ADTECH
GROUP

ANNUAL REPORT 2012

ADvTECH LEADS THE PRIVATE SECTOR IN THE FIELDS OF EDUCATION AND RESOURCING, CONTRIBUTING MEANINGFULLY TOWARDS THE SUSTAINABLE DEVELOPMENT OF HUMAN CAPACITY IN SOUTH AFRICA.

WE CONTRIBUTE TO SOCIETY THROUGH THE PROVISION OF EDUCATION, TRAINING, SKILLS DEVELOPMENT AND CAREER PLACEMENT SERVICES.

STRONG DEMAND

CAREER SUCCESS

STATEMENT OF PURPOSE

We aim to build and grow a high quality organisation in education, training and placement that is widely recognised for passionate commitment and success in enriching people's lives and futures.

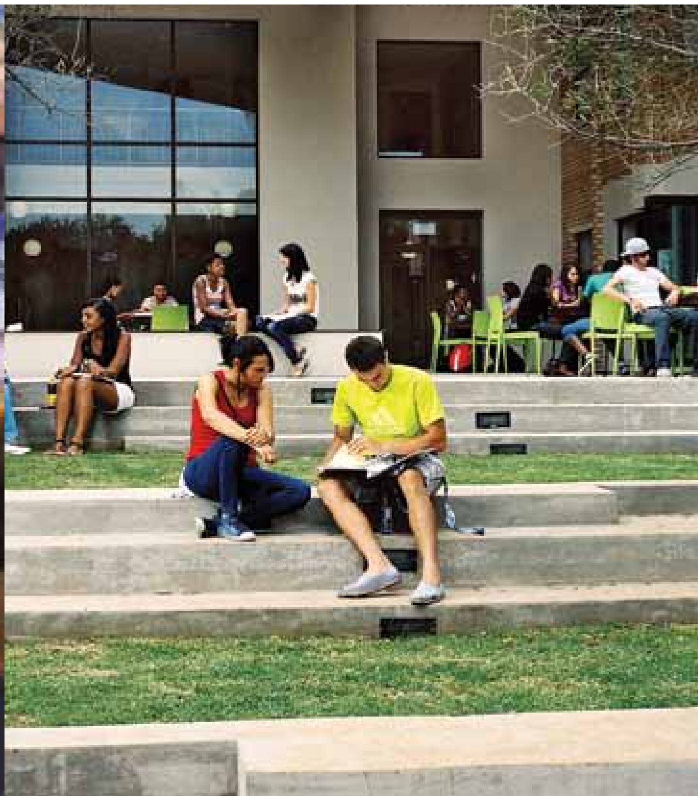
We aim to grow a reputation for our ability to make a real difference to the people we serve, for our connectedness and partnerships with African and global markets and players, for the relevance, quality and usefulness of our offerings, and for the enterprising and agile way in which we tackle our task.

We will achieve this by focusing on our customers and taking a lead from our markets, by our innovative approach, especially in harnessing the power of technology, and by striving for excellence and sustainability in all we do.

OFFERING QUALITY AND VALUE, WHILE ALWAYS IMPROVING

46 769

STUDENTS



OUR **BRANDS**

SCHOOLS

ABBOTTS COLLEGE — Senior High School —

Abbotts College caters exclusively for Grades 10, 11 and 12 students to equip them with the values required to operate with honesty and transparency in the modern world.
www.abbotts.co.za

CrawfordSchools Pre-Primary · Preparatory · College

CrawfordSchools™ provide a fresh and innovative approach to academic, sports and cultural activities ensuring its students are well prepared to meet the challenges of the future.
www.crawfordschools.co.za

Junior Colleges caters for children from six weeks to six years old, and focuses on the holistic development of each child in a nurturing environment.
www.juniorcolleges.co.za

TRINITYHOUSE Pre-Primary • Preparatory • High

Trinityhouse through its traditional values provides for holistic, high quality Pre-Primary, Preparatory and High School education.
www.trinityhouse.co.za

TERTIARY

THE INDEPENDENT INSTITUTE OF EDUCATION

The Independent Institute of Education (The IIE) is responsible for the academic leadership and governance in the Tertiary division. As a national provider, the IIE oversees a total of 23 tertiary sites in the Group.
www.iie.ac.za

College CAMPUS

College Campus offers students a well balanced and vibrant Higher Education learning environment. A combination of career-orientated study programmes, practical experience outside the lecture room and support services are used to guide students in their chosen career paths.
www.collegecampus.co.za

the design school southern africa

The Design School of Southern Africa is a place of choice for accredited IIE qualifications in Bachelor of Arts degrees that include Interior Design, Graphic Design and Fashion Design.
www.designschoolsa.co.za

FLB

Forbes Lever Baker offers financial and accounting education, through providing tuition support for Unisa undergraduate and postgraduate degree students.
www.flb.co.za

ROSEBANK COLLEGE

Rosebank College's pulsing campuses near the heart of city centres provide Higher and Further education qualifications, along with employment opportunities on course completion.
www.rosebankcollege.co.za

Varsity College

With an impressive pass rate, Varsity College provides tertiary education, tuition support and a learning experience towards degrees, diplomas, certificates and Short Learning Programmes.
www.varsitycollege.co.za

Vega SCHOOL OF BRAND LEADERSHIP

Vega aims to produce graduates who can generate innovative brand ideas and solutions for the spirited demands of the 21st century.
www.vegaschool.com

Corporate College International

Corporate College International specialises in Adult Basic Education and Training, along with skills development for working adults.
www.ccionline.co.za

RESOURCING

Brent

Brent Personnel provides customised permanent, temporary and contract staffing solutions to the Finance and Office Support industries.
www.brent.co.za

cassel&co financial&accounting recruitment specialists

Cassel & Company offers premier permanent, temporary and contract staffing solutions in Accounting and Finance.
www.cassel.co.za

communicate

Communicate Personnel provides innovative permanent, temporary and contract staffing solutions to the following specialist industries: Engineering, Finance, Freight and Logistics, Information Technology (IT) and Supply Chain Management.
www.communicate.co.za

insource.ict

Insource.ICT is a specialist ICT (Information and Communication Technology) recruitment brand, placing candidates at all levels and across all technologies, within the South African IT industry.
www.insource.co.za

IT EDGE

IT Edge offers flexible permanent and contract IT staffing solutions in line with the change and innovation that is synonymous with the IT industry.
www.itedge.co.za

NETWORK RECRUITMENT

Network Recruitment comprises three specialist areas: Network Engineering, Network Finance and Network IT Recruitment. They offer optimum permanent staffing solutions to both clients and candidates in these industry sectors.
www.network.co.za

TECH-PRO PERSONNEL

Tech-Pro Personnel is the unrivalled leader in Supply Chain Management recruitment and is actively involved in the development of this profession in South Africa. The brand offers permanent staffing solutions in Logistics, Planning, Procurement and Technology.
www.techpro.co.za

Inkokheli

Inkokheli HR Appointments is the only recruitment business in South Africa that focuses solely on permanent, temporary and contract staffing solutions in Human Resources.
www.inkokheli.com

VertexKapele

VertexKapele provides Human Resource (HR) solutions for specialised industry sectors throughout Africa. Contract staffing solutions, Advertising Response Handling, Recruitment Advertising and Strategic HR Consulting Services are offered in various commercial sectors.
www.vertexsa.com

the working earth

The Working Earth is South Africa's only recruitment advertising specialist that links advertising to electronic response handling using the power of the internet. The brand offers the following recruitment methodologies: Advertising Response Handling, Electronic Recruitment, In-company Recruitment and Recruitment Advertising.
www.theworkingearth.co.za

UNDERSTANDING CANDIDATES AND CLIENT NEEDS

3 758

CANDIDATES PLACED

ANNUAL REPORT

CONTENTS

ETHICS, PEOPLE CENTERDNESS, SUSTAINABILITY, CARING AND RESPONSIBLE LEADERSHIP AND RESPECT ARE SOME OF OUR VALUES.

CONSISTENTLY MAINTAINED A VERY HIGH STANDARD, EARNING BOTH LOCAL AND INTERNATIONAL RECOGNITION.

DIVERSITY WILL ENABLE US TO USE THE DIFFERING SKILLS, EXPERIENCES AND CULTURES OF STAFF TO CREATE AN EVEN RICHER ENVIRONMENT.

THE ANNUAL GENERAL MEETING TO BE HELD ON 28 MAY 2013 AT 10:00 AM

Front cover: Kishna Singh, Vega Intern.

GROUP OVERVIEW

SCOPE OF OPERATIONS IN 2012

2011 | 57

EDUCATION SITES 54 ↓

2011 | 20

STAFFING BRANCHES 21 ↑

2011 | 3 984

NUMBER OF EMPLOYEES 4 037 ↑

EMPLOYEES WITH MASTERS DEGREES 273 (2011 | 258)

EMPLOYEES WITH DOCTORATES 26 (2 011 | 32)

ALUMNI 312 (2 011 | 264)

2011 | 1 190

NUMBER OF MATRIC CANDIDATES 1 301 ↑

PASS RATE 99% (2011 | 100%)

TOTAL NUMBER OF DISTINCTIONS 2 840 (2011 | 2 759)

AVERAGE DISTINCTIONS PER CANDIDATE 2.2 (2011 | 2.3)

2011 | 51 200

NUMBER OF STUDENTS 46 769 ↓

NUMBER OF FULL-TIME STUDENTS 32 696 (2011 | 35 300)

2011 | 3 977

NUMBER OF JOB CANDIDATES PLACED 3 758 ↓

PERFORMANCE HIGHLIGHTS

for the year ended 31 December 2012

REVENUE 5% ↑

FREE OPERATING CASH FLOW PER SHARE 4% ↑

HEADLINE EARNINGS PER SHARE 14% ↓

DIVIDENDS PER SHARE FOR THE YEAR 24.0 cents

	Percentage change	2012	2011
Revenue (R'm)	5%	1 687.2	1 605.6
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) (R'm)	(8%)	267.6	292.3
Operating profit before interest and impairment (R'm)	(13%)	200.0	230.0
Profit before taxation (R'm)	(14%)	202.5	235.5
Shareholders' equity (R'm)	6%	793.1	751.2
Total assets (R'm)	16%	1 335.7	1 155.0
EBITDA margin (%)		15.9	18.2
Net asset value per share (cents)	5%	188.3	178.5
Free operating cash flow before capex per share (cents)	4%	68.4	66.0
Headline earnings per share (cents)	(14%)	34.6	40.4
Diluted headline earnings per share (cents)	(14%)	34.6	40.4
Dividends per share (gross) (cents)	(8%)	24.0	26.0
Number of employees (at year-end)	1%	4 037	3 984
Number of staff with Masters degrees	6%	273	258
Number of staff with Doctorates	(19%)	26	32
Number of full-time students	(7%)	32 696	35 300
Number of job candidates placed	(6%)	3 758	3 977
Matric exam results			
Number of candidates	9%	1301	1190
Pass rate (%)	(1%)	99	100
Total number of distinctions	3%	2 840	2 759
Average distinctions per candidate		2.2	2.3
Capital expenditure (R'm)		231.5	187.8
Corporate social investment and bursaries (R'm)		63.6	69.6

STRATEGIC OBJECTIVES AND INITIATIVES

OBJECTIVE 1 A RESOLUTE FOCUS ON QUALITY

STRATEGY	KEY INITIATIVE	PROGRESS
Our institutions receive no subsidy or support from any other source and are dependent on revenues earned from students and job candidates who choose ADvTECH brands based on the value and reputation they enjoy. The obvious and most important cornerstone of this value and reputation lies in the quality of the service we offer, which must always more than justify the fees we ask. An important feature of high quality is to have sound, scalable and relevant yardsticks. We go to immense lengths to measure, enhance and protect the quality of our offerings. Maintaining this focus on quality is a key priority.	• Academic staff hold senior management positions and authority throughout ADvTECH • Key performance areas for brands include appropriate qualitative and quantitative measures • Specific quality monitoring and improvement processes are in place • Regular measurement against recognisable and appropriate benchmarks are undertaken	Three senior and well respected members of academia serve on the ADvTECH Board, one on the Executive Committee and several on various committees throughout the Group. The Group continues to benchmark and monitor its' operations and results against both national and international standards with the aim of maintaining the highest standards.

OBJECTIVE 2 A DEDICATED, PASSIONATE TEAM

STRATEGY	KEY INITIATIVE	PROGRESS
Academic research and practical experience have demonstrated beyond argument that the key to consistent high quality service delivery lies in attracting and retaining well qualified, experienced and enthusiastic staff. Retaining this focus on being a 'Great Place To Work' is a key priority.	• Consolidated Group Human Resources report at Exco and Board level • Co-ordinated talent management initiative – the launch of ADvTALENT • Participation in Employer of Choice programmes • Regular evaluation and feedback with staff • Regular measurement against recognised appropriate benchmarks	The HESIO Committee, which deals with Human Resources, HIV/Aids, Employment Equity, Environment, Occupational Health and Safety reports to the Executive Committee (Exco), the Transformation, Social and Ethics Committee (TSEC) and the Board on a regular basis. ADvTALENT, the Management Development Programme (MDP) and the Transformation Forum have been launched to identify and manage talent in the Group. The Group participates annually in the Deloitte "Best Company To Work For" survey and was awarded the Deloitte Seal of Excellence for 2012. The Group reviews the results of the survey and makes adjustments to its policies where appropriate. Employees have regular mandatory evaluation and feedback sessions with their direct manager lines and are encouraged to build careers at ADvTECH.

VALUES

ETHICS

Through our own ethical conduct, practices and policies we seek to set an example to our learners, students and clients.

PEOPLE CENTREDNESS

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

SUSTAINABILITY

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

OBJECTIVE

3 SERVING FUTURE GENERATIONS

STRATEGY	KEY INITIATIVE	PROGRESS
We believe that a key responsibility of management is to endeavour to ensure that ADvTECH thrives to serve many future generations of students and job seekers. This requires us to build strong and reputable brands while at the same time ensuring that we operate within our means. At a strategic level this includes thorough planning and the appropriate assigning of financial, physical, environmental and human resources. The idea of continuous growth and regeneration of resources is an important part of this notion, which requires continuous investment in our future. Management remains focused on this concept as a key priority.	• Long-term investment evaluation horizon applied • Investment in educational programmes, technology, equipment, infrastructure and human resources • Ongoing enhancement of teaching and learning techniques • Community engagement, outreach and citizenship initiatives undertaken • Inculcating environmental awareness among students • Monitoring our impact on physical environment	Throughout the Group there are new degree programmes, education programmes, learning projects and curricula development aimed at the continued enhancement and investment in our service offering. The Group aims to be at the forefront of developments within the realms of technology and teaching. ADvTECH has invested in the communities they serve by the increased involvement in various citizenship outreach programmes.

OBJECTIVE

4 ACCESS TO OUR QUALITY EDUCATION

STRATEGY	KEY INITIATIVE	PROGRESS
We understand the role of quality education in improving the lives of South Africans. Our bursary, scholarship and financial support programmes provide thousands of deserving learners access to study at our institutions. At the same time, success in this area broadens and deepens the markets which we serve, which in turn helps to build the growth and sustainability of our Group. Widening access to our quality education continues to be a key priority.	• Constant drive for increased student numbers by providing additional places for students • Growth in the number of bursaries and subsidies for deserving students • Joint ventures formed with external funders to increase access for deserving students • Innovative finance arrangements developed to improve affordability	ADvTECH has invested a substantial amount of capital expenditure in building new schools, upgrading current campuses and improving the technological infrastructure of our institutions. The number of bursary beneficiaries has increased when compared to last year. The Group has partnered with reputable institutions and SETA's to provide learnerships and internships to deserving students and job seekers.

CARING AND RESPONSIBLE LEADERSHIP

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

RESPECT

Respecting each other as well as clients and candidates.

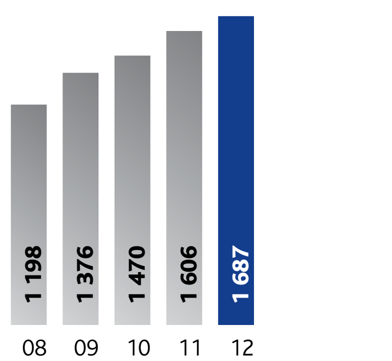
GROUP OVERVIEW
BUSINESS REVIEW
SUSTAINABLE DEVELOPMENT
GOVERNANCE
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

FIVE YEAR REVIEW

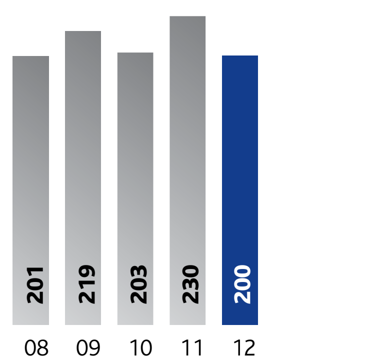
for the year ended 31 December 2012

	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm
Summarised statements of comprehensive income					
Revenue	**1 687.2**	1 605.6	1 470.1	1 376.0	1 197.8
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	**267.6**	292.3	269.3	277.7	246.3
Depreciation and amortisation	**67.6**	62.3	66.4	58.8	45.6
Operating profit before interest and impairment	**200.0**	230.0	202.9	218.9	200.7
Impairment of tangible and intangible assets	**(1.5)**	(5.3)	–	–	–
Net interest received	**4.0**	10.8	9.2	10.9	21.8
Profit before taxation	**202.5**	235.5	212.1	229.8	222.5
Taxation	**64.1**	79.2	63.3	69.6	67.1
Total comprehensive income for the year	**138.4**	156.3	148.8	160.2	155.4
Headline earnings	**139.1**	161.8	148.6	160.3	155.5
Summarised statements of financial position					
Shareholders' equity	**793.1**	751.2	677.8	610.6	508.9
Interest bearing debt	**–**	–	–	–	3.9
Vendor claims	**–**	–	–	–	12.0
Current liabilities	**542.6**	403.8	306.8	318.1	274.2
	1 335.7	1 155.0	984.6	928.7	799.0
Non-current assets	**1 131.8**	975.7	852.6	787.9	665.3
Current assets	**203.9**	179.3	132.0	140.8	133.7
	1 335.7	1 155.0	984.6	928.7	799.0
Summarised cash flows					
Cash generated by operating activities	**336.2**	333.7	271.8	314.3	250.5
Net cash inflow from operating activities	**190.3**	134.4	118.7	169.6	154.0
Net cash outflow from investing activities	**(228.6)**	(187.2)	(122.3)	(155.3)	(234.9)
Net cash inflow/(outflow) from financing activities	**120.0**	(8.6)	1.5	(18.5)	6.6
Net increase/(decrease) in cash and cash equivalents	**81.7**	(61.4)	(2.1)	(4.2)	(74.3)

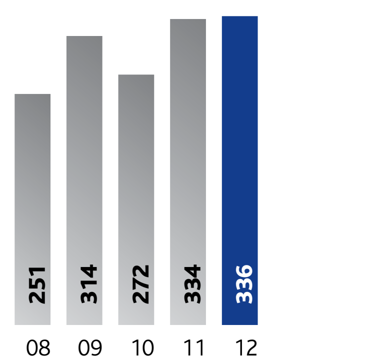
REVENUE (R'm)



OPERATING PROFIT (R'm)



CASH GENERATED BY OPERATING ACTIVITIES (R'm)

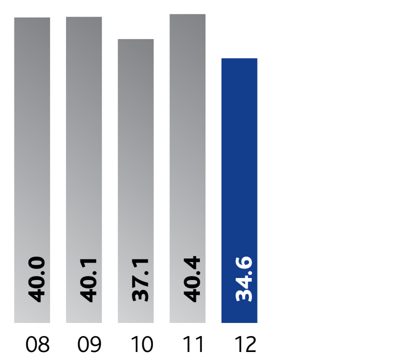


RATIOS AND STATISTICS

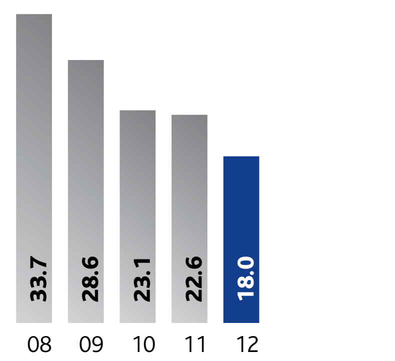
for the year ended 31 December 2012

	2012	2011	2010	2009	2008
Earnings and distribution					
Earnings per share (cents)	**34.4**	39.0	37.2	40.1	40.2
Headline earnings per share (cents)	**34.6**	40.4	37.2	40.1	40.2
Diluted headline earnings per share (cents)	**34.6**	40.4	37.1	40.1	40.0
Distributions to shareholders per share (cents)	**24.0**	26.0	21.5	21.0	20.0
Profitability					
EBITDA on revenue (%)	**15.9**	18.2	18.3	20.2	20.6
EBIT on revenue (%)	**11.9**	14.3	13.8	15.9	16.8
Operating profit on average shareholders' funds (%)	**25.9**	32.2	31.5	39.1	43.5
Headline earnings on average shareholders' funds (%)	**18.0**	22.6	23.1	28.6	33.7
Productivity					
Payroll costs per R1 000 of revenue (Rand)	**506.4**	498.2	501.3	493.5	495.8
Revenue per average fixed assets (Rand)	**1.9**	2.1	2.2	2.3	2.4
Revenue per employee (R'000)	**417.9**	403.0	384.1	364.1	328.8
Revenue per square metre (R'000)	**7 143.1**	7 126.5	6 931.2	6 669.9	5 944.4
Finance					
Interest bearing debt as a percentage of shareholders' equity	**–**	–	–	–	0.8
Current assets to current liabilities	**0.4**	0.4	0.4	0.4	0.5
Operating cash flow per share (cents)	**45.2**	31.9	29.6	42.3	39.1
Free operating cash flow before capex per share (cents)	**68.4**	66.0	54.1	63.8	52.9
Net asset value per share (cents)	**188.3**	178.5	169.1	152.3	129.3
Debtors days as at 31 December	**24.0**	24.0	19.6	22.5	22.1
Other					
Total shares in issue (millions)	**421.3**	420.8	400.8	400.8	393.7
Weighted average number of shares in issue (millions)	**402.3**	400.8	399.9	399.4	386.5
Diluted weighted average number of shares in issue (millions)	**402.5**	400.8	400.2	399.7	389.1
Employee headcount at year-end	**4 037**	3 984	3 827	3 779	3 643
Total capacity occupied ('000 m^2)	**236.2**	225.3	212.1	206.3	201.5

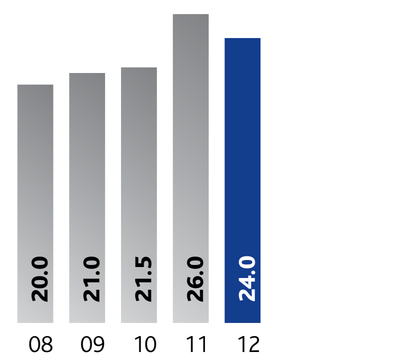
DILUTED HEADLINE EARNINGS PER SHARE (cents)



HEADLINE EARNINGS FOR THE YEAR ON AVERAGE SHAREHOLDERS' FUNDS (%)



DISTRIBUTIONS TO SHAREHOLDERS (cents per share)



A LETTER FROM THE CHAIRMAN

CONTINUED EXCELLENT ACADEMIC RESULTS, GROWTH IN CASH GENERATION AND INCREASING INVESTMENT IN VIABLE GROWTH PROJECTS ARE CLEAR EVIDENCE OF THE SOUND VALUES AND BUSINESS MODEL THAT UNDERPIN THE GROUP.

