2011 Academic Advisory Council Report

During 2011, the Academic Advisory Council (AAC) advised The Independent Institute of Education (IIE) on how to better position itself as an independent provider of education, in particular in the higher education space. Following several years of a more open approach to the role of private higher education, the AAC has been concerned that this is less of the case under the current administration. The AAC recognises that, in the context of the dynamic political environment, the most compelling case for private education lies in the quality of education and the broader experiences gained by the students who choose our institutions, rather than simply in the fact that the offering of private education is constitutionally protected.

Student success and satisfaction with the quality of the education offered determine the sustainability of the IIE in the absence of any state funding to cushion failure to achieve in these areas. As a result there is a keen focus on:

- 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 believes the IIE needs to build on this foundation with a strategy that includes the following:

- responsiveness to selected niche markets and 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.


Mr Tim Allen


Dr Felicity Coughlan


Prof Brenda Gourley


Prof Chabani Manganyi


Dr Thomas Oosthuizen


Prof Stanley Trollip

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 trends internationally.

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.

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.

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 National Department of Education. His extraordinary contributions to psychology in South Africa have been acknowledged by honorary doctorates that were awarded to him in 2008 by Unisa and the University of the Witwatersrand.

Dr Thomas Oosthuizen

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

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).

Education division *continued*

In South Africa, all education institutions need to be registered with either the provincial or national departments of Education. In the case of ADvTECH's four school brands, comprising 26 campuses across 19 separate sites, the process is the same as it would be for any other school and includes a quality assurance process by Umalusi. With respect to the 22 tertiary campuses, the IIE's registration by the Department of Higher Education and Training is required in order to provide both higher and further education programmes. The majority of these are higher education programmes that 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 gaining life skills that 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 while 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 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.

While ADvTECH has achieved an end-to-end primary and secondary private school offering and its capacity is well established in South Africa, the Group recognises the need to provide students with viable alternatives to public higher education, which is oversubscribed. In addition, there are widely available benchmarks available in the school environment which can be used to monitor quality.

Benchmarking tools are not available to higher education, consequently the IIE shifted its focus towards higher education during the year. As a provider of private further and higher education, the IIE recognised the importance of continually monitoring its brands against internal standards. The absence of comprehensive benchmarking mechanisms in South Africa has resulted from the highly segmented nature of private higher education in South Africa: out of 116 institutions in the country, ADvTECH is one of only three industry players with more than 5 000 students.

With the advent of the new HEQF, the IIE focused on the continued realignment of its qualifications, completing the accreditation of a number of new degrees and diplomas as well as continually improving its focus on teaching and learning. Faculty structures were enhanced with the appointment of faculty heads in all degree awarding faculties.

A focus on articulation between programmes enables students to progress from one to the other and also provides access to degree studies for those that do not achieve this with their NSC results.

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.

Another crucial priority during the year was the measurement of quality across the ever increasing range of qualifications offered by the Group's well differentiated post-schooling education brands that focus on different markets. However, all these qualifications have a consistent quality underpin provided by the IIE in its oversight capacity. The importance of achieving quality assurance standards that can be validated externally has been recognised. The goals in this regard are twofold, being the ability for each brand to secure employment for graduates and the achievement of the top performing academic standards required by graduates to gain access to further public postgraduate studies.

The IIE is committed to delivering quality education through its ongoing 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 (SAM), 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 while also supplementing existing teaching material with digital content and online discussion opportunities,
- 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 progress made on pilot projects on both digital textbooks and library books,
- 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.

Education division *continued*

Our academic staff set a quality benchmark in private education. As at December 2011, the Group's employees held 1 933 degrees including 32 doctorates, 258 masters' and 572 honours degrees, collectively representing a significant body of intellectual capacity and academic leadership which has underpinned the growth of the IIE's standing as a successful, quality education provider. While academic skills remain scarce, the fact that qualified professionals with good academic backgrounds are attracted to furthering their careers with the Group is a clear demonstration of its growing reputation and profile in the market. The increasing average staff tenure also bears testament to this, with approximately 1 087 employees having more than five years' service with ADvTECH.

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

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. During the year, PHEIG pursued co-operative associations between libraries and made joint submissions to the Department of Higher Education and Training, the Council on Higher Education and to the ETDP SETA.

The Director of the IIE, Dr Felicity Coughlan, continued to serve on the HEQC Board and Accreditation Committee in 2011, demonstrating the leadership role and the contribution of the IIE to higher education in South Africa. She was also a member of the reference group on the new accreditation and national review frameworks. In addition, two senior staff members were part of the HEQF alignment panels in 2011, one of whom acted as an evaluator for programme accreditation applications. Several IIE academics serve as external examiners for other private and public higher education institutions.

Junior Colleges cater for children from six weeks to six years old and have a focus on equipping each child for their transition to school. Every stage of their development is monitored to fully prepare the child for formal schooling.

Junior Colleges reports on the Group's strategic priorities for 2011 as follows:
All colleges 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.

The Early Year Foundation Stages (EYFS) curriculum which embraces the six areas of learning that are vital to each stage of a child's development and is fully integrated across all schools. Through meaningful and directed activity, all foundation skills are covered, from the fine motor to gross motor co-ordination, language and social development. The EYFS curriculum also allows for each child's development and progress to be tracked and, where gaps are identified, these are immediately addressed.

The curriculum is continually evolved to adapt to the fast changing world, and includes the introduction of technology into classroom activities as well as teaching simple financial savvy skills, while always maintaining its nurturing environment.

Junior Colleges continually invest in the skills of academic staff and the brand maintained its Investors in People status during the accreditation review in October 2011.

Junior Colleges are entrenching their reputation as a pre-school of choice, as evidenced by the 28% increase in enrolments since 2008. Siblings of children who previously attended are increasingly being enrolled while a few past students have also sent their children to Junior Colleges.

Junior Colleges Sandton's capacity has been increased by the completion of four new classrooms to satisfy the growing demand in the area. The upgrade of the playgrounds, which includes the construction of sensory gardens, continues across all schools.

Junior Colleges encourage and develop children to think for themselves and to gain confidence, self-esteem and independence. Participation in eisteddfods has grown and some 85% of the eligible children voluntarily participate annually.

Education division *continued*

ABBOTTS COLLEGE
— Senior High School —

Abbotts College caters exclusively for Grades 10, 11 and 12 which are pivotal years in shaping these young adults' future.

Abbotts Colleges reports on the Group's strategic priorities for 2011 as follows:
The College's core philosophy is a firm belief in the individual worth of every student and a total commitment to helping them to find the right career path in a nurturing and inclusive environment.

Small classes, supervised homework, in-house extra lessons and clinics, eight detailed reports a year, a personal mentor for each student and access to teachers outside of 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 additional focus on subjects designed to prepare them for their chosen career, e.g. Art and Design or Business. Abbotts College offers a unique money-back guarantee based on academic performance.

Testament to the efficacy of the educational approach, all students at Abbotts College who wrote the National Senior Certificate at the end of 2011 passed and qualified for entrance into higher education institutions. 17 students achieved six or more distinctions.

The 2011 Dreamflight competition was awarded to Abbotts College Northcliff art teacher, Carlien Gunter, who developed a programme to bring the contemporary art world into the classroom. It will enable students to interact with practising artists and get objective feedback on their own artworks. An online magazine will provide students with an online discussion platform and ability to load digital portfolios to showcase their artworks.

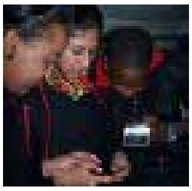
Academic staff attend workshops on various topics including ADHD, subject workshops, drug abuse, ICDL training, communication and formal postgraduate academic studies.

Abbotts has recognised that its value proposition extends beyond purely achieving 100% pass rates and that the preparedness of its students for their future is equally important. Accordingly, its primary focus is to equip them with the values required to operate with honesty and transparency in the modern world. Abbotts has been recognised across the African continent and an increasing number of students from other countries are enrolling at the colleges to obtain entry to South African universities.

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. 25 of the 27 Tshikululu bursary students at Abbotts College who wrote Matric in 2011 achieved Bachelor degree passes as well as a total of 56 distinctions between them.

Abbotts College also awards partial bursaries to disadvantaged and deserving students and has a scholarship programme for academic and sporting excellence.

CrawfordSchools
Pre-Primary • Preparatory • College



The CrawfordSchools™ experience spans every learning stage from Pre-Primary through to Preparatory and College. Through the personal attention which is given to every child, it delivers on its goal of infusing students with a joy for learning in a positive, nurturing environment where individuality and mutual respect are paramount.

CrawfordSchools™ reports on the Group's strategic priorities for 2011 as follows:
The growth of CrawfordSchools™ has been rapid; with the number of students doubling in the past ten years. To meet this demand, capacity has been expanded.

CrawfordSchools™ excelled in the National Senior Certificate (NSC) in 2011 with an average distinction rate of 3.48 per Matric candidate. A pleasing 82 candidates achieved seven or more distinctions. A total of 97,4% of candidates received Bachelor degree passes. Further details on Crawford Matric achievements can be found on page 26 of this report.

CrawfordSchools™ continued to demonstrate their commitment to quality education and provide opportunities to their students in the international arena:

- 11 students from CrawfordSchools™ were selected to represent CrawfordSchools™ in the International Maths and Science Olympiads held in the Philippines in September 2011.
- The programme for the Victorian Curriculum and Assessment Authority (VCAA) remains especially relevant for students with aspirations to further their studies internationally.

With its 18 year track record, CrawfordSchools™ are sought after by parents who wish to provide a dynamic and multi-cultural education experience for their children. Continual development of the curriculum is a way of life and academic staff are encouraged to evolve their education concepts and develop creative ways to motivate every student to achieve at their highest level of ability.

CrawfordSchools™ is committed to exploring innovative ways to bring technology into classrooms in a controlled and guided manner. In response to the rapid uptake of tablet and other notebook technologies into everyday life, the tablet initiative is being piloted at two campuses as an extension of the Dreamflight project that won the IIE's Ministry of Creativity two years ago.

Each year CrawfordSchools™ makes significant investments in training and development by sponsoring further education and training for teachers in order to enhance their knowledge and skills in specific and related areas.

CrawfordSchools™ thrive on diversity and the schools welcome all cultures and religions, a factor that has contributed to its success. Students are encouraged to share their cultures with peers and students have embraced this multi-cultural environment. CrawfordSchools™ continually develops partnerships with communities which increases its attractiveness across a diverse cultural group.

Having matured as an education brand, CrawfordSchools™ is launching new initiatives with neighbouring schools in an effort to proactively address common issues that impact all school going students. By adapting to the ever-changing environment, it can sustain the relevance of its curriculum and culture for future generations.

Life orientation programmes are encouraged in all schools to equip learners to deal with issues that they come across in their communities. In the year under review, CrawfordSchools™ educated students about the benefits and risks of social networking, providing them with practical mechanisms to protect them from potentially harmful situations.

The extent of students', parents' and staff's delight with the CrawfordSchools™ offering was again confirmed in the results of the annual customer satisfaction survey conducted by IPSOS Markinor across all CrawfordSchools™.

Scholarships are awarded based on a balanced approach between academic, sports and cultural merits, while the schools also have discretion to award some compassionate support. This initiative provides a significant resource for the schools to improve their CSI projects and to gain great students in the process.

Education division *continued*

Trinityhouse provide for holistic, high quality Pre-Primary, Preparatory and High School private education. It places a strong emphasis on traditional and Christian values at its founding school in Randpark and the recently opened campus at Little Falls.

Trinityhouse reports on the Group's strategic priorities for 2011 as follows:
Due to high demand for Trinityhouse education, the original Randburg campus functioned at full capacity (with waiting lists) for several years, with total enrolments of 1 797 in 2011. January 2012 saw the opening of the new school in Little Falls which is a rapidly growing residential node. This has provided additional capacity to meet the increasing demand for Trinityhouse's unique education. The Grade 1 to 4 classes were opened in January 2012 with plans to extend the preparatory school in 2013.

The School's Independent Examination Board (IEB) candidates achieved a 100% pass rate in 2011 with 91% (2010: 96%) of these students receiving Bachelor degree passes. A total of 237 subject distinctions were attained by the 124 Trinityhouse Matric students, with five students ranking in the top 5% of the IEB. Five Grade 12 students have been accepted to pursue medical studies in 2012. These strong results are also reflected among younger students where some 28% of Grades 8 to 10 and 31% of Grade 11 achieved averages of 75% or higher.

Three Trinityhouse students participated in the 2011 International Maths and Science Olympiad, demonstrating that its Mathematics and Science education is on a par with international standards. For further information see page 27.

Although the core curricula remain constant, the school continually reviews the subject offering to ensure the relevance and quality of its education. In response to increasing demand from students for the subject, a new music room was completed at Trinityhouse Randpark.

The internally developed methodology to teach Science that won the IIE's 2010 Ministry of Creativity competition was rolled out in 2011. It adopted an investigative approach to studying Science, based on the popular crime TV series, CSI.

Trinityhouse once again excelled in the sporting arena with 16 representatives at either national or provincial level in disciplines such as cricket, equestrian, chess, hockey, rugby and tennis.

Trinityhouse has a highly trained academic staff and focuses on promoting from within wherever opportunities arise. Two new primary school principals and one pre-primary principal were appointed from within during 2011. The opportunities opened up as existing senior staff were transferred to the new school to entrench the original Trinityhouse ethos.

Trinityhouse partners with Kingsway Christian School in Randpark Ridge and educates underprivileged children from informal settlements and surrounding communities. It also awards a bursary to the top Kingsway Christian School student in Grades 8 to 12 and there are currently two bursary holders attending Trinityhouse.

College Campus

College Campus offers quality post-schooling education in a small, personal, caring, upmarket environment. It provides its students with a holistic set of industry recognised skills to ensure that they thrive in their chosen careers after graduating.

College Campus reports on the Group's strategic priorities for 2011 as follows:
With its key focus on teaching methods and learning, 2011 academic results showed substantial improvements. College Campus has enhanced its internal capacity, and collaborated with the IIE to further develop its learning strategy and to review the content of its programmes. In particular, two year programmes are being phased out and replaced with three year programmes in line with the Higher Education framework.

Having successfully repositioned the brand in response to changing markets, College Campus sites were relocated to more accessible and upmarket locations. Facilities including libraries, lecture rooms and computer laboratories have been upgraded to provide an aesthetic upmarket interior that is conducive to learning.

In January 2012, College Campus opened its fourth campus in Auckland Park, close to the University of Johannesburg, providing additional capacity to meet growing student demand. Feedback from students resonates strongly with College Campus's positioning of providing a small, secure and attractive learning environment.

College Campus is entrenching technology led learning into its curricula as well as teaching delivery channels. To improve its Information Technology (IT) offering, a new three year Diploma in IT management and seven new IT Short Learning Programmes were introduced. It also registered as an official Prometric testing centre for IT support courses and is pursuing additional international partnerships to extend its range of industry recognised courses in this segment.

The goal of Campus College is to create an aspirational learning environment. This is supported by self-development and other personal skills programmes, focusing on EQ and self-management to equip students to take control of their destinies.

Alternative access to higher education is provided by College Campus which has overcome traditional admission hurdles such as academic entrance, financial barriers and physical proximity. For example, students that have not met the requirements to study a diploma or a degree from Grade 12 but have qualified for study towards a higher certificate can attend a new form of degree access programme at Campus College.

College Campus provides bespoke products for specific corporate and public sector clients and is aligning itself strategically with various organisations to ensure their relevance.

College Campus's committed and forward looking team contributed to the brand's transition and renewed their focus on customer care and engagement. The team aspires to witnessing continued achievements by College Campus and inspiring others through its enthusiasm, work ethic and loyalty.

Having invested in its improved campuses, the team is focusing on building the awareness of College Campus in under serviced areas, particular in Limpopo and Mpumalanga.

College Campus engages in focus groups and climate surveys with students to gain insights into areas such as the need to integrate career development advice and financial skills into curricula. A specific technology survey was used to measure access to and utilisation of mobile devices and platforms to inform the brand's future strategy.

A new initiative launched in 2011 comprises a joint campaign between College Campus and Principals of feeder schools, granting one bursary every year to a student selected by the Principal. The selection criteria include academic results, but also target students with potential which is gauged by their responses to their personal circumstances, giving a more holistic underpin to the selection criteria.

Education division *continued*

The Design School Southern Africa (DSSA) offers IIE accredited Bachelor of Arts degrees and part-time courses in Interior Design, Graphic Design and Fashion Design. Their goal is to produce highly skilled, well rounded graduates through academic staff who impart their industry experience to ensure the success of graduates in their future design careers.

DSSA reports on the Group's strategic priorities for 2011 as follows:
The pass rates across the accredited degrees offered by DSSA are close to 90% in first year, climbing in subsequent years. The industry regularly recognises the quality of education, and during the year a number of students received top awards and industry success. See page 28 for more information.

DSSA's degree programmes combine rigorous academic components together with practical elements and experiential learning programmes. Students executing practical projects for example, have to submit a research paper motivating their design solution. The DSSA adopted a more holistic approach to the requirements of its students two years ago with the rollout of individualised student support programmes as well as projects to ensure the work readiness of its students as they enter the professional environment.

