dr Lucky Mazibuko, Good Hope FM and Gagasi FM, bursaries are awarded annually to deserving students.

Lecturers at Rosebank College implemented a series of workshops and lectures during the year to improve general vocabulary, reading, comprehension and writing skills among students. This was further enhanced by activities such as read-a-thons, Scrabble tournaments and the posting of daily trivia and brain teasers on chalkboards situated in campus libraries.



Varsity College is a premium quality higher education brand, offering an authentic and engaging student experience within a safe and modern study environment. During 2010, a new Varsity College logo and visual language were launched to reinforce the Brand's strong reputation in the private higher education market.



The Student Success BLUEprint, an integrated framework that guides student success, especially at first year level, was developed for launch in 2011. It highlights ten key areas that students need to engage in to benefit from a complete and balanced academic and developmental student experience.



Grant van der Walt, the Varsity College Durban North Canoeing Club Captain

Students at Varsity College excelled academically in 2010, the details of which can be found on page 24 and 26 of this report. Lecturing teams at Varsity College identify academically at-risk students early in the year and immediately arrange the extra support they require to succeed. This contributes to the fact that student success rates at Varsity College have improved consistently over the past few years. Recent statistics indicate a full-time module pass rate of around 75%, distinction rates increasing to over 15% and a dropout rate below 10%.

The focus on teaching and learning continued in 2010 with new academic structures created to recognise and reward excellence in teaching and learning as well as promote the scholarship of teaching (communities of practice and research into best teaching practice). TARGET, an academic and language literacy support programme comprising six basic learning units, was introduced during the year. Besides assisting first-year students at Varsity College in bridging the divide between school and higher education, this programme supports them in developing academic and language skills necessary for success in higher education.

In May 2010 Varsity College launched the Career Centre at each of their sites, with the aim of assisting students to obtain part-time work while they study as well as graduate placement opportunities upon completion of their qualification. Since its inception, over 700 students have been supported in finding employment.

Varsity College introduced the Sports Life initiative in 2010, providing students with the opportunity to get involved in exciting, modern, outdoor sports such as canoeing, mountain biking, surfskiing and swimming. These sports are run as clubs and managed by students on campus.



Vega, a widely acknowledged school of brand innovation, positively influences the lives of hundreds of students, the communications industry itself and countless other industries where healthy brands are valued. The achievements of Vega in 2010 are highlighted on page 26 of this report.



A team of Imagination Lab and Vega students were invited by the VWV Group to participate as crew members in the opening and closing ceremonies of the 2010 FIFA World Cup.



Vega places a significant premium upon its annual Brand Challenge to drive its core objective of producing industry ready graduates who think innovatively. Briefs for the 2010 Brand Challenge were received from 30 clients including Animal Action, The Ceres Group, The Foschini Group, Grant Thornton, SABC 3, Sappi, The Sharks and Sony. Students worked in groups to propose strategic brand communication solutions to tackle the current business problems presented by these clients, many of which have already been implemented.

The demand for Corporate Training in Branding increased in 2010 with customised programmes being developed for 21 companies including 3M South Africa, ABSA, Discovery Health, Nampak, University of Cape Town and Vodacom.

In 2010, 169 (2009: 157) students attended Imagination Labs, an initiative started in 2003 by Vega and the Communications and Advertising Forum for Empowerment to fast track transformation in the brand communications industry.

With well over a hundred Apple Macs and the latest software, Vega strives to be at the cutting edge of technological innovation. Vega was approached by The Core Group, South Africa's Apple distributor, to train school pupils as part of its iSchoolAfrica Youth World Cup Press Team project. The learners attended courses at Vega in scriptwriting, creative writing, conceptualisation and the use of Apple technology and software in the creation of multimedia projects. Based on this, they produced videos chronicling the FIFA World Cup preparations, countdown and celebrations that were screened on M-Net during June and July 2010.



Over the past 20 years CCI has strategically established itself as an industry leader in Education, Training and Development Practices (ETDP) in both urban and rural areas across South Africa. The Community Development Level 5 Learnership Programme for unemployed adults initiated in 2009 was completed during the first quarter of 2010. This programme, funded by the ETDP Sectoral Education and Training Authority (SETA), was delivered to 200 learners in various towns in KwaZulu-Natal and the Western Cape.



Human Resources Management Programme delegates at CCI

CCI's reputation for offering innovative and transformative learning programmes resulted in the Brand being awarded contracts in 2010 to deliver a Human Resources Management NQF Level 4 programme, funded by ETDP SETA, for 100 educators in Thohoyandou for the Limpopo Department of Education.

The ability of CCI to overcome most logistical hurdles in the delivery of programmes was relied upon once again during the year when they were contracted by the Office of the Public Service Commission and the Thabo Mbeki Development Trust for Disabled People to run programmes for six and 75 disabled learners respectively. CCI provided specialised learning equipment to assist these learners with course material and ensured that they gain the required skills to cope with the emotional challenges faced in their everyday lives. Testament to this delivery is that all learners achieved a 100% attendance and completed their modules on time.

In 2010, CCI moved to new premises adjacent to College Campus in Randburg.



Imfundo accesses funds made available through SETAs to facilitate quality education through learnerships, internships, short courses and occupational training.

During the year Imfundo offered Financial Advisory and Intermediary Service (FAIS) fit and proper requirements training for candidates sitting for the Insurance SETA (INSETA) National Assessment. All 776 FAIS candidates trained by Imfundo passed the Assessment.



An Imfundo FAIS training session

The Achiever Awards honours and recognises companies, government departments and organisations who have implemented effective and relevant skills development and training programmes for their employees. The National Certificate in Information Technology Systems Support NQF Level 5 programme, facilitated by Imfundo in 2009 for 110 employees of the South African Police Service was a finalist in the Achiever Awards Best Training Programme: Public Sector category in 2010. This programme was facilitated through the Safety and Security SETA (SASSETA) and Information Systems Electronics and Telecommunication Technologies SETA (Isett SETA).



The Resourcing division comprises 10 recruitment brands, with 20 branches nationally and over 190 years of collective expertise.



Against the backdrop of the global skills shortage, the challenge for employers worldwide is the attraction, motivation and retention of intellectual capital. Recruiting and retaining the right skills is a strategic business imperative and the extent to which it is focused on can mean the difference between business success or failure.

ADvTECH's Resourcing division contributes to the solution by placing the best candidate in the right position, from both a personal and organisational perspective. This is achieved by the Division's focus on understanding each client's unique culture and values, as well as the environment within which they operate.



ADvTECH Resourcing provides highly specialised recruitment services in the key niche markets of Engineering, Finance and Information Technology where there is a high demand for scarce skills. Over the past few years, these services have been expanded to the smaller sectors of Freight and Logistics, Human Resources and Supply Chain Management. The Division's major activities are permanent, temporary and other recruitment solutions, recruitment advertising, e-recruitment and advertising response handling.



Each brand within the Division has its own distinct personality and profile, and is committed to providing the highest levels of service to its candidates and clients within its niche. This is achieved by conducting an in-depth analysis of specific needs, as well as providing personalised advice on market trends and available opportunities in a given market sector.



ADvTECH Resourcing's strategy of having various operating brands under one umbrella creates an entrepreneurial spirit within each brand. While this promotes healthy competition and ensures high quality and personalised delivery, candidates and clients simultaneously enjoy the advantages of dealing with a large corporate. By competing in overlapping, specialist niche areas, the brands all work together to the common benefit of the Resourcing division while offering a specialist service to clients and candidates. This ensures the best possible recruitment solutions for permanent, temporary and contract placements.



Should the need arise, the brands are capable of offering a collective solution to clients who have a variety of vacancies across various niches and in so doing, ADvTECH Resourcing provides a 'one-stop shop' solution to such clients. This advantage is reinforced by the Division's extensive database of candidates.



Each brand within the Resourcing division is an accredited member of the Association of Personnel Services Organisation (APSO), the Institute of Personnel Consultants (IPSC) and the Confederation of Associations in the Private Employment Sector (CAPES). APSO represents its member recruiting companies in their dealings with Government and related bodies, while promoting and ensuring the adherence to high ethical and professional standards of business within the recruitment community. Suraj Maharaj (Managing Director: Kapele Appointments (Pty) Ltd) is the National President of APSO, recognition of the Resourcing division's commitment to sound business practice in the sector.



In times of economic downturn, the recruitment industry tracks economic indices more closely. In spite of difficult conditions in 2010, the Division grew the number of candidates placed by 6%, an achievement not mirrored in most sectors of the industry. Priorities in 2010 were cost management, improving productivity and increasing an already high share of permanent placements in key niche markets. Owing to the decline in demand for marketing and research professionals, the operations of Pro Rec Recruitment, a brand specialising in this industry, were discontinued during the year. Management was restructured to improve operational efficiencies and included the appointment of two Divisional Chief Operating Officers, both of whom were internal applicants.



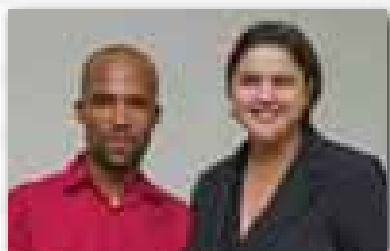
Resourcing division *(continued)*



Regina Sunduze and Izak Snyman

In order to ensure an ongoing superior service, independent market research is conducted annually with various client groupings, the results of which inform areas of improvement. As an example, customer relationship management across many Resourcing brands was expanded to manage client relationships better in 2010. Dedicated internal quality auditors monitor the entire recruitment process consistently to ensure the efficient placement of quality candidates, best suited to client requirements.

Ensuring optimum working conditions for staff is an ongoing priority. Benefits include membership of a provident fund, death and disability benefits as well as paid maternity leave. There is also considerable investment in staff development, training and incentive programmes.



Stephen Moloele and Natasha Bell

The achievements of the Division's brands in 2010 can be found on page 27 of this report.

A highlight during the year was the launch of the ADvTECH Resourcing Internship Programme. The 10 interns enrolled on the programme were each assigned personal mentors. While their contracts end in 2011, most of the interns have already been offered permanent positions where they are currently employed, based on their proven ability and enthusiasm. Three of these interns are featured below.

Regina Sunduze works in the Advertising and Marketing department at ADvTECH Resourcing. She has a Diploma in Marketing Management and primarily supports the Market Research team in the department. She is mentored by Izak Snyman.

Stephen Moloele, a Human Resources Management graduate, works in the Training department at ADvTECH Resourcing and is mentored by Natasha Bell.



Tebogo Sheela and Moirah Shivuri

Moirah Shivuri is an intern at Brent Personnel. She has a National Diploma in Human Resource Development and is mentored by Tebogo Sheela. Her programme at Brent Personnel has been designed for her to gain exposure in various functions such as payroll administration and the maintenance of the candidate database.



Sustainable
Development

“The most important investment in the future of any nation is in education. No legacy can be higher than that.”

*President Jacob Zuma
1 Goal Education for All Summit
11 July 2010*

Executive summary

The sustainability and resilience of ADvTECH is driven fundamentally by the long-term nature of the business, the enduring worth to society of the Group's operations and the annuity nature of much of its revenue. This is supported by the strength of the Group's financial structure, which provides the capacity to deal with challenges and opportunities as they arise. It is therefore vital that we continue to implement carefully considered and responsible decisions that will have a positive impact well into the future. We remain committed to ensuring the long-term success of our business by making a constructive contribution economically, socially and environmentally to the communities which we serve and in which we operate.

The nature and quality of our services provide intrinsic social and economic benefits. The important role that the Group's Education and Resourcing divisions play in helping address the current education and skills capacity constraints facing South Africa, has led to the recognition of ADvTECH as a responsible corporate citizen actively involved in developing the country's human capital and economic growth prospects. Our high standard of corporate responsibility was recognised once again by our inclusion, for the fifth consecutive year, in the JSE Socially Responsible Investment (SRI) Index for 2010.

Sustainability in our business development is the fundamental responsibility of the ADvTECH Board, supported in aspects by specialist structures including:

- the Board Transformation Committee (BTC), which guides, monitors, reviews and evaluates the Group's progress in transformation, and
- the Human Resources, HIV/Aids, Employment Equity, Environment, Skills Development, Investors-in-People and Occupational Health and Safety (HESIO) Committee which oversees programmes in these areas. The majority of HESIO Committee members are elected representatives of staff and first line human resources managers from the Group's operations.

Economic performance

The value ADvTECH has created and distributed to its stakeholders in the year under review is summarised in the Value added statement on page 28. The Group generated total economic value of R1.1 billion in 2010 (2009: R1.0 billion) which was distributed as follows:

	2010	2009
Employees	56%	54%
Social responsibility	5%	4%
Government	19%	21%
Providers of capital	8%	8%
Reinvested in the Group	12%	13%

The indirect economic contribution of the Group, however, is a multiple of this amount. At an individual level, ADvTECH, by the very nature of its business, enhances the employability of its students and job candidates. Each year, the thousands of ADvTECH alumni and job candidates who are active in the South African economy enjoy enhanced earning potential. This economic contribution increases annually with the addition of successive graduating classes and placement of new job candidates.

A key responsibility of management is to ensure that ADvTECH continues to serve many future generations of students and job seekers. This requires us to build strong, reputable brands and institutions while ensuring that we simultaneously operate within our means. At a strategic level this includes careful planning and the appropriate use of financial, physical, environmental and human resources. Continuous growth and regeneration of resources forms an important part of this and requires constant reinvestment in our future. In 2010 12% (2009: 13%) of value created was reinvested to expand infrastructural capacity, the details of which can be found on page 21 of this report.

Social performance

Our people

ADvTECH places a high premium on its people, who add great value to the lives of thousands of students, parents, job candidates and clients. Attracting and retaining South Africa's top talent in the sectors in which we operate is critical to the long-term success of our operations. Recruitment and retention strategies that focus on fair employment, competitive remuneration, appropriate work challenges, recognition and learning opportunities are integral in making ADvTECH a 'Great Place to Work'. Our goal is to become the employer of choice in the education and resourcing sectors, and we participate annually in surveys to benchmark ourselves against employment practices in these industries as well as across the country.

The number of ADvTECH employees as at the end of December 2010 was 3 827 (2009: 3 779), reflecting an increase of 1%. The academic profile of the Group's workforce as at 31 December 2010 is detailed in the table below:

	Number of employees	% of workforce
Qualification		
Bachelor's degrees	756	20%
Honours degrees	352	9%
Master's degrees	233	6%
Doctorates	32	1%
Total	1 373	36%

We are passionate about 'growing our own timber' (hiring our own graduates and promoting from within) and currently employ 334 alumni (2009: 322).



Our Group Information Communication and Technology (ICT) internship programme provides the opportunity for graduates from our higher education brands to learn on-the-job practical skills necessary for success in their chosen field. Amit Karshan, Modise Malebadi, David Makololo and Robert Thomas were selected from College Campus to participate in the programme in 2010.

During the year they assisted in the implementation of the System for Academic Management and provided first line application infrastructure support to the Group.

Of critical importance to their development was their interaction with Group ICT line management, who conducted regular performance reviews to continuously map their ongoing training and learning.