Dear Shareholder

2012 was a challenging year for South Africa. The South African economy showed moderate improvement as the country continued to recover slowly from recession. However, as was the case since the downturn in 2009, growth was not sufficient to drive the creation of jobs so desperately needed in our economy.

In the recent past, against the backdrop of the tragic events at Marikana, the sustained wave of labour disputes and wildcat strikes, the downgrading of our sovereign debt and policy uncertainty around nationalisation in the lead-up to the Mangaung conference of the ANC, a less than flattering picture has emerged about South Africa. These events impacted negatively on business confidence, which has remained subdued since. The events at Marikana brought into sharper focus the need for an urgent review of the labour market institutions in our country. All stakeholders are hopeful that the Farlam Commission of Enquiry, which has the mandate to examine the events leading up to the Marikana shootings, will usher in the necessary changes to manage labour disputes from escalating to those levels of violence in future.

On the policy front, happily the Mangaung conference of the ANC has been decisive in providing clarity on the economic policy direction of Government. Nationalisation as a policy instrument was explicitly rejected by the ruling party. The watershed moment of the conference however was the resounding adoption of the National Development Plan (NDP). This is more than just another plan. It re-invokes the idea of shared interests and shared responsibilities which were at the heart of the 1994 settlement which ushered in our democracy. South Africa now finally has a long term, 20 year growth and development plan in place, which not only commands the confidence of the public but can also outlast several administrations.

I note and welcome the NDP's proposals for Government to engage in meaningful partnerships with the private sector, and business in particular, in tackling the key challenges facing our society. As ADvTECH we will heed this call and initiate fresh dialogue with the Departments of Basic Education and Higher Education and Training. This initiative will explore a way in which the independent and public education sectors could collaborate more effectively in future in our search for strategies to improve education outcomes in South Africa. I remain concerned about the lack of progress in effective communication and engagement to date, but am encouraged by this new impetus provided by the tone and posture of Government as expressed in the NDP as well as other output from the leadership.

In 2011 ADvTECH returned to earnings growth. Unfortunately, this was interrupted in 2012 by a setback in first year enrolments in the Tertiary division. The impact of operational leverage caused the impact of this to outweigh the solid growth achievements of the other two divisions.

Continued excellent academic results, growth in cash generation and increasing investment in viable growth projects are clear evidence of the sound values and business model that underpin the Group.

During 2012 significant management action was taken in the Tertiary division to respond to the changing situation both externally and internally. A sound platform has been laid to restore the business to growth. While the effects of reduced Tertiary enrolment will continue to have an effect in the present year to some extent, I believe that the business will reap the benefits of its positioning and strategy in future.

The Schools division, which contributed 44% and 74% of Group revenue and operating profit respectively, had an outstanding year. Across our four brands some 13 000 students were served at 31 schools. The academic results were outstanding and the 1 301 matric candidates achieved collectively 2 840 subject distinctions. Six or more subject distinctions were obtained by 157 students and 3% of the 2012 matric cohort achieved an overall average of

90% or more. The quality of these results should be seen in light of the fact that over half of our matric candidates enter the colleges with no selection process and almost a third spend only one year at our schools.

The Tertiary division contributed 44% and 16% of Group revenue and operating profit respectively. Under the guidance of The Independent Institute of Education (IIE), our six brands served 20 000 full-time and 13 000 part-time students on 23 campuses. The IIE continued to grow academically and obtained accreditation of its first Masters degree. The Division launched its joint venture with the University of the Free State for the provision of the four year LLB programme at Varsity College with excellent first year enrolments for 2013. Good results continue to be achieved both academically and by our Career Centres in finding those crucial first jobs for graduates. 3 872 students graduated at certificate, diploma, degree and honours level, an increase of 20% over the previous year.

The Resourcing division contributed 12% and 11% of Group revenue and operating profit respectively. The Division focuses on the permanent placement of high demand scarce skills in key sectors of the economy. These include Information Technology (IT), Finance, Engineering, Freight and Logistics and Human Resources (HR). While the Division was affected in the final quarter by the downturn in business confidence referred to above, it nevertheless managed to hold revenue steady and grow operating profit. The Division placed 3 758 candidates in new positions during the year, a marginal decline over the previous year.

Group revenue increased by 5% to R1.7 billion while operating profit decreased by 13% to R200 million and headline earnings per share declined by 14% to 34.6 cents. Free operating cash flow per share before capital expenditure increased by 4% to 68.4 cents. This is equivalent to 198% cash conversion of earnings and highlights both the underlying quality of earnings at the Group and the successful focus on working capital management.

David Ferreira resigned from the Board with effect from 22 May 2012. David has been a board member for 10 years and during this time made a generous and valuable contribution to the work of the board and its committees. The Board thanks him for his contribution and wishes him well. On 22 October 2012 Professor Shirley Zinn was elected an independent non-executive director and we have already had the benefit of working with her expertise and enthusiasm for our business. Chris Boulle was appointed as an alternate director on 1 September 2011. On 8 March 2013 the Board resolved that Chris should become an independent non-executive director and I now welcome him to the Board and committees in this new capacity.

ADvTECH's annual report has for many years been available online and a visit to our website reveals that copies of the annual reports dating back to 2003, together with a range of supplementary and supporting information, are still available. This report marks the first year in which our primary method of communication of the annual report is electronic. This has enabled the provision of more extensive and interactive information to shareholders and a modest cost saving. Printed copies of our report will be available on request from the company secretary at annualreport@advtech.co.za for the traditionalists who still prefer hard copy documents. Notwithstanding this change in our method of publishing, we continue to follow the guidance and requirements of the various regulatory bodies including the JSE, The Companies Act and the King III Code.

By their nature our activities in basic education, tertiary education and staffing are of great value to the South African economy. This value flows from not only the fresh annual cohort of students who complete their education each year, but also the many thousands of alumni and graduates who are active in the economy. Thus, the Group has a significant positive impact on the society of which we are part. We also have a specific and substantial corporate social investment and citizenship programme which is highlighted in this report.

This serves two purposes, namely to ensure that we remain aware of and committed to our responsibilities as part of the communities we serve and also to ensure that our students, who have the privileged opportunity of studying at one of our institutions, are also taught to be part of and to serve their communities. In 2012 R64 million, equivalent to 46% of net profit, was invested in these activities. Our bursary programme alone, which is the biggest single component of this amount, benefited directly 4 500 people, equivalent to 10% of our student enrolment.

ADvTECH continues to identify and invest in an exciting stream of new education opportunities. Your Group is starting to make real progress in the development of the role of technology, not only in the support and administration of what we do, but also in the fundamental teaching and learning processes themselves. A number of continuing and new investments are aimed in this specific direction. These developments will help the Group reach new students and new markets with non-traditional modes of education. At the same time we continue to identify and invest in additional schools and colleges that will enable us to grow our existing model of excellence in response to strong demand. Even as the number of places available increases, we are seeing growth in waiting lists for sought after entry points to ADvTECH brands.

In closing, I must acknowledge the significant efforts of the management team and staff in what has been a difficult year financially. They have not wavered in their commitment to academic excellence and the longer term strategic vision for the Group. I also thank the Group's non-executive directors for their wide ranging contribution and wise counsel.

Yours sincerely

Leslie Maasdorp
Chairman

OUR CHIEF EXECUTIVE OFFICER'S REPORT

THE GROUP CONTINUED TO GENERATE RETURNS WELL IN EXCESS OF THE COST OF CAPITAL AND SUCCEEDED IN INCREASING FREE OPERATING CASH FLOW WHILE INCREASING ITS RATE OF INVESTMENT IN NEW PROJECTS.

During 2012 ADvTECH changed its segmental structure and created a third standalone division to hold and manage the Group's tertiary brands. The Group thus now reports its activities in three divisions namely, Schools, Tertiary and Resourcing. These changes flow naturally from the growth of the Group and enable this report to more accurately reflect the major focus on investment taking place in the Schools division and the way in which the Tertiary division has dealt with the challenges posed by the decline in first year registrations at the beginning of 2012.

The Group continued to generate returns well in excess of the cost of capital and succeeded in increasing free operating cash flow while increasing its rate of investment in new projects. Important features of the Group's performance are the high proportion of returning students and the strength of brands in each area of the business. In continued support of ADvTECH's reputation for high quality, the value of the Group's offering was demonstrated once again by excellent delivery against industry benchmarks and through qualifying examination results. This has contributed to an increase in demand for sought after entry points into the Group's institutions, particularly at grades 0, 1 and 8 and specialist degrees including the newly launched University of the Free State (UFS) distance LLB. These developments have reinforced our strategy of continuing to invest in new education projects. The Group's outstanding academic results continue to attract prospective students and we have seen a steady increase in non-South African students, who now represent some 15% of our student population.

The Resourcing division had a promising first half which continued into the third quarter. However, the widely publicised issues and unrest which arose in South Africa in August and September, severely impacted business confidence, and in turn had a negative impact on the staffing industry. Both employers and staff became more cautious which resulted in fewer candidates and vacancies as well as extended recruitment cycles. These conditions held back the performance of the Resourcing division and inhibited revenue growth for the year as a whole. Despite this, the Division was able to improve its operating profit and increase operating margin.

Schools

The Schools division offers quality high-end private education from pre-school to matric across four different brands, which in 2012 served 13 000 students at our 31 operational schools across South Africa. The strength of the Division's annuity revenue is highlighted by the fact that 80% of their enrolment are returning students.

The Schools division offers both the State (NSC) and IEB matric exams, with the former being offered at CrawfordSchools™ and Abbotts College and the latter at Trinityhouse.

Our schools have a strong focus on technology, because technology is at the forefront of a continuing tradition of innovation in our approach to education. This has resulted in the Group working with and being acknowledged by leaders in the field such as Apple and Google.

The Schools division ensures that we collectively maintain curricula, standards of education and individual achievement levels at appropriate and internationally accredited levels through regular testing against international benchmarks.
The continued success of our matriculants in their subsequent education and careers is valuable corroboration of the standards achieved.

Our year end exam results were, as has now come to be expected, excellent. Our 1 301 matric candidates achieved a total of 2 840 subject distinctions. It is very pleasing to report the tremendous results achieved across the cohort as a whole in key subjects such as English (66%) and Mathematics (63%). Our schools were acknowledged by the respective Departments of Education as the top performers in Gauteng and KwaZulu-Natal (KZN) and we were honoured to have senior representation from the Department of Basic Education at the Group's matriculants Top Achiever Awards function in January 2013.

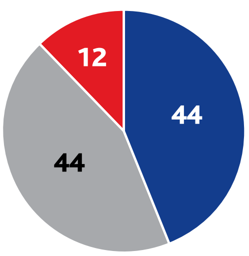
Tertiary

The Independent Institute of Education (IIE) continues to provide leadership and regulatory guidance to our tertiary brands as they deliver the various curricula and qualifications offered. With 49 accredited higher education programmes, ranging up to Masters level, and 23 sites of delivery, the Group has the largest base of accredited programmes in the independent sector. The IIE's BCom and BA degrees were launched successfully at Varsity College during the year and first year exam results were very satisfactory with a 70% pass rate and 16% to 25% distinction rates. On the basis of this encouraging progress, these degrees, as well as additional IIE degrees, are being marketed more broadly across the Division. The Group also launched a joint venture with UFS for the provision of the UFS distance LLB programme with full-time tuition and support at Varsity College campuses. The creation of this innovative product offering and partnership has proceeded remarkably well, with enrolments having exceeded expectations.

20 ceremonies were held last year to facilitate the graduation of 3 872 tertiary students. The 2011 final year accountancy class at Varsity College Durban North achieved a 76% pass rate in part one of the SAICA Qualifying Examination held early in 2012. The Career Centres of Rosebank College were directly responsible for finding employment for over a third of their graduates.

As testament to the quality of education provided by the Tertiary division, the Group continues to hire its own graduates. 312 are now employed by the Group, representing some 8% of our workforce.

DIVISIONAL CONTRIBUTION TO GROUP REVENUE (%)



Resourcing

The Resourcing division maintained its strong focus on the key niche markets of Finance, Engineering and Information Technology, while also developing the smaller sectors of Freight and Logistics, Human Resources and Supply Chain Management.

The Division's niche market focus, the specialist industry knowledge of its consultants and the strength of the Group's operating model stood it in good stead given the difficulties experienced by much of the employment services industry. Consequently, 3 758 candidates were placed in new career positions and the Division maintained a sound return on funds employed.

Financial

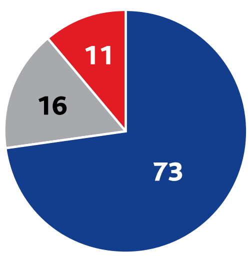
The Group reported a 5% increase in revenue to R1.7 billion. Operating profit decreased 13% to R200 million at an operating margin of 11.9% (2011: 14.3%).

Net interest earned was R4.0 million (2011: R10.8 million). Headline earnings and basic earnings per share for the year declined by 14% to 34.6 cents and 12% to 34.4 cents respectively which compared to a 17% decline in both at the half year.

Revenue in the Schools division increased by 12% and operating profit by 20%, as a result of continued strong demand for places against a modest increase in the number of places available.

The Tertiary division reported flat revenue and a decline of 64% in operating profit. As reported at half year, this was caused primarily by the shortfall in tertiary enrolments. The impact of this on operating profit was heightened by the degree of operational leverage at the time. Significant corrective action has been taken with one-off costs of approximately R4 million being incurred. As noted at half year, it will take some time for the benefits to flow through to the bottom line. However, progress has already been made with interventions to rearrange capacity and improve efficiencies. Further adjustments to structure and capacity may yet be required and these will be assessed during the coming months. Early indications are that work which has been conducted on the curriculum offering and positioning is starting to show some benefits.

DIVISIONAL CONTRIBUTION TO GROUP OPERATING PROFIT (%)



The Resourcing division reported an improvement of 2% in revenue and 14% in operating profit. The Division was able to maintain market share and improve margins as a result of continued focus on the Group's niche market strategy notwithstanding the conditions referred to above.

Free operating cash flow before capex per share was 68.4 cents (2011: 66.0 cents) and represents cash conversion of earnings of 198% (2011: 163%). Improved cash conversion was achieved through careful focus on cash outflows and tight control of working capital, especially capex creditors and debtors. The increase in fees received in advance was mainly due to the increased student numbers at Trinityhouse where additional capacity has been added.

Sound cash management enabled the Group to fund capital expenditure of R232 million (2011: R188 million), company taxation of R43 million (2011: R118 million) and distributions of R107 million (2011: R93 million). Net asset value per share increased by 5%, while net gearing increased to 8% (2011: 3%) at year end as a result of the capital expansion programme.

Investment, infrastructure and technology

The Group continued its strategic investments by creating new capacity and expanding its infrastructure during the year.

At half year the Group reported R1,1 billion of capital commitments which included the construction of eight new schools. The first phases of two of these schools have been completed, while four additional Trinityhouse projects have been approved by the Board. The approval of additional projects in the last six months has resulted in commitments remaining at R1,1 billion and this now includes ten new or extended schools. These projects are to be rolled out over the next eight to ten years with approximately R319 million of the committed expenditure to be spent over the next two years, and are scheduled to open as shown below:

Year	Number of sites to open
2014	2
2015	3
2016	3
2017 and beyond	2

At the beginning of 2012 new campuses were opened at Trinityhouse Little Falls, Varsity College Midrand and College Campus Auckland Park, although the latter site was a replacement of two existing sites rather than an expansion. Details of new openings will be announced in due course as launch dates are agreed.

We continue to focus on technology in education to support sustainable growth and this was stepped up during 2012. Technology is a strategic facilitator for ADvTECH not only due to the need to ensure a flexible yet secure technology infrastructure, but also to allow students to interface directly with their campus, peers and academic staff. As Information Technology plays such an intrinsic role in education today, the additional benefit of offering state-of-the-art technology integrated into the education programmes will help to attract more students, including those from further afield.

The System for Academic Management (SAM) was successfully implemented across the Tertiary brands over the last two years and we have now shifted into the optimisation phase under the direction of the IIE. Major benefits of the system include the reduced time it takes to capture student data, fewer academic and financial queries from students as well as a decrease in the volume of manuals and other student material printed, which contributes positively to the Group's focus on environmental sustainability.

In addition to its administrative and communications capability, SAM is capable of providing a platform to deliver academic learning material to students online. Lecturers are able to supplement existing teaching material with other digital sources and provide student support as and when needed. Informal and formal communication between students themselves and between staff and students is enabled through a variety of channels including blogs and chat rooms. Portals are used to upload student assignments for assessment, to communicate information about modules and to provide students with their results. SAM also provides the capability for students to annotate and work interactively with e-manuals.

SAM is the largest installation of its kind to date by the USA vendor firm Three Rivers Systems and has demonstrated successfully the Group's ability to assimilate and implement new technology systems at scale.

We acknowledge the need to make regular technology decisions to keep pace with the on going change in this area. According to the industry, the next version of Microsoft Windows will contain features that will support the 'Bring Your Own Device' (BYOD) environment. Increasingly, students and staff are using their own laptops, mobile phones, tablets and other mobile devices as these evolve to interact with their campus and each other.

The objective of the Information Technology department is to minimise the complexity of systems used and ensure consistent back office processes across the Group through innovative technology. It is rolling out further initiatives to integrate emerging trends such as cloud computing, virtualisation, mobile technologies, integration of student devices and BYOD, wireless networks and increased broadband access.

The property portfolio, managed by ADvTECH's Property division, monitors residential property development trends, particularly opportunities to secure land for future campus sites in up and coming residential areas. This team has enabled the Group to establish new campuses in high-growth residential nodes in recent years. The efficient use of space underpins the Group's productivity and profitability and the Division plays an important role in continually evaluating how space is used in the buildings that accommodate the brands. They do this, taking into account the specific needs of students, optimal occupancy over a 24-hour cycle and synergies between brand operations.

Several infrastructure projects were completed in 2012. With the construction of the Pre-primary school at Trinityhouse Little Falls campus concluded, construction of a preparatory school commenced in April 2012. This second phase includes a pool complex with seating for 600 spectators and uses solar panels and solar geysers to provide a large portion of the heating of the pool and showers.

Attention has been paid to other ecological aspects such as harvesting rainwater in a 250 000 litre storage tank and designing courtyards as a climate control measure to create shade in summer and radiate heat in winter while allowing as much natural light as possible into the classrooms.

Construction of the Trinityhouse Palm Lakes Pre-primary school began in May 2012. Several energy savvy measures have been included in the design of these buildings which have been orientated to maximise natural light into the classrooms and reduce the need for artificial lighting and electricity. Sliding windows were also installed for safety in passages and the facades of the buildings designed to promote cross ventilation and reduce energy consumption. A 200 000 litre dam is planned which will be fed by a borehole and rainwater.

College Campus Auckland Park consolidated the Randburg and Parktown campuses to a new location in the education hub of Auckland Park. Opened in January 2012, it provides tertiary education to more than 290 students and has capacity for returning students from both Randburg and Parktown campuses.

In total, the Property division developed a further 10 800 m^2 (2011: 13 200 m^2) of education space during the year. The total developed area in the Group is now 236 200 m^2 (2011: 225 300 m^2).

Litigation

Legal proceedings against Marina and Andry Welihockyj remain in progress and are moving steadily towards trial. The Group's legal counsel remains satisfied with the merits of the claims in this matter and that, save for legal costs, the Group has no further exposure.

Staff

The people of ADvTECH are passionate about what they do and committed to excellence. Their diverse backgrounds, skills and experience contribute to the strength of the Group. Attracting high quality staff to fill the various positions in education, administration, finance, Information Technology, as well as the other areas, is essential in creating a vibrant Group which serves students, parents, job candidates, clients and investors.