A one-year Foundation Course in Art and Design is offered as a bridging course for prospective candidates of DSSA degree programmes, who need assistance to achieve the required artistic or academic level to qualify for entry. The course includes English Communication, developing research and academic writing skills and is aligned to the Higher Education Quality Council (HEQC) framework.

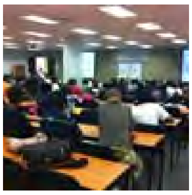
Highly qualified, experienced and motivated teaching staff ensures that curricula incorporate the latest developments in design. A particular strength of the school is that many lecturers are recognised specialists in their specific design field. The knowledge of academic and support staff is kept up to date by them attending a broad range of training including technical development relating to their specific fields.

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.

In January 2011, DSSA's Johannesburg campus relocated to improved facilities at the same premises as Vega in Randburg. The new campus is located adjacent to the Old Parks Sports Club, allowing students to balance their studies with sporting activities after classes while the campus, that is shared with Vega, has enabled DSSA students to experience a more bustling campus life.

DSSA has an active bursary scheme that supports almost 20 students every year from financially disadvantaged backgrounds. The criteria include an evaluation of the potential of each student as well as the quality of their application and motivation for a bursary. In addition, students can be rewarded with discounted tuition fees for good academic performance based on their Grade 12 results and their performance in subsequent years of study at DSSA.

The annual Pretoria News Design-an-ad-award and The Star Design-an-ad-award competition sponsored by DSSA provide two full bursaries to the value of R60 000 each. Contestants are required to produce advertisements for the brands associated with the competition. DSSA plays an integral role in judging the competition, ensuring that the work of the finalists meet its required technical and artistic standards.



Forbes Lever Baker (FLB) is an acknowledged leader in financial and accounting education, offering tuition support for Unisa undergraduate and postgraduate degrees. The unique methodology that it has developed has consistently enabled FLB students to rank among the top students nationally.

FLB reports on the Group's strategic priorities for 2011 as follows:
Since 2001, FLB students have consistently been placed in the top 15 nationally in the Unisa Certificate in the Theory of Accounting (CTA) examination. Excellent results were once again achieved by FLB students in the 2011 CTA examination.

FLB specialises in the disciplines of finance and accounting, concentrating on these core strengths rather than a wide range of courses. In 2012 they are introducing several new programmes including the Unisa higher certificates in accounting science and banking, Unisa's diplomas in accounting science and banking and finally a Bachelor of Commerce in banking.

FLB and Varsity College collaborate closely, and FLB supports Varsity College Pretoria through the School of Excellence in Finance and Accounting (SOFA). The Pretoria campus achieved the highest pass rates for the CA programme in the Group, achieving a pass rate of more than 70% for financial accounting and taxation at postgraduate level, which is well in excess of the average national pass rates.

FLB has a large flagship CA programme and lecturers focus on professionalising students as quickly as possible to ensure that they achieve the required standards of proficiency that are expected from the CA qualification. FLB concentrates on closing the gap between the study material provided by Unisa and the skills required in the exams, to be successful at CTA level and beyond.

An important goal is also to build skills among students for problem solving, solution building and application of knowledge, thus enforcing a shift in the exam approach from theory to understanding and application. To this end, FLB engages with employers, including auditing firms, to determine the skills required by students before entering their professional careers. This provides the students with a competitive advantage when they seek work after graduating.

A work readiness promotion has been initiated whereby students prepare their own CVs and attend interviews which are externally adjudicated. First year students participate in this initiative, providing insight into what is required when applying for a job.

The academic staff of FLB are dynamic and consist of professional, qualified people who have a deep commitment to teaching. The staff complement includes 14 lecturers who are qualified chartered accountants, most of whom are full-time employees.

The FLB dedicated support services team is in place to support their teaching staff. The Vice Principal of academics ensures consistent application of FLB education principles across all academic departments. FLB also recently appointed a Head of Department focusing only on first year students, whose responsibility is to support them during their transition from school to a tertiary environment. This minimises the first year dropout and failure rate which is most commonly due to failure to cope rather than academic inadequacies.

Education division *continued*

Rosebank College offers premium higher and further education qualifications at vibrant campuses located near the heart of city centres. It is committed to providing students with opportunities for employment on completion of their courses.

Rosebank College reports on the Group's strategic priorities for 2011 as follows:
Rosebank College continued to improve its pass rates for the 2011 academic year. As a result of further development of the teaching and learning techniques and leveraging its pool of lecturing staff, the overall pass rate improved by 7% from 2010, both at the module and branch level.

Recent progress in strategically repositioning the brand has been followed by focusing on securing employment for graduates. Associations with the National Youth Development Agency, the GradX employment portals and Studentwise, an employment agency specialising in part-time student employment, as well as with employers are enabling Rosebank College to secure job opportunities for graduates.

During 2011, the Colleges collaborated with prospective employers to incorporate their required skill sets into programmes, especially at entry level. This has already assisted the first graduates in securing jobs with a placement rate of 15% of all students sent for interviews, which is far higher than general recruitment statistics.

Rosebank College continues to develop new courses in support of the IIE strategy to replace all two-year programmes with three-year programmes that are fully HEQF-aligned by 2015. It also has pathway programmes to help bridge any gaps between Matric exit and its programmes.

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.

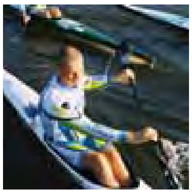
Rosebank College selectively recruits staff with good academic credentials and a desire to contribute to the socio-economic development of South Africa. A well structured administrative team supports them. A national Graduate Development Manager with extensive recruitment experience and solid relationships with recruiters, both in the public and private sectors, is focused on stakeholder relations.

Internal development is a continuous priority and staff are provided with a myriad of opportunities to increase their professional effectiveness, supported by a dedicated internal training manager.

Rosebank College actively engages with stakeholders through regular surveys, including student surveys, to evaluate the quality of service on campuses, the facilities, overall student experience and the academic capabilities of lecturers as well as to obtain a measure of customer satisfaction.

Student technology surveys measured technology uptake trends among students, including their access to mobile and wireless connectivity to allow the teaching methods to encompass new emerging technologies. A technological milestone was achieved at the beginning of the 2012 academic year when every student registering at Rosebank College was supplied with a tablet computer containing components of their course materials.

Rosebank College supports approximately 50 students per year through bursaries. Externally funded bursaries are also granted to beneficiaries of the Tomorrow Trust which assists HIV/Aids orphans and vulnerable children. A number of students at the College are also beneficiaries of corporate bursaries.


Varsity College's purpose is to provide "Quality Teaching for Quality Learning", resulting in a premium tertiary education towards degrees, diplomas, certificates and Short Learning Programmes throughout South Africa. Students are encouraged to balance their pursuit of academic excellence with life long sport and cultural interests, while developing a sound sense of community.

Varsity College reports on the Group's strategic priorities for 2011 as follows:
Varsity College students achieved an overall module pass rate for the IIE diploma and higher certificates of 80% while it attained 75% for Unisa Degrees. The Varsity College/ Thuthuka/Deloitte bursary students studying towards the Unisa BCompt degree performed exceptionally well with a module pass rate of 98% and a distinction rate of 55%.

The approach to teaching and learning is integrated, student centred and interactive. This is underpinned by the BLUEprint project which chiefly assists first-year students to transition from school into higher education.

The Sports Life programme encourages participation in sport to develop a lifestyle habit of good health. It includes golf, mountain biking, hockey, surfing, triathlon, kayaking, water polo and rugby, among others.

Career Centres on each campus support students in building and creating their career path while studying. Career Centre co-ordinators, campus specific websites, an active and growing alumni and networking community as well as teaching of professional skills give students a professional head start.

Varsity College introduced several new degree programmes in January 2012 including the IIE Bachelor of Commerce and the IIE BA in Corporate Communications, which bears testament to the academic leadership. These degrees are recognised for articulation by The Open University in the United Kingdom. The IMM (GSM) BBA marketing degree (including an access programme for the BBA) and the Unisa BA HSS (Psychology) degree were also introduced.

The successful Pathway Programme of Varsity College was developed to bridge the gap for students who cannot gain access to certain diploma or degree programmes. The IIE's higher certificate in Business Principles and Practice is NQF level 5 and HEQF aligned, providing access to other diploma and degree qualifications after completion.

In January 2012, Varsity College opened its new campus in Midrand that provides a modern and stimulating environment for students. It is highly accessible for students commuting from all around Gauteng and provides a convenient alternative to the Pretoria and Sandton campuses.

Varsity College's emphasis on technology in education provides an authentic, blended learning experience. Technology is being integrated into teaching methods, and together with wireless infrastructure at all campuses, adds value to the teaching and learning. Bring Your Own Technology (BYOT) was launched in 2012, encouraging lecturers and students to use their own devices on campus, for improved access to information, communication and connectivity.

Varsity College increased the full-time academic staff complement, in line with continued efforts to deliver top which includes quality higher education. The growth of the brand, which includes the opening of the Midrand campus, creates significant career progression opportunities for a number of staff members.

The Centre for Interactive Teaching and Learning is an online platform accessible to all staff that promotes a quality teaching practice. The portal was created to encourage increased access to knowledge and collaboration on specific subject matter. This focus promotes an environment of teaching excellence and continual, dynamic learning platforms for lecturers and students.

The commitment of Varsity College's lecturers and students, the strength of its student support systems and the continued adoption of innovative teaching technologies have created the platform for current and future academic successes.

Education division *continued*

vega

SCHOOL OF BRAND LEADERSHIP

Vega is a premier provider of higher education in the field of innovation, brand building and leadership. The School aims to graduate a new breed of brand thinker; one with the expertise to generate sustainable brand ideas that solve 21st century problems. All programmes are taught within the context of creating, building and managing healthy brands. The School has developed and published models in this regard.

Vega reports on the Group's strategic priorities for 2011 as follows:
Vega positively influenced the lives of hundreds of students, the brand communications industry and many other brand-centric organisations. The achievements of Vega in 2011 are highlighted on 28 of this report.

New product launches include a full time Diploma in Integrated Brand Communications and a part time advanced Diploma in Brand Innovation. The Advanced Diploma enables individuals working in industry to develop their insight and skills in brand strategy, research and innovation. Graduates are eligible to undertake Honours in Brand Leadership specialising in brand management or brand communications planning.

Vega has also evolved its portfolio of Short Learning Programmes to meet industry requirements in the areas of digital design, conceptual thinking, brand strategy and photography. Various customised corporate training programmes were developed for companies including Discovery, Absa and Vodacom. Vega lecturers also presented at various UCT Graduate School of Business programmes.

Vega continues to invest in modern facilities:
- The new Vega Cape Town campus was opened in November 2011 in Adderley Street. The keynote address at the launch was delivered by Alderman Ian Neilson, Executive Deputy Mayor of Cape Town.
- The Durban campus relocated to larger premises in Riverhorse Valley and boasts improved photographic and digital facilities.
- The new Pretoria campus was launched with its first cohort of full-time degree students. It was officially opened by Professor Derrick de Jong from the University of Pretoria.

To produce Vega graduates who are industry ready and innovative thinkers, second and third year undergraduate students as well as Honours students participate in annual Brand Challenges that provide an opportunity to solve brand, business and communication challenges. The number of brands participating in 2011 doubled and included blue chip corporates such as Absa and the JD Group as well as non-profit organisations such as the Teddy Bear Clinic, the UNDP, barefootnomore and government entities such as Gauteng Tourism and the South African Democratic Teachers Union. In total, Vega campuses undertook 24 Brand Challenges and raised approximately R1,3 million toward a grant fund to enable previously disadvantaged students to study at Vega.

Corporate College International (CCI) has a 20 year track record as a specialist in the skills development and Adult Basic Education and Training (ABET) for working age adults who are either in the workplace or seeking to enter formal employment. Their programmes provide practical and life-changing skills that equip people to perform better in their chosen fields and personal lives.

CCI reports on the Group's strategic priorities for 2011 as follows:
CCI continued to offer innovative and transformative learning programmes in 2011, including the Asifunde Project and an ABET programme for Transnet, which were accredited by the IEB. A total of 257 delegates attended the programme in eight smaller regional towns.

CCI also launched an SA Board of Personnel Practice (SABPP) accredited Human Resources qualification at NQF level 4 and completed projects for the North West Department of Education, the SABC and Multichoice employees who wanted to supplement their degrees with practical skills.

Good progress was made with the project for the Thabo Mbeki Development Trust with students graduating in March 2012. See page 63 for further information.

CCI's ABET programmes contribute to transforming the lives of delegates, many of whom have missed out on primary and secondary education. These programmes enable them to progress from using fingerprints for identification to achieving Matric level numeracy and literacy skills. CCI initially focuses on changing delegates' perceptions of education, to overcome negative experiences in early schooling. This is achieved through the use of age appropriate teaching materials and real life situations such as learning to write text messages on mobile phones or running cash registers. On completion, the delegates gain practical lifeskills to improve their quality of life with a new understanding of practical day to day applications.

CCI has a core team of permanent staff but makes extensive use of accredited facilitators on short-term contract, especially for programmes in outlying areas and smaller towns. Its external trainers comprise largely ABET trainers who are often retired teachers. A full time co-ordinator, employed by CCI, oversees the delivery of the contracts to ensure consistent quality.

Resourcing division

The Resourcing division comprises 10 recruitment brands, with 23 branches nationally and over 200 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 an organisation's approach to this strategic function 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 Divisions' 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. By continually evaluating the market landscape, these services have been expanded to niche sectors such as 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, both of which create a tangible differentiator for the brands.

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.

Advtech Resourcing priorities for 2012 include market share growth in key niches in which the Divisions brands are active, initiatives to retain strong consultants, and maintaining high levels of productivity.

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.

Reflecting the uncertainty of the global economy, the domestic recruitment industry faced challenging markets in 2011 and clients adopted a more cautious approach to concluding appointments, leading to longer placement cycles. However, with its wide presence across the recruitment market and deep knowledge of its industry segments, the Division defended its market position with the number of candidates placed only declining marginally in 2011. While permanent placements were under pressure, the Division's performance was supported by strong growth in temporary placements. The Division gained market share in the specialist supply chain and freight segments. Cost management, improved productivity and increasing an already high share of permanent placements in key niche markets remained the key priorities in 2011.

The newly created divisional Board of directors strengthened the management structures and benefited the brands with the insights and experience of its non-executive directors. At the same time, the two dedicated Chief Operating Officers enabled a more focused operational approach to managing the brands.

Another important priority in 2011 was on continuous improvement of the quality of service through continual benchmarking and the introduction of an approvals frameworks. The Division maintained its substantial investments in technology across all brands to increase efficiencies, which included a greater focus on electronic reporting mechanisms.

The consistent quality of training across all brands in the Division is recognised in the industry and has contributed to its long-term success. It has well established internal training initiatives with opportunities for staff to develop from entry level to senior consulting positions. Strong leadership and management development programmes, which are facilitated by both local and international experts, ensure a pipeline of senior consultants across all brands.

In order to ensure an ongoing superior service, independent market research is conducted annually with various client groupings, the results of which inform areas for improvement. Dedicated internal quality auditors consistently monitor the entire recruitment process to ensure the efficient placement of quality candidates, best suited to client requirements.

The Division's initiatives aimed at attracting and retaining the best skills in the industry have been rewarded with lower levels of staff turnover than the industry average. Having participated in the Deloitte "Best Company To Work For" survey in 2011, the results were analysed internally and the insights that were gained are being applied to optimise its working environments. Internal workshops identified a need among staff for more flexible working schedules and senior leadership development as well as prioritising transformation. In response, an alternative work schedule programme has been developed and is being piloted to enhance the work-life balance of consultants.

Embracing the rapid trend towards online advertising and sourcing, the Resourcing division developed its social media strategy in 2011. While this provides a new channel for developing each brand's presence among clients and potential candidates, it also provides direct access to talent.

Resourcing division *continued*

A number of internet campaigns were piloted by the major brands and regular online newsletters for the specialist sectors have been launched.

The achievements of the Division's brands in 2011 can be found on page 29 of this report.

The ADvTECH Resourcing Internship Programme, which was launched in 2011, proved to be highly successful and more than three quarters of the candidates secured permanent positions in the Division. Based on the success of the initiatives, the focus is on providing opportunities to another group of interns in 2012 and extending the programme into a fully fledged learnership programme in due course.

Sustainable development

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, the commitment of its workforce and the annuity nature of much of its revenue. The Group's stakeholders are also an integral part of our success story. These stakeholders include, but are not limited to, our investors, customers, employees, suppliers, business partners, policymakers, NGOs and host communities. The Group's sustainability is further supported by the strength of its 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. We are also committed to nurturing sustainable stakeholder relationships based on credibility, trust and mutual respect. In 2011 we set up a dedicated Corporate Affairs division to advise the Group on stakeholder matters.

By their nature and quality, our services provide extensive social and economic benefits. Our Group plays a significant role in education through our Education division and job creation through our Resourcing division. This helps to address the current education crisis and skills shortage facing South Africa and enables ADvTECH to be part of the solution to developing the country's human capital and economic growth prospects. The value of the Group's contribution to society and particularly our significant Corporate Social Investment in sustainable education projects has ensured the inclusion of our corporate citizenship in the JSE Socially Responsible Investment (SRI) Index for the sixth consecutive year in 2011.