Amit Kashan: "The opportunity at ADvTECH has allowed me to understand Enterprise IT Architecture and experience everything that I was taught at College Campus."



In 2008, Rosebank College launched a Deputy Principal Programme, aimed at developing equity candidates to assume the reins of their campuses within the next three to five years. Lumkha Hlahlo joined the Rosebank College Braamfontein team in March 2006 as the Vice-Principal: Marketing and was subsequently promoted to National Marketing and Training Manager.

In 2010 Lumkha was appointed Deputy Principal: Finance, Marketing and Facilities of Rosebank College Braamfontein and was recently promoted to Acting Principal of the Rosebank College campus in Durban.

The key to consistent high quality service delivery lies in attracting and retaining well qualified, experienced and enthusiastic staff. ADvTECH recognises permanent employees for dedicated service to the Group by way of Long Service Awards, which are presented to employees on completing five years' service and every five years of service thereafter. At the end of the year, 945 (2009: 798) permanent staff members had been employed by the Group for at least five years with 42% of these staff members being employed by the Group for 10 years or more. In 2010, 217 (2009: 130) Long Service Awards were presented.

	2010	2009
Long Service Award	Number of employees	
5 years	132	82
10 years	75	38
15 years	4	5
20 years	5	4
25 years	1	1
Total	217	130



Various members of staff who received five-year Long Service Awards

HIV/Aids

Addressing the HIV/Aids pandemic is both a moral and business imperative. ADvTECH recognises the serious threat HIV/Aids poses to the economy and the nation as a whole.

ADvTECH's HIV/Aids policy is based on the core principles of non-discrimination and confidentiality. The Group is compliant with all workplace legislation relating to HIV/Aids and is committed to protecting staff, students and candidates against unfair discrimination on the basis of their HIV status. Their right to confidentiality is also guaranteed. Voluntary Counselling and Testing (VCT) is regularly conducted amongst staff and students and the HIV/Aids risk to the Group has been assessed as relatively low.

ADvTECH capitalises on its learning environment to educate our students and promote responsibility with regard to HIV/Aids. Examples include:

- speakers who regularly address pupils, staff and parents at our schools,
- events that increase HIV/Aids awareness, and
- readily available condoms, pamphlets and brochures at our higher education institutions.



Children from Junior Colleges Sandton dressed in red on World Aids Day on which they learnt about HIV and remembered people suffering with Aids.



VCT was facilitated by Right to Care at Rosebank College in Pretoria. The response to VCT at higher education campuses across the Group increased noticeably this year. Many sites had to arrange additional VCT days to accommodate the number of students interested.



College Campus and Rosebank College both host Candlelight Memorials annually at their campuses to educate students on HIV/Aids related issues. Topics addressed at these events include the impact of HIV/Aids on society, the rights protecting people with HIV/Aids and dispelling myths associated with contracting Aids.

Health and safety

ADvTECH is committed to a safe, healthy and hygienic environment in compliance with the South African Occupational Health and Safety Act. A dedicated Group Health and Safety Manager trains, audits and proactively ensures adherence to the Group's Occupational Health and Safety (OHS) policies across our operations. Group Health and Safety is managed by the Properties department and is thus independent of operational management.

In 2010, a total of 235 employees were trained in various aspects of OHS, including OHS accountability, first aid and fire-fighting.

As part of the overall commitment to student well being, the Group places particular emphasis on the safety of our students. Externally conducted legal compliance audits were conducted at all our education sites during 2010. Given that a score of 90% and above is acceptable, our brands scored exceptionally well achieving an average site score of 96% (2009: 95%).

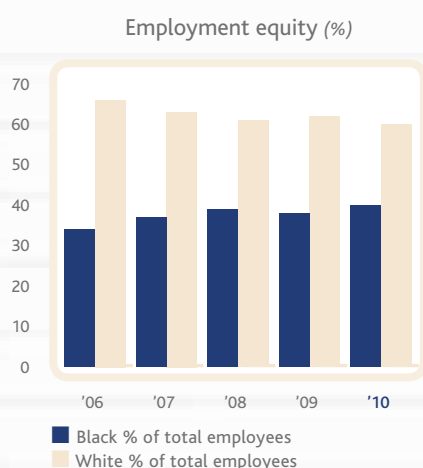
Transformation

ADvTECH is committed to addressing the inequalities of the past and ensuring sustainable development into the future. While we make use of external accredited empowerment rating agencies, our focus is on the spirit rather than the letter of transformation. The BTC reviews the Group's progress on the pillars of transformation: employment equity, black share ownership and management control, skills training and development, Black Economic Empowerment (BEE) procurement, enterprise development and corporate social investment.

Employment equity

ADvTECH regards equal opportunity in employment as both a strategic and business imperative. We recognise that diversity will enable us to use the differing skills, experiences and cultures of staff to create a richer working environment that will enhance our ability to deliver consistently excellent value to all our stakeholders. The Group's employment equity policy sets out yearly targets and is monitored by the Group Executive Committee, the BTC and HESIO Committee. The Group continues to benchmark itself against the relevant Department of Trade and Industry codes, the Employment Equity Act and the JSE SRI Index.

ADvTECH's employee profile has improved from 34% of total staff being black in 2006 to 40% black in 2010. In the year under review the number of black staff employed increased by 5% compared to an overall increase in staff of 1%.



Black share ownership

Our black shareholders currently own 26 million (2009: 39 million) ADvTECH shares, representing a 7% (2009: 10%) shareholding. While the Group itself has not embarked on a specific ownership empowerment initiative, it has facilitated the creation of an empowered recruitment enterprise as explained under the enterprise development section.

Management control

In 2010, management structures were realigned to improve operational efficiencies. Although no ground was lost in real terms, percentage transformation did not improve with black staff representing 22% (2009: 24%) of management in the year under review.

Skills training and development

The Group considers the skills requirements of staff to guide the formulation of our skills development strategy, according to which the necessary resources are invested in staff training. Employees from previously disadvantaged backgrounds are given preferential participation in all staff development programmes offered by the Group. Skills development expenditure for 2010 was R9.4 million (2009: R7.3 million), reflecting an increase of 29%.

Our internal skills initiatives include a Management Development Programme and Management Progression Programme which are used as vehicles to accelerate the development of black managers in the Group. These programmes provide the platform to promote employees from within the Group when management positions become available.

BEE procurement

The Group has an affirmative procurement process which supports suppliers from historically disadvantaged communities. The policy encourages procurement from BEE suppliers and motivates the Group's suppliers to become BEE compliant. These policies are actively implemented and have resulted in the Group increasing its weighted BEE procurement spend by 44% from R149 million in 2009 to R215 million in 2010.

Enterprise development

Since 2002 ADvTECH has provided expertise as well as financial and infrastructural support to Kapele Appointments (Pty) Ltd (Kapele), an empowered recruitment enterprise incorporating Inkokheli HR Appointments, Vertex-Kapele and The Working Earth. This has enabled Kapele to build a strong reputation as a preferred BEE service provider in the recruitment market.

Corporate Social Investment (CSI)

We understand that education is one of the most important tools for promoting and improving equality. We therefore commit a significant proportion of our profits to CSI, the bulk of which is allocated to bursaries, scholarships and financial support for deserving learners at educational

institutions across the Group. This is consistent with our approach of widening access to education for less privileged learners who are unable to access finance to study at our institutions.

When awarding bursaries to applicants, the following is taken into account:

- academic merit,
- all round human potential,
- leadership potential, and
- financial need.

These are considered within the context of affirmative action and South African empowerment imperatives, both of which are fundamental to our business.



Sipho Masilela

"Crawford College Lonehill is not only an institution, but more significantly a home which offered me an opportunity that I will treasure for a lifetime. I was not always the ambitious and determined young man I am today and this was directly related to the standard of primary education I received. My life took a positive turn in Grade 8 however, when I was offered a bursary to study at Crawford, and that was when I promised to make success my goal.

I appreciate the effort and support of my mentors in helping me to adapt at Crawford. My ability to learn, understand and apply grew and in Grade 12, I was recognised as a top Matric student. Today I stand proud as an adult believing that I have been equipped with the skills to be independent.

I achieved seven distinctions in my Matric exams and was awarded a full bursary from Sasol to study Engineering at the University of Pretoria. Although my years at Crawford are over, I owe who I am to the College and this I will not forget."



Paleso Thulo

"I was struggling financially and really wanted to further my studies. Fortunately, I received a bursary from ADvTECH Resourcing to study towards a Diploma in Travel and Tourism Management at College Campus.

After completing my diploma, I worked in a retail store for a few months, until I finally got my breakthrough. The Human Resources Manager from ADvTECH Resourcing, Paula Eaton, informed me about an opportunity that would enable me to work in my field of study. I applied for the position, was interviewed and offered the job at Alphabet Travel. I have been employed at this company since April 2010 and apart from travelling locally I was fortunate enough to get the chance to travel to Mauritius on an educational tour in the same year. I am very proud of my achievements so far and I plan to achieve more as time goes by.

I would like to thank ADvTECH Resourcing for helping me make my dreams a reality. My diploma from College Campus has really equipped me for a better future."

CSI expenditure totalled R57 million (2009: R42 million), of which 93% (2009: 92%) was allocated to bursaries for 2 453 (2009: 2 250) learners to study at our institutions.



Forbes Lever Baker (FLB) launched their Umfundisi bursary programme in 2008 to help students from disadvantaged backgrounds graduate with accounting degrees. Admission criteria to the bursary programme are not based on marks, but rather on the financial need and attitude of candidates.

In 2008, 10 students were enrolled in the programme. Their diverse backgrounds varied from rural school matriculants to those who were heads of households at the tender age of 18. At the end of 2010, five of these students graduated with Bachelor of Accounting Science degrees from Unisa, all of whom are currently registered for postgraduate studies. The top performing student in this cohort (who failed Mathematics and Accountancy in Matric), achieved six distinctions in her final year.

The remaining students are completing their studies and are part of the 50 students currently enrolled on the Umfundisi bursary programme at FLB.



In 2010 Varsity College entered into a partnership with Thuthuka (a bursary fund run by the South African Institute of Chartered Accountants (SAICA)) and Deloitte & Touche to provide full bursaries to african and coloured students wishing to pursue a career in Chartered Accountancy. The project will enable 25 students to study towards a Bachelor of Accounting Science degree through Unisa at Varsity College's Durban North campus in 2011.

Approximately 80 bursary applications were received in 2010 from which 45 Matric candidates were selected for initial interviews at their schools. Many of these learners attended rural schools in outlying areas and had succeeded academically despite living in abject poverty. Based on initial interviews conducted, 35 candidates were selected to write the National Benchmark Test before further interviews with SAICA and Deloitte & Touche to select the final 25 bursary recipients.

In addition to their academic studies, Varsity College has enrolled these students on a personal extension programme and has assigned each of them a mentor, thereby facilitating their best chance of success.

All 40 students enrolled on our teacher bursary scheme passed their examinations in 2010, achieving 52 distinctions between them. The Scheme, launched in 2007, plays its part in addressing the need for quality teachers in South Africa. The majority of these bursary students are studying to teach Mathematics, Physical Science or English.

In addition to completing their practical training at our schools (where they are mentored by our teaching staff), workshops are facilitated to prepare them for working in the teaching profession when they graduate. Since inception, 19 students have been permanently placed across our school brands.

We promote participation in outreach projects that provide volunteer staff and students with a greater sense of community belonging and responsibility. The majority of our brands are involved in numerous CSI initiatives at national or site level, or both.

As an example many of our schools have established long-term partnerships with schools in disadvantaged communities that benefit from various projects initiated by our staff and students.



Crawford Preparatory Lonehill has a long standing relationship with the teachers and learners of Diepsloot Combined School (Diepsloot). Every Thursday, a preparatory school teacher from Diepsloot spends the entire day with a Crawford teacher. They are twinned according to subjects/phases where teaching plans, approaches and ideas are cross-pollinated. In 2010, three matric students from Diepsloot were selected to study teaching as part of the Group's student teacher bursary scheme. Crawford also sponsors an aide for the Grade R teacher at Diepsloot who has over 40 learners in her class.

An annual highlight is the hosting of 20 Grade 7 pupils from Diepsloot at Crawford who attend lessons, play sport, enjoy lunch and have fun with students for the day. Collections for books, stationery, sports gear and shoes are regularly coordinated for the benefit of Diepsloot pupils.

Besides the sharing of knowledge and ideas amongst the teachers from both schools, participation in the project allows Crawford students to gain an awareness of disadvantaged communities and how one act of kindness goes a long way.



Trinityhouse pupils take full responsibility for the organisation of various activities with their neighbouring twin school, Kingsway. This includes a homework class held for an hour after school everyday at Trinityhouse, where students assist Kingsway pupils with their homework.

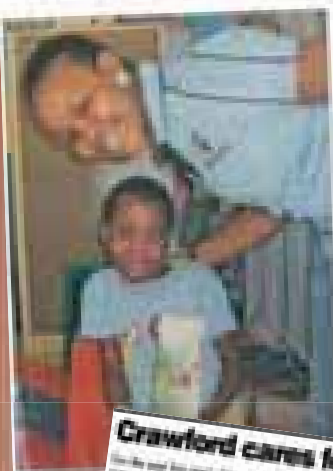
Other Kingsway pupils are brought across to Trinityhouse to participate in activities such as computers lessons, art, drama, dance, ball sports and swimming. The notable commitment of Trinityhouse pupils to organising and participating in these activities is vital to the success of this project.

"I have loved taking part in this great initiative and encourage everyone to help with homework class, not only as a service to the community, but because it is rewarding and great fun!"

Roxanne Da Conceicao
Trinityhouse High School

Given that most of the 80 sites across the Group engage in many voluntary projects, ADvTECH's contribution to social upliftment is considerable.

VC helps out St Mary's hospital



St Mary's Hospital, a leading provider of health services in the region, has been the beneficiary of a series of voluntary projects undertaken by Varsity College students. The projects have included the donation of medical equipment, the provision of first aid training to hospital staff, and the organisation of health fairs for the community.

Varsity College students volunteer

A group of Varsity College students have volunteered their time and skills to support a number of community projects. The students have been involved in a variety of activities, including the organisation of fundraising events, the provision of first aid training, and the donation of medical equipment.



Students raise colossal amount for charity

A group of Varsity College students have raised a colossal amount of money for charity. The students have been involved in a variety of fundraising activities, including the organisation of a charity concert, the provision of first aid training, and the donation of medical equipment.

Crawford cares for the community

A group of Crawford students have been involved in a number of community projects. The students have been involved in a variety of activities, including the organisation of fundraising events, the provision of first aid training, and the donation of medical equipment.



Blankets for cancer patients



A great day out for Adopt-a-Child

A group of Varsity College students have been involved in a number of community projects. The students have been involved in a variety of activities, including the organisation of fundraising events, the provision of first aid training, and the donation of medical equipment.



Varsity College helps to clean up the city



A group of Varsity College students have been involved in a number of community projects. The students have been involved in a variety of activities, including the organisation of fundraising events, the provision of first aid training, and the donation of medical equipment.