People are our most important asset. In recognising this and as part of the Group's strategy to nurture and develop our people, we launched ADvTALENT in 2010. The programme offers a structure for talent management within ADvTECH and promotes a nurturing but high-performance culture which encourages natural achievers and leaders to draw on each other for inspiration. During 2012 the six critical performance areas of the talent management process, namely; talent creation, calibration, cultivation, leverage, caring and coaching, were formalised. ADvTALENT plays a valuable role in helping to achieve our staffing goals by fostering a productive and positive working environment. Most importantly, ADvTALENT positions the Group as a long-term career destination by providing professional development and career visibility within our portfolio of education and resourcing brands. As part of ADvTALENT, a number of promising potential leaders were identified during 2012 for particular support and impetus. As a result, 178 high performing employees were invited to participate in the ADvTECH Transformation forum which was held in September 2012. A key focus area was 'Developing Leaders for Tomorrow at ADvTECH'.

During the year the Group continued with its Management Development Programme (MDP) which has been expanded since its founding in 2006. 195 members of staff have participated in the MDP itself and other similar programmes and a total of 90 mentors have now been trained. Mentorship has proved to be valuable and, during the year, 20 of our people received formal and structured mentoring.

2012 was ADvTECH's fifth year of participation in the Deloitte's "Best Company to work for" survey. The Group was once again recognised as having achieved a level of excellence as an employer. The survey measures the responses of staff to evaluative questions based on a set of criteria which has been shown to influence employee's preferred choice of employer. The most highly rated criteria are issues such as leadership, communication and remuneration. Our objective is to be the employer of choice in the education and resourcing sector and the progress made towards achieving this goal is most rewarding. We are committed to continually striving to ensure that ADvTECH is a sought after place to work and to retaining expertise within the Group.

In line with this, Long Service Awards are presented to staff on each fifth anniversary of employment with the Group and in 2012, 243 (2011: 338) Long Service Awards were presented. It is worth noting that 32% of staff have been employed with us for ten years or more.

During the year our staff complement increased to 4 037 (2011: 3 984). The Group maintained steady progress in its black staff complement as a whole (now at 41%) as well as in its senior management structures. Our academic staff set a quality benchmark in private education and, as at December 2012, the Group's employees held a total of 2 002 degrees including 639 honours degrees, 273 masters degrees and 26 doctorates, collectively representing a significant body of intellectual capacity and academic leadership. The increase in qualified staff is greater than the growth in our workforce, demonstrating our success in "Growing our own timber" through investment in the further education of our employees.

Prospects

The Schools division has demonstrated an ability to sustain its growth and investment trajectory in the years ahead. While the opening of new schools can be expected to deliver overall growth, this is expected to have an impact on margins in the short term as the newly created capacity is filled. Waiting lists for sought after school entry points have grown.

As highlighted at half year, resolving the enrolment shortfall in Tertiary will take some time. Second year student numbers for 2013 were down, as expected, and while progress with first year enrolments for 2013 to date has been fair, it is expected that the Tertiary division will not immediately regain its former profit contribution. That said, the benefit of restructuring and other corrective actions will be felt in the year ahead.

The Resourcing division continues to provide a steady contribution to the Group even in a difficult employment market and will remain focused on its key niche markets for high demand scarce skills.

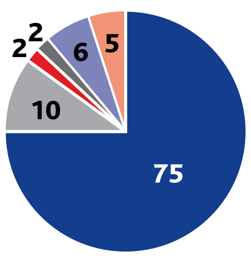
The further increase in investment plans bears testimony to the directors' confidence in the Group's positioning, strategy and long-term success. The directors expect ADvTECH to deliver strong cash flow conversion of earnings and return on investments across the portfolio as a whole.

Appreciation

I wish to thank our Chairman and Board members for their consistent input and commitment. The fact that the Group has thrived and remained focused on growth in a tough economic environment while maintaining excellent academic results would not have been possible without the continued commitment of every member of the ADvTECH team. I extend my heartfelt gratitude to all my colleagues including all full time staff, independent contractors, consultants and associates for their ongoing loyalty and efforts during the year.

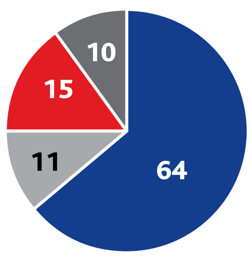
FR Thompson
Chief Executive Officer

CAPACITY AND YEAR OF DEVELOPMENT 2012 (%)



- Older capacity
- Capacity created in 2008
- Capacity created in 2009
- Capacity created in 2010
- Capacity created in 2011
- Capacity created in 2012

INVESTMENT PROGRAMME 2010 – 2012 (%) (R543 million)
Infrastructural investments made



- School properties
- Tertiary properties
- ITC equipment
- Other infrastructural equipment

GROUP OVERVIEW
BUSINESS REVIEW
SUSTAINABLE DEVELOPMENT
GOVERNANCE
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

GROUP OVERVIEW

EDUCATIONAL HIGHLIGHTS

SCHOOLS

ABBOTTS COLLEGE MATRIC RESULTS

19 students achieved **six** or more **distinctions**

61% of all passes were **Bachelor passes**

99% **pass rate** was achieved

CRAWFORDSCHOOLS™ MATRIC RESULTS

136 students achieved **six** or more **distinctions**

An average of **3.3 A**s was achieved per student

96% of all passes were **Bachelor passes**

100% **pass rate** was achieved for the **19th** consecutive year

TRINITYHOUSE MATRIC RESULTS

12 students achieved **six** or more **distinctions**

92% of all passes were **Bachelor passes**

100% **pass rate** was achieved

JUNIOR COLLEGES

The **new Curriculum** Assessments Policy Statements have been effectively integrated into the Schools' **EYFS (Early Years Foundation Stages)** curriculum.

An EYFS curriculum **leader** has been **appointed and trained** and will be responsible for the implementation of this **excellent curriculum** which spans **all the age groups** within the Junior Colleges Brand.

TERTIARY

COLLEGE CAMPUS

62 students graduated with **distinction**
590 successful graduates in 2012, of whom
All **four** faculties showed an **increase in pass rates**

FORBES LEVER BAKER

FLB students have consistently been placed in the **top 15 nationally** in Unisa's **Certificate in the Theory of Accounting** (CTA) examination.

VARSITY COLLEGE

Varsity College introduced several new degree programmes in 2012, including the Independent Institute of Education (IIE) **Bachelor of Commerce,** IIE **BA Corporate Communications,** the IMM (GSM) **BBA Marketing** degree and the Unisa **BA HSS (Psychology)** degree.

Varsity College will be offering the highly sought after **University of the Free State (UFS) four year Bachelor of Laws** qualification from 2013. Quality education through open learning principles is the basis for the partnership with Varsity College and the Open School of Learning at UFS, creating **greater opportunities in higher education** for more people.

The IIE, Varsity College and **The Open University** have established an exciting and innovative **partnership** that provides opportunities for IIE graduates to proceed to an internationally recognised **UK honours degree** without the need to leave South Africa.

Varsity College's **BCompt bursary** students achieved extraordinary success with **113 distinctions**.

VEGA

The IIE and Vega entered into a partnership with the Digital Marketing Institute (DMI), Ireland, to introduce a short learning programme which leads on to a professional **Diploma in Digital Marketing**.

BRAND HIGHLIGHTS

SCHOOLS

CRAWFORDSCHOOLSTM

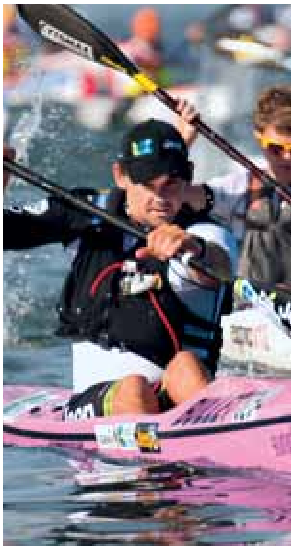
The Pretoria College **debating team** won the National Schools Debates Competition and will **represent South Africa in New York** in May 2013.

Some of the **most talented musicians** from CrawfordSchoolsTM nationwide participated in the **La Lucia Soirée**. Students aged **five years and older** performed with the KwaZulu-Natal Philharmonic Orchestra.

International Maths and Science Olympiads (IMSO) students were successful in **winning one Silver and ten Bronze medals**.

Calie Pistorius, Sports Coordinator at Crawford Pretoria, was one of only a few guests invited to attend a private function to celebrate the **Apollo 16 40th Anniversary at Cape Canaveral** in April 2012 – this was his 29th visit to **NASA**.

CAMERON VAN DEN BURGH, A CRAWFORDSCHOOLSTM ALUMNUS, WON A GOLD MEDAL AT THE 2012 OLYMPICS.



MATTHEW BRITTAIN, ALSO AN OLD-CRAWFORDIAN, WAS PART OF THE WINNING CREW WHO WON OLYMPIC GOLD FOR SOUTH AFRICA IN ROWING.

JUNIOR COLLEGES

All the schools within the Junior Colleges Group hosted successful **Science Days** – an exciting and stimulating event.

TRINITYHOUSE

The official **opening of Trinityhouse Little Falls** was celebrated. Trinityhouse Prep hosted the **10th National U13 Rugby Festival**. Trinityhouse High School performed a masterly version of Shakespeare's play **Romeo and Juliet**.

TERTIARY

COLLEGE CAMPUS

The Students in Free Enterprise (SIFE) team won **"Rookie of the Year"** at the South African **National Competition** that took place in July 2012. 24 Universities and three colleges took part.

DESIGN SCHOOL SOUTHERN AFRICA

DSSA student, Retha Uys was a finalist in the 2012 **South African Fashion Week** Young Designer Competition. The DSSA also achieved five finalists in the **Glade Inspirational Fragrances** design competition. Ashley-Shé Regal, Bernadine Pretorius and Faraaz Mahomed were chosen as three of the six category winners.

FIVE DSSA FASHION STUDENTS WERE SELECTED TO SHOWCASE THEIR GARMENTS AT THE SANSUI SUMMER CUP. CHANÉ DE HAAS WAS AWARDED THE TOP YOUNG DESIGNER AT THIS EVENT.

VEGA

Vega students won **one Gold, three Silver and three Bronze** awards and received three of the four **Craft awards at the Loeries in 2012**.

Vega students also collected **two silver Pendoring Awards** for the Owl Rescue 911 campaign submitted by the Johannesburg campus and the Big Blue campaign from the Cape Town campus. The **Vega Fresh Cream Awards** highlight and acknowledge creative thinking across campuses where deserving students were celebrated and given recognition for effort invested in their academic work.

Vega's Creative Development Navigator **Anthea Moys** won the 2012 **Standard Bank Young Artist Award**. This award, which forms part of the National Arts Festival programme, recognises established South African artists who have demonstrated exceptional ability in their chosen field.

Vega Academic Navigator in Photography, **Celeste McKenzie**, was presented with the **7th Annual Black and White Spider Award** in the category of Architecture at a prestigious Nomination and Winners Photo Show. Her work was selected from 8 223 entries.

VEGA STUDENTS BATYA RAFF AND KYLE JACOBSON, ALONG WITH VEGA ALUMNUS CHAD GODDARD, WON PRESTIGIOUS YELLOW PENCILS AT THE D&AD AWARDS IN LONDON. D&AD IS ONE OF THE GLOBALLY RECOGNISED AWARD SHOWS IN THE INDUSTRY.

ROSEBANK COLLEGE

Rosebank College placed more than **540** graduates in **jobs**.

Rosebank College Durban's **Msizi Zondi graduated with a Diploma in Journalism**. He also received awards in the following categories; Rosebank College Top Achiever in his programme, Top Achiever on his Campus and the Rosebank College Academic Award for Excellence, which recognises the highest achiever nationally in a Diploma programme. Msizi obtained a stellar average of **84%** throughout his two year studies. Currently he is **employed** at Umamgobhozi Community Newspaper.

VARSITY COLLEGE

In January 2012, Varsity College opened its **new campus in Midrand**.

The following Varsity College students competed in the 2012 London Olympics:
Zivan Smith – Gold medallist, Athletics, Paralympics;
Riaan Schoemann and **Jessica Roux**, Swimming.

The Varsity College Surfing Team achieved top performances at the 2012 **University Sports South Africa (USSA)** Surfing Tournament.

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25 YEARS OF EXCELLENCE IN EDUCATION

"THE VALUE OF ADVTECH'S CONTRIBUTION TO SOCIETY IS CLEARLY INDICATED BY THE GROWING DEMAND FOR ITS SERVICES, THE QUALITY OF ITS OFFERING, THE STRENGTH OF ITS BUSINESS MODEL AND THE ANNUITY NATURE OF THE GROUP'S REVENUES"

– JSE CEO Nicky Newton-King

ADvTECH was listed at 55 cents per share on the JSE on 11 November 1987. Twenty five years later, the listing remains in the specialised consumer services sector of the JSE, and the share price is around 660 cents per share. A p:e ratio of 17 is "commensurate with the company's ability to chalk up consistent profit performances over the past decade", commented Financial Mail (FM) in 2012.

"The value of ADvTECH's contribution to society is clearly indicated by the growing demand for its services, the quality of its offering, the strength of its business model and the annuity nature of the Group's revenues,' said JSE CEO Nicky Newton-King in a letter to the Group marking the anniversary. 'The hardworking and professional ethics that ADvTECH was built around all those years ago have stood the test of time and enabled the company to thrive, to the point that they are the largest independent education, training and skills development Group listed on the JSE."

Things have moved far and fast since the early beginnings when the Group's founder Brian Buckham started in 1978. His initial focus was on IT training. The focus shifted to offering educational opportunities when Buckham realised that after the 1994 elections education would be a key factor in the new South Africa.

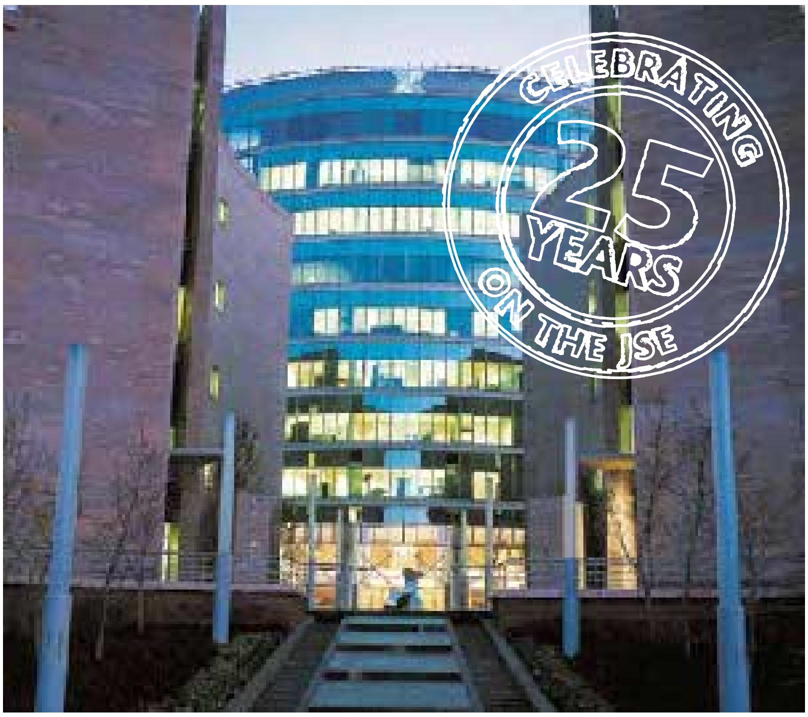
Today ADvTECH has on its register a number of solid institutional shareholders and asset managers such as Coronation, Old Mutual, Kagiso, Sanlam, Alan Gray, Momentum, Stanlib, Investec and Nedbank, to mention a few.

ADvTECH's Board includes Leslie Maasdorp, Chairman since 2010, who has extensive experience in both government and business, Professor Jonathan Jansen, director since 2004 who is Rector and Vice-Chancellor of the University of the Free State, and Professor Brenda Gourley who was appointed in 2008. As ADvTECH celebrates the silver anniversary of its JSE listing, it is delighted to welcome Professor Shirley Zinn who joined the Board at the end of 2012. In addition to her number of other degrees, she holds a Doctorate in Education from Harvard. Her particular passion for education and skills development will add to the skills and contribution of existing board members. The core goal during the 25 years has been to use resources wisely and within the means created by our income, to ensure that the organisation continues to serve future generations.

In *Financial Mail Top Companies 2012* ADvTECH ranked fifty seventh in the 200 Top Performers, which section "can in many ways be regarded as an 'incubator' for subsequent inclusion in the main ranking of the survey: The Top 20", says the *FM*. Top Performers are ranked by the five year internal rate of return (IRR) in the share price of which ADvTECH's IRR was 14.74%.

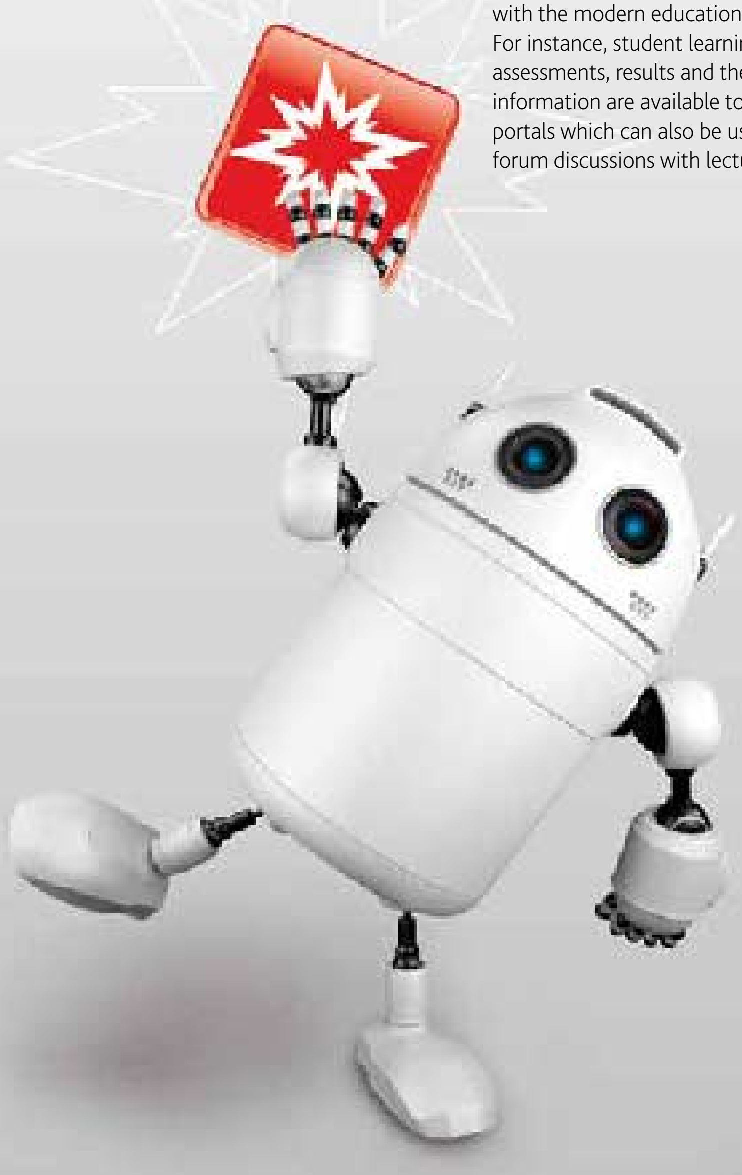
The Group's special contribution to education and socio-economic upliftment was recognised in *Financial Mail's Top Empowerment Companies for 2012* where ADvTECH was sixth in the Socio-economic Development table for the Consumer Services sector.

During the last 25 years ADvTECH has burgeoned into a thriving Group determined to make a difference in education and job opportunity placement in South Africa.



INNOVATION@ADvTECH

THE ADvTECH GROUP CLOUD SOLUTION HELPS THE COMPANY REDUCE COMPLEXITY, CUT COSTS AND IMPROVE INFORMATION TECHNOLOGY EFFICIENCY.



Innovation is a key strategic imperative for the ADvTECH Group. The nature of our business and our clients make innovation a necessity. This has meant that our educators have to stay abreast of the innovation curve and technology trends. Innovation in the Group is treated as a three tier stream: students and learners innovating, alignment and association with innovative partners and educators innovating.

Significant capital investments such as, the System for Academic Management (SAM) have enabled all aspects of the Tertiary division to use technology to drive education priorities in ways that resonate with the modern educational demands. For instance, student learning material, assessments, results and their account information are available to them through portals which can also be used for online forum discussions with lecturers.

From 2013, students will also be able to submit their assignments online.

The lecturers and academic staff of The Independent Institute of Education (IIE) team engage directly with each other through another web enabled platform (IIEConnect), which enables lecturers across sites and brands to discuss courses with the IIE team and with each other. The impact on quality and equity of delivery is obvious as the shared platform enables real reflection on the common goals of each course. This space is also used to collaborate through lecturers sharing digital material with the IIE, which is then made available to students through the portal.

FacultyBytes continues to be used to encourage academic writing on a range of topics and to showcase the thinking of the IIE team and lecturers.

The IIE SharePoint system that links the central team with the brands at an operational level and manages the communication and query process (Intralink and Nexus), is now mirrored at brands, with further content management and workflow capacities being developed to improve the quality of information management and communication. Emerging synergies between the SharePoint systems and SAM have enabled efficient movement of student material between the systems.

Several brands have engaged technology to deepen student engagement, either through the provision of preloaded tablets to students or through a range of social media platforms including blogs or other interactive spaces.

Experience gained from the support of student learning through use of SAM will provide a foundation from which we can continue to investigate a learning management system that will position the Tertiary division to offer blended learning as a precursor to further consideration of distance education.

Showcase of student innovation and successes

Varsity College student, Glenn Stein became a prize winner at the Vodacom RSA App Design competition and Bandwidth Barn Business Incubator programme. Glenn designed an application for cellphones that provides translations for phrases in English, Afrikaans, Zulu, Xhosa and Tswana. This App also won the BlackBerry 10JAM Lightning Pitches competition as well as the Best Garage Developer Category of the MTN App of the Year Competition.