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,
- 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, and
- the Corporate Social Investment forum which oversees the long-term sustainable projects and impact of our contributions in the development of our communities.

Stakeholder engagement

ADvTECH engages meaningfully and continuously with a broad range of stakeholders. In addition to normal communication channels, such as print media and websites, other initiatives are in place that help to improve stakeholder relationships throughout the Group.

Our education and resourcing brands are making increasing use of social media platforms to share ideas and resources, celebrate successes, introduce prospective students to the brand and also to advertise events. Some examples of the primary channels that we use to engage with our stakeholders are shown below.

Investors

- Regular results presentations
- Road shows
- SENS and press announcements
- ADvTECH annual and financial reports
- JSE presentations
- Investor site visits
- Individual meetings with investors and analysts

Employees

- ADvTALK – an internal staff publication
- ADvNET – the Group intranet
- Regular newsletters
- Annual business breakfasts for senior staff
- Awards functions
- Regular health and wellness programmes
- Regular social gatherings
- Cultural events to celebrate staff diversity
- Surveys



Learners/parents

- Parents functions
- Opening addresses
- Continuous assessment and feedback on progress
- Newsletters and magazines
- Various functions and events
- Valedictory and graduation ceremonies
- Top achiever function
- Climate surveys

Candidates/clients

- Regular face-to-face consultations
- Electronic newsletters
- Salary survey reports
- Seminars on selected topics

Alumni

- Graduate recruitment services
- Electronic newsletters
- Fellowships
- Graduate and alumni surveys

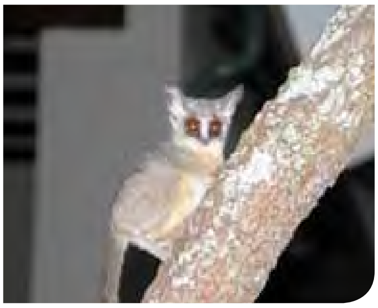
Communities

- Donations
- Sponsorships
- Fund-raising events
- Involvement in community projects
- Outreach projects
- Adopt a school projects with disadvantaged schools

Sustainable development *continued*

Environment

- Environmental awareness education
- Initiating or participating in various go green initiatives
- Conservation projects



Education and Resourcing

- Representation on the HEQC Board and Institutional Audits Committee
- Representation on the National Executive of the Association of Personnel Services Organisations (APSO)
- "The Independent Journal of Teaching and Learning"
- Founder and member of the Private Higher Education Institution Group (PHEIG)
- Member of APSO
- Member of the Institute of Personnel Consultants
- Member of the Confederation of Associations in the Private Employment Sector

During the year, **Abbotts College** conducted a number of life orientation and awareness campaigns at its campuses including Awareness Against Crime Walks, talks by Rape Wise, recycling campaigns and working with SAPS drug prevention and safety.

At **Trinityhouse**, the Little Falls community welcomed the new school and, during the construction phase, there was continuous contact between the school management and the local community to ensure that any concerns or issues were rapidly addressed.

CrawfordSchools™ are increasingly engaging with neighbouring schools to find ways of addressing common issues that impact students, such as matters relating to life orientation.

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 30. The Group generated total economic value of R1.2 billion in 2011 (2010: R1.1 billion) which was distributed as follows:

	2011	2010
Employees	56%	56%
Social responsibility	6%	5%
Government	19%	19%
Providers of capital	8%	8%
Reinvested in the Group	11%	12%

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 is an important component and requires constant reinvestment in our future. In 2011, 11% (2010: 12%) of value created was reinvested to expand infrastructural capacity, the details of which can be found on page 30 of this report.

Social performance

ADvTECH places a high premium on its people, who add substantial 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 2011 was 3 984 (2010: 3 827), reflecting an increase of 4%. The academic profile of the Group's workforce as at 31 December 2011 is detailed in the table below:

Qualifications	Number of employees	% of workforce
Bachelors' degrees	1 071	27%
Honours degrees	572	14%
Masters' degrees	258	6%
Doctorates	32	1%
Total	1 933	48%

We are passionate about 'Growing our own timber' (hiring our own graduates and promoting from within) and currently employ 264 alumni.

"Growing our own timber"
In support of the Group strategy to "grow our own timber", ADvTECH introduced a mentorship programme two years ago which has been particularly successful. The Group had recognised a need that, in order to accelerate the development of emerging managers across all brands, the focus had to extend beyond formal training and development. In 2011, 60 managers and talented future leaders participated in the programme and were individually matched to volunteers from across the Group. An added benefit has been the cross-pollination of ideas and best practices between brands as mentors and mentees are frequently selected from disparate brands, sharing pockets of best practice which may otherwise have remained undetected.

More than 200 young managers have attended the modular Management Development Programme since it was established in 2005. It equips aspiring managers with leadership skills, supplementing their technical or academic expertise to enable them to progress their careers within the Group.

The Leadership Development Programme is aimed at management and is designed around leadership best practice. It has a very fluid structure which focuses on identifying mechanisms to improve the organisation.

The key to consistent high quality service delivery lies in attracting and retaining well qualified, experienced and enthusiastic staff. ADvTECH acknowledges the positive impact of its permanent employees who have dedicated their service to the Group by way of Long Service Awards. These are presented to employees on completion of five years' service and for every five years of service thereafter. At the end of the year, 1 087 (2010: 945) permanent staff members had been employed by the Group for at least five years with 32% of these staff members being employed by

Sustainable development *continued*

the Group for ten years or more. In 2011, 338 (2010: 217) Long Service Awards were presented.

Long Service Awards	2011 Number of employees	2010
5 years	**194**	132
10 years	**84**	75
15 years	**50**	4
20 years or more	**10**	6
Total	**338**	217

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 among 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.

Support for children with HIV and Aids is a priority for the students at **Abbotts College** Northcliff who actively support Maranghouse in Northcliff. Regular visits and donations that include food and clothing make a real difference in the lives of these children while building awareness of the negative impact of HIV/Aids among the students.

College Campus conducts extensive campaigns to drive awareness of HIV/Aids among its students, including through voluntary testing and counselling. It supports Heartbeat, an organisation that provides support to Orphaned and Vulnerable Children (OVCs), many of whom have lost their parents to HIV/Aids. In 2011, it awarded six matriculants on the Heartbeat Training and Mentorship Programme full bursaries to study courses of their choice. In another awareness initiative, students from all campuses held their annual Candlelight Memorial to pay tribute to people who lost their lives to HIV/Aids and to build awareness of the impact of the illness.

Remembering HIV/ Aids victims

The staff of **Rosebank College** Benoni celebrated Mandela Day by each donating 67 minutes of physical labour to help "Oliver's Village", which provides a clinic, housing and educational centres for children younger than six years old who have been orphaned by HIV/Aids. The goal is to make the "Village" as sustainable as possible with solar power, vegetable gardens and recycling.

Health and safety

ADvTECH is committed to a safe, healthy and hygienic working 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 division and is thus independent of operational management.

In 2011, a total of 124 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 2011. Given that a score of 90% and above is acceptable, our brands scored exceptionally well achieving an average site score of 96% (2010: 96%).

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 2011. In the year under review the number of black staff employed increased by 8% compared to an overall increase in staff of 4%.

Black share ownership

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

Black staff represent 24% (2010: 22%) of management and during the year an additional black female member was appointed to Exco.

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 2011 was R9.7 million (2010: R9.4 million), reflecting an increase of 3%.

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 to 65% of discretionary spend for BEE purposes, from R215 million in 2010 to R420 million in 2011.

Enterprise development

Since 2002 ADvTECH has provided expertise as well as financial and infrastructural support to Kapele Appointments (Pty) Limited (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)

Corporate citizenship is a key component of our business strategy aimed at promoting sustainable development in our society.

Sustainable development *continued*

R70 million (2010: R57 million) was spent on citizenship activities in 2011, which included R60 million (2010: R53 million) that was spent on bursaries for 2 892 (2010: 2 453) beneficiaries.

Our approach to CSI focuses on education because of its importance in promoting equality and as an enabling factor in transforming our society. Hence, a significant portion of our CSI budget is allocated on a merit basis to bursaries and scholarships to previously disadvantaged students. It is our goal to grow the number of beneficiaries every year in order to increase the access that we provide to quality education for previously disadvantaged groups.

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

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

Our aim is to be part of the solution to skills development and job creation in our country; therefore in our CSI initiatives, wherever possible, we seek to collaborate with strategic partners in order to leverage resources and to ensure a wider reach and impact as well as long-term sustainability. We look for clear indications that projects are sustainable and their impact measurable, and which are guided by strategic intent and fit our business strategy.

These are considered within the context of the South African black economic empowerment imperatives, which are fundamental to transforming our business.

All 43 students enrolled on our teacher bursary scheme passed their examinations in 2011, achieving 21 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 tertiary studies, bursary recipients are given the opportunity to practically apply their acquired skills, knowledge and competencies at our schools where they are mentored by our subject matter experts. To date we have permanently employed 13 students and 17 students are currently on fixed term contracts.

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 and citizenship 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.

Junior Colleges undertook numerous "Community service initiatives" during the year. For example, a number of staff members from Junior Colleges Castillian carried out activities and provided a lunch on a Saturday morning at the Epworth Children's Village. On a separate occasion, they read to children and did a puppet show at the local library. Junior Colleges Luthuli donates clothing, food, toys, etc. on a monthly basis to Chesterville Orphanage. The Luthuli staff also hosted a Christmas party for the children and ensured that every single child received a gift from "Father Christmas". Junior Colleges Sunninghill started a vegetable garden project where the children prepare the soil, plant and care for the vegetables. The produce is used to prepare school lunches and the surplus is donated to staff.

All **Abbotts Colleges** are involved in "make a difference" campaigns which include beach and river clean-ups, supporting homes for handicapped and aged people as well as community service at children's homes. Students are thus more sensitised to the particular needs of the disadvantaged in their communities.

Charitable activities including an Easter egg drive to raise funds for the aged, handicapped and underprivileged as well as a feeding scheme for Tshikululu bursary students.

The Positive Thinking Group at Claremont collected R2 000 in aid of the Tygerberg Children's Hospital. They also donated stationery to the Dietrick Moravian Primary School for its Foundation Phase learners. The Group had a food drive at the College and donated non-perishable and canned food to the Cape Town Food Bank. Abbotts College Claremont has established a vegetable garden. The produce is donated to a local soup kitchen and its support staff, as well as being sold, the proceeds of which are donated to children's hospitals and places of safety.

CSI forms part of the **Trinityhouse's** schools annual planning and it plays an active role in supporting and developing the local community. Its CSI programme focuses on giving after school homework support for the Kingsway Christian School's learners. This support means that the learners get to ask questions and clarity from peers that enriches their learning experience. Swimming classes are also provided by Grade 12 students to the Kingsway learners. In addition, Trinityhouse supports and raises funds for the Thandanani House of Refuge in Sandspruit, an orphanage whose children also attend Kingsway. As part of the Grade 8 pupils' entrepreneurial project, more than R200 000 was raised for Thandanani and a bursary was also awarded to a dedicated and capable learner from the orphanage. The bursary has given Erol Ngwenya an opportunity to pursue his education thereby improving his chances of success in life.

Crawford Pre-Primary Lonehill CSI focuses on a number of different projects, but closest to the hearts of the learners and dedicated staff at the school is its partnership with Diepsloot Combined School (Combined School).

The CSI initiatives are conceptualised and led by the learners at Crawford Pre-Primary Lonehill, showing the commitment of the students to this worthy cause. During the year donations such as Easter eggs and soup were made to the Combined School. In addition, the students from the school tutored fellow learners in various subjects. The top seven learners from the Combined School were invited to spend a day at Lonehill Pre-Primary, where they were partnered up with a "buddy" in the same grade. They attended each learning area and were able to learn and have fun while making friends throughout the day.

The educators of Crawford Pre-Primary Lonehill also contribute by welcoming an educator from the Combined School into their classrooms to share best practices and teaching techniques. Educators who have participated in this initiative have renewed energy and bring innovative mechanisms to teach the students at the Combined School.

Crawford Pre-Primary Lonehill has leveraged the benefits of this partnership by funding an assistant teacher for the Grade R learners at the Combined School, which has made a difference to the teacher to pupil ratio. This is a true demonstration of Crawford Pre-Primary Lonehill's commitment to building a solid foundation for the leaders of tomorrow.

College Campus Parktown, in collaboration with the University of Johannesburg and the Rotary Club, upgraded the library at the Coronationville Secondary School. The library serves 1 000 mostly disadvantaged students each year who have been negatively impacted by its worn condition. Staff and students renovated, cleaned and painted the library as well as reorganising the books. The Higher Certificate in Office Administration (HCOA) students from College Campus catalogued the books as part of their work integrated learning (WIL) requirements to make the process of searching and finding books less cumbersome and to encourage students to read. College Campus will continue assisting the school by training library volunteers to ensure that the library continues to function well, while also imparting new skills to these volunteers.

Prudence Mbele is a third-year bursary student at **DSSA**. She commenced her studies at the Gateway School of Fashion in 2008. She lived with her mother, a single parent who works as a domestic worker, and her three younger siblings in a one-roomed "low-cost" housing development

Sustainable development *continued*

in Durban. After her first year at Gateway, Prudence impressed her mentors and teachers with her creative ability, potential and talent. As a result she was awarded a DSSA scholarship which afforded her the opportunity to pursue her dream and improve her life. Prudence is now in her third year at DSSA in Pretoria, and is on track to be among the top performers in her BA Fashion Design class. Her dream is to travel to England, study for a postgraduate degree in Fashion and see her creations modelled on a London catwalk.

Prudence Mbele

FLB's Umfundisi bursary programme for accounting degrees uplifts students who have strong academic potential despite lacking a good quality school education. Students' attitude and willingness to succeed are important selection criteria for awarding the bursaries. Funding was awarded to 21 students in 2011, providing these students with an opportunity to transform their lives and their communities. Through commitment and dedication 15 of these students are continuing their studies in 2012 in addition to five new bursars from underprivileged backgrounds. Umfundisi started 2012 with 20 students comprising 14 postgraduate and six undergraduate students. This programme will help in alleviating the shortage of Chartered Accountants in South Africa as most of these graduates are planning to prepare for the CTA after graduating, with several already doing so in 2012.

In partnership with the National Youth Development Agency (NYDA), **Rosebank College** hosted a fully sponsored career guidance workshop and tertiary exhibition in Cato Manor, Durban, in October 2011. The event was attended by approximately 500 Grade 11 and 12 learners from surrounding communities. Learners were coached on how to make informed choices about their careers and their futures. The decision to host the event was catalysed by the NYDA's knowledge that many young people in South Africa struggle to access reliable and current information to help guide their career choices.

Rosebank College believes that career decisions are critical to all young people. It is with this view that it is important to provide personal attention, motivation through work and integrated learning, as well as support structures for learners, even after they have selected their career path. Career decisions are critical to all young people and they are offered opportunities to obtain advice. The Department of Higher Education supported this initiative and Mr Patel encouraged young people to "Khetha" (translated: make the right career choice).

From Left to right: Moloko Chepape (Principal of Rosebank College in Pretoria), NYDA Deputy Executive Chairperson Mr Yershen Pillany, School principal from KZN (recipient of the bursary) and Mr Firoz Patel (DDG – General System Planning and Monitoring at the Department of Higher Education and Training)

The **Vega** outreach programme, Imagination Lab, continued to provide opportunities for disadvantaged students to enhance their creative talent by attending a one-year NQF level 4 qualification in Advertising. The objective is to attract black talent into the industry by providing affordable training. Partners include Primedia-Unlimited, The Jupiter Drawing Room, Aqua Online and Old Shanghai. The 36 students who completed the programme in 2011 also had the opportunity to participate in a job shadowing experience at various companies.

The Imagination Lab has been instrumental in providing young black people from low-income homes with the skills to work in the communication and advertising industry. Students are exposed to high-tech software, exhibitions and technical training, all of which facilitate work readiness and improves their chances of finding employment.

"My time at Imagination Lab was very helpful in that I was taught about the entire communication industry spectrum. The lecturers instilled in us a sense of awareness about the possibilities in the creative world." Nunu Mahlangu

"After matriculating in 2004, I first studied IT but I really wanted to pursue advertising, however, I couldn't afford the fees. My Imagination Lab year was the best thing that ever happened in my life." Lebogang Moche.

Lebogang Moche

Varsity College's Thuthuka bursary programme is a joint initiative with Deloitte and SAICA, and provides full bursaries to 17 students from disadvantaged backgrounds in KwaZulu-Natal to pursue a BCompt CTA through Unisa and Varsity College. The full bursary means that the students' tuition, accommodation and travel expenses are taken care of, enabling them to focus on excelling in their studies. This has resulted in the first-year students achieving an impressive 113 distinctions in 2011 alone. These students' hard work, dedication and determination all paid off and the top student achieved an average of 84% for 2011. The Thuthuka bursary programme gives youth who come from disadvantaged backgrounds a chance to transform their lives and uplift their families. The top inspirational students in the 2011 first year cohort included:

Simuphiwe Mkhwanazi, who grew up in a large family, supported by his parents who are low-income wage earners. He matriculated in 2009 with an average of 75%, but could not consider further studies until he was awarded the bursary. Starting at Varsity College in 2011, he quickly adjusted to his new environment, ranking third in his first year of studies with 11 distinctions and an average of 82%.