Nurturing a spirit of community

A group of Varsity College students have been involved in a number of community projects. The students have been involved in a variety of activities, including the organisation of fundraising events, the provision of first aid training, and the donation of medical equipment.





Environmental performance

Managing our impact on both the environment and communities in which we operate is very important to ADvTECH. Although the impact of our operations on the environment is relatively low, we have a responsibility to monitor and minimise negative environmental impacts where possible. ADvTECH reduces its environmental footprint by comprehensive waste management, limiting the use of hazardous substances and promoting energy saving, an approach which has obvious benefits.

The Group abides by an Environmental policy that focuses on achieving and demonstrating sound environmental practices with particular reference to engagement with the communities of which we are already a part or are seeking to join.



The Beachwood Mangroves Nature Reserve is a nature conservation education centre monitored by Ezemvelo KZN Wildlife and the North Durban honorary officers, who are also responsible for educating the public about the mangroves and the importance of environmental conservation in general.

Varsity College Durban North and Ezemvelo KZN Wildlife embarked on a partnership at the outset of 2010 to assist in raising this public awareness and to provide Varsity College students with the opportunity to engage in environmental awareness programmes. Numerous projects were successfully completed during the year including the Varsity College Beach Walk, the proceeds from which were used towards renovations to the education centre situated in the mangroves. Second-year Diploma in Advertising students at Varsity College were provided with the opportunity to present mural concepts for the bare wall at the entrance to the reserve which was duly completed by them in time for the Reserve's annual open day on 1 May 2010.

In developing or expanding buildings, the Properties department conducts impact studies to identify ways to mitigate potential negative effects on the environment. They also develop environmental management plans to protect and maintain sites situated in eco-sensitive areas.



To accommodate the growing enrolments at Crawford in Fourways, the Pre-Primary school was relocated to a new site situated in a bush baby conservation area. The school was planned and designed to take cognisance of this environment and its wildlife. Bush baby habitation zones and movement paths were identified when planning the layout of functional spaces and the impact of construction on the environment was minimised through the introduction of new indigenous plants and trees.

To encourage the efficient use of energy, large covered passages were designed to provide shade in summer and, together with sliding windows that allow open ventilation, minimise the need for air-conditioning in classrooms.

We run environmental programmes on an ongoing basis throughout our operation to encourage a greater sense of environmental responsibility. These programmes also form part of the curriculum at our schools.



Crawford College Sandton was involved in three recycling projects during the year. The College was one of six schools selected in Gauteng by Miss Earth South Africa to launch a pilot project for recycling electronic waste (e-waste). The school has been provided with six large green bins in which students, staff and parents may deposit old and defunct electronic goods.

The College also runs a printer cartridge recycling programme in collaboration with Green Office. Funds raised from recycling these cartridges are used for further green projects around the school.

Lastly, the Life Sciences department is investigating the purchase of a worm farm for recycling food waste at Crawford College Sandton, following a presentation on vermiculture at assembly.



Rosebank College Braamfontein students took to the streets on a Saturday morning in September to clean up the area between the Bree and Noord Street taxi ranks. Setting an example as responsible citizens who care for the environment, they provided the public with important information about the impact of littering.



Vega published an article titled 'How healthy is your brand?' in the latest Encyclopedia of Brands and Branding to present an argument for placing brands and the businesses they set in motion, within a broader context.

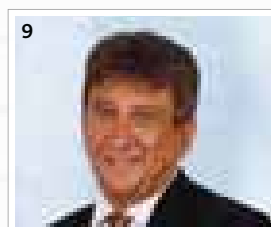
The authors (including Gordon Cook and Carla Enslin, both co-founders of Vega) propose a set of indicators to assess brand health beyond the rather one dimensional financial metrics of existing brand equity models. The effort of some brands to integrate the well being of people and the planet at large into the design of their organisations is recognised in the argument.

An alternative model is therefore proposed for ensuring a far more conscious and direct connection between microeconomic subsystems and broader socio-economic macrosystems necessary to sustain human dignity and life. The authors propose that brands are our greatest assets for meaningful and sustainable improvement to the lives of people.



Governance

Board of directors



1. Leslie Maasdorp – 44

Independent non-executive Director,
Chairman

(Member of the Remuneration
Committee)

MSc Economics (SOAS, UK),
BA Economics (UWC)

Leslie has more than 19 years experience in economic policy making, corporate strategy and investment banking. He has occupied senior leadership positions in both the public and private sectors. He is currently President of Bank of America Merrill Lynch for Southern Africa, a position he assumed in January 2011. He is a former Vice Chairman of Absa Capital and Barclays Capital. In 2002 he was appointed International Adviser to Goldman Sachs International. He served as Special Adviser to the Minister of Labour in 1994 and was Deputy Director-General of the Department of Public Enterprises. He is a director of several listed and unlisted companies including Batho Bonke Capital (the black empowerment partner of Absa Group), Cell C, Prescient and Robor. Leslie currently serves as Vice President of Business Leadership South Africa (BLSA). In 2007 he was designated as a Young Global Leader by the World Economic Forum. He joined the ADvTECH Limited Board in July 2009 and was appointed as Chairman on 1 September 2010.

2. Frank Thompson – 55

Executive Director, Chief Executive Officer
BCom, BAcc, CA (SA)

Frank has over 25 years' experience in senior management and board positions since qualifying at Deloitte. He spent 10 years in the Anglo American Group, mainly at electronics company Conlog, 10 years in the Malbak Group and its subsequently unbundled entity, Amalgamated Appliance Holdings Limited, where he was Deputy Chairman until joining ADvTECH in August 2002 as Group CEO.

3. Hymie Levin – 65

Independent non-executive Director
(Chairman of Audit, Remuneration
Committees and Litigation Committee
member)

BCom, LLB, LLM, HDip Tax Law,
HDip Co Law

Hymie is a specialist corporate and tax lawyer. He is the senior partner of HR Levin Attorneys and his experience spans more than 40 years. He is also a non-executive Director/Chairman of various companies listed on the JSE. He joined the ADvTECH Limited Board in 1987 at the time of ADvTECH Limited listing on the JSE.

4. David Ferreira – 48

Independent non-executive Director
(Chairman of the Board Transformation
Committee)

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

David is the Managing Director for Innovative Finance and Head of Washington DC Office of the GAVI Alliance, a major public-private partnership that brings immunisation to poor countries. Before that, he was the Investment Manager of Soul City Broad-Based Empowerment Company, of which he is still a non-executive Director. Previously, David was a founder and director of Praxis Capital, a South African private equity business, and before that 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.

5. Jonathan Jansen (Prof) – 54

Independent non-executive Director
(Member of the Board Transformation
Committee)

PhD (Stanford), MSc (Cornell), BEd,
HEd (UNISA), BSc (UWC)

Jonathan is Rector and Vice-Chancellor of the University of the Free State, President of the South African Institute of Race Relations and Vice-President of the Academy of Science of South Africa. He holds an Honorary Doctor of Education degree from the University of Edinburgh and serves as Assessor and Administrator of universities on behalf of the Ministry of Education. He is a prominent speaker and writer on educational matters around the world. He joined the ADvTECH Limited Board in 2004.

6. Didier Oesch – 45

Executive Director, Group Financial
Director

BCompt (Hons), CA (SA)

Didier qualified as a Chartered Accountant in 1991 after completing his articles at Betty & Dickson. He gained considerable experience with the Nampak Group in various financial positions culminating in a four year stint in Europe as Financial Director of Nampak Plastics Europe from October 2000 to December 2004. Didier joined ADvTECH as Group Financial Manager and member of the Exco in August 2005 and was appointed as Group Financial Director in October 2005.

7. Fani Titi – 48

Independent non-executive Director
(Member of the Board Transformation
Committee)

BSc (Hons), Master degree in Mathematics
from the University of California
(Berkeley), MBA (Wits)

Fani is an executive Director of Tsiya Group, a private equity investment firm and is currently the non-executive Chairman of Investec Bank Limited and AECI Limited. Fani joined the ADvTECH Limited Board in December 2006.

8. Brenda Gourley (Prof) – 67

Independent non-executive Director
(Member of the Audit Committee)
CTA (Wits), MBL (UNISA), Hon LLD (Nott),
Hon Doctor of Humane Letters
(Richmond), Hon DEd (Abertay Dundee),
Hon DPhil (Allama Iqbal), Hon Doctor
(Quebec a Montreal), Hon DCom
(Pretoria), Hon Doc (Open University of
The Netherlands), Hon Doc (Catalonia),
FCGI

Professor Brenda Gourley's long career in academia culminated in her period of office as Vice Chancellor of the University of KwaZulu-Natal in South Africa for eight years followed by a period of office as Vice Chancellor and CEO of The Open University in the United Kingdom for eight years. She has served two terms as Chair of the Association of Commonwealth Universities and two terms on the Board of the International Association of Universities. She is an accountant by profession and holds board memberships of several companies and institutions, in both the private and public sectors as well as consultancies in both sectors. She is a Fellow of Tufts University in Boston, USA. She joined the ADvTECH Limited Board in May 2008.

9. Jeffrey Livingstone – 58

Independent non-executive Director
(Member of the Remuneration, Audit and
Litigation Committees)

BCom, CA (SA), HDip Tax Law

Jeffrey is a practising Chartered Accountant and Chairman of Light & Livingstone Inc., Registered Accountants and Auditors. He qualified as a Chartered Accountant in 1976 after completing his articles at PKF. He completed the Higher Diploma in Tax Law in 1981. Jeffrey provides a wide range of professional services and has acted as a director of and consultant to several public and private companies. He joined the ADvTECH Limited Board in October 2008.

Group Executive Committee



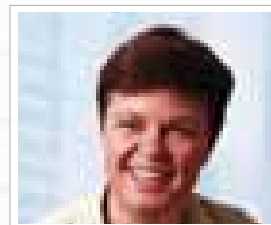
Frank Thompson
Chief Executive Officer



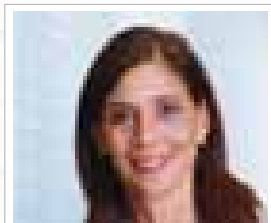
Genevieve Allen
Managing Director
Rosebank College and
College Campus



Johan Coetzee
Properties Director



Felicity Coughlan
Director
The Independent Institute of Education



Odette Francesconi
Managing Director
Varsity College



Lenn Honey
Joint Group Chief Operating
Officer



Alex Isaakidis
Joint Group Chief Operating
Officer



Didier Oesch
Group Financial Director



Eric Shipalana
Human Resources Director



Steven van Zyl
ICT Director

Introduction

The ADvTECH Group is fully committed to the principles of effective corporate governance and subscribes to the values as set out in the King Report on corporate governance for South Africa 2009 ("King III") and the Companies Act, 61 of 1973, as amended ("the Act"). The Board is confident that the Group currently complies, in all material respects, with the principles incorporated in the Code of Corporate Practices contained in King III and the provisions of the Act. The Board and its Committees acknowledge their responsibility to ensure that the principles of good corporate governance are observed, and the directors, collectively and individually, acknowledge their responsibilities in terms of the JSE Limited Listings Requirements.

The Board has reviewed King III, which espouses the integration of governance, strategy and sustainability, and the Board is pleased to restate that the Group complies therewith, in all material respects. The Board is further anticipating the coming into operation of the new Companies Act, 71 of 2008 (the "new Act"), in 2011, which was given Presidential assent on 9 April 2009.

Board of directors

ADvTECH maintains a unitary board structure. There are two executive and seven independent non-executive

directors on the Board. The roles of chairman and CEO are separate, each with clearly defined roles and responsibilities. Details of the directors appears on page 61.

The Board as a whole considers the appointment of new directors. When a new director is considered the Nominations Committee evaluates suitable candidates, submits the nomination and assists the Board in the process of appointment. One third of all directors, excluding the CEO, retire by rotation annually, and any director, including the CEO, appointed by the Board is subject to election by the shareholders at the first opportunity after their initial appointment. No director holds any fixed term contract and both executive directors have standard employment contracts, with three months notice on termination.

During the year under review both MI Sacks and BD Buckham retired as non-executive directors on 1 September 2010, and on the same date LW Maasdorp was appointed as non-executive chairman.

Five board meetings were held during the financial year under review. The following table indicates attendance at meetings by the directors:

Directors	19/3	14/5	20/8	8/10	26/11
BD Buckham*	√	√	√	N/A	N/A
DK Ferreira	√	√ [#]	√		
BM Gourley	√	√ [#]	√		√
JD Jansen	√		√	√	
HR Levin	√	√	√	√	√
JC Livingstone	√	√	√		√
LW Maasdorp**	√	√	√	√	√
JDR Oesch	√	√	√	√	√
MI Sacks*		√	√	N/A	N/A
FR Thompson	√	√	√	√	√
F Titi	√		√		√

[#] By teleconference.

* Retired on 1 September 2010.

**Appointed as non-executive chairman on 1 September 2010.

The Board retains overall accountability and is responsible to all stakeholders for the proper management and effective control of the Group. The Board has delegated to the CEO and the Executive Committee (Exco) authority to run the day-to-day affairs of the Group. In addition the Board has also created Remuneration, Audit and Risk, Litigation, Board Transformation and Nominations Committees to enable it to properly discharge its duties and responsibilities.

The Board and its sub-Committees are furnished with full and timely information ensuring that relevant facts are brought to the attention of directors. Each Committee operates within specific written terms of reference under which certain functions of the Board are delegated with defined purposes, duties and reporting procedures.

A formal board evaluation was conducted in late 2010.

Group Executive Committee

The Executive Committee (Exco) is responsible for the day-to-day management of the business of the Group. Exco facilitates the effective control of all the Group's operational activities, acting as a medium of communication and co-ordination between all the various business units, Group companies and the Board. Exco is responsible for recommendations to the Board with regard to the Group's policies and strategies and for monitoring their implementation in accordance with the Board's directives. Exco plays a role in monitoring risks applicable to the Group and reporting these, together with recommendations and reports about action to be taken, to the Board. This includes the annual insurance review and a formal risk analysis.

Exco consists of two executive directors and eight senior executives. The 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 (RemCom) consists of the following non-executive directors:

- HR Levin (Chairman)
- JC Livingstone
- LW Maasdorp*

** Appointed on 26 November 2010.*

The RemCom was chaired by HR Levin and consists entirely of independent non-executives. The Committee determines, agrees and develops the remuneration policy for approval by the Board.

Remuneration policy

The RemCom seeks to entrench a culture of high performance by aligning the Group's remuneration philosophy with the business objectives, values and strategy. It also ensures that remuneration practices are soundly based and governed. An essential feature of this is the independence of RemCom in determining the remuneration and bonuses of all staff, including executive management.

Remuneration is required to be benchmarked regularly against the market and aligned to Group performance. This aims to ensure that remuneration, by its structure and level, attracts and retains good people, recognises loyalty and dedication, and provides incentives for excellent and exceptional performance. This is achieved through a combination of guaranteed remuneration, incentive rewards of a long and short term nature, and conditions of service.