College Campus students Patrick Mashegwana and Khumo Mojame established an NPO called "Think Beyond". "Think Beyond" is a dynamic inspirational rhetoric that combines pop culture and motivational speaking to inspire youth to become ambassadors of social transformation and to assist in improving the state of education in South Africa. This initiative seeks to inspire under performing schools to compete with the best schools in the country, with the aim of improving Matric pass rates and of unveiling opportunities for children in orphanages. Patrick and Khumo appeared on both eTV and SABC1 to promote "Think Beyond" and to showcase the contribution they make to the youth of our country.

Partnerships in innovation

College Campus completed an online pilot with the American Public University Systems (APUS), who offers 100% online education to over 115 000 students. The partnership constitutes ADvTECH's first opportunity to compete in the distance education sector while broadening the range of students in terms of access, flexibility and affordability. APUS has a robust delivery model that talks clearly to understanding and managing connectivity challenges experienced within a global environment.

The pilot consisted of a number of phases, which included faculty training, a student orientation programme and Leadership pilot.

The Leadership pilot, which ran over eight weeks was designed for managers, entrepreneurs and upwardly mobile employees looking to improve their leadership skills. Successful enrolment and completion of the programme guarantees students credits towards a degree from APUS.

The pilot has resulted in a positive and sustainable relationship with both parties taking great learnings from this experience and a mutual willingness to explore and develop collaborative opportunities in the future.

Crawford Preparatory Fourways has created its own iBooks curriculum which is a tablet-based education system that represents an unrivalled interactive and streamlined education resource. Compiled by the school and Apple California, these iBooks will be used as textbooks in place of traditional print mediums. This exciting endorsement uses and displays the power of technology to drive new ways to teach and learn that was simply not possible before this innovative development. The iBooks initiative recognises and enables students to progress at their own rate with a wider range of input and increased capabilities, providing a much richer learning environment for students.

Electronic smart boards, videos and e-creativity are already entrenched in the schools' new education methodology and in 2013 pupils will be taught using the new multimedia format.

ADvTECH became the **first South African education group to participate in a Microsoft Technology Adoption Programme** in respect of Windows Server 2012 and virtualisation. This resulted in a collaboration with Microsoft who then released the case study entitled "The ADvTECH Group Cloud Solution Helps the Firm Reduce Complexity, Cut Costs and Improve IT Efficiency".

In the **Resourcing division**, ADvTECH was the first South African recruitment business to pilot the Premium Recruiter package launched worldwide in 2012 by Linkedin. This initiative has proven positive and plans are being implemented to extend this recruitment tool across a broader base of consultants.

The Working Earth has launched the enhanced JONTI E-Recruitment tool, with a host of market leading features, including "CV passing" functionality, an agency portal, and standardised links to social media platforms.

The benefits of this innovation have already been felt by reducing their hardware footprint, thereby drastically slashing their power and hardware costs.

GROUP OVERVIEW

GROUP AT A GLANCE

ADvTECH GROUP

SCHOOLS DIVISION

- Abbotts College – Senior High School
- Crawford Schools – Pre-Primary · Preparatory · College
- Junior colleges
- Trinityhouse – Pre-Primary • Preparatory • High

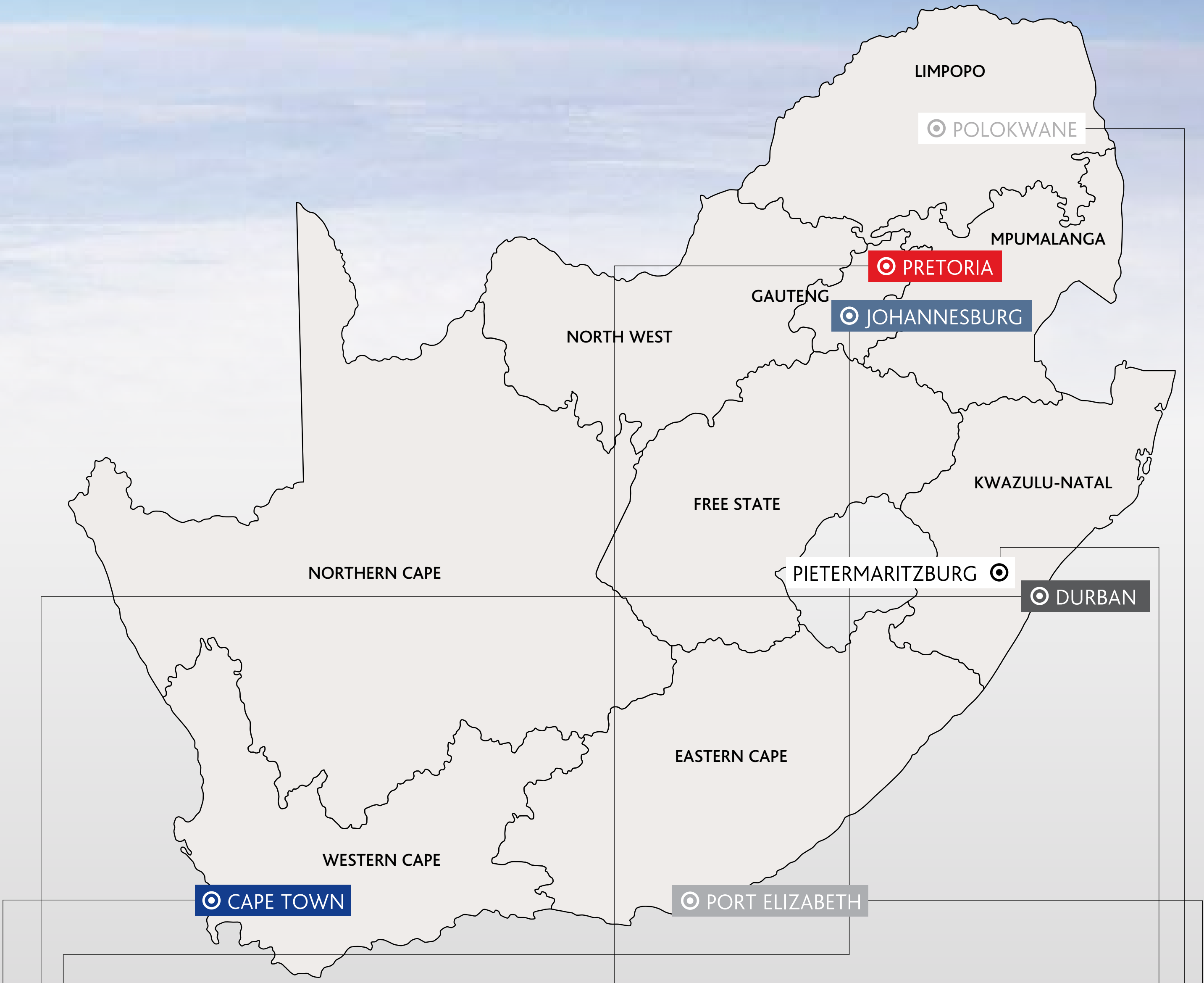
TERTIARY DIVISION

- The Independent Institute of Education
  - College Campus
  - the design school southern africa
  - FLB
  - Rosebank College
  - Varsity College
  - Vega – School of Brand Leadership
- Corporate College

RESOURCING DIVISION

- Brent
- cassel&co
- communicate
- in source.ict
- IT EDGE
- Network Recruitment
- Tech-Pro Personnel – Recruitment & Executive Search
- inkokheli hr appointments – Transforming Talent Today
- VertexKapele
- the working earth

ADvTECH GROUP



JOHANNESBURG ADvTECH HEAD OFFICE / THE INDEPENDENT INSTITUTE OF EDUCATION / ABBOTTS COLLEGE (2) / CRAWFORD COLLEGE (2) / CRAWFORD PREPARATORY (3) / CRAWFORD PRE-PRIMARY (4) / JUNIOR COLLEGES (5) / TRINITYHOUSE (2) / COLLEGE CAMPUS (2) / CORPORATE COLLEGE INTERNATIONAL / GLOBAL SCHOOL OF BUSINESS / FORBES LEVER BAKER / ROSEBANK COLLEGE / THE DESIGN SCHOOL SOUTHERN AFRICA / IMAGINATION LAB / VARSITY COLLEGE (2) / VEGA (2) / BRENT PERSONNEL / CASSEL & CO / COMMUNICATE PERSONNEL / INSOURCE. ICT / KAPELE APPOINTMENTS / NETWORK RECRUITMENT (3) / IT EDGE / INKOKHELI HR APPOINTMENTS / TECH-PRO PERSONNEL / THE WORKING EARTH / VERTEXKAPELE

PRETORIA ABBOTTS COLLEGE / CRAWFORD COLLEGE / CRAWFORD PREPARATORY / CRAWFORD PRE-PRIMARY / COLLEGE CAMPUS / ROSEBANK COLLEGE / THE DESIGN SCHOOL SOUTHERN AFRICA / VEGA / VARSITY COLLEGE / NETWORK RECRUITMENT / COMMUNICATE PERSONNEL

POLOKWANE ROSEBANK COLLEGE

DURBAN CRAWFORD COLLEGE (2) / CRAWFORD PREPARATORY (2) / CRAWFORD PRE-PRIMARY (2) / JUNIOR COLLEGES / TRINITYHOUSE / ROSEBANK COLLEGE / VARSITY COLLEGE (2) / VEGA / COMMUNICATE PERSONNEL / THE DESIGN SCHOOL SOUTHERN AFRICA

PIETERMARITZBURG VARSITY COLLEGE

PORT ELIZABETH VARSITY COLLEGE

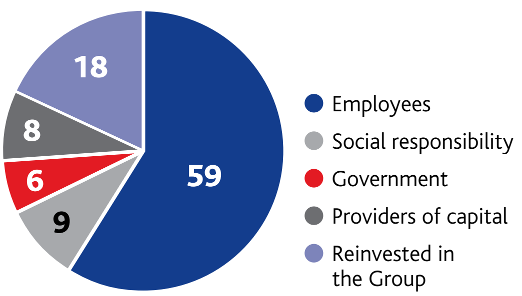
CAPE TOWN COMMUNICATE PERSONNEL / ABBOTTS COLLEGE (2) / ROSEBANK COLLEGE / VEGA / VARSITY COLLEGE

VALUE ADDED STATEMENT

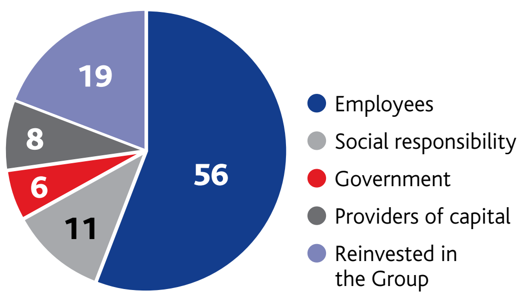
for the year ended 31 December 2012

	2012 R'm	2011 R'm
Value added		
Revenue	1 687.2	1 605.6
Interest received	7.8	11.0
Cost of providing services	(488.7)	(429.7)
	1 206.3	1 186.9
Value distribution		
Employees		
Net benefits paid to employees	713.2	668.2
Social responsibility		
Corporate social investment and bursaries	63.6	69.6
Government	219.8	226.2
Government taxes	65.7	80.4
Net VAT paid	12.9	14.1
PAYE	141.2	131.7
Providers of capital	111.2	92.0
Finance costs	3.8	0.2
Distributions to shareholders	107.4	91.8
Reinvested in the Group		
Retained to sustain and grow the Group	98.5	130.9
	1 206.3	1 186.9

VALUE DISTRIBUTION (%)
2012

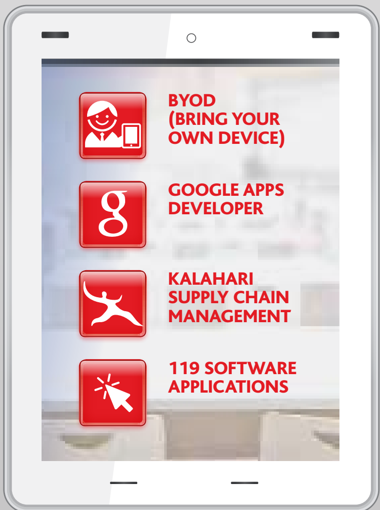


VALUE DISTRIBUTION (%)
2011



SCHOOLS DIVISION

THE SCHOOLS DIVISION HAS OVER THE YEARS BEEN AT THE FOREFRONT OF EDUCATIONAL AND ACADEMIC DEVELOPMENT IN THE COUNTRY.



ADvTECH's core focus in school education is to give students a sound grounding in appropriate academic programmes so that they can progress seamlessly into tertiary education and to prepare them for their future in the workplace.

We recognise that there is a growing demand for quality private education in the country and our aim is to increase capacity across all phases, from nursery school to matric, to meet this need. ADvTECH's brands and school locations allow the parents a wide choice of institutions with different financial requirements as well as the particular ethos which is suitable to families. In all cases, ADvTECH is able to ensure that the education provided is of a high quality, appropriate and holistic nature. The successful performance and growth of the Schools division over recent years has taken place against this background.

The Schools division places great emphasis on academic excellence and has consistently maintained a very high standard, earning both local and international recognition. We strive to prepare our students for their future through a focus on core values. Continuous infrastructure developments and technological innovations, along with excellent growth in financial performance have augured well for the Division's long-term success and sustainability.

The Division's strategy is to explore and optimise the opportunities within the South African environment where there is a need and demand for quality school education. Through its various brands, the Division has the ability to deliver a high quality education to the appropriate target audiences and is constantly evaluating new sites in areas of high population growth, to ensure that we are able to serve the growing private school market.

By its very nature, change in the educational environment needs to be gradual, but ongoing, to ensure the seamless introduction of fresh ideas while maintaining quality and keeping in step with changing regulatory requirements over the years. The Schools division has been at the forefront of educational and academic development in the country.

The Schools division is confident that it will continue to expand to meet the growing needs for private education in South Africa, while maintaining and improving its academic platforms.

BUSINESS REVIEW
SCHOOLS DIVISION

ABBOTTS COLLEGE

AN INCREASING NUMBER OF STUDENTS FROM OTHER COUNTRIES ENROL AT ABBOTTS COLLEGE TO OBTAIN ENTRY TO SOUTH AFRICAN UNIVERSITIES.

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

The Colleges' core philosophy is a firm belief in the individual worth of every student and a total commitment to help each student 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 all contribute to the success of the Colleges' 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 such as, art and design or mathematics.

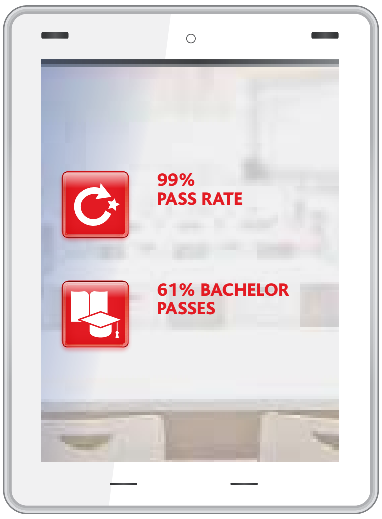
The brand accepts students from across the ability spectrum. The fact that 19 students achieved six or more distinctions shows the efficacy of its educational approach.

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

Academic staff attend workshops on various topics including subject content, substance abuse, ICDL training, communication and formal postgraduate academic studies. They also attend ADvTECH's in-house management development programmes.

Abbotts College awards partial bursaries to disadvantaged and deserving students and has a scholarship programme for academic and sporting excellence. Abbotts College offers a unique money-back guarantee based on academic performance.

ADvTECH recently purchased the building housing the Pretoria East campus, and the Claremont campus is undergoing an upgrade.



JUNIOR COLLEGES

Junior Colleges caters for children from six weeks to six years old, and focuses on equipping each child for his or her transition to school. Every stage of a child's development is monitored to fully prepare them for formal schooling.

All Colleges are well resourced and offer a comprehensive curriculum, which includes Numicon and THRASS (Teaching Handwriting Reading and Spelling Skills) programmes to address numeracy and literacy skills respectively. Teaching and learning in an outdoor environment forms part of the curriculum, and to this end Junior Colleges have developed carefully thought out and well appointed playgrounds.

Junior Colleges has increased enrolments and shown good growth over the last four years.

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

The new Curriculum Assessments Policy Statements (CAPS) has been effectively integrated into 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. 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.

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

An expert in the field has been employed to conduct gross motor exercises at all schools to assist with the physical development of the children. Teachers and staff members are kept abreast of new trends and technology in pre-school education.

Junior Colleges is entrenching its reputation as a pre-school of choice, as evidenced by the 29% 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' first hall was built on the Sandton campus during 2012. The upgrade of playgrounds, which includes the construction of sensory gardens, continues across all schools.

Junior Colleges encourages and develops 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.

All the schools within the Junior Colleges hosted successful "Science Days". "Going Green" is a priority within the brand where, for example, vegetable gardens have been established, and recycling of paper, glass and plastic is encouraged. Worm farms have also been set up to recycle organic waste.

The world has become more health conscious, consequently Junior Colleges have introduced a campaign to ensure that children become more aware of nutrition and the importance of exercise.

Junior Colleges is constantly on the lookout for new sites which will allow it to expand the brand and offer its services in new areas.

GROUP OVERVIEW
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SUSTAINABLE DEVELOPMENT
GOVERNANCE
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

JUNIOR COLLEGES IS ENTRENCHING ITS REPUTATION AS A PRE-SCHOOL OF CHOICE.

CRAWFORDSCHOOLS™

CrawfordSchools
Pre-Primary · Preparatory · College

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

The demand for places in our schools has steadily increased. The schools are at almost 98% capacity with most schools having waiting lists.

In 2012, 26% of Matrics achieved six or more distinctions, with an average of 3.3 A's per student across all schools. A total of 96% of our students achieved Bachelor passes and our overall Matric pass rate has been 100% for 19 consecutive years.

Significant amounts were invested in IT teaching aids and equipment as well as sports equipment. Infrastructure is also continually upgraded.

CrawfordSchools™ continues to demonstrate its commitment to quality education and provides opportunities for its students in the international arena:

- International Maths and Science Olympiads successes where students won one Silver and ten Bronze medals.
- The programme for the Victorian Curriculum and Assessment Authority (VCAA) is delivering much needed assurance to all Matriculants that their Matric education has been favourably benchmarked against international standards.

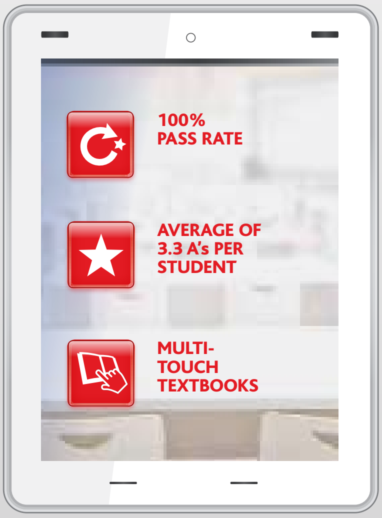
CrawfordSchools™ is committed to exploring innovative ways to bring technology into classrooms in a controlled and guided manner in response to the rapid uptake of tablet and other notebook technologies into everyday life. The iPad pilot project is in its final phase of development at Preparatory level, and will be fully introduced into Fourways Preparatory School in 2013. See the innovation feature on page 20.

The exceptional alumni of CrawfordSchools™ are proof that its students continue to excel after they have graduated from school, both academically and socially. Accolades pour in for alumni achievements as sportsmen and sportswomen, scientists, artists, academics and entrepreneurs. Sports achievements play an important part in the prestige of CrawfordSchools™. Most notable in the 2012 Olympic year were the two gold medal winners, Matthew Brittain and Cameron van den Burgh, who are both CrawfordSchools™ alumni.

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 relevant areas.

CrawfordSchools™ thrives on diversity and it welcomes all cultures and religions, a factor that has contributed to its success. Parents who wish to provide a dynamic and multi-cultural educational experience for their children seek out CrawfordSchools™ because of its 19 year track record.

CrawfordSchools™ continues to adapt to the ever-changing environment by assuring that the relevance of its curriculum and culture can be sustained for future generations.



TRINITYHOUSE

TRINITYHOUSE
Pre-Primary • Preparatory • High

THE ONGOING GROWTH OF THE TRINITYHOUSE BRAND IS ASSURED BY A STRONG PROJECT PIPELINE OF NEW SITES FOR NEW SCHOOLS.

Trinityhouse provides a holistic, high quality Pre-Primary, Preparatory and High School private education. It places strong emphasis on traditional and Christian values at its founding school in Randpark Ridge and the two new campuses at Little Falls and Palm Lakes.

Trinityhouse continued to expand in 2012 with the further development of the Little Falls campus and the building of the new campus at Palm Lakes in KwaZulu-Natal, which opened in January 2013. The successful launch of the Little Falls campus and the ongoing demand for places at the school necessitated the construction of the Primary School building during 2012. Enrolment has more than doubled for 2013. The school currently educates students from Grade 000 through to Grade 9.

Owing to the high demand for a Trinityhouse education in the area, the original Randpark Ridge campus, which has been functioning at full capacity for a number of years, has been expanded by the introduction of an additional stream in the High School. This will allow Trinityhouse to increase enrolments at the school over the next few years by a further 125 students. The new classrooms were completed in 2012, whilst a new adminstration block will be completed in the first quarter of 2013.

The School's Independent Examination Board (IEB) candidates achieved a 100% pass rate in 2012 with 92% (2011: 91%) of these students receiving Bachelor degree passes. A total of 198 subject distinctions was attained by the 117 Trinityhouse Matric students, with two students ranking in the top 5% of the IEB Matriculants.

Trinityhouse students again participated in the 2012 International Maths and Science Olympiad, demonstrating that their Mathematics and Science education is on a par with international standards.

Although the core curricula remain constant, the schools continually review their subject offering to ensure the relevance and quality of the education they provide.