Anelisiwe Zathi, who was orphaned when she was five years old and raised by her maternal grandmother. She matriculated with five distinctions and an 82% average in 2009. In her first year as a bursary student at Varsity College, she achieved 11 distinctions and an average of 83% ranking second among the bursary students.

Khulekani Ngcongo, who comes from a very close-knit family, matriculated from the Alexandra High School in Pietermaritzburg with three distinctions and an 80% average. Khulekani's passion for accounting was translated into academic excellence in his first year of studies with 10 distinctions and an 81% average.

Varsity College and Deloitte will continue our support of these students and new cohorts in future, extending the programme in 2012 to include bursaries for students to study LLBs through Varsity College and Unisa.

During 2011, **Corporate College International (CCI)** delivered the project for the Thabo Mbeki Development Trust by training 75 physically disabled professional people from both the private and public sector, to qualify as certified trainers in their respective fields of specialisation. Teaching methods were adapted to the specific challenges of each delegate to ensure effective learning, such as providing notes on audio for blind delegates and using sign language for deaf students within the same lecturing environment. CCI provided specialised learning equipment to assist these learners with course material and ensured that they gained the required skills to cope with the emotional challenges faced in their everyday lives. The students will graduate in March 2012 with verification of the results by the ETDP SETA before certificates are awarded to students.

The brands comprising the **ADvTECH Resourcing division** are all involved in CSI and good citizenship initiatives. For example:

- Insource.ICT collected pet food which was donated to the Midrand SPCA and several team members spent 67 minutes helping at the SPCA in support of Mandela Day.
- Kapele-Vertex provided assistance to the Baby House, a home that cares for vulnerable children.
- The Network Finance Menlyn team have pledged to donate time and a portion of their earnings to Abba House, a short term place of safety that cares for babies that have been abandoned or put up for adoption who range from birth to nine months of age.
- Network's Business Development team spent a day painting and branding collection boxes for Child Welfare which have been placed in all the branches.

Sustainable development *continued*

Environmental performance

Managing our impact on both the environment and communities in which we operate is a top priority for ADvTECH. We believe that our responsibility in educating our students extends beyond academics. We place an enormous focus on instilling in them a deep respect for the environment and an understanding of the risks associated with climate change. Our goal is for students to leave our institutions as responsible citizens who respect the physical environment.

Although the Board considers 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.

In accordance with the requirements for establishing the Group's Carbon Footprint, the Group has embarked on a project to measure and control direct carbon dioxide (CO_2) emissions. The design and the completion of this process across the Group's 57 sites will take some time and a start has been made in the interim which has enabled us to estimate and begin the control of our CO_2 emissions.

Based on a sample exercise already conducted, the following estimates have been prepared: electricity usage accounts for 90% of CO_2 emissions. Where electricity management measures were in place there has been a 6% decline in electricity usage, resulting in a 4% decline in direct CO_2 emissions to 33 782 tonnes (2010: 35 237 tonnes). The Group's operations rely on the usage of electricity, and hence on the South African electricity grid. Projects to reduce electricity consumption included the use of low wattage electrical fittings and motion sensitive light sensors.

Motor and air travel make up the majority of the remaining 10% (2010: 10%) of the total carbon dioxide emissions. The Group has focused its attention on reducing its travel and has installed video conferencing facilities and telecom hardware to ensure support for this initiative.

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.

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.

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.

In support of sustainable development, **Junior Colleges** will be going "green" in 2012. It will register with the international Eco-Schools, a programme of the Foundation for Environmental Education and implemented by WESSA that offers sustained engagement between schools and environmental agencies.

The grounds of **Crawford** La Lucia Campus are a declared Conservancy area and must therefore be carefully managed to ensure that the land remains a viable resource. This status requires considerable attention and care from the Estate Managers as well as the commitment of the rest of the staff and students who are protective of their environment.

The new **Trinityhouse** campus in Little Falls has been built using environmentally friendly techniques, wherever feasible. This included the installation of low-wattage electrical fittings, solar technology, rain water reclamation systems as well as endeavouring to plant indigenous vegetation wherever possible. These initiatives will also be used to drive awareness of climate change among students.

The **Trinityhouse** High School established a Green Society Activist Club in 2011, which investigates recycling initiatives for the school and whose objective is to reduce the environmental impact of the school.

Energy saving initiatives are being installed on all new **College Campus** sites. Light sensors have been installed and the brand is evaluating mechanisms to reduce its power consumption for air-conditioning.

In order to minimise **Rosebank College's** environmental impact, special paper was used to print brochures, and students are being encouraged to take up tablets instead of using printed study materials. At the Durban campus, motion sensitive lights have been installed to reduce power consumption and these will be installed in all new facilities.

All **Vega** campuses have installed light sensors to reduce energy consumption, and there has been a significant increase towards supplying digital course notes and study materials to reduce paper usage.

Board of directors

Leslie Maasdorp – 45

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, a position he held for four years. 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 and Prescient. 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. In 2010 he was appointed as a Trustee of the Soros Economic Development Fund (SEDF), the New York based philanthropic foundation funded by George Soros. He joined the ADvTECH Limited Board in July 2009 and was appointed as Chairman on 1 September 2010.

Frank Thompson – 56

Executive Director, Chief Executive Officer

BCom, BAcc, CA(SA)

Frank has over 25 years' experience in senior management and board positions since qualifying as a Chartered Accountant 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.

Hymie Levin – 66

Non-executive Director (Chairman of Audit and Risk, and 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 of various companies listed on the JSE. He joined the ADvTECH Limited Board in 1987 at the time of ADvTECH Limited's listing on the JSE Limited.

David Ferreira – 49

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 the Washington DC Office of the GAVI Alliance, a major public-private partnership that brings immunisation to poor countries. Prior to 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 firm, as well as working in project and corporate finance for leading South African and US firms and for the World Bank. He joined the Board of ADvTECH Limited in 2002.

Jonathan Jansen (Prof) – 55

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 and President of the South African Institute of Race Relations. He holds Honorary Doctorates of Education degrees from the University of Edinburgh and Cleveland State University. He is a Fellow of the American Educational Research Association and the Academy of Science for the Developing World. He is a prominent author and speaker on educational matters around the world. He joined the ADvTECH Limited Board in 2004.

Didier Oesch
Group Financial Director

Brenda Gourley

Jeffrey Livingstone

Christopher Boulle

Didier Oesch – 46

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 term in Europe as Financial Director of Nampak Plastics Europe. 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.

Brenda Gourley (Prof) – 68

Independent non-executive Director (Member of the Audit and Risk, and Board Transformation Committees)

CTA (Wits), MBL (Unisa), FCGI

Brenda's long career in business and academia culminated in her nine year term as Vice-Chancellor of the University of KwaZulu-Natal in South Africa followed by eight years of office as Vice-Chancellor and CEO of The Open University in the United Kingdom. She holds and has held a range of positions on Boards and Trusts, serving two terms of office as Chair of the Association of Commonwealth Universities, as well as many others in various parts of the world – both in the public and private sectors. She has numerous publications including books and academic papers in journals and periodicals and is a frequent speaker at international conferences and gatherings. Brenda has also received recognition for her work in the form of fellowships and awards as well as honorary degrees from 11 universities on four continents. Brenda is an accountant by profession. She joined the ADvTECH Limited Board in May 2008.

Jeffrey Livingstone – 59

Independent non-executive Director (Member of the Remuneration, Audit and Risk, 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.

Christopher Boulle – 40

Alternate Director

B Com, LLB, LLM

Chris is a commercial, corporate finance, tax and trust attorney. His expertise includes cross-border transactions, mergers and acquisitions, BEE transactions and advising on listings on local and international stock exchanges. He currently serves as a non-executive director of four companies listed on the JSE Limited and is a trustee of various trusts. He is a trustee of the ADvTECH Limited Share Incentive Trust and was previously a trustee of a pension fund, provident fund and retirement annuity fund. His experience as a non-executive director of listed companies spans more than a decade. He commenced his legal career at HR Levin Attorneys where he is now one of two senior partners. He joined the ADvTECH Limited Board as alternate director to Hymie Levin in September 2011.

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

Siza Dlamini
Corporate Affairs Executive

Odette Francesconi
Managing Director
Varsity College

Lenn Honey
Joint Group Chief Operating
Officer
Prescribed Officer

Alex Isaakidis
Joint Group Chief Operating
Officer
Prescribed Officer

Didier Oesch
Group Financial Director

Eric Shipalana
Human Resources Director

Steven van Zyl
ICT Director

Corporate governance

Introduction

The ADvTECH Group remains firmly committed to the principles of effective corporate governance and ethical leadership in all its business activities. The practices and policies of the ADvTECH Group are aligned with the values espoused in the King Report on Corporate Governance for South Africa 2009 (King III) as well as both the Companies Act, 61 of 1973, as amended (the old Act) and the Companies Act, No 71 of 2008 (the new Act). The Group currently complies, except where indicated below, with the principles contained in the Code of Corporate Practices forming part of King III. 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 continues to reassess its principles and policies against King III and the new Act, and is making the appropriate changes to ensure that they are brought in line with the new Act. This is an ongoing process.

Board of directors

ADvTECH maintains a unitary board structure. The Board consists of two executive and six non-executive directors as well as one alternate non-executive director, the majority of whom are independent as defined by King III. The chairman is an independent non-executive director. The roles of chairman and CEO are separate, each with clearly defined responsibilities. Details of the directors appear on pages 66 and 67.

The Board rigorously reviewed the independence of all members, especially HR Levin and DK Ferreira who have held their position for more than nine years, and, after due consideration of all the factors, is satisfied that they continue to show an independence of judgement and mind. It is satisfied that there are no relationships or circumstances, including their length of service, likely to affect their judgement.

The Board as a whole considers and is responsible for the appointment of new directors, although they are assisted in this task by the Nominations Committee which evaluates suitable candidates and submits nominations to the Board. 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 and prescribed officer holds any fixed term contract and both executive directors and prescribed officers have standard employment contracts, requiring three months' notice on termination.

During the year under review, F Titi resigned as a non-executive director on 1 April 2011, and CH Boulle was appointed as alternate non-executive director to HR Levin on 1 September 2011.

Six board meetings were held during the financial year under review.

The following table indicates attendance at meetings by the directors:

	25/3	13/5	31/5	19/8	14/10	25/11
CH Boulle (alt) *	n/a	n/a	n/a	n/a	P	P
DK Ferreira	P	A	P#	P	A	P#
BM Gourley	P	P#	P#	P	P#	P
JD Jansen	P	A	P#	P	P#	P
HR Levin	P	P	P	P	P	P
JC Livingstone	P	P	P	P	P	P
LW Maasdorp	P	P#	P	P	P	P
JDR Oesch	P	P	P	P	P	P
FR Thompson	P	P	P#	P	P	P
F Titi **	P	n/a	n/a	n/a	n/a	n/a

P = Present   A = Absent   n/a = Not eligible to attend
 # By teleconference.
** Appointed as alternate to HR Levin on 1 September 2011.*
*** Resigned on 1 April 2011.*

Corporate governance *continued*

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 authority to run the day-to-day affairs of the Group to the CEO and the Executive Committee (Exco). 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 introduction of the new Act in May 2011 has seen changes in the nature of the Audit Committee, which is now subject to legislative requirements.

During the year under review, the Group embarked on a journey of more clearly identifying stakeholders with legitimate interests and has recently appointed a corporate affairs executive to assist in this regard. The activities of the newly created corporate affairs department are dealt with in the sustainability report on page 57.

The Board and its 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. These terms of reference are reviewed regularly.

A formal board evaluation was conducted during 2011 and the results thereof reviewed by the Board.

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 making 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 on 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.

At year-end, Exco consisted of two executive directors and nine senior executives. The operating divisions within the Group have established formal management structures (Mancos) 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, the majority of whom are independent:

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

The Committee determines, agrees and develops the remuneration policy for approval by the Board. The CEO and Group HR Executive attend the meetings by invitation, but do not participate in any deliberations regarding their own remuneration.

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 outstanding individuals, recognises loyalty and dedication, and provides incentives for 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 provide 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 ADvTECH Limited Share Incentive Scheme.

Executive leadership

Executive leadership is offered a similar remuneration structure to that of senior staff and management. 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 (which constitute the remainder of the 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 2011 financial year, executive bonuses, which were accrued at year-end and paid in March 2011 after approval of the annual financial statements, amounted to 52% (2010: 33%) of the maximum bonus opportunity.

Share incentive schemes

The final award of shares in terms of the broad-based share incentive scheme, as approved by the Board during 2007, was made at the end of 2011. Permanent staff members with more than two years' service qualified to participate in the scheme and were 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 106.

Corporate governance *continued*

In terms of these schemes, the Board approved the award of 608 000 shares and 2 496 000 share options during the year under review.

Directors

RemCom recommends the fees to be paid to non-executive directors to the Board 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 2011 financial year.

Audit and Risk Committee

The Audit and Risk Committee (Audit Committee) consists of the following non-executive directors:

- BM Gourley
- HR Levin (Chairman)
- JC Livingstone
- CH Boulle*

* *Appointed on 25 November 2011.*

In accordance with the provisions of the new Act, shareholders are required to elect the members of the Audit Committee at the annual general meeting to be held in May 2012.

The Board has recommended that the following directors be appointed to the Audit Committee at the Annual General Meeting:

- BM Gourley
- HR Levin
- JC Livingstone (Chairman)
- CH Boulle

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. 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 Audit Committee met four times during the 2011 financial year. These meetings are attended by the internal and external auditors, the CEO and Group financial director, as well as other Board members and invitees as considered appropriate by the Audit Committee's chairman.

The following table indicates attendance at meetings by the members:

	18/3	12/8	14/10	21/11
BM Gourley	P	P	P#	P
HR Levin	P	P	P	P
JC Livingstone	P	P	P	P
CH Boulle*	n/a	n/a	P**	P**

P = Present
\# *By teleconference.*
* *Appointed on 25 November 2011.*
***Present by invitation*

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 2011 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 meetings and at least once annually, time is set aside for the Committee to meet independently with representatives of internal and external auditors without executive management remaining present.

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 Audit Committee has been constituted as the Audit and Risk Committee. In addition, the Board, Exco and the internal audit department review and assess the integrity and the quality of risk control systems and ensure 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

- HR Levin (Chairman)
- JC Livingstone

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 the Group and its stakeholders.

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, as and when required.

Board Transformation Committee

- DK Ferreira (Chairman)
- BM Gourley*
- JD Jansen
- F Titi**

** Appointed on 1 April 2011.*
*** Resigned on 1 April 2011.*

The Committee, which consists entirely of non-executive directors, monitors, reviews and evaluates the Group's progress on equity ownership, board composition, employment equity and HR practices, training and skills development, corporate social responsibility and preferential procurement. This committee is responsible for directing and guiding the Group on the issue of transformation.

The Committee is further tasked with assisting the Board in formulating a strategy for the Group's contribution to the normalisation of South African society through transformation at every level within the Group.

The following table indicates attendance at meetings by the members:

	25/3	25/11
DK Ferreira	P	A
BM Gourley*	n/a	P
JD Jansen	P	P
F Titi**	A	n/a

P = Present   A = Absent
n/a = Not eligible to attend
** Appointed on 1 April 2011.*
*** Resigned on 1 April 2011.*

The Act requires the establishment of a Social and Ethics Committee. The Board has decided to combine the activities of the existing Board Transformation Committee with those of the required Social and Ethics Committee. The new committee will be know as the Transformation, Social and Ethics Committee.

Nominations Committee

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

In line with its charter, the Committee meets on an *ad hoc* basis to nominate, evaluate and recommend possible new appointments to the Board. The Committee met twice during 2011.

Corporate governance *continued*

The following table indicates attendance at meetings by the members:

	19/8	25/11
CH Boulle*	n/a	P
DK Ferreira	P#	P#
BM Gourley	P	P
JD Jansen	P	A
HR Levin	P	P
JC Livingstone	P	P
LW Maasdorp	P	P
FR Thompson	P	P
F Titi**	P	n/a

P = Present A = Absent
n/a = Not eligible to attend
 # By teleconference.
** Appointed on 1 September 2011.*
*** Resigned on 1 April 2011.*

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 action is 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 to report on 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 assess 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 is ongoing and has remained 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, 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.

A culture of ethics is integrated at all levels within the Group, with the Board accepting responsibility for ensuring that it is promoted throughout the Group.

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 complying with International Financial Reporting Standards (IFRSs), the old and new Acts 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 78. The Board has also recorded the facts and assumptions on which they concluded that the business will be a going concern for the next financial year.

Company secretary

SC O'Connor resigned as company secretary with effect from 31 March 2011, and SK Saunders was appointed as company secretary by the Board with effect from 1 July 2011. All directors have access to the advice and services of the company secretary. The Board considers both SC O'Connor and SK Saunders to be fit and proper persons with appropriate skills for the post.

The company secretary is responsible to the Board and provides guidance and advice to the Board 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 Listings 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 83 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.