Remuneration report

Conditions of employment such as parent responsibility leave and academic leave, which provides for the necessary growth and development of academic staff, fall within the mandate of RemCom. These are reviewed annually against best practice and, where necessary, improvements to conditions of employment are implemented with due regard to the cost implications and their impact on the Group's staff.

Guaranteed remuneration comprises a cost-to-company package, which includes benefits such as medical aid and retirement funding. Employees who are not on medical aid are offered free accident insurance including funeral cover.

Performance remuneration in the form of incentives, bonuses and profit sharing is included in certain employment categories, the object being to recognise, reward and retain high performing employees. Depending on the seniority and responsibility of the individual concerned, the incentive opportunity ranges from 5% to 100% of the guaranteed cost-to-company remuneration package. Remuneration is structured according to the following framework:

General staff

To encourage a high performance culture, each employee has agreed key performance indicators ("KPIs") and where applicable, performance objectives. This creates a direct link between performance and remuneration. Appropriate recognition is given to the qualifications of professional staff.

The remuneration of teachers and academic staff is benchmarked against state and other comparable institutions. Guidelines are then established for basic cost-to-company remuneration and, where appropriate, incentives for exceptional performance.

The remuneration of resourcing staff is based on an incentive structure linked to rigorous quality standards, with consultants and supervisors receiving a performance related package which includes a relatively high proportion of variable pay that can exceed 50% of total remuneration in some cases.

Senior staff and management

The remuneration structure for these employees encompasses three elements:

- a guaranteed cost-to-company package,
- annual incentive remuneration based on predetermined KPIs, and
- long-term incentive remuneration in the form of an opportunity to participate in the share incentive schemes offered by the ADvTECH Limited Share Incentive Trust.

Executive leadership

Executive leadership is offered a similar remuneration structure to that of senior staff and management. Their annual incentive remuneration however, is based on a combination of individual KPIs and the performance of the business unit for which the executive is responsible (which constitutes approximately two-thirds of the incentive) and Group KPIs (remainder of incentive). The bonus earned by the executive concerned is based on the extent to which agreed targets were achieved and is approved by RemCom at the beginning of each year. Executives are set stretch targets at demanding levels of growth and achievement. These targets also take into account the operating environment and strategic objectives, such as transformation of the Group and staff turnover.

For the 2010 financial year executive bonuses, which were accrued at year-end and paid in March 2011 after approval

of the annual financial statements, amounted to 33% (2009: 34%) of the maximum bonus opportunity.

Share incentive schemes

At the end of 2007 the Board, on the recommendation of RemCom, approved the introduction of a broad-based share scheme (BBS) for an initial period of five years. Permanent staff members with more than two years' service qualify to participate in the scheme and are awarded ADvTECH shares at no cost to the participant.

The Group also offers a merit based senior staff share award scheme to reward, retain and motivate high performing permanent senior employees. Lastly, the Group offers share options to certain executives and senior managers, the details of which are set out on page 96.

In terms of these schemes the Board approved awards of 540 000 shares and 3 000 000 share options during the year.

Directors

RemCom recommends to the Board the fees to be paid to non-executive directors and further guarantees that no person is involved in any decisions as to his or her own remuneration.

The RemCom meets on an ad hoc basis and met on numerous occasions during the 2010 financial year.

Audit Committee

The Audit Committee consists of the following independent non-executive directors:

- HR Levin (Chairman)
- JC Livingstone
- BM Gourley*
- F Titi**

* Appointed 14 May 2010.

** Resigned on 14 March 2010.

The role of the Audit Committee is to assist the Board in discharging its responsibilities to safeguard the Group's assets and to ensure that proper accounting records are maintained. These roles and responsibilities take into account the recommendations of King III and the amendments to the Companies Act. The Committee also oversees the financial reporting process and ensures compliance with the appointment of the independent auditors, accounting policies, Group policies, legal requirements and internal controls within the Group.

The Group's internal audit function is headed by the Group's internal audit manager. The Audit Committee monitors, supervises and evaluates the effectiveness of the internal audit function.

The Committee met three times during the 2010 financial year. These meetings are attended by the internal and external auditors, the CEO and Group finance director, as well as other Board members and invitees as considered appropriate by the Committee's chairman.

	15/3	16/8	22/11
BM Gourley*		✓	✓
HR Levin	✓	✓	✓
JC Livingstone	✓	✓	✓

* Appointed on 14 May 2010.

The 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;
- Reviewing and approving 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;
- Ensuring 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 2010 financial year.

Both the external and internal auditors have unrestricted access to the Audit Committee, which ensures that their independence is in no way impaired. Where members of executive management attend the Audit Committee, time is set aside for the Committee to meet independently with representatives of internal and external auditors.

The Audit Committee has considered and is satisfied with the appropriateness of the expertise and experience of the Group financial director.

Risk management

As there is no separate risk management committee, the Board in conjunction with the Audit Committee, Exco and the internal audit department, reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed in accordance with the Group risk management matrix. 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.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Litigation Committee

- BD Buckham (Chairman)*
- HR Levin
- JC Livingstone

* Resigned as Chairman of the Committee on 1 September 2010, but continues to attend committee meetings by invitation.

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

The Litigation 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.

The Litigation Committee meets on an ad hoc basis and met on numerous occasions during the 2010 financial year.

Board Transformation Committee

- DK Ferreira (Chairman)
- JD Jansen
- F Titi

The Committee monitors, reviews and evaluates the Group's progress on equity ownership, directors' composition, employment equity and HR practices, training and skills development, corporate social responsibility and preferential procurement.

The Committee is further tasked to assist the Board in formulating a strategy in regard to the Group's contribution to the normalisation of South African society through the implementation of the pillars of transformation listed above.

	19/3	20/8
DK Ferreira	✓	✓
JD Jansen	✓	✓
F Titi	✓	✓

Nominations Committee

The Nominations Committee consists of all the non-executive Board directors and the CEO, and is chaired by the chairman of the Board.

In line with its terms of reference, the Committee meets on an ad hoc basis to nominate, evaluate and recommend possible new appointments to the Board. There were no new appointments made to the Board in 2010.

Internal control

The Board is responsible for ensuring that appropriate internal control systems are implemented and maintained to ensure that the Group's assets are safeguarded and managed in order to minimise potential losses arising from possible fraud and other illegal acts.

Internal control is implemented through the proper delegation of responsibility within a clearly defined approval framework, through accounting procedures and adequate segregation of duties. The Group's internal accounting controls and systems are designed to provide reasonable assurance as to the integrity of the Group's financial statements and to safeguard, verify and maintain accountability for all its assets.

Internal auditors monitor the operation of the internal controls and systems and report their findings and recommendations to management and the Board. Corrective actions are taken to address control deficiencies and where other opportunities present themselves for improving the systems 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, and on the reporting of its findings to divisional management and the Audit Committee. The Group internal audit manager reports to the Group's financial director on an administrative basis and has direct access to the CEO and the chairman of the Audit Committee.

The Board and Exco assessed the Group's internal control system in relation to the criteria for effective internal control over financial reporting according to best practice and in terms of the Group's policies and procedures. The internal control process has been in place up to the date of the approval of the annual financial statements.

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 year 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 Group personnel act with the utmost integrity and objectivity and in compliance with the letter and the spirit of both the law and Group policies.

The directors believe that ethical standards are being met and are fully supported by the Group's 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 comply with International Financial Reporting Standards (IFRSs), the Act and the JSE Limited Listings Requirements.

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

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

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

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.

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 70. 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 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 as stipulated in Section 268(G)(d) of the Companies Act, and on matters of ethics and good corporate governance. The company secretary works with the Board to ensure compliance with the rules of the JSE Limited Listing Requirements. 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 details of the company secretary appear on page 75 of this report.

Insider trading

The Group 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 Group adheres to two closed periods in each financial year. The first commences at the end of June until the publication of the interim results and the second commences at the end of December, the Group's financial year end, until the final audited results for the year are released. All directors' share dealings require the prior approval of the chairman and the company secretary retains a record of all such share dealings and approvals.

Related party transactions

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

Directors

HR Levin is a non-executive director and is a senior partner at HR Levin Attorneys who provide legal services to the Group. (2010: R31 350; 2009: R76 950).

JDR Oesch has been awarded a CrawfordSchools™ Bursary for his children in terms of the Group's bursary policy.

Exco

DL Honey is a member of Exco. His brother, E Honey, is a director of Bowman Gilfillan Attorneys, a firm which provides intellectual property services to the Group.

O Francesconi, DL Honey and J Coetzee have been awarded CrawfordSchools™ 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 the Group to embrace the principles of the Skills Development 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.



Financial
statements

Directors' responsibility for financial reporting

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in a manner required by the Companies Act, No 61 of 1973, as amended, and the JSE Limited Listings Requirements. The Group's external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report appears on page 71.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future.

The annual financial statements set out on pages 72 to 112 were approved by the Board of directors on 25 March 2011 and are signed on its behalf by:


LW Maasdorp
Chairman


FR Thompson
Chief Executive Officer


JDR Oesch
Group Financial Director

Certificate by Group Company Secretary

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



SC O'Connor
Group Company Secretary

We have audited the group annual financial statements and annual financial statements of ADvTECH Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2010, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 72 to 112.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of ADvTECH Limited as at 31 December 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditors
Per: Shelly Nelson

Partner

25 March 2011

National Executive: GG Gelink, Chief Executive; AE Swiegers, Chief Operating Officer; GM Pinnock, Audit; DL Kennedy, Risk Advisory; NB Kader, Tax & Legal Services; L Geeringh, Consulting; L Bam, Corporate Finance; JK Mazzocco, Human Resources; CR Beukman, Finance; TJ Brown, Clients; NT Mtoba, Chairman of the Board; MJ Comber, Deputy Chairman of the Board.

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex).

Member of Deloitte Touche Tohmatsu Limited.

Audit Committee report

The Audit committee presents its report for the financial year ended 31 December 2010. A charter adopted by the Committee sets out its functions and responsibilities.

The Committee has discharged all its responsibilities and carried out all its functions as contained in the charter. In particular, the Committee:

- reviewed the interim and annual financial statements and recommended them for adoption by the Board;
- approved the internal audit charter and audit plans;
- received and reviewed reports from both the internal and external auditors, which included commentary on the effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the Board;
- reviewed the independence of the external auditors, Deloitte & Touche, and recommended them for re-appointment at the Annual General Meeting as auditors for the 2011 financial year, with Shelly Nelson as the designated auditor;
- determined the fees to be paid to the external auditors and their terms of engagement;
- determined the nature and extent of non-audit services which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors; and
- received and dealt appropriately with any complaints, from within or outside the Group, relating to the accounting practices and internal audit of the Group, to the content or auditing of its financial statements, or any related matter.

The Committee was appointed by the Board of directors to hold office in respect of the financial year under review. The Committee are all non-executive directors and satisfy the requirements as stipulated in the Companies Act. Details of membership of the Committee can be found on page 65. Committee meetings are attended by the internal and external auditors, the CEO and Group finance director, as well as other Board members and invitees as considered appropriate by the Committee's chairman.

As required by the JSE Limited Listings Requirements, the Committee satisfied itself that the Group financial director, Didier Oesch, has appropriate expertise and experience.

The Audit committee charter provides for confidential meetings between the committee members and the external auditors. The internal and external auditors have unrestricted access to the Committee.

The Committee has evaluated the annual report for the year ended 31 December 2010 and considers that it complies in all material respects with the requirements of the Companies Act of South Africa as amended, and International Financial Reporting Standards.

On behalf of the Audit committee



HR Levin

25 March 2011

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2010.

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 Specialised Consumer Services sector of the JSE Limited ("JSE"). The Education division offers quality education from pre-primary to diploma, degree and postgraduate levels, as well as Adult Basic Education and Training. The Resourcing division is a significant force in niche areas of the placement industry.

Financial results

The results for the year ended 31 December 2010 are set out herein and commentary thereon is provided in the Chairman's and CEO's report.

Share capital

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

Number of shares in issue at	
31 December 2010	400 838 181

Capital reduction out of share premium ("distribution") and dividend

Share code: ADH ISIN code: ZAE 0000 31035

The Board is pleased to announce final distributions to shareholders, to be paid out of share premium, of 11.0 cents (2009: 13.5 cents) per share, and a dividend of 2.5 cents per share. This would bring the total distributions and dividend for the year to 21.5 cents (2009: 21.0 cents) per share. The authority to make this payment to shareholders was obtained at the Annual General Meeting held on 18 May 2010, and the dividend is in terms of the Company's articles of association. The Board is satisfied that the capital remaining after payment of the distribution and 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 statement of financial position date and the date of this report that materially affects the results of the Group for the year ended 31 December 2010 or the financial position at that date.

Special resolutions adopted by subsidiary companies

No special resolutions were passed by subsidiary companies during the year under review.

Directorate

Details of directors appear on pages 60 and 61 of this report.

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

MI Sacks and BD Buckham both resigned from the Board on 1 September 2010.

LW Maasdorp was appointed as non-executive chairman on 1 September 2010.

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: DK Ferreira, JC Livingstone and Prof BM Gourley. An abbreviated curriculum vitae of each director can be found on page 61 of this report.

Directors' report for the year ended 31 December 2010 (continued)

Interest of directors

As at 31 December 2010, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company were 6.0% (2009: 13.0%) in aggregate and per director as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2010	2009	2010	2009	2010	2009	2010	2009
BD Buckham*	–	26 392 650	–	–	–	970 276	–	–
DK Ferreira	60 000	120 000	–	–	–	–	–	–
BM Gourley	–	–	–	–	–	–	–	–
JD Jansen	–	–	–	–	–	–	–	–
HR Levin	9 106 427	9 106 427	659 900	659 900	93 573	93 573	–	–
JC Livingstone	–	–	–	–	–	–	–	–
LW Maasdorp	–	–	–	–	–	–	–	–
JDR Oesch	1 332 000	1 732 000	–	–	–	–	–	–
MI Sacks#	–	150 000	–	–	–	–	–	250 000
FR Thompson	12 496 856	12 496 856	–	–	–	–	60 000	60 000
F Titi	–	–	–	–	–	–	–	–
Totals	22 995 283	49 997 933	659 900	659 900	93 573	1 063 849	60 000	310 000

* Retired as a non-executive director on 1 September 2010, his shareholding remains unchanged.

Retired as chairman and as a non-executive director on 1 September 2010, his shareholding remains unchanged.

At the date that this financial 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 2010.

Directors' share options

The directors held the following share options at 31 December 2010:

	Share options as at 31 December 2009		Share options granted during the year		Share options exercised during the year			Share options as at 31 December 2010 Number
	Exercise price (cents)	Number	Number	Price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	
Name of director								
FR Thompson			1 300 000	560				1 300 000
JDR Oesch	270	40 000			20 000	591	64 200	20 000
	375	360 000			120 000	572	236 400	240 000
			200 000	560				200 000
		400 000	1 500 000		140 000		300 600	1 760 000

The share option exercise terms are detailed in note 13 on pages 96 and 97.