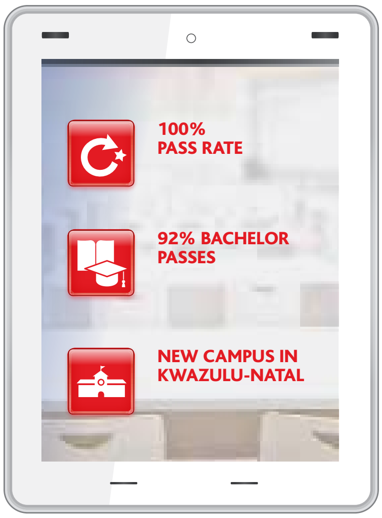
The facilities continue to be improved to ensure that the academic and sport offering is current, relevant and makes use of the appropriate technology.

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 highly trained academic staff and focuses on promoting from within wherever opportunities arise. To date it has been able to appoint all their new principals from existing staff. Their talent pipeline is being further developed to ensure that they have sufficient, well trained staff available to manage and staff their new schools.

Trinityhouse partners with Kingsway Christian School in Randpark Ridge and assists in the education of 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.

The ongoing growth of the Trinityhouse brand is assured by a strong project pipeline of new sites for new schools. These are at varying stages of development and the aim is to open at least one new school campus a year to accommodate expected growth.



TERTIARY DIVISION

STUDENTS HAVE AN EVER GROWING EXPECTATION OF FINDING A CLOSE ALIGNMENT BETWEEN THE QUALIFICATIONS THEY UNDERTAKE AND THEIR CAREER ASPIRATIONS.

ADvTECH's core focus in tertiary education is to be able to respond to the continuously evolving and exacting demands of business in the 21st century. In this, we strive to equip our students with the skills and specific competencies they will require in a rapidly changing work environment. The Independent Institute of Education (IIE) is responsible for all the qualifications and programmes that ADvTECH offers at post school level, and also ensures that they are fully compliant with the education regulatory environment.

The focus of the IIE is on offering a meaningful, high quality alternative to public education by providing dynamic, well resourced and student centred environments on the campuses of the various brands. Integration of a practical component with the curriculum as well as work-integrated learning, through simulation or actual workplace experience, rounds off the career focus of IIE qualifications.

We believe that the demand for quality higher education will continue to grow in South Africa. By providing recognised, registered and accredited programmes, ADvTECH will add significant value to both students and potential employers. There has been a shift in the demand patterns with a greater desire for degree programmes and for those qualifications that provide access to degrees when the National Senior Certificate (NSC) result has not done so. In addition, there is an ongoing need for well-structured, career focused diplomas.

There is an ever growing expectation by students of finding a close alignment between the qualifications and their career aspirations they are undertaking.

Recognition beyond accreditation has become of strategic importance. The IIE is in a strong and stable regulatory space with regard to accreditation and registration and is able to give increasing attention to other forms of recognition of its qualifications. International partnerships, such as with the Open University and professional association endorsement from partners such as the Marketing Association of South Africa (MA(SA)), PRISA and CIMA, are actively pursued. Local partnerships such as with the University of the Free State add depth to the academic engagement and offering on the campuses.

Affordability remains a key focus, due to increased national unemployment and the introduction of legislation affecting families ability to access credit. This impacts on the ability of parents to afford quality education for their children. Ensuring that the offerings of the IIE delivers value is a key strategy in acquiring and retaining students.

There are still no effective private higher education benchmarks within the South African environment. The IIE's leadership role within the Private Higher Education Interest Group is thus of paramount importance when evaluating the standards of the Groups activities. This group of private higher education providers is a voluntary association dedicated to the quality and reputation of the private higher education sector.

THE INDEPENDENT INSTITUTE OF EDUCATION

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 31 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 23 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 focus on providing a meaningful, high quality alternative to public education by providing environments that are dynamic, well resourced, nurturing and student centred. The focus is on delivering academic excellence by concentrating on the intellectual, emotional, social and physical development of all students. Preparation for the workplace and for success in that world is a key integrated focus of, in particular, the higher and other post-school education qualifications. This is achieved by integrating practical application into the curriculum as well as by offering work integrated learning to students in the form of simulations or actual workplace based placements.

Education includes the development of the values associated with citizenship and, therefore, community service opportunities are 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.

With the restructuring of the management structure within the Group, the Tertiary division has focused its academic governance structures through the IIE Senate. The external role will be performed by the Tertiary Board constituted in 2013 and by a more developed system of external programme review processes introduced during 2012. These enable the faculties to get both academic and industry advice from those working directly in the fields concerned.

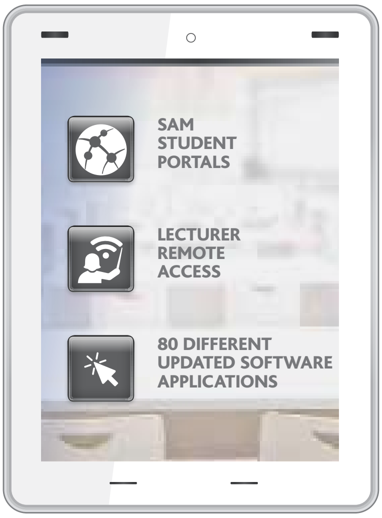
AN EXTENSIVE REGISTRATION AND ACCREDITATION SYSTEM ENSURES A STANDARD QUALITY ASSURANCE SYSTEM ACROSS THE PRIVATE AND PUBLIC SECTORS.

Senate remains the ultimate academic decision making structure and sets academic policies for the Tertiary division. 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. Additional measures of our standing relative to peers include our level of success in accreditation processes; the lack of substantive student complaints made to regulators and overall measures of student satisfaction and success. During 2012, five higher education sites were also evaluated (as they were new or had moved) by the HEQC and all were found to meet the required standards.

Regulatory inertia has characterised 2012 and the revised HEQF has still not been promulgated meaning that the IIE focus 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 have continued in a manner that increasingly places it ahead of its peers. The improved faculty structures, including the reduction of faculties from four to three (Leisure has been included in the Business faculty due to our focus on leisure management) and the appointment of additional senior academics are key reasons for the success of the roll out of the first set of general degrees during 2012.

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



The three Faculties (all of which now offer generalist and specialist degrees) are the Faculties of Information Technology, Business and Applied Humanities. The integration of the DSSA programmes into the former has been seamless in 2012 and will culminate in the registration of students on these campuses for IIE conferred degrees in 2013.

The IIE is committed to delivering quality education through its ongoing investment in research, innovation and the implementation of suitably benchmarked best practice principles. 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 optimisation of 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 for both digital textbooks and library books,
- the "Celebrating Teaching and Learning Colloquia", where our higher education lecturers present papers and workshops related to the best teaching practices on their campuses, and
- "Pulse", a process designed to evaluate and improve the quality and equitable delivery of education across all IIE higher education sites. A similar internal review, "Building on Excellence", assesses the quality of service at selected IIE schools annually.

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

Our academic staff set a quality benchmark in private education. As at December 2012, the Group's employees held 2 002 degrees including 26 doctorates, 273 masters and 639 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 1 261 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 IIEConnect, provides developmental opportunities for new academic writers while at the same time delivering an educationally directed online space for conversations about quality education. The IIEConnect site has added to these platforms a collaborative space for lecturers across brands.

The Director of the IIE, Dr Felicity Coughlan, was requested to serve a second term on both the HEQC Board and Accreditation Committee from 2012 and was appointed to the chair of the latter in the middle of the year. This is a clear affirmation of the maturing role and recognition of the IIE and private higher education in the sector. Members of the IIE team continue to participate in national working groups on matters as diverse as alignment with the HEQF, a new private higher education information system and redevelopment of accreditation criteria.

BUSINESS REVIEW
TERTIARY DIVISION

COLLEGE CAMPUS

College Campus offers niched post schooling education in a small, personal, caring, upmarket environment and provides students with a holistic set of industry recognised skills, which are underpinned by technology platforms, to ensure that students thrive in their chosen students careers after graduating.

2012 was a challenging year as a result of a reduction in student enrolment numbers. This was partly due to a reduction in the number and variety of qualifications offered in 2012 as the brand focused on developing a narrower but more current and relevant set of qualifications. This is expected to benefit both the students and Brand going forward.

Business operations were also streamlined with the consolidation of the Randburg and Parktown campuses into the Auckland Park campus. This will translate into cost efficiencies in 2013 and an enhanced student experience as better critical mass is achieved.

Included in the new qualifications are three new degrees which were accredited and will be offered in 2013. This allows College Campus, for the first time in its 15 year history, to enter the "own degree" market, which will improve the Brand's positioning.

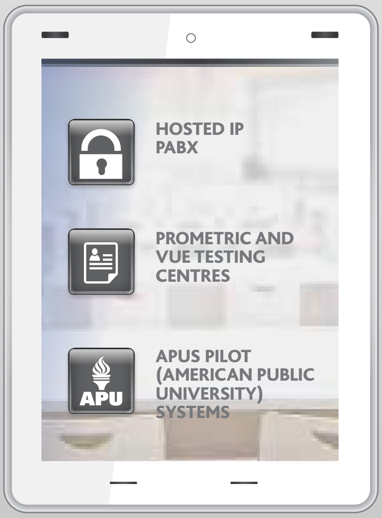
With the key focus on teaching and learning methods, 2012 academic results continued to show substantial improvements.

College Campus completed an online pilot with the American Public University Systems (APUS), who offers 100% online education to over 115 000 students. The partnership constitutes ADvTECH's first opportunity to compete in the distance education sector while broadening the range of students in terms of access, flexibility and affordability. Read more about this development on page 21 in the Innovation feature.

During the year, lecturers underwent training on the use of social media in the classroom to enhance the learning experience for their students.

The number of graduates in 2012, who completed studies in 2011, was at a five year high of 589, with 39 graduates being accepted into postgraduate studies at other SA public institutions.

This year College Campus celebrated a 15 year partnership with the health sciences faculty at Wits University. Wits students undertake their computer literacy competence assessment and additional training, where required, at College Campus.



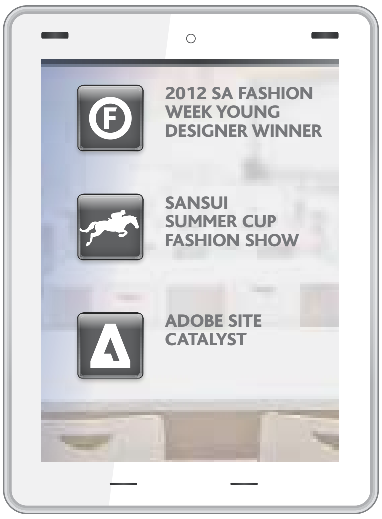
FOR THE FIRST TIME IN ITS 15 YEAR HISTORY COLLEGE CAMPUS CAN ENTER THE "OWN DEGREE" MARKET WHICH IMPROVES THE BRAND'S POSITIONING.

THE DESIGN SCHOOL SOUTHERN AFRICA

The Design School Southern Africa (DSSA) offers accredited IIE qualifications that include Bachelor of Arts degrees in Interior Design, Graphic Design and Fashion Design. From 2013, a Higher Certificate in Art and Design will also be on offer. The DSSA further offers a range of design related short learning programmes. Our goal is to produce highly skilled, well rounded graduates through the academic staff, who impart their industry experience to ensure the success of graduates in our future design careers.

The pass rates across the accredited degrees offered by DSSA were close to 84% in the first year, climbing to 96% in subsequent years. The industry regularly recognises the quality of education, and during the year a number of DSSA students received top awards and industry recognition. See page 17 for brand highlights.

DSSA's degree programmes combine rigorous academic components, together with practical elements and experiential learning programmes. For example, students executing practical projects are required to submit a research paper motivating their design solution. DSSA adopted a more holistic approach to the requirements of their students two years ago, with the roll out of individualised student support programmes as well as projects to ensure the work readiness of students as they enter the professional environment. The Work Readiness Programme was presented for the first time in 2012 to third year students. The IIE programmes presented at DSSA have been successfully accredited and are registered to commence in 2013.



The one year Higher Certificate 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 qualification includes business 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 the fact that many lecturers are recognised specialists in their specific design fields. The Evasys lecturer evaluation tool and peer review were implemented during 2012, assisting with maintaining academic excellence and standards. The knowledge of academic and support staff is kept up to date by them attending a broad range of training, including technical development relative to their specific fields.

As with all the IIE brands, classes are small and DSSA students have access to facilities such as Apple Mac Laboratories as well as designer recreational areas.

In July 2012, DSSA opened a new campus in Durban, sharing a site with Vega. The new campus aims to roll out the accredited IIE qualifications in 2013. In June 2012, DSSA also established a satellite campus in Bedfordview that offers a variety of design related short learning programmes.

A Student Council was elected for the first time in 2012 and contributed to student life on campus as well as student retention. Projects initiated by the new SRC included fun days and CSI projects. Read more on page 53.

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 R100 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

THE ACADEMIC TEAM AT FLB CONSISTS OF DYNAMIC QUALIFIED PROFESSIONALS WITH A DEEP COMMITMENT TO TEACHING.

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 they have developed has consistently enabled FLB students to rank among South Africa's top students nationally.

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 2012 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, several new programmes, including the Unisa higher certificates and diplomas in accounting science and banking, and a Bachelor of Commerce in banking were introduced.

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

FLB has a large flagship CA programme, with lecturers and support teams focussing on ensuring that students become professional in conduct and attitude as quickly as possible, so that they can achieve the required standards of proficiency for a career in chartered accounting.

An important goal is 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 programme has been initiated whereby students prepare their own CVs and attend interviews which are externally adjudicated. Students participating in this initiative are provided with insight into what is required when applying for a job.

The academic team at FLB consists of dynamic qualified professionals with 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 the teaching staff. FLB also recently appointed a Head of Department focusing solely on first year students, whose responsibility is to support these students during their transition from school to the tertiary environment. This minimises the first year dropout and failure rate which is most commonly due to failure to cope rather than academic inadequacies.

FLB HAS A LARGE FLAGSHIP CA PROGRAMME, WITH LECTURERS AND SUPPORT TEAMS FOCUSING ON ENSURING THAT STUDENTS BECOME PROFESSIONAL IN CONDUCT AND ATTITUDE AS QUICKLY AS POSSIBLE.

ROSEBANK COLLEGE

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

Rosebank College continued to improve its pass rates for the 2012 academic year, with its largest cohort of 1 422 students graduating.

Recent progress in strategically repositioning the brand has been combined with a focus 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), South African Graduate Development Association (SAGDA), as well as directly with employers themselves, enables Rosebank College to secure job opportunities for their graduates.

During 2012, the College collaborated with prospective employers to incorporate their required skill sets into programmes, especially at entry level. In 2013, a formal programme to ensure that students have all the appropriate skills before entering the job market will be rolled out. In addition, each student who successfully completes the Graduate Empowerment programme will receive a certificate at graduation, to use as evidence to prospective employers that they are work-ready. Rosebank College placed over 540 graduates in jobs ranging from part-time, permanent, fixed term to internship placements. A Career Centre will be operational within each of the campuses in 2013.

During 2012, 26% of all students sent for interviews were placed in jobs, which is considerably higher than general recruitment statistics.

Rosebank College enters a new era in 2013 with the offering of its first degree being the IIE Bachelor in Business Administration.

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. This also assists in obtaining a meaningful measure of the extent of customer satisfaction.

Rosebank College supports approximately 40 students each year by providing 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.

OVER 540 GRADUATES PLACED IN JOBS.

VARSITY COLLEGE

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

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 successfully from school to higher education.

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

Career Centres situated on each campus support students to build and develop their career path while studying. An active and growing alumni and networking community as well as teaching of professional skills give students a professional head start into their careers.

Varsity College introduced several new degree programmes in 2012 including the IIE Bachelor of Commerce and the IIE BA Corporate Communications, which bears testament to the academic leadership of the IIE. These degrees are recognised for articulation by the Open University of 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.

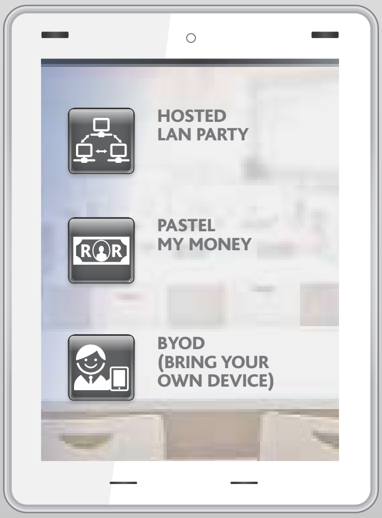
Varsity College's emphasis on technology in education provides an authentic, blended learning experience. Technology is being integrated into teaching methods, and together with wireless infrastructure at all campuses, adds value to the teaching and learning. Bring Your Own Device (BYOD) was launched 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 quality higher education. The growth of the brand, which includes the opening of the Midrand campus in January 2012, 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 consistent quality teaching practice. 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 an environment for current and future academic successes.

THE APPROACH TO TEACHING AND LEARNING IS INTEGRATED, STUDENT CENTRED AND INTERACTIVE.



VEGA

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.

2012 was a memorable year for Vega:

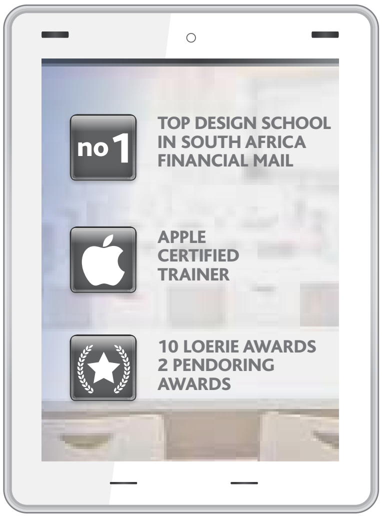
- Vega launched a new and specialised Master of Arts in Creative Brand Leadership for roll out in 2013. This Masters, the world's first, will introduce students to new models of creative brand leadership.
- Vega introduced two new Higher Certificate (HC) programmes, Brand Building Practice and Creative Development. Certificate graduates are eligible to then undertake a degree programme. These programmes will commence in February 2013.

- The IIE and Vega entered into a partnership with the Digital Marketing Institute (DMI), Ireland and introduced a short learning programme – a professional diploma in digital marketing. This course equips professionals to better understand the principles of how to integrate digital marketing tactics into an overall marketing strategy and to fully maximise the performance of online marketing investments.
- Two short learning programmes – Brand and Marketing Management and Strategic Brand Leadership – allow students eligibility for one of MASA's professional designations, Marketing Practitioner and Chartered Marketer.

DURING 2012, VEGA CONTINUED TO POSITIVELY INFLUENCE THE LIVES OF HUNDREDS OF STUDENTS.

- Vega Johannesburg and Cape Town became Apple Authorised Training Centres (AATC) in 2012. In addition, Vega sponsored the Apple Learner Project – Artistic Excellence Education Awards. The Apple in Education Awards supports and encourages a new generation of South African learners to think outside the box and create unique brand propositions.
- The Vega Fresh Cream Awards highlight and acknowledge creative thinking within its student population across all campuses.
- Vega launched the first annual Vega Academic Navigation Award. This award celebrates Vega Navigators who excel in their contribution to the development and training of a new breed of brand innovators. Roela Hattingh from the Johannesburg campus won the IIE Dr Freysen Teaching Excellence Award. Roela Hattingh (Johannesburg), Marthinus van Loggerenberg (Cape Town), Anet Norval (Durban) and Celeste McKenzie (Pretoria) also won Vega Academic Navigation Awards.
- Customised corporate training programmes were developed for companies including Discovery, Toyota, Business Day, Financial Mail, 3M, Absa, Vodacom and Allan Gray Foundation. Vega Navigators also presented at various UCT Graduate School of Business programmes.

Vega students won one Gold, three Silver and three Bronze awards, and received three of the four Craft awards at the Loeries 2012. Vega students also collected two Silver Pendoring Awards for the Owl Rescue 911 campaign submitted by the Johannesburg campus, and the Big Blue campaign by the Cape Town campus.



CORPORATE COLLEGE INTERNATIONAL

Corporate College International (CCI) has a 22 year track record as a specialist in 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 continued to offer innovative and transformative learning programmes. During 2012, CCI partnered with a 100% black owned private FET college, and engaged with the Department of Economic Development and Tourism (DEDT) in KwaZulu-Natal, to train 335 unemployed youth.

Ten emerging private training providers on the KZN-1660 Project received training in quality assurance, project management and monitoring of learners. This project resulted in training qualifications in agriculture, construction, solar, welding, community house building, fire fighting and other skills being provided to 1 660 learners.

The Matthew Goniwe School of Leadership & Governance (MGSLG) is a semi-autonomous organisation set up by the Gauteng Department of Education (GDE). MGSLG selected and appointed CCI to assist with their Early Childhood Development project, requiring CCI to Quality Assure the delivery of their programme and monitor the results. In addition, CCI was awarded a contract to deliver specific training interventions for the School of Leadership and Governance.

Projects including the Asifundeni Project and an ABET programme for Transnet, which were accredited by the IEB, entered the second phase. A total of 257 delegates attended the programme in eight small, regional towns.

CCI's ABET programmes contribute to transforming the lives of delegates, many of whom have not had the advantage of 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, in order 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 life skills to improve their quality of life with a new understanding of practical day to day applications.

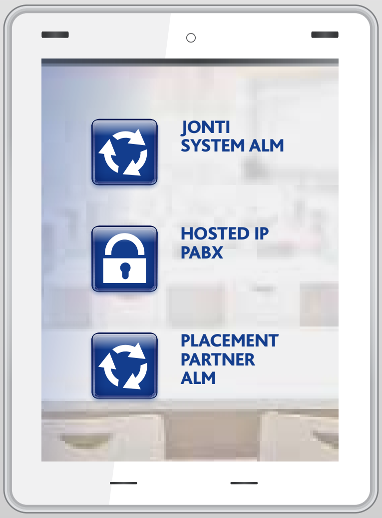
CCI continued with the SA Board of Personnel Practice (SABPP) accredited Human Resources qualification at NQF Level 5 diploma, and completed projects for the North West Department of Education, the SABC and Multichoice employees who wanted to supplement their degrees with practical skills.