Corporate governance *continued*

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 a senior partner at HR Levin Attorneys, who provide legal services to the Group. (2011: R1 816; 2010: R31 350).

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, and his brother, E Honey, was until recently, a director of Bowman Gilfillan Attorneys, which firm provided legal 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.

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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 the requirements of the Companies Act, No 71 of 2008, 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 79.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurances 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 preparation of the Group's consolidated financial results for the year ended 31 December 2011 was supervised by JDR Oesch CA(SA), the Group's financial director.

The annual financial statements set out on pages 80 to 122 were approved by the Board of directors on 16 March 2012 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

I certify that ADvTECH Limited has lodged with the Companies and Intellectual Property Commission (CIPC) and previously with Companies and Intellectual Property Registration Office (CIPRO) all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

SK Saunders
Group company secretary

Independent auditors' report to the shareholders of ADvTECH Limited

We have audited the Group annual financial statements and annual financial statements of ADvTECH Limited, which comprise the consolidated and separate statement of financial position as at 31 December 2011, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement 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 80 to 122.

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 the requirements of 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' judgement, 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of ADvTECH Limited as at 31 December 2011, 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 the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Shelly Nelson
Partner

16 March 2012

National Executive: GG Gelink, **Chief Executive**; AE Swiegers, **Chief Operating Officer**; GM Pinnock, **Audit**; DL Kennedy, **Risk Advisory & Legal Services;** NB Kader, **Tax**; L Geeringh, **Consulting;** L Bam, **Corporate Finance**; JK Mazzocco, **Human Resources**; CR Beukman, **Finance**; TJ Brown, **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 in terms of the Chartered Accountancy Profession Sector Code.

Member of Deloitte Touche Tohmatsu Limited.

Audit Committee report

The Audit Committee presents its report for the financial year ended 31 December 2011. The Audit Committee is an independent statutory committee, but additional duties have been delegated to it by the Board, especially in relation to the management of risk.

This report relates to the Committee's statutory duties only. Its functions and responsibilities are set out in its charter, as approved by the Board and adopted by the Committee.

The Committee has discharged all its responsibilities and carried out all its functions as contained in its terms of reference and as required by the Companies Act, 2008, as amended (the Act). In particular, the Committee:

- reviewed the interim and annual financial statements and recommended them for adoption by the Board;
- approved the internal audit terms of reference and audit plans;
- received and reviewed reports from both 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 2012 financial year, with S 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 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, the internal financial controls, or any related matter.

The Committee members are all non-executive directors and satisfy the requirements of independence as required by the Act. Details of membership of the Committee can be found on page 72. The Committee was appointed by the Board of directors to hold office in respect of the financial year under review, and has proposed that the following non-executive directors be appointed as Committee members by the shareholders at the Annual General Meeting in May 2012: HR Levin, JC Livingstone, BM Gourley and CH Boulle. The Committee meets at least three times every year as required by the terms of reference. Meetings are attended by the internal and external auditors, the CEO and Group financial director, as well as other Board members and invitees as considered appropriate by the Committee's chairman. Details of meetings held and attendance by Committee members can be found on page 72.

The Committee is satisfied that the Group financial director, JDR Oesch, has appropriate expertise and experience.

The Audit Committee terms of reference provide for confidential meetings between 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 2011 and is satisfied that it complies in all material respect with the requirements of the Act and International Financial Reporting Standards.

On behalf of the Audit Committee

HR Levin
Chairman: Audit Committee
16 March 2012

Directors' report for the year ended 31 December 2011

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2011.

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 2011 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 remains unchanged during the year under review, but an additional 20 041 909 ordinary shares were issued to the ADvTECH Limited Share Incentive Trust for issue in terms of the ADvTECH Limited Share Incentive Scheme.

Number of shares in issue at 31 December 2010	400 838 181
Number of shares in issue at 31 December 2011	420 880 090

Dividend

JSE code: ADH ISIN number: ZAE 0000 31035

Having considered the transitional arrangements relating to the phasing out of Secondary Tax on Companies (STC) and its replacement with Dividends Tax, the Board has decided to defer the consideration of a final distribution until after 1 April 2012, but as soon as practicable thereafter.

On 19 August 2011, an interim dividend of 9.5 cents (2010: capital distribution of 8.0 cents) per share was declared payable to shareholders, in accordance with the Company's Articles of Association. The directors considered the Company both solvent and liquid subsequent to the dividend declaration.

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 2011 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 66 and 67 of this report.

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

- F Titi resigned from the Board on 1 April 2011.
- CH Boulle was appointed as alternate director to HR Levin on 1 September 2011.

In terms of the Company's Memorandum of Incorporation DK Ferreira retires at the forthcoming Annual General Meeting but, although eligible, has indicated that he will not be offering himself for re-election.

HR Levin, JD Jansen and JDR Oesch also retire by rotation and, all being eligible, offer themselves for re-election. An abbreviated curriculum vitae of each director can be found on pages 66 and 67 of this report.

Directors' report for the year ended 31 December 2011 *(continued)*

Interest of directors and prescribed officers

As at 31 December 2011, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company were 8% (2010: 8%) in aggregate and per director/prescribed officer as follows:

	Beneficial				Non–beneficial			
	Direct		Indirect		Direct		Indirect	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Directors								
CH Boulle*	**3 044**	–	**–**	–	**–**	–	**–**	–
DK Ferreira	**–**	60 000	**–**	–	**–**	–	**–**	–
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**	1 332 000	**–**	–	**–**	–	**–**	–
FR Thompson	**12 496 856**	12 496 856		–		–	**69 000**	60 000
F Titi **	**–**	–	**–**	–	**–**	–	**–**	–
Prescribed officers								
DL Honey	**7 640 611**	7 640 611	**–**	–	**–**	–	**–**	–
A Isaakidis	**1 220 937**	1 420 937	**–**	–	**–**	–	**–**	–
Totals	**31 799 875**	32 056 831	**659 900**	659 900	**93 573**	93 573	**69 000**	60 000

* *Appointed on 1 September 2011*
** *Resigned on 1 April 2011*

At the date that this financial report was prepared, none of the current directors or prescribed officers of the Group has disposed of any of the shares held by them as at 31 December 2011.

Directors' and prescribed officers' share options

The directors and prescribed officers held the following share options at 31 December 2011:

	Share options as at 31 December 2010		Share options granted during the year		Share options exercised during the year			
	Number	Exercise price (cents)	Number	Exercise price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Share options as at 31 December 2011 Number**
Director								
FR Thompson	1 300 000	560						**1 300 000**
			420 000	575				**420 000**
JDR Oesch	20 000	270						**20 000**
	240 000	375						**240 000**
	200 000	560						**200 000**
			275 000	575				**275 000**
Prescribed officer								
A Isaakidis	20 000	270						**20 000**
	240 000	375						**240 000**
	350 000	560						**350 000**
			275 000	575				**275 000**
DL Honey	600 000	560						**600 000**
			275 000	575				**275 000**
Totals	2 970 000		1 245 000		–		–	**4 215 000**

The share option exercise terms are detailed in note 13 on pages 106 and 107.

Directors' and prescribed officers emoluments

Emoluments paid to directors and prescribed officers of the Group (excluding gains on share options exercised) for the year ended 31 December 2011, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	Consulting fees R	**Total 2011 R**	Total 2010 R
Executive								
FR Thompson		2 349 249	1 000 000	328 272	322 479	–	**4 000 000**	3 301 704
JDR Oesch		1 407 410	347 170	150 000	198 570	–	**2 103 150**	1 864 619
Total executive		3 756 659	1 347 170	478 272	521 049	–	**6 103 150**	5 166 323
Prescribed officers								
DL Honey		1 690 760	596 610	139 428	227 812		**2 654 610**	2 225 800
A Isaakidis		1 549 773	812 680	214 002	191 425		**2 767 880**	2 350 567
Total prescribed officers		3 240 533	1 409 290	353 430	419 237		**5 422 490**	4 576 367
Non-executive								
CH Boulle **	–						**–**	–
BD Buckham ***	–						**–**	100 000
DK Ferreira	270 000						**270 000**	170 000
B Gourley	355 000					90 000	**445 000**	442 000
JD Jansen	255 000						**255 000**	150 000
HR Levin	445 000						**445 000**	190 000
J Livingstone	380 000						**380 000**	170 000
LW Maasdorp	435 000						**435 000**	140 000
MI Sacks ***	–						**–**	120 000
F Titi ****	63 750						**63 750**	150 000
Total non-executive	2 203 750					90 000	**2 293 750**	1 632 000

* *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 achievement of individual objectives.*
** *Appointed non-executive alternate director to HR Levin on 1 September 2011.*
*** *Retired as a non-executive director on 1 September 2010.*
**** *Resigned as non-executive director and member of BTC on 1 April 2011.*

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

Acquisitions

There were no acquisitions made during the year under review.

Auditors

Deloitte & Touche continued in office as auditors of the Company and its subsidiaries.

The Audit Committee has duly nominated Deloitte & Touche for reappointment as auditors of the Company and at the Annual General Meeting shareholders will be requested to re-appoint them as the independent external auditors of the Company and its subsidiaries.

Company secretary

The office of company secretary was held by SC O'Connor until 31 March 2011, and SK Saunders was appointed to the office of company secretary from 1 July 2011 for the balance of the financial year ended 31 December 2011. 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 2011

	Percentage increase/ (decrease)	Audited 2011 R'm	Audited 2010 R'm
Revenue		**1 605.6**	1 470.1
Education	11%	**1 400.2**	1 264.3
Resourcing	(1%)	**206.9**	208.2
Intra Group revenue		**(1.5)**	(2.4)
EBITDA		**292.3**	269.3
Education	12%	**310.8**	276.7
Resourcing	(18%)	**31.6**	38.5
Central administration	7%	**(47.9)**	(44.8)
Litigation		**(2.2)**	(1.1)
Depreciation and amortisation		**62.3**	66.4
Education	(6%)	**57.0**	60.5
Resourcing	(10%)	**5.3**	5.9
Operating profit before interest and impairment		**230.0**	202.9
Education	17%	**253.8**	216.2
Resourcing	(19%)	**26.3**	32.6
Central administration	7%	**(47.9)**	(44.8)
Litigation		**(2.2)**	(1.1)
Total comprehensive income for the year		**156.3**	148.8
Education	16%	**167.5**	144.0
Resourcing	(17%)	**25.1**	30.4
Central administration	42%	**(36.3)**	(25.6)
Property, plant and equipment		**812.9**	682.3
Education	19%	**809.5**	679.1
Resourcing	6%	**3.4**	3.2
Deferred taxation assets		**28.4**	26.6
Education	6%	**26.1**	24.6
Resourcing	45%	**1.6**	1.1
Central administration	(22%)	**0.7**	0.9
Current assets		**179.3**	132.0
Education	41%	**159.4**	113.3
Resourcing	1%	**16.0**	15.9
Central administration	39%	**3.9**	2.8
Current liabilities		**403.8**	306.8
Education	38%	**374.3**	271.9
Resourcing	(16%)	**30.1**	35.9
Central administration	(40%)	**(0.6)**	(1.0)
Capital expenditure		**187.8**	105.2
Education	78%	**185.3**	104.1
Resourcing	127%	**2.5**	1.1

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 2011

	Notes	Audited 2011 R'm	Audited 2010 R'm
Revenue	4	**1 605.6**	1 470.1
Staff costs	5	**(799.9)**	(737.0)
Rent and occupancy costs		**(140.8)**	(127.4)
Other operating expenses		**(372.6)**	(336.4)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**292.3**	269.3
Education		**310.8**	271.4
Resourcing		**31.6**	38.5
Central administration		**(47.9)**	(39.5)
Litigation costs		**(2.2)**	(1.1)
Depreciation and amortisation	5	**(62.3)**	(66.4)
Operating profit before interest and impairment	5	**230.0**	202.9
Impairment of intangible asset	12	**(5.3)**	–
Net interest received		**10.8**	9.2
Interest received	6.1	**11.0**	9.4
Finance costs	6.2	**(0.2)**	(0.2)
Profit before taxation		**235.5**	212.1
Taxation	7	**(79.2)**	(63.3)
Total comprehensive income for the year		**156.3**	148.8
Earnings per share			
Basic (cents)	8	**39.0**	37.2
Diluted (cents)	8	**39.0**	37.2

Group statement of changes in equity for the year ended 31 December 2011

	Notes	Share capital R'm	Share premium R'm	Shares to be issued R'm	Share option reserve R'm	Shares held by the Share Incentive Trust R'm	Retained earnings R'm	Total equity R'm
Balance at 1 January 2010		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	18.2		(85.3)					(85.3)
Balance at 31 December 2010		**4.0**	**46.5**	**–**	**7.9**	**(0.6)**	**620.0**	**677.8**
Total comprehensive income for the year							156.3	156.3
Dividends declared to shareholders							(47.9)	(47.9)
Share-based payment expense	5,13				2.3			2.3
Shares issued	18.1, 18.2	0.2	112.1			(112.3)		–
Shares to be issued for business acquisition				2.6				2.6
Shares purchased by the Share Incentive Trust						(0.3)		(0.3)
Share awards granted						3.3		3.3
Broad-based scheme shares granted						0.9		0.9
Share options exercised					(0.1)	0.2		0.1
Capital distributions to shareholders	18.2		(43.9)					(43.9)
Balance at 31 December 2011		**4.2**	**114.7**	**2.6**	**10.1**	**(108.8)**	**728.4**	**751.2**

Group statement of financial position as at 31 December 2011

	Notes	**Audited 2011 R'm**	Audited 2010 R'm
Assets			
Non-current assets			
Property, plant and equipment	10	**812.9**	682.3
Goodwill	11	**98.2**	95.9
Intangible assets	12	**36.2**	47.8
Deferred taxation assets	14	**28.4**	26.6
		975.7	852.6
Current assets			
Inventories	15	**0.6**	3.0
Trade and other receivables	16	**105.5**	78.9
Taxation		**9.8**	–
Prepayments		**16.6**	12.6
Bank balances and cash	17	**46.8**	37.5
		179.3	132.0
Total assets		**1 155.0**	984.6
Equity and liabilities			
Capital and reserves			
Share capital	18.1	**4.2**	4.0
Share premium	18.2	**114.7**	46.5
Shares to be issued		**2.6**	–
Share option reserve		**10.1**	7.9
Shares held by the Share Incentive Trust		**(108.8)**	(0.6)
Retained earnings		**728.4**	620.0
Total equity		**751.2**	677.8
Current liabilities			
Trade and other payables	19	**193.5**	155.0
Taxation		**–**	26.8
Fees received in advance		**138.6**	123.3
Shareholders for capital distribution		**0.9**	1.7
Shareholders for dividend		**0.1**	–
Bank overdraft	17	**70.7**	–
		403.8	306.8
Total equity and liabilities		**1 155.0**	984.6

Group statement of cash flows for the year ended 31 December 2011

	Notes	Audited 2011 R'm	Audited 2010 R'm
Cash flows from operating activities			
Cash generated from operations	22.1	**301.9**	276.1
Movement in working capital	22.2	**31.8**	(4.3)
Cash generated by operating activities		**333.7**	271.8
Net interest received		**10.8**	9.2
– interest received	6.1	**11.0**	9.4
– finance costs	6.2	**(0.2)**	(0.2)
Taxation paid	22.3	**(117.6)**	(78.1)
Capital distributions paid	22.4	**(44.7)**	(84.2)
Dividends paid	22.5	**(47.8)**	–
Net cash inflow from operating activities		**134.4**	118.7
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	22.6	**(50.2)**	(26.9)
– to expand operations	22.7	**(137.6)**	(78.3)
Business combination cash flows			
– additions to property, plant and equipment	22.8	**–**	(0.9)
– additions to current assets		**–**	(0.7)
– additions to current liabilities		**–**	1.5
– additions to goodwill	11	**–**	(15.0)
– additions to intangible assets	12	**–**	(4.4)
Proceeds on disposal of property, plant and equipment		**0.9**	0.5
Effects of share options exercised on the share option reserve		**(0.1)**	(2.8)
Movement in shares held by Share Incentive Trust		**(0.2)**	4.7
Net cash outflow from investing activities		**(187.2)**	(122.3)
Cash flows from financing activities			
Vendor claims (paid)/raised		**(8.6)**	1.5
Net cash (outflow)/inflow from financing activities		**(8.6)**	1.5
Net decrease in cash and cash equivalents		**(61.4)**	(2.1)
Cash and cash equivalents at beginning of the year		**37.5**	39.6
Cash and cash equivalents at end of the year	17	**(23.9)**	37.5

Notes to the Group financial statements for the year ended 31 December 2011

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 adopted the following standards which are effective for annual reporting periods beginning on or after 1 January 2011:

- IFRS 3: *Business Combinations* (Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of revised IFRS);
- IFRS 3: *Business Combinations* (Clarification on the measurement of non-controlling interests);
- IFRS 3: *Business Combinations* (Additional guidance provided on un-replaced and voluntary replaced share-based payment awards);
- IFRS 7: *Financial Instruments: Disclosures* (Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading);
- IAS 1: *Presentation of Financial Statements* (Clarification of statement of changes in equity);
- IAS 24: *Related Party Disclosures* (Simplification of disclosure requirements for government-related entities);
- IAS 24: *Related Party Disclosures* (Clarification of the definition of a related party);
- IAS 27: *Consolidated and Separate Financial Statements* (Transition requirements for amendments arising as a result of IAS 27 *Consolidated and Separate Financial Statements*);
- IAS 28: *Investments in Associates* (Consequential amendments from changes to IAS 27 *Consolidated and Separate Financial Statements*);
- IAS 31: *Interests in Joint Ventures* (Consequential amendments from changes to IAS 27 *Consolidated and Separate Financial Statements*);
- IAS 34: *Interim Financial Reporting* (Clarification of disclosure requirements around significant events and transactions including financial instruments);
- IFRIC 13: *Customer Loyalty Programmes* (Clarification on the intended meaning of the term "fair value" in respect of award credits); and
- IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*.