Directors' emoluments

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year ended 31 December 2010, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	Total 2010 R	Total 2009 R
Executive							
FR Thompson		2 112 941	550 000	346 413	292 350	3 301 704	2 996 000
JDR Oesch		1 298 337	228 620	153 000	184 662	1 864 619	1 732 146
Total executive		3 411 278	778 620	499 413	477 012	5 166 323	4 728 146
Non-executive							
BD Buckham [#]	100 000					100 000	140 000
DK Ferreira	170 000					170 000	170 000
BM Gourley	442 000					442 000	120 000
JD Jansen	150 000					150 000	150 000
HR Levin	190 000					190 000	190 000
JC Livingstone	170 000					170 000	170 000
LW Maasdorp	140 000					140 000	50 000
MI Sacks [#]	120 000					120 000	180 000
F Titi	150 000					150 000	180 000
Total non-executive	1 632 000					1 632 000	1 350 000

**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.*

[#]Retired as a non-executive director on 1 September 2010.

There were no directors' fees for executive directors for the year under review.

Acquisition

Details of the acquisition made during the year under review is reported on page 104.

Auditors

The auditors of the Company, Deloitte & Touche, will continue in office in accordance with Section 270(2) of the Companies Act, 1973 (as amended) of South Africa.

Company secretary

The office of company secretary was held by SC O'Connor for the financial year ended 31 December 2010. The secretary's business, postal and email addresses are as follows:

Business address

ADvTECH House
Inanda Greens
54 Wierda Road West
Wierda Valley
Sandton
2196

Email address: groupsec@advtech.co.za

Postal address

PO Box 2369
Randburg
2125

Group segmental report for the year ended 31 December 2010

	Percentage increase/ (decrease)	Audited 2010 R'm	Audited 2009 R'm
Revenue		1 470.1	1 376.0
Education	8%	1 264.3	1 170.0
Resourcing	0%	208.2	208.3
Intra Group revenue		(2.4)	(2.3)
EBITDA		269.3	277.7
Education	(4%)	271.4	281.3
Resourcing	9%	38.5	35.2
Central administration	2%	(39.5)	(38.7)
Litigation		(1.1)	(0.1)
Depreciation and amortisation		66.4	58.8
Education	11%	55.2	49.8
Resourcing	(9%)	5.9	6.5
Central administration	112%	5.3	2.5
Operating profit before interest		202.9	218.9
Education	(7%)	216.2	231.4
Resourcing	13%	32.6	28.8
Central administration	9%	(44.8)	(41.2)
Litigation		(1.1)	(0.1)
Profit for the year		148.8	160.2
Education	(10%)	144.0	159.9
Resourcing	27%	30.4	23.9
Central administration	8%	(25.6)	(23.6)
Property, plant and equipment		682.3	636.5
Education	8%	679.1	631.6
Resourcing	(35%)	3.2	4.9
Deferred taxation assets		26.6	20.7
Education	34%	24.6	18.4
Resourcing	10%	1.1	1.0
Central administration	(31%)	0.9	1.3
Current assets		132.0	140.8
Education	(7%)	113.3	121.7
Resourcing	15%	15.9	13.8
Central administration	(47%)	2.8	5.3
Current liabilities		306.8	318.1
Education	(1%)	271.9	274.7
Resourcing	(12%)	35.9	40.6
Central administration	(136%)	(1.0)	2.8
Capital expenditure		105.2	128.6
Education	(18%)	104.1	126.6
Resourcing	(45%)	1.1	2.0

The Group's operating segments are determined by reference to the level of operating results regularly reviewed by the chief executive officer to make decisions about resources to be allocated and for which discrete financial information is available.

Operating segments which exhibit similar long-term financial performance and have similar economic characteristics are amalgamated.

Group statement of comprehensive income for the year ended 31 December 2010

	Notes	Audited 2010 R'm	Audited 2009 R'm
Revenue	4	1 470.1	1 376.0
Staff costs	5	(737.0)	(679.0)
Rent and occupancy costs		(127.4)	(103.6)
Other operating expenses		(336.4)	(315.7)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		269.3	277.7
Education		271.4	281.3
Resourcing		38.5	35.2
Central administration		(39.5)	(38.7)
Litigation costs		(1.1)	(0.1)
Depreciation and amortisation	5	(66.4)	(58.8)
Operating profit before interest	5	202.9	218.9
Net interest received		9.2	10.9
Interest received	6.1	9.4	11.0
Finance costs	6.2	(0.2)	(0.1)
Profit before taxation		212.1	229.8
Taxation	7	(63.3)	(69.6)
Profit for the year		148.8	160.2
Earnings per share			
Basic (cents)	8	37.2	40.1
Diluted (cents)	8	37.2	40.1

Group statement of other comprehensive income for the year ended 31 December 2010

	Audited 2010 R'm	Audited 2009 R'm
Profit for the year	148.8	160.2
Other comprehensive expenses		
Reclassification adjustment for amounts transferred to the initial carrying amount of hedged items	—	(0.8)
Total comprehensive income for the year	148.8	159.4

Group statement of changes in equity for the year ended 31 December 2010

	Notes	Share capital R'm	Share premium R'm	Share option reserve R'm	Foreign exchange contract reserve R'm	Shares held by the Share Incentive Trust R'm	Retained earnings R'm	Attributable to equity holders R'm
Balance at 1 January 2009		3.9	184.3	14.6	0.8	(5.8)	311.0	508.8
Total comprehensive income for the year					(0.8)		160.2	159.4
Profit for the year							160.2	160.2
Other comprehensive expenses for the year					(0.8)			(0.8)
Share-based payment expense	5,13			1.7				1.7
Shares issued for business acquisition		0.1	35.5					35.6
Share buy-back		–	(7.6)					(7.6)
Shares purchased by the Share Incentive Trust						(12.5)		(12.5)
Share awards granted						2.1		2.1
Broad-based scheme shares granted						0.5		0.5
Share options exercised				(7.4)		10.4		3.0
Capital distributions to shareholders	19.2		(80.4)					(80.4)
Balance at 31 December 2009		4.0	131.8	8.9	–	(5.3)	471.2	610.6
Total comprehensive income for the year					–		148.8	148.8
Share-based payment expense	5,13			1.8				1.8
Shares purchased by the Share Incentive Trust						(7.1)		(7.1)
Share awards granted						2.0		2.0
Broad-based scheme shares granted						1.8		1.8
Share options exercised				(2.8)		8.0		5.2
Capital distributions to shareholders	19.2		(85.3)					(85.3)
Balance at 31 December 2010		4.0	46.5	7.9	–	(0.6)	620.0	677.8

	Notes	Audited 2010 R'm	Audited 2009 R'm
Assets			
Non-current assets			
Property, plant and equipment	10	682.3	636.5
Goodwill	11	95.9	80.9
Intangible assets	12	47.8	49.8
Deferred taxation assets	14	26.6	20.7
		852.6	787.9
Current assets			
Inventories	15	3.0	4.5
Trade and other receivables	16	78.9	84.9
Prepayments		12.6	11.8
Cash and cash equivalents	17	37.5	39.6
		132.0	140.8
Total assets		984.6	928.7
Equity and liabilities			
Capital and reserves			
Share capital	19.1	4.0	4.0
Share premium	19.2	46.5	131.8
Share option reserve		7.9	8.9
Shares held by the Share Incentive Trust		(0.6)	(5.3)
Retained earnings		620.0	471.2
Total equity		677.8	610.6
Current liabilities			
Trade and other payables	20	155.0	181.2
Taxation		26.8	35.7
Fees received in advance		123.3	100.6
Shareholders for capital distribution		1.7	0.6
		306.8	318.1
Total equity and liabilities		984.6	928.7

Group statement of cash flows for the year ended 31 December 2010

	Notes	Audited 2010 R'm	Audited 2009 R'm
Cash flows from operating activities			
Cash generated from operations	23.1	276.1	283.7
Movement in working capital	23.2	(4.3)	30.6
Cash generated by operating activities		271.8	314.3
Net interest received		9.2	10.9
– interest received	6.1	9.4	11.0
– finance costs	6.2	(0.2)	(0.1)
Taxation paid	23.3	(78.1)	(75.4)
Capital distributions paid	23.4	(84.2)	(80.2)
Net cash inflow from operating activities		118.7	169.6
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	23.5	(26.9)	(41.9)
– to expand operations	23.6	(78.3)	(86.7)
Business combination cash flows			
– additions to property, plant and equipment	23.7	(0.9)	(2.5)
– additions to current assets		(0.7)	–
– additions to current liabilities		1.5	–
– additions to goodwill	11	(15.0)	(46.5)
– additions to intangible assets	12	(4.4)	(7.7)
– shares issued in respect of acquisition		–	35.6
Proceeds on disposal of property, plant and equipment		0.5	1.4
Effects of share options exercised on the share option reserve		(2.8)	(7.5)
Movement in shares held by Share Incentive Trust		4.7	0.5
Net cash outflow from investing activities		(122.3)	(155.3)
Cash flows from financing activities			
Share buy-back		–	(7.6)
Decrease in long-term interest bearing borrowings		–	(3.9)
Vendor claims raised/(paid)		1.5	(7.0)
Net cash inflow/(outflow) from financing activities		1.5	(18.5)
Net decrease in cash and cash equivalents		(2.1)	(4.2)
Cash and cash equivalents at beginning of the year		39.6	43.8
Cash and cash equivalents at end of the year	17	37.5	39.6

1. General information

ADvTECH Limited is a limited company incorporated in South Africa.

The principal business activities are the provision of education, training and staff placement within South Africa.

2. Adoption of new and revised standards

During the current year, the Group has adopted the following standards which are effective for annual reporting periods beginning on or after 1 January 2010:

- IFRS 1: *First-time Adoption of International Financial Reporting Standards* (Amendments relating to oil and gas assets and determining whether an arrangement contains a lease);
- IFRS 2: *Share-based Payment* (Amendments relating to group cash-settled share-based payment transactions);
- IFRS 3: *Business Combinations* (Comprehensive revision on applying the acquisition method);
- IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IFRS 8: *Operating Segments* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 1: *Presentation of Financial Statements* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 7: *Statements of Cash Flows* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 17: *Leases* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 36: *Impairment of Assets* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 38: *Intangible Assets* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IAS 39: *Financial Instruments: Recognition and Measurement* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IFRIC 9: *Reassessment of Embedded Derivatives* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IFRIC 16: *Hedges of Net Investment in a Foreign Operation* (Amendments resulting from April 2009 Annual Improvements to IFRSs);
- IFRIC 17: *Distribution of Non-cash Assets to Owners*; and
- IFRIC 18: *Transfers of Assets from Customers*.

These have no financial impact on the Group.

3. Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of South Africa.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The principal accounting policies adopted are set out below. These were consistently applied in the previous year.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3.4 Business combinations

The acquisition of subsidiaries and businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair

values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 'Non-current assets held-for-sale and Discontinued operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on business combinations is accounted for as per note 3.5.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3.5 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is assessed at each statement of financial position date for impairment.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for

impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3.6 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and value added taxes.

Sale of goods is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on the straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on the straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Retirement benefit costs

The Group operates pension and provident funds to which employees from certain defined divisions belong. Both funds are defined contribution plans and do not require to be actuarially valued.

These plans are governed by the Pension Funds Act of 1956.

Current contributions to the pension and provident funds are expensed when they become payable.

The Group has no liabilities in respect of post retirement medical aid contributions or benefits.

3.12 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period with a corresponding movement in the share reserve, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the Bermudan Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3.13 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current taxation is calculated using taxation rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis.

3.14 Property, plant and equipment

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

The annual rates for this purpose are:

Buildings	2%
Computer equipment	33.3%
Computer software	10% – 33.3%
Furniture, fittings and equipment	10% – 20%
Motor vehicles	20%
Video equipment	33.3%
Leasehold improvements	Period of lease

Assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or the term of the lease.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

3.15 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on the straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.16 Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

3.19 Share purchases

The ADvTECH Limited Share Incentive Trust purchases shares in the Company to be used for the settlement of its obligations under its share incentive schemes. When such purchases occur, these amounts are deducted from share capital.

3.20 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. They are measured initially at fair value, being the transaction price. The subsequent accounting treatment depends on the classification of an instrument as set out below:

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial liabilities

Loans and other payables are carried at amortised cost using the effective interest method if the time value of money is significant. Trade payables are generally carried at the original invoiced amount. Interest is recognised as an expense when incurred.

3.21 Derivative financial instruments

The Group enters into foreign exchange contracts to manage its foreign exchange risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at each statement of financial position date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges) or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management

objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 18 sets out details of the derivatives used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

Cash flow hedges

The effective portion of changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the period when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3.22 Critical accounting judgements and key sources of estimation uncertainty

Valuation of equity compensation benefits

Management classifies its share-based payment scheme as an equity-settled scheme. In applying its judgement, management consulted with external expert advisers in the accounting and share-based payment advisory industry. The critical estimates as

used in the Bermudan Binomial model are detailed in note 13 to the Group financial statements. This includes estimated option exercise behaviour, as well as anticipated forfeiture rates.

Impairment of assets

An assessment of impairment at a cash-generating unit level for tangible and intangible assets, as well as individual assessments of goodwill and financial assets (including related provisions), is performed at the end of each reporting period. Individual impairment assessments of assets are performed annually based on technical, economic and business circumstances.

Deferred taxation assets

Deferred taxation assets are recognised to the extent it is probable that taxable income will be available in future against which these can be utilised. Future taxable profits are estimates based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

Contingent liabilities

Management applies its judgement based on facts and advice it receives from its legal and other advisers in assessing if an obligation is probable, more likely than not or remote. This judgement is used to determine whether the potential obligation is recognised as a liability, disclosed as a contingent liability or ignored for financial statement purposes.

Purchase price allocation relating to business combinations

The Group exercised judgement in determining the purchase price allocation in respect of intangible assets and resulting goodwill relating to the business combination (refer to note 25). The free cash flow method was used and the key assumptions involved were growth rates, discount rates and attrition rates.

3.23 Standards and interpretations not yet effective

At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not effective:

IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i> – Replacement of fixed dates for certain exemptions with the date of transition to IFRS	Annual periods beginning on or after 1 July 2011
IFRS 1	<i>First-time Adoption of International Financial Reporting Standards</i> – Additional exemption for entities ceasing to suffer from severe hyperinflation	Annual periods beginning on or after 1 July 2011
IFRS 3	<i>Business Combinations</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2010
IFRS 7	<i>Financial Instruments</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRS 7	<i>Financial Instruments</i> – Disclosures about transfer of financial assets	Annual periods beginning on or after 5 July 2011
IFRS 9	<i>Financial Instruments</i> – Classification and measurement	Annual periods beginning on or after 1 January 2013
IAS 1	<i>Presentation of Financial Statements</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IAS 12	<i>Income Taxes</i> – Limited scope amendment (recovery of underlying assets)	Annual periods beginning on or after 1 January 2012
IAS 24	<i>Related Party Disclosures</i> – Revised definition of related parties	Annual periods beginning on or after 1 January 2011
IAS 27	<i>Consolidated and Separate Financial Statements</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2010
IAS 32	<i>Financial Instruments: Presentation</i> – Amendments relating to classification of rights issues	Annual periods beginning on or after 1 February 2010
IFRS 34	<i>Interim financial reporting</i> – Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRIC 13	<i>Customer Loyalty Programmes</i>	Transfers received on or after 1 January 2011
IFRIC 14	IAS 19 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> – November 2009 Amendments with respect to voluntary prepaid contributions	Annual periods beginning on or after 1 January 2011
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	Annual periods beginning on or after 1 July 2010

None of the standards and interpretations that have been published, but not yet effective, are expected to have a significant impact on the amounts recorded in the financial statements.