CCI has a core team of permanent staff but makes extensive use of accredited facilitators on short term contracts, especially for programmes in outlying areas and smaller towns. Its external trainers consist largely of 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.

CCI'S PROGRAMMES PROVIDE PRACTICAL AND LIFE-CHANGING SKILLS THAT EQUIP PEOPLE TO PERFORM BETTER IN THEIR CHOSEN FIELDS AND PERSONAL LIVES.

RESOURCING DIVISION

AGAINST THE BACKDROP OF THE GLOBAL SKILLS SHORTAGE, THE CHALLENGE FOR EMPLOYERS WORLDWIDE IS THE ATTRACTION, MOTIVATION AND RETENTION OF INTELLECTUAL CAPITAL.



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 ethical and professional standards of business within the recruitment community.

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 and failure. ADvTECH's Resourcing division has the capability, resources and experience necessary to address this key business imperative, and 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 include niche sectors such as Freight and Logistics, Human Resources and Supply Chain Management. The Division's major activities are permanent, temporary and contract 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 their candidates and clients within its niche area of focus. This is achieved by conducting an in-depth analysis of specific needs, as well as providing personalised advice on market trends and available opportunities in a given market sector.

ADvTECH Resourcing's strategy of owning 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.

The 2012 trading period proved to be another challenging year for the Resourcing division, within a difficult recruitment environment in South Africa, in conditions where demand, as evidenced by job vacancies, remained muted. Operational focus centred on gaining market share in the Division's key niche areas, improving consultant quality and productivity levels, and optimising costs and efficiencies. Close management of consultants, optimal manager consultant ratios, and extensive investment in training were among the initiatives implemented to address these priorities.

The consistent quality of training across all brands in the Division is recognised in the industry and has contributed to its long-term success. Well-established internal training initiatives offer 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 constant development of consultants across all brands.

In order to ensure 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.

Through effective cost management, the expense line grew marginally year on year. A more conservative approach regarding employment of staff was adopted, with an improved, lower ratio of consultant to managers. In addition, new technology was implemented to improve the ability to source and identify scarce top skills.

THE CONSISTENT QUALITY OF TRAINING ACROSS ALL BRANDS IN THE DIVISION IS RECOGNISED IN THE INDUSTRY.

Based on the Deloitte's "Best Company to Work For" results received for ADvTECH Resourcing, a number of projects were launched in the Division during 2012 to improving the employee experience. This has assisted the Division in improving its results in certain areas. The Alternative Work Schedule is a pilot project that allows select individuals more flexible work arrangements. Both The Work Life Balance score and The Job Satisfaction ratings improved, while ADvTECH Resourcing's overall score improved to 75.8% in 2012 from 73.6% in 2011.

Embracing the rapid trend towards online advertising and sourcing, the Resourcing division further developed social media strategies in 2012. While this provides a new channel for developing each brand's presence among clients and potential candidates, it also provides direct access to talent. Strategic online campaigns by the major brands have proven highly successful, with various social media channels providing an important complementary addition to traditional methodologies, in a contemporary marketing mix. LinkedIn, in particular, was identified, and invested in, as an important recruitment tool.

Brent Personnel has been in existence for 35 years and provides customised permanent, temporary and contract staffing solutions to the Finance and Executive Office Professionals industries.
www.brent.co.za

cassel&co

Cassel & Company has a track record of service excellence that spans 24 years and offers premier permanent, temporary and contract staffing solutions in Accounting and Finance.
www.cassel.co.za

communicate

Communicate Personnel is one of the longest established recruitment brands in South Africa and has 31 years experience in providing innovative permanent, temporary and contract staffing solutions to the following specialist industries: Engineering, Finance, Freight and Logistics, Information Technology (IT) and Supply Chain Management.
www.communicate.co.za

Insource.ICT is a specialist ICT (Information and Communication Technology) recruitment brand, placing both permanent and contract ICT staff, at all levels and across all technologies, within the South African IT industry.
www.insource.co.za

IT Edge offers flexible permanent and contract IT staffing solutions in line with the change and innovation that is synonymous with the IT industry.
www.itedge.co.za

VertexKapele has 27 years of industry experience in providing Human Resources (HR) solutions for specialised industry sectors throughout Africa. Contract staffing solutions, Advertising Response Handling, Recruitment Advertising and Strategic HR Consulting services are offered in various commercial sectors.
www.vertexsa.com

NETWORK
RECRUITMENT

Network Recruitment comprises three specialist areas: Network Engineering, Network Finance and Network IT Recruitment, and has 26 years experience in offering optimum permanent staffing solutions to both clients and candidates in these industry sectors.
www.networkrecruitment.co.za

Inkokheli HR Appointments is the only recruitment business in South Africa that focuses solely on permanent, temporary and contract staffing solutions in Human Resources.
www.inkokheli.com

The Working Earth is South Africa's only recruitment advertising specialist that links advertising to electronic response handling using the power of the internet. The brand offers the following recruitment methodologies: Advertising Response Handling, Electronic Recruitment, In-company Recruitment and Recruitment Advertising.
www.theworkingearth.co.za

TECH-PRO PERSONNEL
Recruitment & Executive Search

Tech-Pro Personnel is the unrivalled leader in Supply Chain Management recruitment and is actively involved in the development of this profession in South Africa. The brand offers permanent staffing solutions in Logistics and Freight Planning, Procurement and Technology.
www.tech-pro.co.za

ADvTECH GROUP

SUSTAINABLE DEVELOPMENT

THE GROUP'S CONTINUING COMMITMENT TO PROVIDE SERVICES THAT HAVE SOCIAL AND ECONOMIC BENEFIT, HELPS TO ADDRESS THE CURRENT EDUCATION CRISIS AND SKILLS SHORTAGE AND ENABLES ADvTECH TO DEVELOP SOUTH AFRICA'S HUMAN CAPITAL.

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.

By delivering educational solutions to the communities served by the Group, ADvTECH makes a positive contribution, economically, socially and environmentally. Forming solid partnerships within the communities is vital for the formation of a robust, yet harmonious society.

The Group's continuing commitment to providing services that are of social and economic benefit, helps to address the current education crisis and skills shortage in the country and enables ADvTECH to contribute to developing South Africa's human capital. The value of the Group's contribution to society, particularly with regard to significant corporate social investment in sustainable education projects, ensured the inclusion of its corporate citizenship in the JSE Socially Responsible Investment (SRI) index for the seventh consecutive year in 2012.

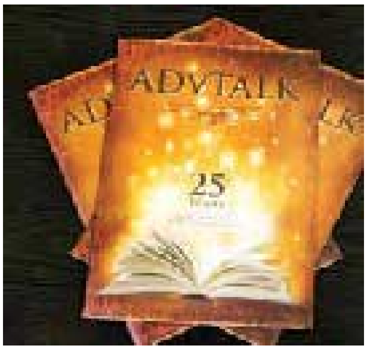
Sustainability in business development is the fundamental responsibility of the ADvTECH Board, supported by specialist structures including:

- The Transformation, Social and Ethics Committee, whose mandate is to guide and monitor the progress of the Group in transformation, social and ethical matters;
- The Corporate Social Investment (CSI) forum, which oversees long-term sustainable projects and the impact of our contributions to the development of our communities; and
- The Human Resources, HIV/Aids, Employment Equity, Environment, Skills Development, Investors-in-People and the 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.

STAKEHOLDER ENGAGEMENT

ADvTECH believes that engaging in strategic partnerships creates value. The Group has a broad range of stakeholders and is sensitive to its engagement with them. Meetings are based on shared values, respect and transparency. 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.



ADvTECH's education and resourcing brands are increasingly using social media platforms to advertise and share ideas and resources.

Investors

ADvTECH investors are kept up to date through results presentations, road shows, Johannesburg Stock Exchange (JSE) announcements and press releases. The Group publishes annual financial reports, presents its results at JSE showcase functions, invites investors for site visits and meets with investors and analysts.

Employee communication

We believe it is important to involve our staff on many levels and communicate with them in a number of ways.

ADvTALK is the internal staff publication and, along with weekly newsletters and ADvNET (the Group intranet), ensures employees are kept informed. Awards

and a member of the Private Higher Education Institution Group (PHEIG).

ECONOMIC PERFORMANCE

The value ADvTECH has created and distributed to its stakeholders in the year under review is summarised on the Value Added Statement on page 24.

The Group generated total economic value of R1.2 billion in 2012 (2011: R1.2 billion) which was distributed as follows:

	2012	2011
Employees	**59%**	56%
Social responsibility	**6%**	6%
Government	**18%**	19%
Providers of capital	**9%**	8%
Reinvested in the Group	**8%**	11%

This does not, however, accurately reflect the indirect economic contribution of the Group, which is a multiple of this amount. At an individual level, ADvTECH 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, and 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 the Group's future. In 2012, 8% (2011: 11%) of value created was reinvested to expand infrastructural capacity, the details of which can be found on page 24 of this report.

functions, health and wellness programmes, social gatherings and cultural events are some of the ways in which the Group has built an inclusive employee environment. The Group regularly conducts internal staff surveys to monitor evolving staff needs.

Students and parents

ADvTECH values the input and participation of students and their parents. Events are therefore held on a regular basis and clear and frequent communication is a priority.

At schools, parents' functions, meetings, constant student assessments and feedback on progress, as well as pertinent newsletters and magazines ensure that parents are kept abreast of their children's progress. Various events, including valedictory and graduation ceremonies and top achiever functions are held to acknowledge students' achievements.

Within the tertiary institutions, we make use of technology to remain in touch with our students. For more information on our use of technology in this regard see page 20 (Innovation@ADvTECH).

The Independent Journal of Teaching and Learning, published by the IIE, enables our students and academics to showcase their talents and ideas and is gaining greater recognition within academic circles each year. We remain the only private provider of higher education to publish their own journal communicating education excellence.

Recruitment candidates and clients

Candidates and clients are offered face-to-face consultations, electronic newsletters, salary survey reports and informative seminars. ADvTECH is a member of and is represented on the national executive of the Association of Personnel Service Organisations (APSO). It is also a member of the Institute for Personnel Service Consultants (IPSC) and a member of the Confederation of Associations in the Private Employment Sector (CAPES).

Alumni

The Group has increased work placement surveys, electronic newsletters, fellowships, graduate and alumni surveys to enhance engagement with alumni.

Education regulatory

ADvTECH is represented on the Higher Education Quality Committee (HEQC) boards and the Institutional Audits Committee as well as being the founder

SOCIAL PERFORMANCE

ADvTECH places a high premium on its people because they add 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 emphasise fair employment, competitive remuneration, appropriate work challenges, recognition and learning opportunities are integral in making ADvTECH a "Best Company to Work For". Our goal is to become the employer of choice in the education and resourcing sectors, and ADvTECH participates annually in surveys to benchmark itself in these industries across the country.

In line with our philosophy of creating a great working environment for our staff, ADvTECH participated in the Deloitte "Best Company to Work For" survey and was awarded the Standard of Excellence Seal for the second consecutive year. ADvTECH introduced an initiative called ADvTALENT which is a planned, purposeful initiative to ensure the development of talent and that career pathing and succession processes are embedded in all its operations.

The number of ADvTECH employees as at 31 December 2012 was 4 037 (2011: 3 984), reflecting an increase of 1.3%. Tabled below is the academic profile of the Group's workforce as at 31 December 2012.

Qualifications	Number of employees	% of workforce
Bachelors degrees	1 062	26%
Honours degrees	639	16%
Masters degrees	273	7%
Doctorates	26	1%
Total	2 002	50%

We are passionate about "Growing our own timber", that is hiring our own graduates and promoting from within, and we currently employ 312 alumni.

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 and enables them to progress within the Group.

The Leadership Development Programme is aimed at management and is designed around leadership best practice. Its structure is flexible and focuses on identifying mechanisms to improve organisations.

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 permanent employees who have served the Group with Long Service Awards. These are presented on completion of five years' service, and every five years thereafter. At the end of the year, 1 261 (2011: 1 087) permanent staff members had been employed by the Group for at least five years, while 542 of these staff members have been employed for ten years or more. In 2012, 243 (2011: 338) Long Service Awards were presented.

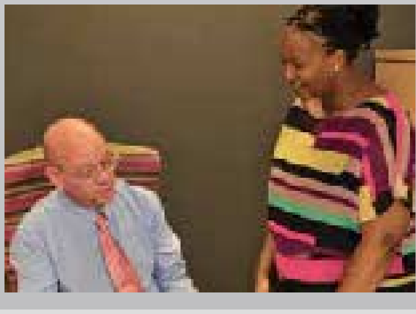
	Number of employees	
Long Service Awards	**2012**	2011
5 years	**174**	194
10 years	**36**	84
15 years	**28**	50
20 years or more	**5**	10
Total	**243**	338

Growing our own Timber

ADvTALENT is an overarching initiative aimed at growing our own resources referred to within the Group as the "Grow our own timber" project, which was launched two years ago in line with Group strategy. The six critical areas for identifying and managing talent were formalised in 2012 and include: talent creation, calibration, cultivation, leverage, caring and coaching.

It was imperative for the Group to establish a solid foundation and clear understanding of how talent should be managed.

In September 2012, 178 high performing employees were invited to participate in the launch of the ADvTECH Transformation forum. A key focus area was "Developing Leaders for Tomorrow at ADvTECH".



HEALTH AND SAFETY

ADvTECH is committed to a safe, healthy and hygienic working and learning 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 all operations. Group Health and Safety is managed by the Properties division and is independent of operational management.

As part of the overall commitment to student and staff well being, the Group conducts external OHS audits to ensure independent evaluations. External legal compliance audits were conducted at all education sites during 2012. Given that the 90% score and above is acceptable, our brands achieved an average of 97% (2011: 96%). The Health and Safety management system at all brands is showing continual improvement and sustainability.

The focal point for 2012 was playground equipment safety at the pre-primary and primary schools. Extensive work was carried out on playground equipment during the year, which resulted in a reduction in playground injuries for 2012.

TRANSFORMATION

ADvTECH is committed to addressing the inequalities of the past and ensuring sustainable development well into the future. While ADvTECH makes use of external accredited empowerment rating agencies, our focus is on the spirit rather than the letter of transformation. The Transformation, Social and Ethics Committee (TSEC) monitors 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 employment opportunity 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 an even richer working environment. This will enhance our ability to deliver consistently excellent value to all our stakeholders. The Group's employment equity policy sets out annual targets and is monitored by the Group Executive Committee, TSEC 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 black staff in 2006 to 41% in 2012. In the year under review, the number of black staff employed increased by 1%, compared to an overall increase in staff of 1.3%.

Black share ownership

While the Group 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% (2011: 24%) of management.

Skills training and development

The Group takes into account the skills requirements of staff to guide formulation of our skills development strategy, according to which the necessary resources are invested in staff training. Employees from historically disadvantaged backgrounds are given preferential participation in all staff development programmes offered by the Group. Skills development expenditure for 2012 was R6.8 million (2011: R9.7 million).

ADvTECH's internal skills initiatives include a Management Development Programme and a 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, and is a natural adjunct to the "Grow our own Timber" approach.

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 more than half of the Group's weighted BEE procurement spend consistently being spent on BEE compliant beneficiaries.

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, VertexKapele 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

ADvTECH's Corporate Social Investment (CSI) strategy is aimed at promoting sustainable development in our society. Our approach is directed towards educational interventions with local disadvantaged communities. Education is important in promoting equality and is an enabling factor in transforming our society. ADvTECH spent R64 million in 2012 (2011: R70 million) on CSI activities.

In 2012 the Group invested more than R59 million (2011: R60 million) on bursaries which positively impacted the lives of 4 500 beneficiaries. It is our goal to grow the number of beneficiaries every year in order to increase the access to quality education for previously disadvantaged groups.

A teacher bursary scheme was launched in 2007 and is aimed at addressing the need for high quality teachers in South Africa. In 2012, 55 student teachers (2011: 43) were enrolled in our teacher bursary scheme. In addition to completing their tertiary studies, bursary recipients are given the opportunity to apply their acquired skills practically within the Group's schools.

"Adopt-a-School" programme

Our "Adopt-a-School" programme is focused on fostering long-term relationships with schools in disadvantaged communities, which now benefit from various projects initiated by our staff and students. This includes a teacher development project which was designed by our teachers, and includes lesson planning workshops, management skills, classes on subject-specific content and a computer literacy upgrade programme.

Supporting Pholosho Preparatory School, located in Alexander Township is ADvTECH's chosen flagship project. This school has 29 teachers with degree or diploma qualifications and more than 900 students.

HIV/Aids

ADvTECH's policy on HIV/Aids is based on the core principles of non-discrimination and confidentiality. The Group is compliant with 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. Voluntary Counselling and Testing is in place and the HIV/Aids risk has been assessed to be relatively low.

The Group uses its learning environment to educate students and promote responsibility with regard to this disease. Events and speakers are arranged regularly and condoms, pamphlets and brochures are made available at our higher education institutions.

Citizenship: Outreach programmes

ADvTECH promotes participation in outreach projects that provide volunteer staff and students with a greater sense of community belonging.

During 2012, **Junior Colleges** supported and raised more than R16 500 for the JAM Project Red Bowl which guaranteed a nutritious meal each day for 45 children for a year.

A partnership has been established between Abbotts College, Century City and the Milnerton Youth Club (MYC) in terms of which **Abbotts College** offers tutoring classes, career guidance and life skills in the nearby communities of Joe Slovo Townships, Du Noon and Langa.

Trinityhouse adopted Lesego Primary School in Muldersdrift, Johannesburg. The school has approximately 800 children from underprivileged backgrounds, with no, or limited, access to resources. Trinityhouse donated shoes and warm clothing for the winter.

Trinityhouse also helped pay for school fees for a young boy who came from Sparrow Village; this will have a lasting impact on his life by giving him access to high quality education.

The CrawfordSchools™ brand, through teacher training and development, was the main custodian and implementer of the "Adopt-a-School" project. Pholosho Primary School located in Alexander Township is ADvTECH's flagship project.

Crawford Pre-Primary La Lucia provided Christmas hampers for some of Durban's needy and abandoned children.

Each **College Campus** site adopted a high school for a year. College Campus Johannesburg adopted **RW Fick Secondary School** in Bosmont and assisted by facilitating study skills workshops for Grade 11 and 12 students. Students and staff members also painted and remodelled the sick room in order to provide the learners with a tranquil place to recuperate. **College Campus Pretoria** adopted **Lotus Garden High School**. Staff members and students recycled outdated books to fund a reading corner. Workshops focusing on time and management skills for the teachers were also conducted.

In 2012, **Varsity College** selected the **Tutudesk Campaign** as its outreach initiative. The Tutudesk is a light-weight, portable flat surface with a handle for carrying that can be balanced on a student's lap. By the end of November 2012, the eight campuses raised more than R250 000 to purchase 2 300 Tutudesks, for the under privileged students.

The staff and students of **Rosebank College** Durban adopted **Addington Primary Schools** which accommodates 1 300 learners. They identified a need for assistance with computer literacy and extra-curricular programmes. Since April 2012, learners have attended weekly classes to improve their computer skills and learn how to express themselves constructively through creative arts sessions.

The Design School Southern Africa (DSSA) awards bursaries annually to deserving applicants who demonstrate strong academic and artistic potential. In 2012, 15 bursaries were awarded to full time students. DSSA has been involved in partnership with the Pretoria News and The Star newspapers, through the "Design-an-Ad" competition, for the last ten years. This competition is open to all schools in the Gauteng region and bursaries awarded in 2012 for the 2013 academic year total R200 000.

During 2012, DSSA further hosted a number of **portfolio workshops** aimed predominantly at learners who have never had the opportunity to receive formal art tuition. The workshops were held free of charge and this initiative will be continued in 2013.

FLB rolled out the **Winter Warmer Campaign** during the month of July 2012. Staff and students generously donated blankets and warm clothing to the Salvation Army. The team also ran the "**Feel Good Drive**" initiative to provide less privileged individuals with personal hygiene products.

The **Vega** photography students visited the schools on our "**Adopt-a-School**" list and with their photographs:

- Captured the impact the initiative has had on the communities and its students;
- Highlighted the challenges faced by the students, their schools and their communities; and
- Examined the daily classroom activity, learning and teaching.

The schools involved in Gauteng were Elethu Themba Combined School, Eikenhof; Thabo-Tona Primary School, Nigel; Mokgome Secondary School, Soweto; Mayibuye Primary School, Midrand; and Bovet Primary School, Alexandra.

The photographs will be used by the Adopt-a-School Foundation to create visual awareness of the challenges faced by the foundation, as well as to show what they have already achieved.

In September **CCI** started an Early Childhood Development (ECD) project to train and qualify nursery school staff in dealing with young children.

ADvTECH Resourcing donated PCs to Maryvale Primary and Pre-School in August 2012 to promote computer literacy among the students. Maryvale, on Louis Botha Avenue in Johannesburg, is a small but dynamic school with 90% of students being black.

Please refer to the website, www.advtech.co.za, for the online report with more case studies.

ENVIRONMENTAL PERFORMANCE

Managing the impact on both the environment and communities in which we operate is a top priority for ADvTECH. We believe our responsibility in educating students extends beyond academics. Focus is placed on instilling a deep respect for the environment and an understanding of the risks associated with climate change. Our goal is to produce students who are responsible citizens and who respect the physical environment.

Although the impact of our operations on the environment is seen as relatively low, ADvTECH monitors and minimises negative environmental effects where possible. ADvTECH reduces its environmental footprint by comprehensive waste management, limiting the use of hazardous substances and promoting energy saving.