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 the requirements of 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 (including special purpose entities) controlled by the Company (its subsidiaries). 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When 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 in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- 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* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

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,

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 Fund 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

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 the 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 their estimated residual values over their expected useful lives.

The annual rates for this purpose are:

Buildings	2%
Computer equipment*	25% (2010: 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

**In the current period the useful life for computer equipment was changed from three years to four years as this gives a more reliable estimate of the manner in which the economic benefits from the use of assets will be consumed.*

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 offset against 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 partner 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:

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 net of outstanding bank overdrafts 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 rate 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 remeasured 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.

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 or 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.

Allowance for doubtful debts

An assessment of impairment of trade receivables is performed at the end of each reporting period based on various factors including the ageing of the receivables, projected future settlements based on prior period history and other pertinent information. Management judgement is required in estimating such information.

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 exercises judgement in determining the purchase price allocations in respect of intangible assets and resulting goodwill relating to the business combinations. The free cash flow method is used and the key assumptions involved are generally growth rates, discount rates and attrition rates.

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 yet effective:

IFRS 7	*Financial Instruments: Disclosures* (Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period)	Annual period beginning on or after 1 July 2011
IFRS 9	*Financial Instruments* (New standard)	Annual period beginning on or after 1 January 2013
IFRS 10	*Consolidated Financial Statements* (New standard)	Annual period beginning on or after 1 January 2013
IFRS 11	*Joint Arrangements* (New standard)	Annual period beginning on or after 1 January 2013
IFRS 12	*Disclosures of Interest in Other Entities* (New standard)	Annual period beginning on or after 1 January 2013
IFRS 13	*Fair Value Measurement* (New standard)	Annual period beginning on or after 1 January 2013
IAS 1	*Presentation of Financial Statements* (New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity)	Annual period beginning on or after 1 July 2012
IAS 12	*Income Taxes* (Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale)	Annual period beginning on or after 1 January 2012
IAS 27	*Consolidated and Separate Financial Statements* (Consequential amendments resulting from the issue of IFRS 10,11 and 12)	Annual period beginning on or after 1 January 2013
IAS 28	*Investments in Associates* (Consequential amendments resulting from the issue of IFRS 10,11 and 12)	Annual period beginning on or after 1 January 2013

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 2011 R'm	Audited 2010 R'm
4. Revenue			
Tuition fees		**1 375.6**	1 244.2
Placement fees		**183.3**	185.1
Sale of goods and services		**48.2**	43.2
Intra Group revenue		**(1.5)**	(2.4)
		1 605.6	1 470.1
5. Operating profit before interest and impairment			
Operating profit before interest and impairment is stated after taking the following into account:			
Auditors' remuneration		**4.4**	3.9
– Current year audit fee		**4.1**	3.9
– Prior year over provision		**–**	(0.2)
– Other services		**0.3**	0.2
Amortisation of intangible assets	12	**6.3**	6.4
Depreciation	10	**56.0**	60.0
– Land and buildings		**5.9**	5.0
– Computer equipment		**13.6**	22.0
– Computer software		**7.0**	2.8
– Furniture, fittings and equipment		**12.8**	13.4
– Motor vehicles		**2.5**	2.1
– Video equipment		**0.3**	0.3
– Leasehold improvements		**13.9**	14.4
Total depreciation and amortisation		**62.3**	66.4
Operating lease charges		**89.8**	88.0
– Premises		**88.7**	86.4
– Equipment		**1.1**	1.6
Professional fees		**3.1**	3.1
Loss/(profit) on sale of property, plant and equipment		**0.3**	(0.3)
Directors' emoluments		**8.4**	6.8
– For services as directors		**2.2**	1.6
– For managerial and other services		**6.2**	5.2
Pension and provident fund contributions		**43.9**	38.9
Share-based payment expense	13	**2.3**	1.8
Staff costs		**745.3**	689.5
Total staff costs		**799.9**	737.0
Number of staff (at year-end)		**3 984**	3 827
Number of staff covered by retirement plans (at year-end)		**2 375**	2 281

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

		Note	Audited 2011 R'm	Audited 2010 R'm
6.	**Net interest received**			
6.1	**Interest received**			
	Call accounts		**10.2**	8.6
	Current accounts		**0.4**	0.4
	South African Revenue Service		**0.3**	–
	Other		**0.1**	0.4
			11.0	9.4
6.2	**Finance costs**			
	Other		**(0.2)**	(0.2)
	Net interest received		**10.8**	9.2
7.	**Taxation**			
7.1	**Taxation expense comprises**			
	Current taxation – current year		**76.0**	68.7
	– Secondary Taxation on Companies		**4.8**	–
	– prior year under provision		**0.2**	0.5
	Deferred taxation – current year	14	**(1.8)**	(4.2)
	– prior year over provision	14	**–**	(1.7)
	Total taxation expense		**79.2**	63.3
	Estimated taxation losses for the Group carried forward at year-end were R4.0 million (2010: R4.1 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		**235.5**	212.1
	Taxation at 28%		**65.9**	59.4
	Permanent differences		**8.3**	5.1
	Disallowable expenditure – depreciation on buildings		**4.1**	4.2
	Disallowable expenditure – other		**4.8**	2.7
	Learnership allowances		**(0.6)**	(1.8)
	Secondary Taxation on Companies		**4.8**	–
	Current taxation – prior year under provision		**0.2**	0.5
	Deferred taxation – prior year over provision		**–**	(1.7)
	Taxation expense recognised in profit		**79.2**	63.3

	Audited 2011 R'm	Audited 2010 R'm
8. Earnings per share		
The calculation of 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	**156.3**	148.8
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**405.8**	400.8
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(5.0)**	(0.9)
Weighted average number of shares for purposes of basic earnings per share ('m)	**400.8**	399.9
Effect of dilutive potential ordinary shares ('m)	**–**	0.3
Weighted average number of shares for purposes of diluted earnings per share ('m)	**400.8**	400.2
Earnings per share		
Basic (cents)	**39.0**	37.2
Diluted (cents)	**39.0**	37.2
9. Headline earnings per share		
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**156.3**	148.8
Items excluded from headline earnings per share	**5.5**	(0.2)
Loss/(profit) on sale of property, plant and equipment	**0.3**	(0.3)
Impairment of intangible asset	**5.3**	–
	5.6	(0.3)
Taxation effects of adjustments	**(0.1)**	0.1
Earnings for the purpose of headline earnings per share	**161.8**	148.6
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**405.8**	400.8
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(5.0)**	(0.9)
Weighted average number of shares for purposes of basic earnings per share ('m)	**400.8**	399.9
Effect of dilutive potential ordinary shares ('m)	**–**	0.3
Weighted average number of shares for purposes of diluted earnings per share ('m)	**400.8**	400.2
Headline earnings per share		
Basic (cents)	**40.4**	37.2
Diluted (cents)	**40.4**	37.1

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

		Cost				
		1 Jan 2011 R'm	Additions R'm	Disposals R'm	Reallocation R'm	**31 Dec 2011 R'm**
10.	**Property, plant and equipment**					
	Land and buildings	488.3	125.1	–	–	**613.4**
	Computer equipment	124.9	18.2	(24.3)	2.7	**121.5**
	Computer software	65.0	11.2	(1.4)	(2.7)	**72.1**
	Furniture, fittings and equipment	120.5	14.3	(5.6)	–	**129.2**
	Motor vehicles	17.8	3.3	(1.7)	–	**19.4**
	Video equipment	2.3	0.4	(0.8)	–	**1.9**
	Leasehold improvements	165.9	15.3	(3.4)	–	**177.8**
		984.7	187.8	(37.2)	–	**1 135.3**

	Accumulated depreciation				
	1 Jan 2011 R'm	Depreciation R'm	Disposals R'm	Reallocation R'm	**31 Dec 2011 R'm**
Land and buildings	35.8	5.9	–	–	**41.7**
Computer equipment	95.0	13.6*	(23.8)	0.9	**85.7**
Computer software	10.1	7.0	(1.4)	(0.9)	**14.8**
Furniture, fittings and equipment	90.0	12.8	(5.3)	–	**97.5**
Motor vehicles	11.7	2.5	(1.3)	–	**12.9**
Video equipment	1.7	0.3	(0.8)	–	**1.2**
Leasehold improvements	58.1	13.9	(3.4)	–	**68.6**
	302.4	56.0	(36.0)	–	**322.4**

	Net book value	
	31 Dec 2011 R'm	31 Dec 2010 R'm
Land and buildings	**571.7**	452.5
Computer equipment	**35.8**	29.9
Computer software	**57.3**	54.9
Furniture, fittings and equipment	**31.7**	30.5
Motor vehicles	**6.5**	6.1
Video equipment	**0.7**	0.6
Leasehold improvements	**109.2**	107.8
	812.9	682.3

**Included in depreciation is an amount of R6.9 million which relates to a change in estimate in the useful life for computer equipment from three years to four years. This change in estimate has resulted in the decrease in depreciation for the period.*

	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 *(continued)*						
Land and buildings	431.5	56.6	–	–	0.2	488.3
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)	(0.2)	165.9
	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
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
Land and buildings	452.5	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	107.8	116.5
	682.3	636.5

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 R8.2 million (2010: R2.0 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R4.4 million (2010: R nil) which relates to improvements that are still in progress.

Included in computer software is an amount of R0.2 million (2010: R42.1 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 valuators. 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 2011 R'm**	Audited 2010 R'm
11. Goodwill			
Cost			
Balance at beginning of the year		**95.9**	80.9
Additional amounts recognised from a business combination occurring during the year	24	**–**	15.0
Acquisition price adjustment*		**2.3**	–
Balance at end of the year		**98.2**	95.9
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		**95.9**	80.9
At end of the year		**98.2**	95.9

** The purchase consideration of four acquisitions were based on an earnings-up method. These acquisitions were accounted for 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 actual earnings.*

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 2010		42.0	17.8	**59.8**
Additions through business combination	24	2.7	1.7	**4.4**
Balance at 1 January 2011 and 31 December 2011		44.7	19.5	**64.2**
Accumulated amortisation and impairment				
Balance at 1 January 2010		8.9	1.1	**10.0**
Amortisation expense	5	5.5	0.9	**6.4**
Balance at 1 January 2011		14.4	2.0	**16.4**
Impairment*		5.3	–	**5.3**
Amortisation expense	5	5.4	0.9	**6.3**
At 31 December 2011		25.1	2.9	**28.0**
Carrying amount				
As at 31 December 2010		30.3	17.5	**47.8**
As at 31 December 2011		19.6	16.6	**36.2**

** The impairment of the intangible asset has occurred within one of the Resourcing divisions and arises as a result of the continual losses incurred within the brand.*

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 life span 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 (2010: R10.8 million).

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

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 two, four and six 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 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)
3 September 2010	31 Dec 2016	560	4.4	163
30 November 2011	31 Dec 2017	575	4.0	145

	Number of share options	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
Reconciliation of options	**2011**		2010	
Options outstanding on 1 January	**5 928 333**	**455**	4 535 000	344
Add – Options granted during the year	**2 496 000**	**575**	3 000 000	560
Less – Exercised	**(36 667)**	**318**	(1 503 334)	335
– Lapsed	**(53 333)**	**336**	(103 333)	334
Options outstanding at 31 December	**8 334 333**	**491**	5 928 333	455

As at 31 December 2011 there were 55 (2010: 30) participants (including executive directors) in the ADvTECH share incentive scheme.

	Number of shares		Loan receivable R'm	
Reconciliation of shares owned	**2011**	2010	**2011**	2010
Shares owned by the Trust as at 1 January	**105 061**	1 275 045	**0.6**	4.9
Add – Shares purchased by the Share Incentive Trust	**50 000**	1 160 000	**0.3**	7.1
– Shares issued into the Share Incentive Trust	**20 041 909**	–	**112.3**	–
– Share awards forfeited	**17 000**	75 000	**0.1**	0.2
Less – Share awards to staff 2010	**–**	(540 000)	**–**	(2.2)
– Share awards to staff 2011	**(608 000)**	–	**(3.4)**	–
– Broad based scheme shares transferred	**(145 550)**	(361 650)	**(0.9)**	(1.8)
– Options exercised prior years	**–**	–	**–**	0.3
– Options exercised during the year	**(36 667)**	(1 503 334)	**(0.2)**	(7.9)
Shares owned by the Trust at 31 December	**19 423 753**	105 061	**108.8**	0.6

The groups of persons to whom the shares will be allocated by the Trust have been identified.

The loan receivable from 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 of options granted during the year were as follows:

	2011	2010
Weighted average exercise price (cents)	**575**	560
Expected volatility	**26%**	30%
Expected life	**5.9 years**	5.7 years
Risk free rate	**7%**	7%
Expected dividend yield	**4%**	4%

Expected volatility was determined by 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 R2.3 million (2010: R1.8 million) related to share-based payment transactions during the year.

	Audited 2011 R'm	Audited 2010 R'm
14. Deferred taxation assets		
Opening deferred taxation assets	**26.6**	20.7
	1.8	4.2
Current year temporary differences	**2.0**	4.6
Utilisation of deferred taxation assets relating to taxation losses	**(0.2)**	(0.4)
Prior year over provision	**–**	1.7
Balance at end of the year	**28.4**	26.6
The balance comprises:		
Deferred and prepaid expenditure	**(4.2)**	(3.0)
Allowance for future expenditure (S24C)	**(19.3)**	(18.5)
Fees received in advance	**27.1**	26.1
Commercial building allowance	**(3.8)**	(1.9)
Allowance for doubtful debts	**14.2**	12.2
Leave pay accrual	**2.9**	2.5
Property, plant and equipment	**(2.0)**	–
Estimated taxation losses carried forward	**1.1**	0.9
Lease smoothing	**7.6**	6.2
Bonus provision	**4.8**	2.1
	28.4	26.6

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

	Audited 2011 R'm	Audited 2010 R'm
14. Deferred taxation assets *(continued)*		
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	**(1.2)**	(0.5)
Allowance for future expenditure (S24C)	**(0.8)**	(3.1)
Fees received in advance	**1.0**	4.5
Commercial building allowance	**(1.9)**	(1.3)
Allowance for doubtful debts	**2.0**	3.4
Leave pay accrual	**0.4**	(0.3)
Property, plant and equipment	**(2.0)**	–
Utilisation of taxation losses	**0.2**	(0.4)
Lease smoothing	**1.4**	1.5
Bonus provision	**2.7**	0.4
	1.8	4.2
15. Inventories		
Books	**0.5**	0.3
Promotional items	**–**	2.6
Other	**0.1**	0.1
	0.6	3.0
16. Trade and other receivables		
Amounts receivable from tuition fees	**137.5**	105.4
Amounts receivable for placement fees	**13.8**	17.3
Amounts receivable from the sale of goods and services	**3.2**	3.3
Trade receivables	**154.5**	126.0
Allowance for doubtful debts	**(67.5)**	(57.9)
	87.0	68.1
Other receivables	**18.5**	10.8
	105.5	78.9
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	**11.6**	10.3
60 days	**13.2**	9.9
90 days	**10.8**	6.3
120+ days	**36.6**	20.9
Total	**72.2**	47.4

		Audited 2011 R'm	Audited 2010 R'm
16.	**Trade and other receivables** *(continued)*		
	Movement in the allowance for doubtful debts		
	Balance at beginning of the year	**57.9**	42.0
	Impairment losses recognised on receivables	**32.3**	30.0
	Impairment losses reversed	**(22.7)**	(14.1)
	Balance at end of the year	**67.5**	57.9
	The concentration of credit risk is limited due to the customer base being large and unrelated. The allowance for doubtful debts 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	**0.1**	0.3
	60 days	**0.2**	0.2
	90 days	**0.6**	0.6
	120+ days	**66.6**	56.8
	Total	**67.5**	57.9
17.	**Cash and cash equivalents**		
	Bank balances	**46.5**	37.2
	Bank overdraft	**(70.7)**	–
	Cash	**0.3**	0.3
		(23.9)	37.5
	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 bank overdraft is secured as disclosed in note 25.		
	The carrying amounts of the Group's bank balances are denominated in South African Rands.		
18.	**Share capital and share premium**		
18.1	**Share capital**		
	Authorised		
	500 000 000 shares of 1 cent each	**5.0**	5.0
	(2010: 500 000 000 shares of 1 cent each)		
	500 000 000 N shares of 0.01 cent each	**0.1**	0.1
	(2010: 500 000 000 N shares of 0.01 cent each)		
		5.1	5.1

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

	Number of shares 2011 'm	Share capital 2011 R'm	Number of shares 2010 'm	Share capital 2010 R'm
18. Share capital and share premium *(continued)*				
Issued				
Balance at 1 January	**400.8**	**4.0**	400.8	4.0
Shares issued	**20.0**	**0.2**	–	–
Balance at 31 December	**420.8**	**4.2**	400.8	4.0

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

	Audited 2011 R'm	Audited 2010 R'm
18.2 Share premium		
Balance at 1 January	**46.5**	131.8
Capital distributions to shareholders	**(43.9)**	(85.3)
Shares issued	**112.1**	–
Balance at 31 December	**114.7**	46.5
19. Trade and other payables		
Trade payables and accruals	**172.1**	125.9
Leave pay accrual	**10.3**	9.1
Vendor claims	**11.1**	20.0
	193.5	155.0

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 2011 R'm	Audited 2010 R'm
20. Commitments		
20.1 Capital commitments		
Capital expenditure approved by the directors:		
Contracted but not provided for	**107.6**	50.8
Not contracted	**28.3**	43.5
	135.9	94.3

Capital commitments will be financed through existing facilities and working capital.