	Notes	Audited 2010 R'm	Audited 2009 R'm
4. Revenue			
Tuition fees		1 244.2	1 123.8
Placement fees		185.1	197.4
Sale of goods and services		43.2	57.1
Intra Group revenue		(2.4)	(2.3)
		1 470.1	1 376.0
5. Operating profit before interest			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration		3.9	3.9
– Current year audit fee		3.9	3.6
– Prior year (over)/under provision		(0.2)	0.2
– Other services		0.2	0.1
Amortisation of intangible assets	12	6.4	5.3
Depreciation	10	60.0	53.5
– Land and buildings		5.0	4.1
– Computer equipment		22.0	19.3
– Computer software		2.8	1.7
– Furniture, fittings and equipment		13.4	12.7
– Motor vehicles		2.1	1.9
– Video equipment		0.3	0.4
– Leasehold improvements		14.4	13.4
Total depreciation and amortisation		66.4	58.8
Operating lease charges		88.0	73.9
– Premises		86.4	71.4
– Equipment		1.6	2.5
Professional fees		3.1	2.0
(Profit)/loss on sale of property, plant and equipment		(0.3)	0.2
Directors' emoluments		6.8	6.1
– For services as directors		1.6	1.4
– For managerial and other services		5.2	4.7
Pension and provident fund contributions		38.9	35.7
Share-based payment expense	13	1.8	1.7
Staff costs		689.5	635.5
Total staff costs		737.0	679.0
Number of staff (at year-end)		3 827	3 779
Number of staff covered by retirement plans (at year-end)		2 281	2 204

	Note	Audited 2010 R'm	Audited 2009 R'm
6. Net interest received			
6.1 Interest received			
Call accounts		8.6	10.3
Current accounts		0.4	0.6
Other		0.4	0.1
		9.4	11.0
6.2 Finance costs			
Borrowings		–	(0.1)
Other		(0.2)	–
		(0.2)	(0.1)
Net interest received		9.2	10.9
7. Taxation			
7.1 Taxation expense comprises			
Current taxation – current year		68.7	72.4
– prior year under/(over) provision		0.5	(0.7)
Deferred taxation – current year	14	(4.2)	(1.9)
– prior year over provision	14	(1.7)	(0.2)
Total taxation expense		63.3	69.6
Estimated taxation losses for the Group carried forward at year end was R3.2 million (2009: R4.8 million).			
Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Group.			
7.2 Reconciliation of taxation			
Profit before taxation		212.1	229.8
Taxation at 28%		59.4	64.3
Permanent differences		5.1	6.2
Disallowable expenditure – depreciation on buildings		4.2	4.0
Disallowable expenditure – other		2.7	2.2
Learnership allowances		(1.8)	–
Current taxation – prior year under/(over) provision		0.5	(0.7)
Deferred taxation – prior year over provision		(1.7)	(0.2)
Taxation expense recognised in profit		63.3	69.6

	Audited 2010 R'm	Audited 2009 R'm
8. Earnings per share		
The calculation of the basic and diluted earnings per share attributable to equity holders is based on the following data:		
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year)	148.8	160.2
Number of shares		
Weighted average number of shares in issue at year-end ('m)	400.8	401.0
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	(0.9)	(1.6)
Weighted average number of shares for purposes of basic earnings per share ('m)	399.9	399.4
Effect of dilutive potential ordinary shares ('m)	0.3	0.3
Weighted average number of shares for purposes of diluted earnings per share ('m)	400.2	399.7
Earnings per share		
Basic (cents)	37.2	40.1
Diluted (cents)	37.2	40.1
9. Headline earnings per share		
Earnings		
Earnings attributable to equity holders (profit for the year)	148.8	160.2
Items excluded from headline earnings per share	(0.2)	0.1
(Profit)/loss on sale of property, plant and equipment	(0.3)	0.2
Taxation effects of adjustments	0.1	(0.1)
Earnings for the purpose of headline earnings per share	148.6	160.3
Number of shares		
Weighted average number of shares in issue at year-end ('m)	400.8	401.0
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	(0.9)	(1.6)
Weighted average number of shares for purposes of basic earnings per share ('m)	399.9	399.4
Effect of dilutive potential ordinary shares ('m)	0.3	0.3
Weighted average number of shares for purposes of diluted earnings per share ('m)	400.2	399.7
Headline earnings per share		
Basic (cents)	37.2	40.1
Diluted (cents)	37.1	40.1

Cost						
	1 Jan 2010 R'm	Additions R'm	Acquisitions through business combination R'm	Disposals R'm	Reallocation R'm	31 Dec 2010 R'm
10. Property, plant and equipment						
Owned						
Land and buildings	431.5	56.6	–	–	–	488.1
Computer equipment	118.8	14.5	0.3	(10.7)	2.0	124.9
Computer software	51.5	15.7	0.1	(0.3)	(2.0)	65.0
Furniture, fittings and equipment	111.2	9.4	0.5	(0.6)	–	120.5
Motor vehicles	15.3	2.9	–	(0.4)	–	17.8
Video equipment	2.1	0.2	–	–	–	2.3
Leasehold improvements	161.6	5.9	–	(1.4)	–	166.1
	892.0	105.2	0.9	(13.4)	–	984.7
Accumulated depreciation						
	1 Jan 2010 R'm	Depreciation R'm	Acquisitions through business combination R'm	Disposals R'm	Reallocation R'm	31 Dec 2010 R'm
Owned						
Land and buildings	30.8	5.0	–	–	–	35.8
Computer equipment	82.9	22.0	–	(10.6)	0.7	95.0
Computer software	8.1	2.8	–	(0.1)	(0.7)	10.1
Furniture, fittings and equipment	77.2	13.4	–	(0.6)	–	90.0
Motor vehicles	10.0	2.1	–	(0.4)	–	11.7
Video equipment	1.4	0.3	–	–	–	1.7
Leasehold improvements	45.1	14.4	–	(1.4)	–	58.1
	255.5	60.0	–	(13.1)	–	302.4

		Net book value	
		31 Dec 2010 R'm	31 Dec 2009 R'm
10. Property, plant and equipment	<i>(continued)</i>		
Owned			
Land and buildings		452.3	400.7
Computer equipment		29.9	35.9
Computer software		54.9	43.4
Furniture, fittings and equipment		30.5	34.0
Motor vehicles		6.1	5.3
Video equipment		0.6	0.7
Leasehold improvements		108.0	116.5
		682.3	636.5

Cost						
	1 Jan 2009 R'm	Additions R'm	Acquisitions through business combination R'm	Disposals R'm	Reallocation R'm	31 Dec 2009 R'm
Owned						
Land and buildings	380.2	51.1	–	–	0.2	431.5
Computer equipment	92.2	25.0	0.3	(1.0)	2.3	118.8
Computer software	27.3	25.1	–	(0.9)	–	51.5
Furniture, fittings and equipment	98.2	11.8	1.6	(0.1)	(0.3)	111.2
Motor vehicles	14.1	1.0	–	(0.3)	0.5	15.3
Video equipment	1.6	0.5	–	–	–	2.1
Leasehold improvements	151.1	14.1	0.6	(4.4)	0.2	161.6
	764.7	128.6	2.5	(6.7)	2.9	892.0
Leased						
Computer equipment	2.3	–	–	–	(2.3)	–
Motor vehicles	0.5	–	–	–	(0.5)	–
	2.8	–	–	–	(2.8)	–
	767.5	128.6	2.5	(6.7)	0.1	892.0

Accumulated depreciation						
	1 Jan 2009 R'm	Depreciation R'm	Acquisitions through business combination R'm	Disposals R'm	Reallocation R'm	31 Dec 2009 R'm
10. Property, plant and equipment (continued)						
Owned						
Land and buildings	26.6	4.1	–	–	0.1	30.8
Computer equipment	62.0	19.3	–	(0.8)	2.4	82.9
Computer software	7.3	1.7	–	(0.9)	–	8.1
Furniture, fittings and equipment	64.9	12.7	–	(0.1)	(0.3)	77.2
Motor vehicles	7.8	1.9	–	(0.2)	0.5	10.0
Video equipment	1.0	0.4	–	–	–	1.4
Leasehold improvements	34.9	13.4	–	(3.4)	0.2	45.1
	204.5	53.5	–	(5.4)	2.9	255.5
Leased						
Computer equipment	2.3	–	–	–	(2.3)	–
Motor vehicles	0.5	–	–	–	(0.5)	–
	2.8	–	–	–	(2.8)	–
	207.3	53.5	–	(5.4)	0.1	255.5
Net book value						
					31 Dec 2009 R'm	31 Dec 2008 R'm
Owned						
Land and buildings					400.7	353.6
Computer equipment					35.9	30.2
Computer software					43.4	20.0
Furniture, fittings and equipment					34.0	33.3
Motor vehicles					5.3	6.3
Video equipment					0.7	0.6
Leasehold improvements					116.5	116.2
					636.5	560.2
Leased						
Computer equipment					–	–
Motor vehicles					–	–
					–	–
					636.5	560.2

10. Property, plant and equipment (continued)

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

Included in land and buildings is an amount of R2.0 million (2009: R19.1 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R nil (2009: R0.7 million) which relates to improvements that are still in progress.

Included in computer software is an amount of R42.1 million (2009: R41.8 million) which relates to systems that are still under development.

The Group valued its fixed property during March 2010. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuers. Their valuation based on present land use amounted to R883.3 million, a premium of R431.0 million or 95% over book value as at December 2010.

Valuations are done on a triennial basis with the next valuation due in 2013.

	Note	Audited 2010 R'm	Audited 2009 R'm
11. Goodwill			
Cost			
Balance at beginning of the year		80.9	38.4
Additional amounts recognised from business combination occurring during the year	25	15.0	46.5
Acquisition price adjustment*		–	(4.0)
Balance at end of the year		95.9	80.9
Accumulated impairment losses			
Balance at beginning of the year		–	–
Impairment losses recognised in the year		–	–
Balance at end of the year		–	–
Carrying amount			
At beginning of the year		80.9	38.4
At end of the year		95.9	80.9

* The purchase consideration of two acquisitions were based on an earnings-up method. These acquisitions were accounted for in 2008 based on preliminary assessments of the earnings to be made. The purchase prices and resulting impact on the original allocated goodwill were revised based on the latest forecasts at the end of the 2009 financial year.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of the cash generating units (CGU) are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected future cash flows. Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts.

The Group prepares cash flow forecasts based on the CGU's budgeted results. A terminal value is calculated based on a conservative growth rate.

As the Group integrates the acquired customers into existing platforms as part of the business model the Group aggregates the CGU's into the core business segments and has used these segments as CGU's for the purpose of performing the value-in-use calculations.

The directors were satisfied that there were no impairment indicators.

	Notes	Customer bases R'm	Brand values R'm	Total audited R'm
12. Intangible assets				
Cost				
Balance at 1 January 2009		37.6	15.3	52.9
Additions through business combination	25	5.0	2.7	7.7
Adjustment to preliminary purchase price		(0.6)	(0.2)	(0.8)
Balance at 1 January 2010		42.0	17.8	59.8
Additions through business combination	25	2.7	1.7	4.4
At 31 December 2010		44.7	19.5	64.2
Accumulated amortisation				
Balance at 1 January 2009		4.3	0.4	4.7
Amortisation expense	5	4.6	0.7	5.3
Balance at 1 January 2010		8.9	1.1	10.0
Amortisation expense	5	5.5	0.9	6.4
At 31 December 2010		14.4	2.0	16.4
Carrying amount				
As at 31 December 2009		33.1	16.7	49.8
As at 31 December 2010		30.3	17.5	47.8

The following useful lives are used in the calculation of amortisation on a straight-line basis:

Customer bases 3 to 13.4 years

Brand values 5 to 10 years, indefinite life

The brand value of Trinityhouse has a lifespan in excess of twenty years and therefore an indefinite period of amortisation was selected. The carrying amount of this asset amounts to R10.8 million (2009: R10.8 million).

13. ADvTECH share incentive scheme

Certain employees and directors are eligible to participate in the scheme. The option offer value is the closing price at which shares are traded on the JSE Limited on the trading day immediately preceding the offer date. Share options accepted by 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 the options lapse. Variations to the vesting periods are possible with the written consent of the Remuneration Committee of the Board and the Trustees of the Trust.

The broad-based scheme allocates shares to all employees based on a predefined period of employment. This scheme will run for a period of five years commencing from September 2007.

Date options granted	Expiry date year ending	Exercise price of outstanding options (cents)	Weighted average estimated contractual life (years)	Fair value at grant date (cents)
22 August 2008	31 Dec 2014	375	2.5	124
3 September 2010	31 Dec 2016	560	2.2	163

	Number of share options	Weighted average exercise price (cents)	Number of share options	Weighted average exercise price (cents)
Reconciliation of options	2010		2009	
Options outstanding on 1 January	4 535 000	344	8 439 153	217
Add – Options granted during the year	3 000 000	560	–	–
Less – Exercised	(1 503 334)	335	(3 768 152)	75
– Lapsed	(103 333)	334	(136 001)	223
Options outstanding at 31 December	5 928 333	455	4 535 000	344

As at 31 December 2010 there were 30 (2009: 30) participants (including directors) in the ADvTECH share incentive scheme.

	Number of shares		Loan receivable/(payable) R'm	
Reconciliation of shares owned	2010	2009	2010	2009
Shares owned by the Trust as at 1 January	1 275 045	2 754 097	4.9	(2.1)
Add – Shares purchased by the Share Incentive Trust	1 160 000	3 000 000	7.1	12.5
– Share awards forfeited	75 000	–	0.2	–
Less – Share awards to staff 2009	–	(507 500)	–	(2.1)
– Share awards to staff 2010	(540 000)	–	(2.2)	–
– Broad based scheme shares transferred	(361 650)	(203 400)	(1.8)	(0.5)
– Options exercised prior years	–	–	0.3	–
– Options exercised during the year	(1 503 334)	(3 768 152)	(7.9)	(2.9)
Shares owned by the Trust at 31 December	105 061	1 275 045	0.6	4.9

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.

The loan receivable from/(payable to) the Share Trust is unsecured, interest free and has no fixed terms of repayment.

The loan is eliminated on a Group basis but is reflected in the Company annual financial statements.