The Group introduced a pilot project to measure and control direct carbon dioxide (CO_2) emissions during 2012 and this will be extended across the Group.

It is estimated that the largest contributor to our carbon footprint is electricity usage which contributes 87% (90% in 2011) of the Group's CO_2 emissions. ADvTECH regards the reduction of electricity consumption as paramount. Projects to reduce electricity consumption include the use of low wattage electrical fittings and motion sensitive light sensors. These measures have resulted in a 7% decline in electricity usage and a 1% reduction in CO_2 emissions in 2012.

Solar panels and solar geysers have been installed at all new sites with plans to replace existing geysers with solar geysers over the next few years.

Motor and air travel make up the majority of the remaining 13% (2011: 10%) of the total carbon dioxide emissions. The Group has installed video conferencing facilities and telecom hardware to reduce its travel requirement.

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.

Environmental projects

All developments undertaken by **ADvTECH** incorporate the installation of motion sensors and energy efficient lights combined with high levels of natural light to reduce electricity consumption.

ADvTECH Group IT developed a Data Centre Refresh Project to reduce the number of physical servers through virtualisation. This has significantly reduced power consumption from 14 kWh to 9 kWh.

THE COMPANY INTRODUCED A PROJECT TO MEASURE AND CONTROL DIRECT CO_2 EMISSIONS DURING 2012.

The **ADvTECH** Group uses video conferencing facilities to reduce the need for travel and consequently decreases our carbon footprint. Our large number of staff is spread throughout the country.

The Group rolled out SAM Student Portals in 2012 which allow students to apply online, download content and work with lecturers, view account details and academic results. Brands are issuing electronic manuals that can be annotated through a PDF reader. These initiatives greatly reduce the need to print out student information and material.

Rosebank College Benoni partnered with Remade Recycling, a multi-product recycling company, to take its recycling campaign to the next level. The Remade Group is a member of the Institute of Waste Management and is active in the war against waste. The Remade Group has numerous established recycling centres, purchasing recyclable material and creates income opportunities all over Gauteng. With the assistance of Remade, the campus can sort and divide its garbage into bins for specific materials. The Campus Recycling Committee ensures that all garbage is separated and ready for collection by Remade, which handles the recycling process.

Rosebank College Cape Town partnered with the Cape Nature Centre to plant trees in and around the International Volunteer Centre for Arbor day in 2012. Ten student volunteers attended a workshop on the environment and conserving natural resources and assisted with planting the trees at the centre.

Rosebank College Durban spent their 67 minutes of Mandela Day cleaning up the Beachwood Mangroves in Durban. The team of students and staff collected discarded plastic, polystyrene and paper, leaving one of the few saltwater mangrove swamps in South Africa looking cleaner and in a healthier state for the wildlife.

Vega staff and students tackled International Coastal Clean-up Day by removing debris and rubbish from the shoreline.

College Campus Pretoria has equipped its campus with separate bins for cans, glass, plastic and paper to encourage students and staff to be more conscious of recycling. This campus also participated in Earth Hour in 2012 and they are officially registered as participants on the World Wildlife Fund registry.

Varsity College campuses across the country participated in both a local river programme and in Beach Clean-up Day. Participants headed down to their local beaches or rivers to remove the litter in these areas.

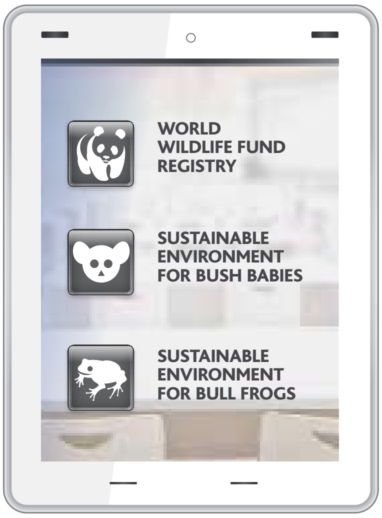
Corporate College International gives back to the community by training and encouraging people of developing communities to grow their own vegetables to become more self-sustainable.

Junior Colleges made "Going Green" a priority within the brand for 2012 and cultivated vegetable gardens and worm farms. They also started a recycling campaign for paper, glass and plastic.

CrawfordSchools™ Fourways and La Lucia are located in environmentally sensitive areas which need careful management to maintain their natural balance. The schools encourage the development of a sustainable environment to support bush babies, bull frogs and bird life along with indigenous flora and fauna.

Trinityhouse Palm Lakes buildings have been orientated to maximise natural light in the classrooms and has included larger openings under various sections of the façade to promote cross-ventilation, thus reducing the need for air-conditioners. Both these initiatives have resulted in a reduction in electrical consumption.

Trinityhouse Little Falls has built a 250 thousand litre storage and rainwater harvesting tank, specifically for irrigating its sports fields. As with Palm Lakes, the buildings have been designed to maximise natural light in classrooms and courtyards are used as a climate control measure to create shade in summer and radiate heat in winter. ▼



CORPORATE GOVERNANCE

INTRODUCTION

As enunciated in its value statements, 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 therefore aligned with the values espoused in the King Report on Corporate Governance for South Africa 2009 (King III) as well as the Companies Act, No 71 of 2008 (the Act). The Group currently complies, except in so far as 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 continuously reassesses its principles and policies against King III and the Act, and will make changes as and when appropriate to ensure that they remain relevant. This is an ongoing process.

BOARD OF DIRECTORS

ADvTECH maintains a unitary Board structure. The Board consisted of two executive and six non-executive directors as well as one alternate non-executive director. Subsequent to the year end, an additional non-executive director was appointed and there are currently seven non-executive directors. The majority of the directors 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 with brief biographical notes appear on pages 64 and 65.

The Board is satisfied that all directors continue to show 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 non-executive directors retire by rotation annually, and any director appointed by the Board is subject to election by the shareholders at the first opportunity after their initial appointment. No director or prescribed officer holds any fixed term contract and both executive directors and prescribed officers have standard employment contracts, requiring three months' notice on termination.

DK Ferreira resigned as a non-executive director at the last Annual General Meeting held on 22 May 2012, and CH Boulle on 8 March 2013. SA Zinn was appointed as an independent non-executive director on 22 October 2012.

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

The following table indicates attendance at meetings by the directors:

	16/03/12	03/04/12	17/05/12	24/08/12	19/10/12	23/11/12
DK Ferreira*	A	A	P#	n/a	n/a	n/a
BM Gourley	P	P#	P#	P	P#	P
JD Jansen	P#	P#	A	P	P	P
HR Levin[1]	A	A	A	A	A	A
CH Boulle[2] (alt to 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
SA Zinn **	n/a	n/a	n/a	n/a	n/a	P

P = Present.
A = Absent.
n/a = Not eligible to attend.
 # By teleconference.
** Resigned on 22 May 2012.*
*** Appointed on 22 October 2012.*
1 On extended sabbatical abroad since February 2012.
2 Subsequent to the year end, CH Boulle was appointed as a director on 8 March 2013.

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. The Audit Committee (which is also responsible for Risk) and a Transformation, Social and Ethics Committee (which is also responsible for the functions of a Social and Ethics Committee) have been established. In addition, the Board has established Remuneration, Litigation and Nominations Committees to enable it to properly discharge its duties and responsibilities.

The corporate affairs executive has continued to assist the Group in more clearly identifying stakeholders with legitimate interests as well as determining their respective roles. The activities of the corporate affairs department are dealt with in the sustainability report on page 48.

The Board and its Committees are furnished with full information ahead of each meeting, ensuring that all 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 evaluation of the Board is conducted on an annual basis.

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, two prescribed officers and seven senior executives. Subsequent to the end of the year under review, a further appointment was made to Exco with the appointment of a new Chief Operating Officer responsible for the Tertiary division. Each of the Group's three operating divisions have formal management structures (Mancos) which meet on a monthly basis, or as often as they deem appropriate, 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
- CH Boulle (Chairman*)
- JC Livingstone
- LW Maasdorp

* *Assumed Chairmanship from HR Levin on 17 May 2012.*

RemCom meets as and when required; it met four times during the year under review.

The following table indicates attendance at meetings by the members:

	20/02/12	09/07/12	12/10/12	23/11/12
HR Levin[$]	P	A	A	A
CH Boulle (alt)	P*	P	P	P
JC Livingstone	P	P	P	P
LW Maasdorp	P	P	A	P

P = Present.
A = Absent.
* *Present by invitation.*
$ *See note 1 above, under table of directors.*

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

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, especially 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, 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 90% of the guaranteed cost-to-company remuneration package. The Group has disclosed the remuneration of the prescribed officers who are also two of the three highest paid employees who are not also directors, as this is appropriate in terms of the Group structure.

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 the event of exceptional performance 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 approved by RemCom at the beginning of the financial year under review were achieved. 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 2012 financial year, executive bonuses, which were accrued at year end and paid in March 2013 after approval of the annual financial statements, amounted to 3% (2011: 52%) of the maximum bonus opportunity.

Share incentive schemes

The broad-based share incentive scheme and merit based senior staff share award scheme have run their course and share based remuneration generally is under consideration by RemCom.

The Group has continued to offer share options to executives, the details of which are set out on page 73.

In terms of the share scheme, the Board approved the award of 1 595 000 (2011: 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 Board has elected not to follow the King III recommendation that non-executive remuneration should consist of a base fee and an attendance fee per meeting, and has determined that the current annual fee structure is more appropriate. Directors' contribution to the Group does not consist only of attendance at Board meetings, and their responsibilities and liabilities continue whether or not they attend a specific meeting. Furthermore, the payment of an annual fee allows management greater freedom in relying on the directors between meetings. The fees payable to non-executive directors were approved by special resolution of the shareholders at the Annual General Meeting held in May 2012, as required by the Act.

AUDIT AND RISK COMMITTEE

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

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

* *Appointed Chairman in place of HR Levin 16 March 2012.*

In accordance with the provisions of the Act, shareholders are required to elect the members of the Audit Committee at the Annual General Meeting to be held in May 2013.

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

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

* *The Board wishes to appoint BM Gourley as a member of the Audit Committee because of her specific skills set and experience. However, as she has a relative in full-time employment within the Group, exemption will first need to be obtained from the Companies Tribunal. The recommendation of her appointment is therefore subject to the approval being obtained.*

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 three times during the year under review. These meetings were 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 Chairman of the Audit Committee.

The following table indicates attendance at meetings by the members:

	09/03/12	17/08/12	16/11/12
BM Gourley	P*	P*	P*
HR Levin$	A	A	A
CH Boulle	P	P	P
JC Livingstone	P	A	P

P = Present.
A = Absent.
* *Present by invitation; was previously a member of the Audit Committee and, although currently not eligible, has attended meetings of the Committee by invitation because of her unique skills set and experience in the fields of education, finances and administration.*
$ *See note1 above, under table of directors.*

The Audit Committee operates in accordance with a written charter authorised by the Board. The Committee is responsible for the appointment of the auditors, agreeing fees payable to them and settling on the terms of their engagement, and makes recommendations 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, and reports;
- reviewing and providing guidance on the Group's overall exposure to IT risks;
- 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 year under review.

Both the external and internal auditors have unrestricted access to the Audit Committee, which ensures that their independence is in no way impaired. At least once annually the Chairman meets independently with representatives of internal and external audit; time is also set aside at least once annually for the Committee to meet independently with representatives of the internal and external auditors without executive management being present.

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

RISK MANAGEMENT

As there is no separate risk management committee, the Audit Committee is 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

The Litigation Committee consists of the following non-executive directors:

- CH Boulle (Chairman)*
- JC Livingstone
- LW Maasdorp**

* *Appointed on 9 July 2012 in place of HR Levin.*
** *Appointed on 23 November 2012.*

The Litigation Committee has been charged with overseeing and providing management with guidance in relation to all major litigation which is not in the ordinary course of business.

Legal proceedings in respect of substantial claims against Andry Welihockyj, Marina Welihockyj and a company controlled by them are still in progress. 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 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. It met twice during the year under review.

The following table indicates attendance at meetings by the members:

	09/07/12	16/10/12
CH Boulle*	P	P
JC Livingstone	P	P
LW Maasdorp**	n/a	n/a

P = Present.
* *Appointed on 9 July 2012.*
** *Appointed on 23 November 2012.*

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

The Act demands that the Group establishes a Social and Ethics Committee. The Board elected to replace the Board Transformation Committee with a Transformation, Social and Ethics Committee during the year under review, as a number of the responsibilities of such a committee were being attended to by the Board Transformation Committee. As transformation is considered a high priority by the Board, it was determined to combine the activities of these two committees.

The Transformation, Social and Ethics Committee consists of the following directors:

- BM Gourley (Deputy Chairperson)*
- JD Jansen (Chairperson)*
- FR Thompson*
- SA Zinn**

* *Appointed on 16 March 2012.*
** *Appointed on 23 November 2012.*

The Committee monitors and oversees the Group's progress on various issues relating to transformation at every level, social and ethical aspects, and, where appropriate, provides management with guidance in this regard.

The following table indicates attendance at meetings by the members:

	14/05/12	23/08/12	22/11/12
BM Gourley	P	P#	P
JD Jansen	P	P	P
FR Thompson	P	P	P
SA Zinn*	n/a	n/a	P**

P = Present.
n/a = Not eligible to attend.
 # = By teleconference.
* *Appointed on 23 November 2012.*
** *Present by invitation.*

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 2012.

The following table indicates attendance at meetings by the members:

	16/03/12	23/11/12
DK Ferreira*	A	n/a
BM Gourley	P	P
JD Jansen	P#	P
HR Levin$	A	A
CH Boulle (alt)	P	P
JC Livingstone	P	P
LW Maasdorp	P	P
FR Thompson	P	P
SA Zinn**	n/a	P

P = Present.
A = Absent.
n/a = Not eligible to attend.
 # By teleconference.
* *Resigned on 22 May 2012.*
** *Appointed on 22 October 2012.*
$ *See note1 above, under table of directors.*

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. The Board, operating through its Audit Committee, provides oversight 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 adequacy and effectiveness of the Group's internal controls, governance and risk management processes. The department, headed by the Group Internal Audit manager, reports to the Group financial director on an administrative basis but has direct access to the CEO and the Chairman of the Audit Committee.

The Board and Exco are ultimately responsible for overseeing the establishment of effective internal control systems in order to provide reasonable assurance that the Company's financial and non-financial objectives are achieved. The internal control and risk management process is ongoing and has remained in place to date of approval of the annual financial statements.

The internal audit coverage plan, which is subject to approval by the Audit Committee and updated annually, covers all major risk areas as identified and assessed by Internal Audit and the Group's risk management process. This ensures that the audit coverage is focused on and identifies areas of high risk.

Internal Audit provides a written assessment of the system of internal financial controls and risk management to the Board and the Audit Committee on an annual basis. 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

Compliance with ethical standards of behaviour has always been regarded as of primary importance to the Group; this has found expression in the Group's values – *"Through our own ethical conduct, practices and policies we seek to set an example to our learners, students and clients"*. Integrity is fundamental to the manner in which the Group conducts its business, and permeates its approach to all activities. These values are communicated to all personnel during induction. The Transformation, Social and Ethics Committee monitors and oversees the Group's adherence to ethical standards. Group personnel are required at all times to 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. The Group espouses these principles not because it is required to do so by any legislative requirements, but simply because it is the right thing to do.

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 Act and the JSE Limited Listings Requirements.

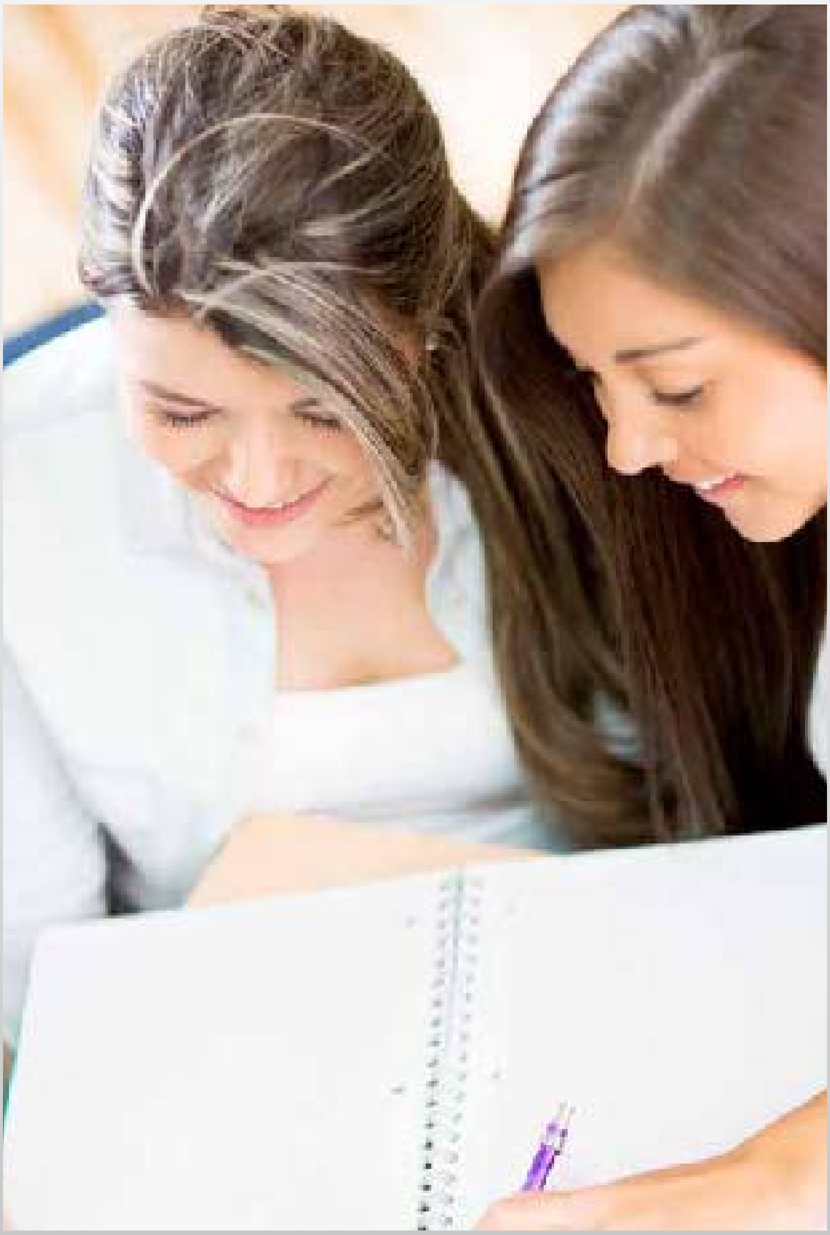
The directors are responsible for ensuring that Group companies maintain adequate records in order to report on the financial position of the Group and the results of activities with accuracy and reliability. Financial reporting procedures are applied at all levels in the Group to meet this responsibility.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

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

- the state of affairs as at the end of the financial year under review;
- profit or loss for the year;
- cash flows for the year; and
- other material non-financial information.

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

The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented.



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.

More recently, the Group has established the ADvTALENT programme and the Transformation Forum, as well as continued with its popular Mentoring Programme. Further information on these programmes can be found on page 51 of this report.

IT GOVERNANCE

The Board is responsible for IT governance and ensuring that IT strategy is aligned with the Group's strategic objectives.

GOING CONCERN

The Board has reviewed the assumptions of the financial forecasts and, based on that, has concluded that the business will be a going concern for the next financial year. The Board's statement regarding this is contained in the directors' responsibility statement on page 69.

COMPANY SECRETARY

All directors have access to the advice and services of the company secretary, SK Saunders, whose appointment is in accordance with the Act. Although an employee of the Company, she is not a director. As an admitted attorney with more than 20 years of practical experience as a company secretary, she is considered to be a fit and proper person with appropriate skills and experience for the post.

THROUGH OUR OWN ETHICAL CONDUCT, PRACTICES AND POLICIES WE SEEK TO SET AN EXAMPLE TO OUR LEARNERS, STUDENTS AND CLIENTS.

The company secretary is responsible to the Board and provides guidance and advice to the Board on matters of ethics and good corporate governance, and ensures compliance with other statutory requirements.

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 69 of this report.

INSIDER TRADING

The Group has a written policy on insider trading, adopted by the Board which states that no director, executive, manager or any employee with price-sensitive information may deal directly or indirectly in the Company's shares during closed periods. The Group adheres to two closed periods in each financial year. The first commences at the end of June until the publication of the interim results, and the second commences at the end of December, the Group's financial year end, until the final audited results for the year are released.

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

RELATED PARTY TRANSACTIONS

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

Directors

HR Levin was a non-executive director and CH Boulle was a non-executive alternate director (now a non-executive director). Both HR Levin and CH Boulle are partners at HR Levin Attorneys, who provide occasional legal services to the Group, but are neither the only nor the Group's lead firm of legal advisors. (2012: R2 071; 2011: R1 816).

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

Prescribed officers

The Board has identified DL Honey and A Isaakidis as prescribed officers in terms of the Act.

Exco

DL Honey is a member of Exco and his brother, E Honey, is a director of Adams and Adams Attorneys, which firm provided specialised legal services to the Group in relation to intellectual property related matters.

O Francesconi, DL Honey and J Coetzee have been awarded bursaries for their children in terms of the Group's bursary policy.

BOARD OF DIRECTORS

Maasdorp, Leslie – 46
Independent non-executive Director, Chairman (Member of the Remuneration and Litigation Committees)

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

Leslie has more than 20 years experience in economic policy making, corporate strategy and investment banking, having 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 director of several listed and unlisted companies including Batho Bonke Capital (the black empowerment partner of Absa Group) and Prescient, and has recently accepted nomination by the South African Government to the Board of Telkom. Leslie currently serves as Vice President of Business Leadership South Africa (BLSA) and is also a Trustee of the Soros Economic Development Fund. He joined the Board in July 2009 and was appointed as Chairman on 1 September 2010.