	Audited 2011 R'm	Audited 2010 R'm
20. Commitments *(continued)*		
20.2 Operating lease commitments in cash		
Commitments under non-cancellable operating leases are as follows:		
Premises:		
Due within one year	**86.1**	79.0
Due within two to five years	**217.2**	219.8
Due thereafter	**70.1**	81.5
	373.4	380.3
Equipment:		
Due within one year	**0.8**	1.6
Due within two to five years	**0.3**	2.8
	1.1	4.4
	374.5	384.7

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

21. 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 bank 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 2011 amounted to R70.7 million (2010: R63.5 million), all of which expire within a year. These are considered adequate to finance operations.

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. The Group's maximum credit risk exposure relates to the trade receivables of R154.5 million (2010: R126.0 million) and bank and cash balances of R46.8 million (2010: R37.5 million).

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises. Material foreign exchange exposures are hedged with a corresponding foreign exchange contract.

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

	Notes	Audited 2011 R'm	Audited 2010 R'm
22. Notes to the statement of cash flows			
22.1 Cash generated from operations			
Profit before taxation		**235.5**	212.1
Adjust for non-cash IFRS and lease adjustments (before taxation)		**9.3**	7.1
		244.8	219.2
Adjust:		**57.1**	56.9
Depreciation and amortisation	5	**62.3**	66.4
Net interest received	6	**(10.8)**	(9.2)
Impairment of intangible asset	12	**5.3**	–
Loss/(profit) on sale of property, plant and equipment	5	**0.3**	(0.3)
		301.9	276.1
22.2 Movement in working capital			
Decrease in inventories		**2.4**	1.5
(Increase)/decrease in trade and other receivables and prepayments		**(30.6)**	5.9
Increase/(decrease) in trade and other payables		**44.7**	(32.9)
Increase in fees received in advance		**15.3**	21.2
Decrease/(increase) in working capital		**31.8**	(4.3)
22.3 Taxation paid			
Balance at beginning of the year		**(26.8)**	(35.7)
Current charge	7.1	**(81.0)**	(69.2)
Balance at end of the year		**(9.8)**	26.8
Cash amount paid		**(117.6)**	(78.1)
22.4 Capital distributions paid			
Balance at beginning of the year		**(1.7)**	(0.6)
Declared during the year	18.2	**(43.9)**	(85.3)
Balance at end of the year		**0.9**	1.7
Cash amount paid		**(44.7)**	(84.2)
22.5 Dividends paid			
Balance at beginning of the year		**–**	–
Declared during the year		**(47.9)**	–
Balance at end of the year		**0.1**	–
Cash amount paid		**(47.8)**	–

	Audited 2011 R'm	Audited 2010 R'm
22. Notes to the statement of cash flows *(continued)*		
22.6 Additions to property, plant and equipment to maintain operations		
Land and buildings	**(1.5)**	(2.3)
Computer equipment	**(16.5)**	(12.2)
Computer software	**(11.2)**	(0.8)
Furniture, fittings and equipment	**(11.5)**	(7.2)
Motor vehicles	**(3.3)**	(2.5)
Video equipment	**(0.4)**	(0.1)
Leasehold improvements	**(5.8)**	(1.8)
	(50.2)	(26.9)
22.7 Additions to property, plant and equipment to expand operations		
Land and buildings	**(123.6)**	(54.3)
Computer equipment	**(1.7)**	(2.3)
Computer software	–	(14.9)
Furniture, fittings and equipment	**(2.8)**	(2.2)
Motor vehicles	–	(0.4)
Video equipment	–	(0.1)
Leasehold improvements	**(9.5)**	(4.1)
	(137.6)	(78.3)
22.8 Additions to property, plant and equipment through business combination		
Computer equipment	–	(0.3)
Computer software	–	(0.1)
Furniture, fittings and equipment	–	(0.5)
	–	(0.9)

23. 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.

Notes to the Group financial statements for the year ended 31 December 2011 *(continued)*

	Audited 2011 R'm	Audited 2010 R'm
24. Business combination		
Design School Southern Africa (Proprietary) Limited was acquired on 1 January 2010. The consideration was based on an earnings-up method. A preliminary estimation of R19.5 million was 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 was 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

25. Group securities

In terms of the Group's banking arrangement, ADvTECH Limited, ADvTECH Resourcing (Pty) Ltd and The Independent Institute of Education (Pty) Ltd have issued to its bankers unlimited suretyships including cessions of loan accounts on behalf of each other's overdraft facilities. As at 31 December 2011 the total amount utilised amounted to R70.7 million (2010: Rnil).

Company statement of comprehensive income for the year ended 31 December 2011

	Notes	Audited 2011 R'm	Audited 2010 R'm
Dividend received from subsidiaries		**270.0**	–
Staff costs	1	**(3.2)**	(2.3)
Other operating income		**3.3**	3.4
Operating profit before interest	1	**270.1**	1.1
Interest received	2	**1.4**	0.4
Profit before taxation		**271.5**	1.5
Taxation	3	**(5.1)**	(0.4)
Total comprehensive income for the year		**266.4**	1.1

Company statement of changes in equity for the year ended 31 December 2011

	Note	Share capital R'm	Share premium R'm	Share option reserve R'm	(Accumulated loss)/ retained earnings R'm	Total equity R'm
Balance at 1 January 2010		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)**
Total comprehensive income for the year					266.4	266.4
Dividends declared to shareholders					(47.9)	(47.9)
Shares issued	7.1,7.2	0.2	112.1			112.3
Share options exercised				(0.1)		(0.1)
Capital distributions to shareholders	7.2		(43.9)			(43.9)
Balance at 31 December 2011		**4.2**	**114.7**	**(2.6)**	**141.1**	**257.4**

Company statement of financial position as at 31 December 2011

	Notes	Audited 2011 R'm	Audited 2010 R'm
Assets			
Non-current assets			
Investments in subsidiaries at cost	4	**161.0**	161.0
Loan to Share Incentive Trust*		**108.8**	0.6
Deferred taxation assets	5	**0.6**	0.9
		270.4	162.5
Current assets			
Loans to subsidiaries	4	**26.5**	6.5
Trade and other receivables	6	**8.7**	6.5
		35.2	13.0
Total assets		**305.6**	175.5
Equity and liabilities			
Capital and reserves			
Share capital	7.1	**4.2**	4.0
Share premium	7.2	**114.7**	46.5
Share option reserve		**(2.6)**	(2.5)
Retained earnings/(accumulated loss)		**141.1**	(77.4)
Total equity		**257.4**	(29.4)
Current liabilities			
Trade and other payables	8	**3.1**	1.1
Loans from subsidiaries	4	**44.1**	202.1
Shareholders for capital distribution		**0.9**	1.7
Shareholders for dividend		**0.1**	–
		48.2	204.9
Total equity and liabilities		**305.6**	175.5

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

Company statement of cash flows for the year ended 31 December 2011

	Notes	Audited 2011 R'm	Audited 2010 R'm
Cash flows from operating activities			
Cash generated from operations	11.1	**0.1**	1.1
Movement in working capital	11.2	**(0.1)**	(1.1)
Cash generated by operating activities		**–**	–
Interest received	2	**1.4**	0.4
Taxation paid	11.3	**(4.8)**	–
Capital distributions paid	11.4	**(44.7)**	(84.2)
Dividends paid	11.5	**(47.8)**	–
Net cash outflow from operating activities		**(95.9)**	(83.8)
Cash flows from investing activities			
Effects of share options exercised on the share option reserve		**(0.1)**	(2.5)
Movement in the loan to the Share Incentive Trust		**4.0**	4.3
Net cash inflow from investing activities		**3.9**	1.8
Cash flows from financing activities			
Increase in net loans from subsidiaries		**92.0**	82.0
Net cash inflow from financing activities		**92.0**	82.0
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		**–**	**–**

Notes to the Company financial statements for the year ended 31 December 2011

		Note	Audited 2011 R'm	Audited 2010 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		**0.3**	0.4
	Directors' emoluments – for services as directors		**2.2**	1.6
	Staff costs		**1.0**	0.7
	Total staff costs		**3.2**	2.3
2.	**Interest received**			
	Call accounts		**1.4**	0.3
	Other		**–**	0.1
			1.4	0.4
3.	**Taxation**			
3.1	**Taxation expense comprises**			
	Current taxation – Secondary Taxation on Companies		**4.8**	–
	Deferred taxation – current year	5	**0.4**	0.4
	– prior year over provision	5	**(0.1)**	–
	Total taxation expense		**5.1**	0.4
	Estimated taxation losses for the Company carried forward at year-end was R2.3 million (2010: R3.8 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		**271.5**	1.5
	Taxation at 28%		**76.0**	0.4
	Permanent differences – non-taxable income		**(75.6)**	–
	Secondary Taxation on Companies		**4.8**	–
	Deferred taxation – prior year over provision		**(0.1)**	–
	Taxation expense recognised in profit		**5.1**	0.4

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company: Shares		Interest of Holding Company: Loans receivable/(payable)		
	31 Dec 2011 R	31 Dec 2010 R	**31 Dec 2011 %**	31 Dec 2010 %	**31 Dec 2011 R'm**	31 Dec 2010 R'm	**31 Dec 2011 R'm**	31 Dec 2010 R'm	Principal activity
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	**(44.1)**	(202.1)	1
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59.8**	59.8	**20.0**	–	2
Indirect:									
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
The Design School Southern Africa (Pty) Ltd	**1**	1	**100**	100					1
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					4
Resource Development International (Pty) Ltd	**200**	200	**100**	100					3
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					3
Triumph Holdings Ltd (a)	**4**	4	**100**	100					5
					161.0	161.0	**(17.6)**	(195.6)	

[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 R156.3 million (2010: R148.8 million). All companies are incorporated in the Republic of South Africa except as indicated (a) 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 2011 *(continued)*

		Audited 2011 R'm	Audited 2010 R'm
5.	**Deferred taxation assets**		
	Opening deferred taxation assets	**0.9**	1.3
	Utilisation of deferred taxation assets relating to taxation losses	**(0.4)**	(0.4)
	Prior year over provision	**0.1**	–
	Balance at end of the year	**0.6**	0.9
	The balance comprises:		
	Estimated taxation losses carried forward	**0.6**	0.9
	Deferred taxation accounted for in the statement of comprehensive income:		
	Utilisation of taxation losses	**(0.4)**	(0.4)
6.	**Trade and other receivables**		
	Other receivables	**8.7**	6.5
	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	**5.0**	5.0
	(2010: 500 000 000 shares of 1 cent each)		
	500 000 000 N shares of 0.01 cent each	**0.1**	0.1
	(2010: 500 000 000 N shares of 0.01 cent each)		
		5.1	5.1

	Number of shares 2011 'm	Share capital 2011 R'm	Number of shares 2010 'm	Share capital 2010 R'm
Issued				
Balance at 1 January	**400.8**	**4.0**	400.8	4.0
Shares issued	**20.0**	**0.2**	–	–
Balance at 31 December	**420.8**	**4.2**	400.8	4.0

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

	Audited 2011 R'm	Audited 2010 R'm
7. Share capital and share premium *(continued)*		
7.2 Share premium		
Balance at 1 January	**46.5**	131.8
Capital distributions to shareholders	**(43.9)**	(85.3)
Shares issued	**112.1**	–
Balance at 31 December	**114.7**	46.5
8. Trade and other payables		
Trade payables and accruals	**3.1**	1.1

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 retained earnings.

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

10. Contingent liabilities

In terms of the Group's banking arrangement, the Company has issued to its bankers an unlimited suretyship including cession of loan accounts on behalf of The Independent Institute of Education (Pty) Ltd and ADvTECH Resourcing (Pty) Ltd for overdraft facilities, which at 31 December 2011 were utilised and amounted to R70.7 million (2010: Rnil). (See note 17 of the Group financial statements).

Notes to the Company financial statements for the year ended 31 December 2011 *(continued)*

	Notes	**Audited 2011 R'm**	Audited 2010 R'm
11. Notes to the statement of cash flows			
11.1 Cash generated from operations			
Profit before taxation		**271.5**	1.5
Adjust for non-cash items		**(270.0)**	–
		1.5	1.5
Adjust:			
Interest received	2	**(1.4)**	(0.4)
		0.1	1.1
11.2 Movement in working capital			
Increase in trade and other receivables		**(2.2)**	(1.3)
Increase in trade and other payables		**2.1**	0.2
Increase in working capital		**(0.1)**	(1.1)
11.3 Taxation paid			
Balance at beginning of the year		**–**	–
Current charge	3	**(4.8)**	–
Balance at end of the year		**–**	–
Cash amount paid		**(4.8)**	–
11.4 Capital distributions paid			
Balance at beginning of the year		**(1.7)**	(0.6)
Declared during the year	7.2	**(43.9)**	(85.3)
Balance at end of the year		**0.9**	1.7
Cash amount paid		**(44.7)**	(84.2)
11.5 Dividends paid			
Balance at beginning of the year		**–**	–
Declared during the year		**(47.9)**	–
Balance at end of the year		**0.1**	–
Cash amount paid		**(47.8)**	–

12. Related party transactions

ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Pty) Ltd and for ADvTECH Resourcing (Pty) Ltd for which management fees of R3.7 million (2010: R2.9 million) and R0.9 million (2010: R0.7 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments.

Shareholders' analysis at 31 December 2011

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Range of shareholding				
1 to 10 000	2 457	76.3%	5 236 450	1.3%
10 001 to 100 000	501	15.5%	16 259 156	3.9%
100 001 to 500 000	152	4.7%	32 165 002	7.6%
500 001 to 1 000 000	33	1.0%	25 400 054	6.0%
more than 1 000 000	79	2.5%	341 819 428	81.2%
	3 222	**100.0%**	**420 880 090**	**100.0%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2011 the spread of shareholders was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Shareholder spread				
ADvTECH Share Incentive Scheme	1	0.0%	19 423 753	4.6%
Directors (including prescribed officers and subsidiary directors)	10	0.3%	32 885 655	7.8%
Non-public shareholding	11	0.3%	52 309 408	12.4%
Public shareholding	3 211	99.7%	368 570 682	87.6%
Total of all shareholders	**3 222**	**100.0%**	**420 880 090**	**100.0%**

Major shareholders

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

	Shares held	
	Number	%
Coronation Fund Managers	79 802 103	19.0%
Sanlam Investment Management	58 262 837	13.8%
Old Mutual Asset Management	36 027 583	8.6%
BD Buckham	25 392 650	6.0%

Share Information

	2011	2010	2009	2008	2007
Closing price at period end (cents)	**620**	595	525	395	485
JSE market price high (cents)	**630**	640	535	464	529
JSE market price low (cents)	**540**	505	290	300	290
Total number of transactions at JSE	**6 481**	5 306	3 970	4 346	4 629
Total number of shares traded	**105 998 458**	74 704 485	72 982 931	70 227 537	70 219 288
Total value of shares traded (R)	**604 571 019**	439 713 207	318 742 200	278 128 027	301 544 748
Average price per share (cents)	**572**	589	437	396	441
Shares in issue	**420 880 090**	400 838 181	400 838 181	393 664 886	393 664 886
Percentage volume traded to shares in issue	**25%**	19%	18%	18%	18%
PE ratio	**15.9**	16.0	13.1	12.3	15.2

Note: Shares in issue per JSE as at 31 December 2011

Shareholders' diary

	2012
Announcement of annual results	Monday, 19 March
Annual report	Friday, 30 March
Last date to trade to be eligible to participate and vote at Annual General Meeting	Friday, 4 May
Last date to be recorded as shareholder	Friday, 11 May
Annual General Meeting	Tuesday, 22 May
Interim results for the six months ended 30 June 2012	Monday, 27 August

Notice to shareholders

Notice is hereby given to all shareholders of ADvTECH Limited (the Company) that the twenty second Annual General Meeting for the year ended 31 December 2011 will be held on Tuesday, 22 May 2012 at 10h00 at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton.

This document is important; please read the notes at the end of the notice, which contain important information regarding holders' participation at the Annual General Meeting.