13. ADvTECH share incentive scheme *(continued)*

The fair values relating to the share option expense were calculated using the Bermudan Binomial model. The inputs into the model in respect of 2010 options granted were as follows:

Weighted average share price (cents)	589
Weighted average exercise price (cents)	335
Expected volatility	30%
Expected life	5.7 years
Risk free rate	7%
Expected dividend yield	4%

Expected volatility was determined calculating the historical volatility of the Company's share price over the previous six years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of R1.8 million (2009: R1.7 million) related to share-based payment transactions during the year.

	Audited 2010 R'm	Audited 2009 R'm
14. Deferred taxation assets		
Opening deferred taxation assets	20.7	18.6
	4.2	1.9
Current year temporary differences	4.6	2.4
Utilisation of deferred taxation assets relating to taxation losses	(0.4)	(0.5)
Prior year over provision	1.7	0.2
Balance at end of the year	26.6	20.7
The balance comprises:		
Deferred and prepaid expenditure	(3.0)	(2.5)
Allowance for future expenditure (S24C)	(18.5)	(15.4)
Fees received in advance	26.1	21.6
Commercial building allowance	(1.9)	(0.6)
Allowance for doubtful debts	12.2	8.8
Leave pay accrual	2.5	2.8
Estimated taxation losses carried forward	0.9	1.3
Other	8.3	4.7
	26.6	20.7
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	(0.5)	0.4
Allowance for future expenditure (S24C)	(3.1)	(2.8)
Fees received in advance	4.5	3.6
Commercial building allowance	(1.3)	(0.5)
Allowance for doubtful debts	3.4	0.3
Leave pay accrual	(0.3)	0.1
Estimated taxation losses carried forward	(0.4)	(0.4)
Other	1.9	1.2
	4.2	1.9

	Audited 2010 R'm	Audited 2009 R'm
15. Inventories		
Books	0.3	0.8
Promotional items	2.6	3.7
Other	0.1	–
	3.0	4.5
16. Trade and other receivables		
Amounts receivable from tuition fees	105.4	92.5
Amounts receivable for placement fees	17.3	16.6
Amounts receivable from the sale of goods and services	3.3	3.8
	126.0	112.9
Trade receivables	(57.9)	(42.0)
Allowance for doubtful debts		
	68.1	70.9
Other receivables	10.8	14.0
	78.9	84.9
There are no customers who individually represent more than 5% of the total balance of trade receivables net of allowance for doubtful debts.		
Ageing of past due trade receivables but not impaired		
30 days	10.3	12.1
60 days	9.8	9.6
90 days	6.2	6.2
120+ days	21.1	25.5
Total	47.4	53.4
Movement in the allowance for doubtful debts		
Balance at beginning of the year	42.0	40.7
Impairment losses recognised on receivables	30.0	23.1
Impairment losses reversed	(14.1)	(21.8)
Balance at end of the year	57.9	42.0
The concentration of credit risk is limited due to the customer base being large and unrelated. This allowance has been determined by reference to past default experience. The directors consider that the carrying amount of trade and other receivables approximates their fair value.		
Ageing of impaired trade receivables		
30 days	0.3	0.2
60 days	0.4	0.2
90 days	0.7	0.7
120+ days	56.5	40.9
Total	57.9	42.0

	Audited 2010 R'm	Audited 2009 R'm
17. Cash and cash equivalents		
Bank balances	37.2	39.3
Cash	0.3	0.3
	37.5	39.6

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

The carrying amounts of the Group's bank balances are denominated in South African Rands.

18. Foreign currency exposure

The Group has entered into the following forward exchange contracts to cover foreign commitments not yet due at year-end 2009:

	Average contract rate		Foreign currency		Rand equivalent	
	2010	2009	2010 'm	2009 'm	2010 R'm	2009 R'm
Outstanding contracts						
Cash flow hedges						
<i>Buy US Dollars</i>						
3 to 9 months	–	7.8129	–	\$0.17	–	1.3
			–	\$0.17	–	1.3

Software licences and related support were acquired and the amounts were payable in US Dollars in the subsequent year. The Group entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future transactions, which were designated as cash flow hedges.

Nature of monetary item	Foreign currency	Foreign currency 2010 'm	Foreign currency 2009 'm	Rand equivalent 2010 R'm	Rand equivalent 2009 R'm
Trade credit					
Trade credit	Australian Dollars	–	0.04	–	0.3

	Audited 2010 R'm	Audited 2009 R'm
19. Share capital and share premium		
19.1 Share capital		
Authorised		
500 000 000 shares of 1 cent each	5.0	5.0
(2009: 500 000 000 shares of 1 cent each)		
500 000 000 N shares of 0.01 cent each	0.1	0.1
(2009: 500 000 000 N shares of 0.01 cent each)		
	5.1	5.1

	Number of shares 2010 'm	Share capital 2010 R'm	Number of shares 2009 'm	Share capital 2009 R'm
Issued				
Balance at 1 January	400.8	4.0	393.7	3.9
Shares issued for business acquisition*	–	–	9.0	0.1
Shares acquired and cancelled	–	–	(1.9)	–
Balance at 31 December	400.8	4.0	400.8	4.0

* These shares were issued as part payment of the purchase price for the acquisition of Forbes Lever Baker.

The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of JSE Limited.

	Audited 2010 R'm	Audited 2009 R'm
19.2 Share premium		
Balance at 1 January	131.8	184.3
Capital distributions to shareholders	(85.3)	(80.4)
Shares issued for business acquisition	–	35.5
Shares acquired and cancelled	–	(7.6)
Balance at 31 December	46.5	131.8
20. Trade and other payables		
Trade payables and accruals	125.9	152.8
Leave pay accrual	9.1	9.9
Vendor claims	20.0	18.5
	155.0	181.2

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables, including the leave pay accrual, approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The Group has financial risk management policies in place to ensure that payables are paid within the credit time frame.

	Audited 2010 R'm	Audited 2009 R'm
21. Commitments		
21.1 Capital commitments		
Capital expenditure approved by the directors:		
Contracted but not provided for	50.8	35.6
Not contracted for	43.5	87.0
	94.3	122.6
Capital commitments will be financed through existing facilities and working capital.		
21.2 Operating lease commitments		
Commitments under non-cancellable operating leases are as follows:		
Premises:		
Due within one year	79.0	73.4
Due within two to five years	219.8	176.5
Due thereafter	81.5	104.6
	380.3	354.5
Equipment:		
Due within one year	1.6	0.8
Due within two to five years	2.8	1.0
	4.4	1.8
	384.7	356.3

The operating leases relate to premises and equipment with various lease terms, with an option to extend if required.

22. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents and various items such as trade receivables and payables that arise directly from operations. The main purpose of these instruments is to finance the Group's operations.

Capital risk management

The Group manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital, share premium, reserves and retained earnings.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

Liquidity risk

Cash balances are monitored daily and surplus funds are placed on short-term deposits.

Bank overdraft facilities available at 31 December 2010 amounted to R63.5 million (2009: R53.0 million), all of which expire within a year. These are considered more than adequate to finance operations.

22. Financial instruments (*continued*)

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are shown net of allowances for doubtful debts. The Group has no concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Material foreign exchange exposures are hedged with a corresponding foreign exchange contract. See note 18 for additional detail.

	Notes	Audited 2010 R'm	Audited 2009 R'm
23. Notes to the statement of cash flows			
23.1 Cash generated from operations			
Profit before taxation		212.1	229.8
Adjust for non-cash IFRS and lease adjustments (before taxation)		7.1	5.8
		219.2	235.6
Adjusted:		56.9	48.1
Depreciation and amortisation	5	66.4	58.8
Net interest received	6	(9.2)	(10.9)
Other non-cash flow items		(0.3)	0.2
		276.1	283.7
23.2 Movement in working capital			
Decrease in inventories		1.5	1.5
Decrease/(increase) in trade and other receivables and prepayments		5.9	(13.5)
(Decrease)/increase in trade and other payables		(32.9)	25.6
Increase in fees received in advance		21.2	17.0
(Increase)/decrease in working capital		(4.3)	30.6
23.3 Taxation paid			
Balance at beginning of the year		(35.7)	(39.4)
Current charge	7.1	(69.2)	(71.7)
Balance at end of the year		26.8	35.7
Cash amount paid		(78.1)	(75.4)
23.4 Capital distributions paid			
Balance at beginning of the year		(0.6)	(0.4)
Declared during the year	19.2	(85.3)	(80.4)
Balance at end of the year		1.7	0.6
Cash amount paid		(84.2)	(80.2)

	Audited 2010 R'm	Audited 2009 R'm
23. Notes to the statement of cash flows (continued)		
23.5 Additions to property, plant and equipment to maintain operations		
Land and buildings	(2.3)	(7.4)
Computer equipment	(12.2)	(18.9)
Computer software	(0.8)	(1.4)
Furniture, fittings and equipment	(7.2)	(9.0)
Motor vehicles	(2.5)	(1.0)
Video equipment	(0.1)	(0.5)
Leasehold improvements	(1.8)	(3.7)
	(26.9)	(41.9)
23.6 Additions to property, plant and equipment to expand operations		
Land and buildings	(54.3)	(43.7)
Computer equipment	(2.3)	(6.1)
Computer software	(14.9)	(23.7)
Furniture, fittings and equipment	(2.2)	(2.8)
Motor vehicles	(0.4)	–
Video equipment	(0.1)	–
Leasehold improvements	(4.1)	(10.4)
	(78.3)	(86.7)
23.7 Additions to property, plant and equipment through business combination		
Computer equipment	(0.3)	(0.3)
Computer software	(0.1)	–
Furniture, fittings and equipment	(0.5)	(1.6)
Leasehold improvements	–	(0.6)
	(0.9)	(2.5)

24. Related party transactions

The parent and ultimate controlling party of the Group is ADvTECH Limited.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Directors

Details regarding directors' remuneration, interest and share options are disclosed in the Directors' report.

	Audited 2010 R'm	Audited 2009 R'm
25. Business combination		
Design School Southern Africa (Proprietary) Limited was acquired on 1 January 2010. The consideration is based on an earnings-up method. A preliminary estimation of R19.5 million has been made. The principal business activity is the provision of education.		
The Group acquired the legal entity in respect of the business acquisition. The purchase consideration has been allocated as indicated below:		
Non-current assets acquired		
Intangible assets	4.4	
Goodwill	15.0	
Property, plant and equipment	0.9	
Current assets acquired		
Current assets	0.7	
Current liabilities acquired		
Current liabilities	(1.5)	
	19.5	
Forbes Lever Baker was acquired on 1 January 2009. The consideration is based on an earnings-up method. A preliminary estimation of R56.7 million has been made. The principal business activity is the provision of education.		
The Group did not acquire any liabilities in respect of the business acquisition. The purchase consideration has been allocated as indicated below:		
Non-current assets acquired		
Intangible assets		7.7
Goodwill		46.5
Property, plant and equipment		2.5
		56.7

Company statement of comprehensive income for the year ended 31 December 2010

	Notes	Audited 2010 R'm	Audited 2009 R'm
Staff costs	1	(2.3)	(1.9)
Other operating income		3.4	2.4
Operating profit before interest	1	1.1	0.5
Interest received	2	0.4	0.8
Profit before taxation		1.5	1.3
Taxation	3	(0.4)	(0.2)
Total comprehensive income for the year		1.1	1.1

Company statement of changes in equity for the year ended 31 December 2010

	Note	Share capital R'm	Share premium R'm	Share option reserve R'm	Accumu- lated loss R'm	Attributable to equity holders R'm
Balance at 1 January 2009		3.9	184.3		(79.6)	108.6
Total comprehensive income for the year					1.1	1.1
Shares issued for business acquisition		0.1	35.5			35.6
Share buy-back		–	(7.6)			(7.6)
Capital distributions to shareholders	7.2		(80.4)			(80.4)
Balance at 31 December 2009		4.0	131.8	–	(78.5)	57.3
Total comprehensive income for the year					1.1	1.1
Share options exercised				(2.5)		(2.5)
Capital distributions to shareholders	7.2		(85.3)			(85.3)
Balance at 31 December 2010		4.0	46.5	(2.5)	(77.4)	(29.4)

Company statement of financial position as at 31 December 2010

	Notes	Audited 2010 R'm	Audited 2009 R'm
Assets			
Non-current assets			
Investments in subsidiaries at cost*	4	161.0	161.0
Loan to Share Incentive Trust**		0.6	4.9
Deferred taxation assets	5	0.9	1.3
		162.5	167.2
Current assets			
Loans to subsidiaries	4	6.5	6.5
Trade and other receivables	6	6.5	5.2
		13.0	11.7
Total assets		175.5	178.9
Equity and liabilities			
Capital and reserves			
Share capital	7.1	4.0	4.0
Share premium	7.2	46.5	131.8
Share option reserve		(2.5)	–
Accumulated loss		(77.4)	(78.5)
Total equity		(29.4)	57.3
Current liabilities			
Trade and other payables	8	1.1	0.9
Loans from subsidiaries	4	202.1	120.1
Shareholders for capital distribution		1.7	0.6
		204.9	121.6
Total equity and liabilities		175.5	178.9

* The market value of the investments in subsidiaries, which include all of the Group's trading activities, was R2 385.0 million at 31 December 2010.

** Refer to note 13 of the Group annual financial statements.

	Notes	Audited 2010 R'm	Audited 2009 R'm
Cash flows from operating activities			
Cash generated from operations	12.1	1.1	0.5
Movement in working capital	12.2	(1.1)	(0.3)
Cash generated by operating activities		–	0.2
Interest received	2	0.4	0.8
Capital distributions paid	12.3	(84.2)	(80.2)
Net cash outflow from operating activities		(83.8)	(79.2)
Cash flows from investing activities			
Business combination cash flows			
– shares issued in respect of acquisition		–	35.6
Effects of share options exercised on the share option reserve		(2.5)	–
Movement in the loan to the Share Incentive Trust		4.3	(7.0)
Net cash inflow from investing activities		1.8	28.6
Cash flows from financing activities			
Share buy-back		–	(7.6)
Increase in net loans from subsidiaries		82.0	58.2
Net cash inflow from financing activities		82.0	50.6
Net increase in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of the year		–	–
Cash and cash equivalents at end of the year		–	–

	Note	Audited 2010 R'm	Audited 2009 R'm
1. Operating profit before interest			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration			
– Current year audit fee		0.4	0.4
Directors' emoluments – for services as directors		1.6	1.4
Staff costs		0.7	0.5
Total staff costs		2.3	1.9
2. Interest received			
Call accounts		0.3	0.8
Other		0.1	–
		0.4	0.8
3. Taxation			
3.1 Taxation expense comprises			
Deferred taxation – current year	5	0.4	0.4
– prior year over provision	5	–	(0.2)
Total taxation expense		0.4	0.2
Estimated taxation losses for the Company carried forward at year-end was R3.2 million (2009: R4.8 million).			
Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Company.			
3.2 Reconciliation of taxation			
Profit before taxation		1.5	1.3
Taxation at 28%		0.4	0.4
Deferred taxation – prior year over provision		–	(0.2)
Taxation expense recognised in profit		0.4	0.2

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company				Principal activity
					Shares		Loans receivable/ (payable)		
	31 Dec 2010 R	31 Dec 2009 R	31 Dec 2010 %	31 Dec 2009 %	31 Dec 2010 R'm	31 Dec 2009 R'm	31 Dec 2010 R'm	31 Dec 2009 R'm	
4. Investments in and loans to and from subsidiaries									
Direct:									
The Independent Institute of Education (Pty) Ltd	2	2	100	100	101.2	101.2	(202.1)	(120.1)	1
ADvTECH Resource Holdings (Pty) Ltd	3 150 023	3 150 023	100	100	59.8	59.8			2
Indirect:									
Hamlora (Pty) Ltd (a)	10	10	100	100					5
ADvTECH Resourcing (Pty) Ltd	10	10	100	100			6.5	6.5	4
ADvTECH Training (Pty) Ltd	2	2	100	100					3
Bryan Hattingh Independent Services (Pty) Ltd	1	1	100	100					3
Business Learning Systems (Pty) Ltd	1 000	1 000	100	100					3
Design School Southern Africa (Pty) Ltd	1		100						1
HC Leon (Pty) Ltd	100	100	100	100					5
Kapele Appointments (Pty) Ltd	100	100	70	70					4
Learntron (Pty) Ltd	922	922	100	100					5
Resource Development International (Pty) Ltd	200	200	100	100					3
Sight and Sound Education (Pty) Ltd	150	150	100	100					5
Strategic Connection (Pty) Ltd	100	100	100	100					3
Time Systems SA (Pty) Ltd	1 000	1 000	100	100					5
Triumph Holdings Ltd (b)	4	4	100	100					5
					161.0	161.0	(195.6)	(113.6)	

1 Independent provider of education

2 Investment Holding Company

3 Dormant Company

4 Recruitment, placement and temporary staffing Company

5 In the process of deregistration

Results of subsidiaries so far as they concern members of the Company: Aggregate profit after taxation R148.8 million (2009: R160.2 million). All companies are incorporated in the Republic of South Africa except as indicated

(a) Australia (b) British Virgin Islands above.

The loans are interest free and there are no fixed terms of repayment. The inter-company loans do not carry any credit risk as the underlying entities are profitable and generate sufficient cash to meet their obligations.

Notes to the Company financial statements for the year ended 31 December 2010 (continued)

	Audited 2010 R'm	Audited 2009 R'm
5. Deferred taxation assets		
Opening deferred taxation assets	1.3	1.5
Utilisation of deferred taxation assets relating to taxation losses	(0.4)	(0.4)
Prior year over provision	–	0.2
Balance at end of the year	0.9	1.3
The balance comprises:		
Estimated taxation losses carried forward	0.9	1.3
Deferred taxation accounted for in the statement of comprehensive income:		
Estimated taxation losses carried forward	(0.4)	(0.4)
6. Trade and other receivables		
Other receivables	6.5	5.2
Other receivables consist of inter-company receivables. The inter-company receivables are unsecured, interest free and have no fixed terms of repayment.		
7. Share capital and share premium		
7.1 Share capital		
Authorised		
500 000 000 shares of 1 cent each (2009: 500 000 000 shares of 1 cent each)	5.0	5.0
500 000 000 N shares of 0.01 cent each (2009: 500 000 000 N shares of 0.01 cent each)	0.1	0.1
	5.1	5.1

	Number of shares 2010 'm	Share capital 2010 R'm	Number of shares 2009 'm	Share capital 2009 R'm
Issued				
Balance at 1 January	400.8	4.0	393.7	3.9
Shares issued for business acquisition*	–	–	9.0	0.1
Shares acquired and cancelled	–	–	(1.9)	–
Balance at 31 December	400.8	4.0	400.8	4.0

* These shares were issued as part payment of the purchase price for the acquisition of Forbes Lever Baker.

The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of JSE Limited.

	Audited 2010 R'm	Audited 2009 R'm
7. Share capital and share premium (<i>continued</i>)		
7.2 Share premium		
Balance at 1 January	131.8	184.3
Capital distributions to shareholders	(85.3)	(80.4)
Shares issued for business acquisition	–	35.5
Shares acquired and cancelled	–	(7.6)
Balance at 31 December	46.5	131.8
8. Trade and other payables		
Trade payables and accruals	1.1	0.9

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

9. Financial instruments

Financial risk management objectives and policies

The Company's principal financial instruments comprise investments and various items such as trade receivables and payables that arise directly from operations. The main purpose of these instruments is to finance the Company's operations.

Capital risk management

The Company manages its capital to ensure that subsidiaries/divisions will be able to continue as going concerns while maximising the return to stakeholders through optimisation of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity, comprising issued capital, share premium, reserves and accumulated loss.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

10. Going concern

Subsequent to year-end, a dividend amounting to R200.0 million has been declared from the Independent Institution of Education (Proprietary) Limited ("IIE") to ADvTECH Limited. This dividend restored the Company to a positive net asset value position based on book values and ensures that sufficient reserves are available within the Company for future dividend declarations. The Company's temporary negative net asset value (based on book values as opposed to fair values) which was reflected as at year-end did not indicate that the Company was unable to meet its obligations, representing intergroup loans due to its wholly owned subsidiary, as and when they fell due and has been resolved immediately after year-end.

11. 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 2010 were not being utilised. The same circumstances were applicable at 31 December 2009.

	Notes	Audited 2010 R'm	Audited 2009 R'm
12. Notes to the statement of cash flows			
12.1 Cash generated from operations			
Profit before taxation		1.5	1.3
Adjusted:			
Interest received	2	(0.4)	(0.8)
		1.1	0.5
12.2 Movement in working capital			
Increase in trade and other receivables		(1.3)	(0.5)
Increase in trade and other payables		0.2	0.2
Increase in working capital		(1.1)	(0.3)
12.3 Capital distributions paid			
Balance at beginning of the year		(0.6)	(0.4)
Declared during the year	7.2	(85.3)	(80.4)
Balance at end of the year		1.7	0.6
Cash amount paid		(84.2)	(80.2)
13. Related party transactions			
ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Proprietary) Limited and for ADvTECH Resourcing (Proprietary) Limited for which management fees of R2.9 million (2009: R2.6 million) and R0.7 million (2009: R0.6 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments.			



Shareholder
information

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Range of shareholding				
1 to 10 000	2 497	76.8%	5 248 647	1.3%
10 001 to 100 000	491	15.1%	16 140 384	4.0%
100 001 to 500 000	148	4.6%	35 344 414	8.8%
500 001 to 1 000 000	40	1.2%	30 166 130	7.5%
more than 1 000 000	75	2.3%	313 938 606	78.4%
	3 251	100.0%	400 838 181	100.0%

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2010 the spread of shareholders was as follows:

Shareholder spread

ADvTECH Share Incentive Scheme	1	0.1%	105 061	0.1%
Directors (including subsidiary directors)	5	0.2%	23 868 756	6.0%
Non-public shareholding	6	0.3%	23 973 817	6.1%
Public shareholding	3 245	99.7%	376 864 364	93.9%
Total of all shareholders	3 251	100.00%	400 838 181	100.00%

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.

	Shares held	
	Number	%
Coronation Fund Managers	70 887 173	17.7%
Sanlam Investment Management	55 441 020	13.8%
Old Mutual Asset Management	41 198 472	10.3%
Rand Merchant Bank Asset Management	31 024 675	7.7%
BD Buckham	27 362 926	6.8%

Share information

	2010	2009	2008	2007	2006
Closing price at period end (cents)	595	525	395	485	310
JSE market price high (cents)	640	535	464	529	325
JSE market price low (cents)	505	290	300	290	191
Total number of transactions at JSE	5 306	3 970	4 346	4 629	3 560
Total number of shares traded	74 704 485	72 982 931	70 227 537	70 219 288	91 060 718
Total value of shares traded (R)	439 713 207	318 742 200	278 128 027	301 544 748	233 207 604
Average price per share (cents)	589	437	396	441	256
Shares in issue	400 838 181	400 838 181	393 664 886	393 664 886	393 664 886
Percentage volume traded to shares in issue	19%	18%	18%	18%	23%
PE ratio	16.0	13.1	12.3	15.2	13.7

Note: Shares in issue per JSE as at 31 December 2010

2011

Announcement of annual results	Monday, 28 March
Annual report	Thursday, 31 March
Annual General Meeting	Tuesday, 17 May
Interim results for the six months ended 30 June 2011	Monday, 22 August

Capital reduction out of share premium ("distribution") and dividend

The Board is pleased to advise that a final distribution of 11.0 cents per share out of the share premium, and a dividend of 2.5 cents will be paid to shareholders for the year ended 31 December 2010. The authority to make the distribution payment was obtained at the Annual General Meeting held on 18 May 2010, and the dividend is in terms of the Company's articles of association.

Set out in the table below are the salient dates and times applicable to these distributions.

2011

Declaration date	Monday, 28 March
Last date to trade in order to participate in the distribution	Thursday, 14 April
Trading commences ex-distribution	Friday, 15 April
Record date	Thursday, 21 April
Payment date	Tuesday, 26 April

Share certificates may not be dematerialised or rematerialised between Friday, 15 April 2011 and Thursday, 21 April 2011, both days inclusive.

Notice is hereby given to all members of ADvTECH Limited ("the Company") that the twenty first Annual General Meeting of members will be held at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton on Tuesday, 17 May 2011 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 and Company annual financial statements for the year ended 31 December 2010, including the Directors' report and the report of the Auditors thereon.

2. Ordinary resolution number two

To resolve that the reappointment 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 61 of this report.)

3. Ordinary resolution number three

To resolve that the reappointment of Prof BM Gourley as a non-executive director, who retires by rotation, but being eligible, offers herself 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 61 of this report.)

4. Ordinary resolution number four

To resolve that the reappointment of Mr JC Livingstone 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 61 of this report.)

5. Ordinary resolution number five

To resolve that the reappointment of Deloitte & Touche as auditors, until the conclusion of the next Annual General Meeting in accordance with Section 270 (1) of the Companies Act, 1973 (Act No 61 of 1973), as amended, be authorised and confirmed.

6. Ordinary resolution number six

To resolve that the fees paid to the directors of the Company in respect of the year ended 31 December 2010, as set out in the annual financial statements on page 75, be approved.

7. Ordinary resolution number seven

To resolve that the Remuneration policy of the Company in respect of the year ended 31 December 2010, as set out in this report on page 64 be approved.

8. Ordinary resolution number eight

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:

- a. 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;
- b. the 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 consolidated assets of the Company, fairly valued, being greater than the consolidated liabilities of the Company after the payment is made;
- c. the 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

d. the 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 made *pro rata* to all shareholders and be amounts equal to the amounts which the directors would have declared and paid out of profits of the Company as interim and final dividends in respect of the financial year ending 31 December 2011. 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 or 15 months from the date of the resolution whichever is shorter.

In terms of the Listings Requirements of the JSE Limited ("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 Limited ("JSE") prepared within the last six months, in any one financial year, measured as at the beginning of such 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 terms of Section 90 (2) of the Companies Act, 1973 (Act No 61 of 1973), as amended.

The Company shall publish an announcement in terms of paragraph 11.31 of the Listings Requirements.

9. Ordinary resolution number nine

To resolve that 20 041 909 authorised but unissued ordinary shares, representing 5% of the ordinary issued 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 No 61 of 1973), as amended ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Limited, for allotment and issue to the ADvTECH Limited Share Incentive Scheme (2010) pursuant to the amendments to the Scheme approved by the shareholders at the Annual General Meeting dated 18 May 2010.

Special business

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

10. 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 No 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, and the Listings Requirements, 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 makes an announcement in terms of paragraph 11.27 of the 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.

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

Explanatory notes to ordinary resolution number nine:

The ADvTECH Limited Share Incentive Scheme (2002) was a scheme designed to retain and incentivise the Company's directors, executives and other members of staff.

The Scheme was adopted by the Company on 1 July 2002, and replaced the ADvTECH Education Holdings Limited Share Incentive Trust, established pursuant to a trust deed dated 10 March 1998. On 19 March 2010, the Board resolved to effect amendments to the Scheme (2010), which amendments were approved by the shareholders at the Annual General Meeting on 18 May 2010.

One of the effects of the amendment to the Scheme was to increase the number of the shares that may be

issued through the Scheme from 60 125 727 (representing 15% of the issued share capital of the Company) to 80 167 636 shares (representing 20% of the issued share capital of the Company).

To give effect to this amendment it is necessary for the directors to be authorised in terms of Section 221 of the Act to issue 20 041 909 shares (representing 5% of the issued share capital of the Company) from the authorised but unissued share capital of the Company to the Scheme.

Explanatory notes to ordinary resolution number eight and special resolution number one:

Information required in terms of the Listings Requirements with regard to 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 61 and 62 of this report
- Major shareholders: page 114 of this report
- Directors' interests in securities: page 74 of this report
- Share capital of the Company: page 110 of this report
- Litigation: page 66 of this report

The directors, whose names are given on page 61 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.

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 31 December 2010.

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

Pursuant to and in terms of the 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, have 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 have 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 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 consolidated assets of the Company, fairly valued, being greater than the consolidated liabilities of the Company after the payment is made;
- The share capital and reserves 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;
- 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 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 regarding the Annual General Meeting:

Any shareholders wishing to attend the Annual General Meeting 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 Annual General Meeting in person.

Any shareholders entitled to attend and vote at the Annual General Meeting are entitled to appoint proxies to attend, speak and vote at the Annual General Meeting 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, Link Market Services SA (Proprietary) Limited, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 13 May 2011.

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 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, Link Market Services SA (Proprietary) Limited, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 13 May 2011; 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

SC O'Connor

Group Company Secretary

Bridge Capital Advisors (Proprietary) Limited

Sponsor

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 2011 at 10h00 at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton.

I/We (please print names in full) _____

Of (address) _____

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:

Resolution	Number of votes (one vote per ordinary share)		
	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 2010			
Ordinary Resolution Number Two Re-appointment of Mr DK Ferreira			
Ordinary Resolution Number Three Re-appointment of Prof BM Gourley			
Ordinary Resolution Number Four Re-appointment of Mr JC Livingstone			
Ordinary Resolution Number Five Re-appointment of Deloitte & Touche			
Ordinary Resolution Number Six Approval of directors' fees			
Ordinary Resolution Number Seven Approval of the Group Remuneration policy			
Ordinary Resolution Number Eight General authority to make general payments to ordinary shareholders			
Ordinary Resolution Number Nine General authority to place 20 041 909 ordinary shares under the control of the directors for allotment and issue to the ADvTECH Limited Share Incentive Scheme (2010)			
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 _____ 2011

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

1. This form of proxy must be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" registrations.
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. A shareholder's 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 Link Market Services SA (Proprietary) Limited, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 13 May 2011.
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

ADvTECH House
Inanda Greens
54 Wierda Road West
Wierda Valley
Sandton 2196

PO Box 2369
Randburg
2125

Transfer secretaries

Link Market Services SA (Proprietary) Limited
16th Floor
11 Diagonal Street
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2001

PO Box 4844
Johannesburg
2000

Education brands



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Tel: +27 86 072 4665
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Resourcing brands



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