The purpose of the Annual General Meeting and the business to be transacted thereat is detailed below.

ORDINARY RESOLUTIONS

In order for each of the ordinary resolutions to be adopted, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders, present or represented by proxy at the Annual General Meeting and entitled to exercise voting rights on the resolution, is required.

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

1. Adoption of annual financial statements

Ordinary resolution number one is proposed to present the audited annual financial statements for the year ended 31 December 2011 as set out on pages 80 to 122 of this report to the shareholders.

Ordinary resolution number one

"Resolved that the audited Group and Company annual financial statements for the year ended 31 December 2011, including the reports of the directors, the auditors and the Audit Committee, be and are hereby received and adopted."

2. Confirmation of appointment, retirement and re-election of directors

The Company's Memorandum of Incorporation (previously known as the Memorandum and Articles of Association) (MoI) stipulates that –

- Any director appointed subsequent to the last annual general meeting is required to retire at the first annual general meeting held thereafter, but may make himself available for re-election;
- At each annual general meeting, at least one third of the directors shall retire from office, the directors so retiring being those who have been longest in office since their last election;
- The retiring directors shall be eligible for re-election.

Ordinary resolutions two to six are proposed in respect of the re-appointment of the directors who retire in accordance with the MoI. Mr CH Boulle was appointed as alternate director to Mr HR Levin on 1 September 2011, subsequent to the last annual general meeting, and he is therefore required to retire; he has offered himself for re-election. Mr DK Ferreira retires by rotation but does not offer himself for re-election. Prof JD Jansen, Mr HR Levin and Mr JDR Oesch retire by rotation but have offered themselves for re-election.

Brief CVs of Mr CH Boulle, Prof JD Jansen, Mr HR Levin and Mr JDR Oesch appear on pages 66 and 67 of this report.

Ordinary resolution number two

"Resolved that the appointment of Mr CH Boulle, who was appointed as alternate non-executive director to Mr HR Levin on 1 September 2011, subsequent to the last annual general meeting, and who accordingly retires by rotation in terms of the Company's MoI, but, being eligible, offers himself for re-election for a further term of office, be and is hereby confirmed."

Ordinary resolution number three

"Resolved that the retirement of Mr DK Ferreira as a non-executive director of the Company, who retires by rotation in terms of the Company's MoI, and, while being eligible, does not offer himself for re-election, be and is hereby received."

Ordinary resolution number four

"Resolved that Prof JD Jansen, who retires by rotation in terms of the Company's MoI, and, being eligible, offers himself for re-election, be and is hereby re-appointed as a non-executive director of the Company for a further term of office."

Ordinary resolution number five

"Resolved that Mr HR Levin, who retires by rotation in terms of the Company's MoI, and, being eligible, offers himself for re-election, be and is hereby re-appointed as a non-executive director of the Company for a further term of office."

Ordinary resolution number six

"Resolved that Mr JDR Oesch, who retires by rotation in terms of the Company's MoI, and, being eligible, offers himself for re-election, be and is hereby re-appointed as an executive director of the Company for a further term of office."

3. Appointment of Audit Committee

Section 94 of the Companies Act, 2008, as amended (the Act) requires that, at each annual general meeting, shareholders of the Company must elect an Audit Committee comprising at least three members, who are all non-executive directors.

Brief CVs of the proposed members appear on pages 66 and 67 of this report.

Ordinary resolution number seven

"Resolved that the following non-executive directors be and are hereby elected as members of the Audit Committee in terms of the Act, to remain in office until the conclusion of the next annual general meeting:

- Prof BM Gourley
- Mr JC Livingstone
- Mr CH Boulle*
- Mr HR Levin*

*Subject to their election as directors pursuant to ordinary resolutions number two and five respectively."

4. Appointment of auditors

Ordinary resolution number eight is proposed to approve the re-appointment of Deloitte & Touche as the external auditors of the Company for the next financial year, and subject to the passing of the resolution, to note Mrs S Nelson as the designated auditor.

Ordinary resolution number eight

"Resolved that Deloitte & Touche be and are hereby appointed as external auditors of the Company for the financial year ending 31 December 2012, to remain in office until the conclusion of the next annual general meeting, with Mrs S Nelson as the designated auditor."

5. Payments *in lieu* of dividend

Ordinary resolution number nine is proposed to authorise the Company to make payments to shareholders by way of a reduction of share premium, and capital distributions to shareholders *in lieu* of payment 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 2012. 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 (fifteen) 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% (twenty percent) 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 6 (six) months, in any 1 (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 by the Act.

Notice to shareholders *(continued)*

Ordinary resolution number nine

"Resolved that the Company be and is hereby authorised to make payments to shareholders by way of a reduction of share premium, and capital contributions to shareholders *in lieu* of payment of a dividend, provided that 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 2012, and provided that this authority shall not extend beyond the date of the next annual general meeting or 15 (fifteen) months from the date of the resolution, whichever is shorter."

6. Non-binding advisory vote – Remuneration Policy

King III recommends that the Company's remuneration policy should be tabled for a non-binding advisory vote by shareholders at every annual general meeting, thus providing the shareholders with an opportunity to express their views on the Company's remuneration policies. The Remuneration policy is contained on page 70 of this report.

Ordinary Resolution Number Ten

"Resolved that the Company's remuneration policy for the financial year ending 31 December 2012, as contained in the Remuneration policy, be and is hereby endorsed by way of a non-binding advisory vote."

SPECIAL RESOLUTIONS

In order for each of the special resolutions to be adopted, the support of at least 75% (seventy five percent) of the voting rights exercised on the resolutions by shareholders, present or represented at the Annual General Meeting and entitled to exercise voting rights on the resolution, is required.

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

7. Non-executive directors' fees

Section 66(8) (read with section 66(9)) of the Act provides that, to the extent permitted in the Company's MoI, the Company may pay remuneration to its directors for their services as such provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous 2 (two) years. The Company's MoI provides that the directors shall be paid such remuneration as determined from time to time by a general meeting.

The Act requires the establishment of a Social and Ethics Committee. The Board has decided to combine the activities of the existing Board Transformation Committee with those of the required Social and Ethics Committee. The new committee will be known as the Transformation, Social and Ethics Committee. Its mandate will, however, be wider and it is accordingly proposed that the fees payable to members and the chairman of the Transformation, Social and Ethics Committee be increased.

Special resolution number one

"Resolved that the payment of the following fees to the non-executive directors for their services to the Company be and is hereby approved –

a. During the financial year ended 31 December 2011, as set out under the directors' emoluments on page 83 of the directors' report;
b. For the period from 1 January 2012 until determined otherwise by the members in general meeting, the remuneration set out in the table below:

Board/Committee	Annual Fee 2012	Annual Fee 2011
Directors	R220 000	R220 000
Audit Committee	R100 000	R100 000
Remuneration Committee	R35 000	R35 000
Board Transformation Committee	n/a	R35 000
Transformation, Social and Ethics Committee	R50 000	n/a
Litigation Committee	R25 000	R25 000
Additional fee payable to chairman of Board/ Committee:		
Chairman of Board	R180 000	R180 000
Audit Committee	R50 000	R50 000
Remuneration Committee	R10 000	R10 000
Board Transformation Committee	n/a	R15 000
Transformation, Social and Ethics Committee	R35 000	n/a
Litigation Committee	R5 000	R5 000

8. Loans or financial assistance to subsidiaries and related or inter-related companies

Special resolution number two is proposed to grant directors of the Company the authority to cause the Company to provide financial assistance to any subsidiary or inter-related company in the Group, in terms of section 45 of the Act.

Special resolution number two

"Resolved that the Board (or any person authorised by the Board) be and is hereby given a general approval to authorise the Company to provide direct and indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any related or inter-related company, in accordance with section 45 of the Act."

9. Adoption of new Memorandum of Incorporation

As contemplated by item 4(2) of Schedule 5 of the Act, the Company wishes to bring its MoI into harmony with the Act. A copy of the proposed MoI (the new MoI) is enclosed with this report.

Special resolution number three

"Resolved that, in terms of the Act, the Company's existing MoI be and is hereby cancelled and that, in place thereof, the Company adopts the new MoI."

10. General authority to acquire the Company's own shares

Special resolution number four is proposed to authorise the acquisition by the Company or any of its subsidiaries of shares issued by the Company.

The Board's intention is for the shareholders to pass a special resolution granting the Company or its subsidiaries a general authority to acquire ordinary shares issued by the Company in order to enable the Company and its subsidiaries, subject to the requirements of the Act, the Listings Requirements and the Company's MoI, to acquire ordinary shares issued by the Company should the Board consider that it would be in the interest of the Company or its subsidiaries to acquire ordinary shares issued by the Company while the general authority subsists.

11. Special resolution number four

"Resolved that the Company and any subsidiary of the Company be and is hereby authorised, as a general approval, subject to the provisions of the Act, the Listings Requirements and the MoI, to acquire such shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time decide, but provided that:

- The number of ordinary shares acquired in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;
- Such general approval by shareholders –
  - o Shall be valid only until the Company's next annual general meeting provided that it does not extend beyond 15 (fifteen) months from the date of the special resolution; and
  - o Is subject to compliance with the Act;
- Such acquisitions shall not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- Such acquisitions 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 MoI;
- At any point in time, the Company will only appoint one agent to effect any repurchase(s) on the Company's behalf;
- Acquisitions may not be made during a prohibited period as defined in paragraph 3.67 of the Listings Requirements;
- The Company will make an announcement as required by the Listings Requirements;
- The Company will ensure that its sponsor provides the necessary letter on the adequacy of the working capital as required by the Listings Requirements prior to the commencement of any purchase of the Company's shares in terms hereof;
- It is the opinion of the directors of the Company that following a repurchase of shares -
  - o For a period of 12 (twelve) months after the

Notice to shareholders *(continued)*

date of the notice of Annual General Meeting, the Company will be able, in the ordinary course of business, to pay all its debts;
  - o The assets of the Company, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements; and
  - o For a period of 12 (twelve) months after the date of the notice of Annual General Meeting, the Company's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes; and
- The Board passes a resolution authorising the repurchase, stating that the Company has passed the solvency and liquidity test, and that since the test was done there have been no material changes to the financial position of the Company."

Explanatory notes to ordinary resolution number nine and special resolution number four:
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 is annexed as indicated below:

- Directors and management: pages 67 and 68 of the annual report
- Major shareholders: page 124 of the annual financial statements
- Directors' and prescribed officers' interests in securities: page 82 of the annual financial statements
- Share capital of the Company: page 120 of the annual financial statements
- Litigation: page 73 of the annual report

The directors, whose names are given on pages 66 and 67 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 this 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 2011.

Additional explanatory notes to ordinary resolution number nine and special resolution number four:
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, has not yet been determined;
3. That the method by which the Company intends to make general payments to shareholders in terms of a general authority and the date on which such payments will take place has not yet been determined; and
4. That after considering the effect of a maximum permitted general repurchase of securities or general payments, the Company and its subsidiaries are, as at the date of this notice, 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 (twelve) months after the date of this notice;
- 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 (twelve) months after the date of this notice. 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 any 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 (twelve) months after the date of this notice;
- The working capital of the Company and Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice; and
- The Company will provide its sponsor and the JSE with all documentation as required by 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:
In accordance with section 59 of the Act, the Board of directors has determined the record date for holders to be recorded as shareholders in the securities register of the Company to be able to attend, participate in and vote at the Annual General Meeting is Friday, 11 May 2012. The last date to trade to be able to attend, participate in and vote at the Annual General Meeting is Friday, 4 May 2012.

Any shareholders wishing to attend the Annual General Meeting who have already dematerialised their shares in the Company, and such dematerialised shares are not recorded in the electronic sub-register of the Company 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.

Shareholders and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the Annual General Meeting as at the record date of Friday, 11 May 2012 are entitled to participate in and vote at the Annual General Meeting in person or by proxy/ies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the person entitled to vote. A proxy need not be a person entitled to vote at a meeting.

If you have not yet dematerialised your shares in the Company 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 the Company namely, Link Market Services SA (Pty) Ltd, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2012.

If you have already dematerialised your shares in the Company:

- and such dematerialised shares are recorded in the electronic sub-register of the Company 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 the Company namely, Link Market Services SA (Pty) Ltd, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2012; or
- where such dematerialised shares are not recorded in the electronic sub-register of the Company in your own name, you should notify your duly appointed CSDP or broker, as the case may be, in the manner and cut-off time stipulated in the

Notice to shareholders *(continued)*

agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the Annual General Meeting.

The shareholders are entitled to vote on all the resolutions set out above. On a show of hands, every shareholder who is present in person or by proxy at the Annual General Meeting will have one vote (irrespective of the number of ordinary shares held in the Company) and, on a poll, every shareholder will have one vote for every ordinary share held or represented.

In terms of section 63(1) of the Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences and passports.

By order of the Board

SK Saunders
Group company secretary

Bridge Capital Advisors (Pty) Ltd
Sponsor

Form of proxy

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

For use by registered holders of certificated shares and holders of dematerialised shares with "own name" registrations at the Annual General Meeting of ADvTECH to be held on Tuesday, 22 May 2012 at 10h00 at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton.

Please read the notes on the reverse side of this form of proxy.
Holders of shares in the Company (whether certificated or dematerialised) through a nominee must not complete this form of proxy but should inform that nominee timeously, or, if applicable, their Central Securities Depository Participant ("CSDP") or stockbroker of their intention to attend the Annual General Meeting and request such nominee, CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the Annual General Meeting in person. Such shareholders must not return this form of proxy to the transfer secretaries of the Company.

I/we (please print names in full) ____________________

of (please insert address) ____________________

being the holder(s) 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 Annual General Meeting,

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the Annual General Meeting and at each adjournment thereof, and to vote for or against such resolutions or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following instructions (see note 5):

Resolution	In favour of*	Against*	Abstain*
Ordinary resolution number one Adoption of the annual financial statements			
Ordinary resolution number two Confirmation of appointment of Mr CH Boulle as alternate director to Mr HR Levin			
Ordinary resolution number three Receive retirement of Mr DK Ferreira as director			
Ordinary resolution number four Re-appointment of Prof JD Jansen as director			
Ordinary resolution number five Re-appointment of Mr HR Levin as director			
Ordinary resolution number six Re-appointment of Mr JDR Oesch as director			
Ordinary resolution number seven Re-appointment of the Audit Committee			
Ordinary resolution number eight Appointment of external auditors			
Ordinary resolution number nine General authority to make payments *in lieu* of dividends			
Ordinary resolution number ten Non-binding advisory vote on Remuneration policy			
Special resolution number one Approval of non-executive directors' fees			
Special resolution number two Authority to make loans/give financial assistance to subsidiaries and related or inter-related companies			
Special resolution number three Adoption of new Memorandum of Incorporation			
Special resolution number four General authority for the acquisition of shares issued by the Company			

* Insert an "X" in the relevant spaces above to indicate how the proxy should vote, or the number of shares if you wish to cast your votes in respect of a lesser number of shares (see note 5).

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

Signed this ____________________ day of ____________________ 2012

Signed ____________________

(Authority of signatory to be attached if applicable – see note 11)

Assisted by me ____________________

(where applicable – see note 13)

Notes to form of proxy

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

Shareholders are entitled to vote on all resolutions set out in the notice of Annual General Meeting. On a show of hands, every shareholder who is present in person or by proxy will have one vote (irrespective of the number of shares held in the Company) and, on a poll, every shareholder will have one vote for every share held or represented.

1. This form of proxy must be used by registered holders of certificated shares or holders of dematerialised shares with "own name" registrations.
2. Holders of shares through a nominee are reminded that the onus is on them to communicate with their nominee, CSDP or stockbroker.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
4. 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.
5. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of 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 or abstain from voting 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.
6. If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the shareholder's name.
7. Forms of proxy must be lodged at or be posted to the registered office of Link Market Services SA (Pty) Ltd, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2012. A form of proxy sent by electronic medium to the company secretary or transfer secretaries within the said time limit shall be deemed to constitute an instrument of proxy.
8. 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.
9. 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.
10. 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.
11. 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.
12. Where shares are held jointly and more than one such joint holder is present or represented, the person whose name appears first in the securities register or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. At least one of the joint shareholders must sign the form of proxy.
13. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Summary of rights in terms of section 58(8)(b)(i) of the Act:

- A shareholder is entitled to appoint a proxy who need not be a shareholder of the company to participate in, and speak and vote at a shareholders' meeting on behalf of the shareholder.
- A shareholder may appoint more than one person as a proxy, and may appoint more than one proxy to exercise voting rights attached to different securities.
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
- A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
- A shareholder may revoke a proxy appointment in writing.
- A proxy appointment is suspended if the shareholder chooses to act directly and exercise any of his rights as shareholder in person.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

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 (Pty) Ltd
16th Floor
11 Diagonal Street
Johannesburg
2001

PO Box 4844
Johannesburg
2000

Education brands

Tel: +27 11 676 8021
www.iie.ac.za

Tel: +27 86 072 4665
www.juniorcolleges.co.za

Tel: +27 12 343 2504
www.collegecampus.co.za

Tel: +27 31 573 7460
www.varsitycollege.co.za

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www.abbotts.co.za

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www.vegaschool.com

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www.flb.co.za

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Resourcing brands

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