Jansen, Jonathan (Professor) – 56
Independent non-executive Director (Chairperson of the Transformation, Social and Ethics 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 Doctorate 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.

Gourley, Brenda (Professor) – 69
Independent non-executive Director (Deputy Chairperson of the Transformation, Social and Ethics Committee)

CTA (Wits), MBL (Unisa), FCGI

Professor Gourley is an accountant by profession. Her long career in business and academia culminated in her appointment, firstly as Vice Chancellor of the University of KwaZulu-Natal in South Africa and then as Vice Chancellor and CEO of The Open University in the United Kingdom.
She holds a range of positions on various Boards and Trusts, in different parts of the world, in both the public and private sectors, including two terms of office as Chair of the Association of Commonwealth Universities. She has numerous publications and is a frequent speaker at conferences and gatherings all over the world. She has received recognition in the form of prizes, fellowships and awards as well as honorary degrees from 12 universities on four continents. Professor Gourley joined the Board in 2008.

Boulle, Christopher – 41
Independent non-executive Director
(Chairperson Remuneration and Litigation Committees, Member of the Audit and Risk Committee)

B Com, LLB, LLM

Chris is a commercial, corporate finance, tax and trust attorney. His experience as a non-executive director of listed companies spans more than a decade and he currently serves as a director of a number of companies listed on the JSE Limited and is also Trustee of various Trusts, including the ADvTECH Limited Share Incentive Trust. He joined the Board as alternate non-executive director to Hymie Levin in September 2011, but was appointed a member of the Board subsequent to year end on 8 March 2013.

Levin, Hymie – 67
Non-executive Director
(Member of the Remuneration Committee, Audit and Risk Committee)

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 Limited. He joined the ADvTECH Limited Board in 1987 at the time of ADvTECH Limited's listing on the JSE Limited.

Thompson, Frank – 57
Executive Director,
Chief Executive Officer
(Member of the Transformation Social and Ethics Committee)

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 ten years in the Anglo American Group, mainly at electronics company Conlog, ten years in the Malbak Group and its subsequently unbundled entity, Amalgamated Appliance Holdings Limited, where he was Deputy Chairman until joining ADvTECH Limited in 2002 as Group CEO.

Zinn, Shirley (Professor) – 51
Independent non-executive Director
(Member of Transformation Social and Ethics Committee)

BA, A.Dip Ed (UWC), B.Ed (Hons) (Unisa), M.Ed (UWC) Ed.M and Ed.D (Harvard)

Prof Shirley Zinn was previously Deputy Global Head of Human Resources at Standard Bank and HR Director at Nedbank. She was awarded the Top Woman in Business and Government and Top Executive in Corporate South Africa by Topco Media in 2008. Shirley joined the ADvTECH Board at the end of 2012.

Livingstone, Jeffrey – 60
Independent non-executive Director
(Chairperson of the Audit and Risk Committee, Member of the Remuneration 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 2008.

Oesch, Didier – 47
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 was appointed as a member of the Exco and as Group Financial Director in 2005.

GROUP EXECUTIVE COMMITTEE

Frank Thompson
Chief Executive Officer

Alex Isaakidis
Chief Operating Officer, Schools Division

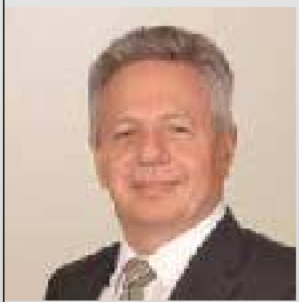
Didier Oesch
Group Financial Director

Eric Shipalana
Human Resources Director

Felicity Coughlan
Director, The Independent Institute of Education

Genevieve Allen
Managing Director, College Campus

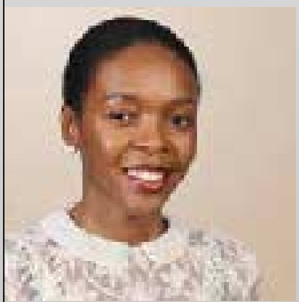
Johan Coetzee
Properties Director



Lenn Honey
Chief Operating Officer, Resourcing Division

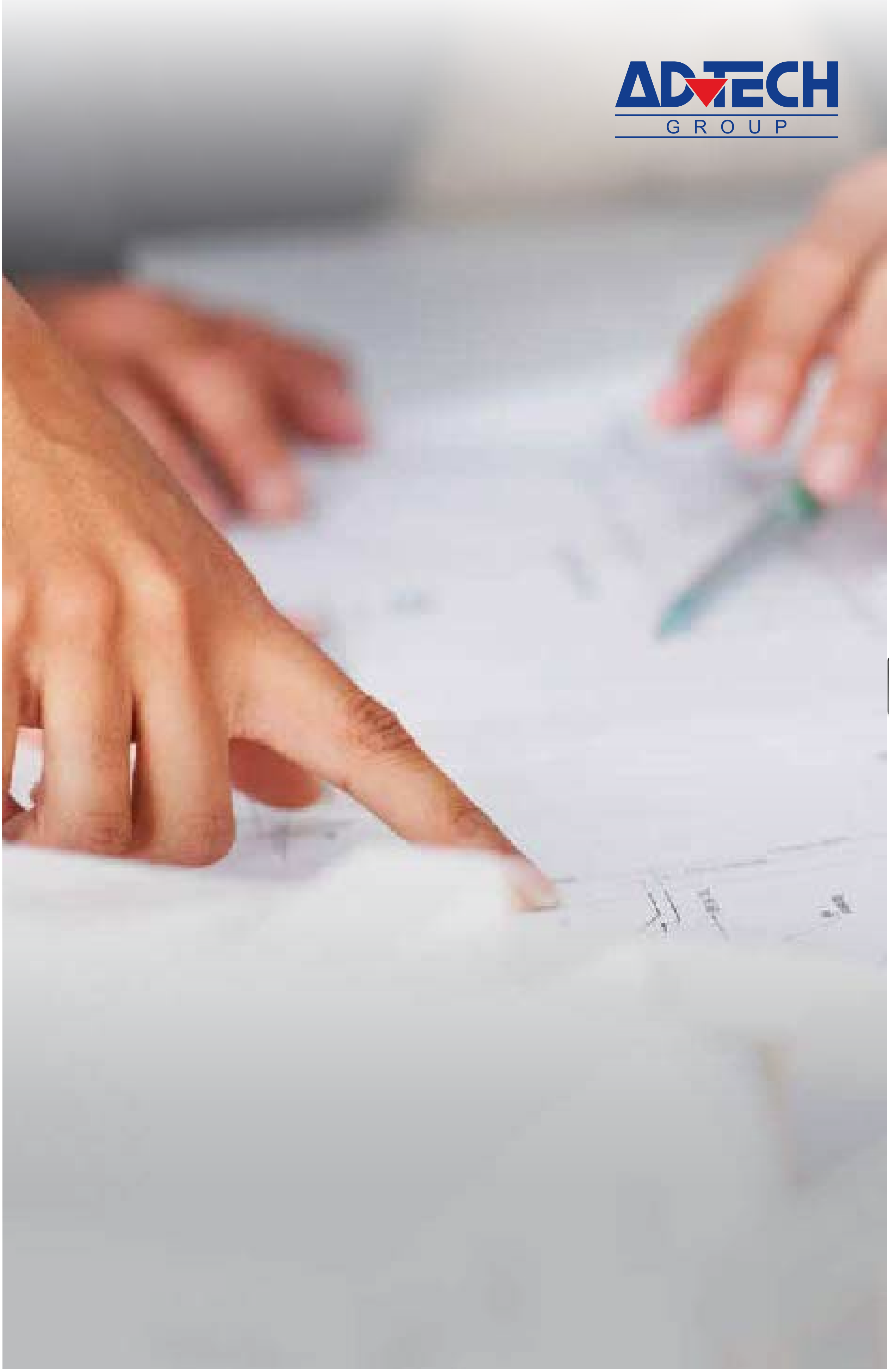
Odette Francesconi
Managing Director, Varsity College and FLB

Roy Douglas
Chief Operating Officer, Tertiary Division



Siza Dlamini
Corporate Affairs Executive

Steven van Zyl
ICT Director



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and 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 70.

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

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

The preparation of the Group's consolidated financial results for the year ended 31 December 2012 was supervised by JDR Oesch CA(SA), the Group's financial director.

The annual financial statements set out on pages 71 to 112 were approved by the Board of directors on 15 March 2013 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) 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 consolidated and separate financial statements of ADvTECH Limited set out on pages 75 to 112, which comprise the statements of financial position as at 31 December 2012, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 auditor's 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, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of ADvTECH Limited as at 31 December 2012, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2012, we have read the Directors' report, the Audit Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: S Nelson
Partner

15 March 2013

National Executive: LL Bam, **Chief Executive**; AE Swiegers, **Chief Operating Officer**; GM Pinnock, **Audit**; DL Kennedy, **Risk Advisory**; NB Kader, **Tax**; TP Pillay, **Consulting**; K Black, **Clients & Industries**; LL Bam, **Corporate Finance;** JK Mazzocco, **Talent & Transformation**; CR Beukman, **Finance**; M Jordan, **Strategy**; S Gwala, **Special Projects**; 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 2012. The Audit Committee is an independent statutory committee, with further duties being delegated to the Committee by the Board. This report covers both sets of duties. Terms of reference approved by the Board and adopted by the Committee set out the Committee's functions and responsibilities.

The Committee has discharged all its responsibilities and is in the process of giving further consideration to its terms of reference. 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 2013 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 which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors; and
- received and dealt appropriately with any complaints, from within or outside the Group, relating to the accounting practices and internal audit of the Group, to the content or auditing of its financial statements, 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 Companies Act, No 71 of 2008, as amended (the Act). Details of membership of the Committee can be found on page 59. 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 to be held in May 2013: HR Levin, JC Livingstone, CH Boulle and BM Gourley (subject to exemption being received from the Companies Tribunal enabling her appointment notwithstanding that she has a relative in full-time employment within the Group). The Committee meets at least three times every year as required by its 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 59.

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

The Audit Committee terms of reference provide for confidential meetings between Committee members and the internal and external auditors without executive management being present. The internal and external auditors have unrestricted access to the Committee.

The Committee has evaluated the annual report for the year ended 31 December 2012 and is satisfied that it complies in all material respects with the requirements of the Act and International Financial Reporting Standards.

On behalf of the Audit Committee

JC Livingstone
Chairman: Audit Committee
11 March 2013

DIRECTORS' REPORT

for the year ended 31 December 2012

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2012.

NATURE OF BUSINESS

The ADvTECH Group is one of the largest diversified education, training and placement groups in South Africa. ADvTECH Limited (registration number 1990/001119/06) is listed in the Specialised Consumer Services sector of the JSE Limited (JSE). The Schools division offers quality pre-primary, primary and secondary education, while the Tertiary division offers quality education on 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 2012 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 was changed during the year under review by the cancellation of 500 000 000 N shares of 0.01 cent each, as per note 19 to the annual financial statements. An additional 402 332 ordinary shares were issued to the vendors of the Forbes Lever Baker business as the final tranche of the purchase price in terms of the acquisition agreement.

Number of shares in issue at 31 December 2011	420 880 090
Number of shares in issue at 31 December 2012	421 282 422

There were no repurchases of shares in the Company by the Group during the year under review.

DIVIDEND

JSE code: ADH   ISIN number: ZAE 0000 31035

The Board is pleased to announce the payment of a final dividend of 14.0 cents (2011: 16.5 cents) per share. The directors consider the Company both solvent and liquid subsequent to the dividend declaration.

This brings the total dividend for the year to 24.0 cents (2011: 26.0 cents) per share.

POST-BALANCE SHEET EVENTS

The directors are not aware of any matter or circumstance occurring between the date of the statement of financial position and the date of this report that materially affects the results of the Group for the year ended 31 December 2012 or the financial position at that date.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

Special resolutions in terms of section 45 of the Companies Act, 2008, as amended (the Act), were passed by subsidiaries of the Company which form part of the ADvTECH group of companies. The subsidiaries are from time to time required to provide financial assistance to the Company and within the Group including related and inter-related companies in the form of operational funding, credit guarantees and general financial assistance as contemplated in section 45.

No other special resolutions were passed by the subsidiaries, the nature of which may be significant to members in their appreciation of the state of affairs of the Group.

DIRECTORATE

Details of directors appear on pages 64 and 65 of this report.

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

- DK Ferreira resigned from the Board on 22 May 2012.
- SA Zinn was appointed as director on 22 October 2012.

In accordance with the provisions of the Company's Memorandum of Incorporation (MoI) SA Zinn, being a director appointed during the financial year under review, retires and BM Gourley and JC Livingstone retire by rotation at the forthcoming Annual General Meeting. All are eligible, and have offered themselves for re-election. Brief biographical notes in respect of each director can be found on pages 64 and 65 of this report.

Subsequent to the year end, the status of CH Boulle, who acted as an independent non-executive alternate director to HR Levin, was changed to an independent non-executive director by his appointment to the Board on 8 March 2013.

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS

As at 31 December 2012, the directors' and prescribed officers' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company were 7% (2011: 8%) in aggregate and per director and prescribed officer as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Directors								
CH Boulle	**3 044**	3 044	**–**	–	**–**	–	**–**	–
DK Ferreira*	**–**	–	**–**	–	**–**	–	**–**	–
BM Gourley	**–**	–	**–**	–	**–**	–	**–**	–
JD Jansen	**–**	–	**–**	–	**–**	–	**–**	–
HR Levin	**9 766 327**	9 106 427	**–**	659 900	**93 573**	93 573	**–**	–
JC Livingstone	**–**	–	**–**	–	**–**	–	**–**	–
LW Maasdorp	**–**	–	**–**	–	**–**	–	**–**	–
JDR Oesch	**1 240 000**	1 332 000	**–**	–	**–**	–	**32 000**	–
FR Thompson	**12 496 856**	12 496 856	**–**	–	**–**	–	**69 000**	69 000
SA Zinn**								
Prescribed officers								
DL Honey	**6 694 852**	7 640 611	**–**	–	**–**	–	**–**	–
A Isaakidis	**870 937**	1 220 937	**–**	–	**–**	–	**–**	–
Totals	**31 072 016**	31 799 875	**–**	659 900	**93 573**	93 573	**101 000**	69 000

Resigned on 22 May 2012.
*** Appointed 22 October 2012.*

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 2012.

DIRECTORS' AND PRESCRIBED OFFICERS' SHARE OPTIONS

The directors and prescribed officers held the following share options at 31 December 2012:

	Share options as at 31 December 2011		Share options granted during the year		Share options exercised during the year			**Share options as at 31 December 2012**
	Number	Exercise price (cents)	Number	Exercise price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Number**
Director								
FR Thompson	1 300 000	560						**1 300 000**
	420 000	575						**420 000**
			185 000	580				**185 000**
JDR Oesch	20 000	270			20 000	580	62 000	**–**
	240 000	375			120 000	582	248 400	**120 000**
	200 000	560						**200 000**
	275 000	575						**275 000**
			90 000	580				**90 000**
Prescribed officers								
A Isaakidis	20 000	270			20 000	580	62 000	**–**
	240 000	375			120 000	600	270 000	**120 000**
	350 000	560						**350 000**
	275 000	575						**275 000**
			120 000	580				**120 000**
DL Honey	600 000	560						**600 000**
	275 000	575						**275 000**
			120 000	580				**120 000**
	4 215 000		515 000		280 000		642 400	**4 450 000**

The share option exercise terms are detailed in note 14 on pages 96 and 97.

DIRECTORS' REPORT

for the year ended 31 december 2012 *(continued)*

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 2012, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	Consulting fees R	**Total 2012 R**	Total 2011 R
Executive								
FR Thompson		2 615 512	–	328 060	356 427		**3 299 999**	4 000 000
JDR Oesch		1 571 419	–	150 000	219 481		**1 940 900**	2 103 150
Total executive		4 186 931	–	478 060	575 908		**5 240 899**	6 103 150
Prescribed officers								
DL Honey		1 824 507	–	143 028	244 865		**2 212 400**	2 654 610
A Isaakidis		1 692 580	320 145	233 844	207 876		**2 454 445**	2 767 880
Total prescribed officers		3 517 087	320 145	376 872	452 741		**4 666 845**	5 422 490
Non-executive								
CH Boulle	395 000						**395 000**	–
DK Ferreira**	105 041						**105 041**	270 000
BM Gourley	370 000					100 000	**470 000**	445 000
JD Jansen	305 000						**305 000**	255 000
HR Levin$	–						**–**	445 000
JC Livingstone	430 000						**430 000**	380 000
LW Maasdorp	435 000						**435 000**	435 000
F Titi***	–						**–**	63 750
SA Zinn****	52 521						**52 521**	–
Total non-executive	2 092 562					100 000	**2 192 562**	2 293 750

* *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.*

** *Resigned as non-executive director and chairman of the Board Transformation Committee on 22 May 2012.*

*** *Resigned as a non-executive director and member of the Board Transformation Committee on 1 April 2011.*

**** *Appointed non-executive director on 22 October 2012 and member of Transformation, Social and Ethics Committee on 23 November 2012.*

$ *On extended sabbatical abroad since February 2012.*

There were no directors' fees paid to 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 re-appointment 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, and to confirm S Nelson as the lead independent external auditor.

COMPANY SECRETARY

The company secretary is SK Saunders and her address as well as the address of the registered office is:

Business address
ADvTECH House
Inanda Greens Office Park
54 Wierda Road West
Wierda Valley
Sandton
2196

Postal address
PO Box 2369
Randburg
2125
Email address: groupsec@advtech.co.za

GROUP SEGMENTAL REPORT

for the year ended 31 December 2012

	Percentage increase/ (decrease)	**Audited 2012 R'm**	Audited 2011 R'm
Revenue		**1 687.2**	1 605.6
Schools	12%	**739.2**	658.1
Tertiary	0%	**738.5**	742.1
Resourcing	2%	**211.3**	206.9
Intra Group revenue		**(1.8)**	(1.5)
EBITDA		**267.6**	292.3
Schools	19%	**180.1**	151.4
Tertiary	(46%)	**63.3**	117.8
Resourcing	4%	**26.2**	25.3
Litigation		**(2.0)**	(2.2)
Depreciation and amortisation		**67.6**	62.3
Schools	18%	**32.0**	27.2
Tertiary	7%	**31.5**	29.4
Resourcing	(28%)	**4.1**	5.7
Operating profit before interest and impairment		**200.0**	230.0
Schools	20%	**147.7**	122.7
Tertiary	(64%)	**32.3**	90.2
Resourcing	14%	**22.0**	19.3
Litigation		**(2.0)**	(2.2)
Total comprehensive income for the year		**138.4**	156.3
Schools	20%	**99.8**	82.9
Tertiary	(63%)	**25.1**	67.4
Resourcing	125%	**13.5**	6.0
Property, plant and equipment and proprietary technology systems		**979.9**	812.9
Schools	25%	**698.6**	559.6
Tertiary	11%	**278.2**	249.9
Resourcing	(9%)	**3.1**	3.4
Deferred taxation assets		**22.6**	28.4
Schools	(44%)	**3.2**	5.7
Tertiary	(11%)	**19.0**	21.3
Resourcing	(71%)	**0.4**	1.4
Current assets		**203.9**	179.3
Schools	11%	**50.7**	45.7
Tertiary	12%	**126.0**	113.0
Resourcing	32%	**27.2**	20.6
Current liabilities		**542.6**	403.8
Schools	51%	**292.9**	193.5
Tertiary	15%	**208.3**	181.6
Resourcing	44%	**41.4**	28.7
Capital expenditure		**231.5**	187.8
Schools	38%	**170.2**	123.1
Tertiary	(4%)	**59.8**	62.3
Resourcing	(38%)	**1.5**	2.4

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 2012

	Notes	Audited 2012 R'm	Audited 2011 R'm
Revenue	4	**1 687.2**	1 605.6
Staff costs	5	**(854.4)**	(799.9)
Rent and occupancy costs		**(168.7)**	(140.8)
Other operating expenses		**(396.5)**	(372.6)
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**267.6**	292.3
Schools		**180.1**	151.4
Tertiary		**63.3**	117.8
Resourcing		**26.2**	25.3
Litigation		**(2.0)**	(2.2)
Depreciation and amortisation	5	**(67.6)**	(62.3)
Operating profit before interest and impairment	5	**200.0**	230.0
Impairment of tangible and intangible assets	10,13	**(1.5)**	(5.3)
Net interest received		**4.0**	10.8
Interest received	6.1	**7.8**	11.0
Finance costs	6.2	**(3.8)**	(0.2)
Profit before taxation		**202.5**	235.5
Taxation	7	**(64.1)**	(79.2)
Total comprehensive income for the year		**138.4**	156.3
Earnings per share			
Basic (cents)	8	**34.4**	39.0
Diluted (cents)	8	**34.4**	39.0

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	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 2011		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	5,14				2.3			2.3
Shares issued	19.1,19.2	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	19.2		(43.9)					(43.9)
Balance at 31 December 2011		**4.2**	**114.7**	**2.6**	**10.1**	**(108.8)**	**728.4**	**751.2**
Total comprehensive income for the year							138.4	138.4
Dividends declared to shareholders							(107.4)	(107.4)
Share-based payment expense	5,14				3.0			3.0
Shares issued	19.1,19.2	-	2.6	(2.6)				-
Broad-based scheme shares granted						2.1		2.1
Share options exercised					(3.9)	9.7		5.8
Balance at 31 December 2012		**4.2**	**117.3**	**-**	**9.2**	**(97.0)**	**759.4**	**793.1**

GROUP STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	Notes	**Audited 2012 R'm**	Audited 2011 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	10	**929.8**	756.4
Proprietary technology systems	11	**50.1**	56.5
Goodwill	12	**98.2**	98.2
Intangible assets	13	**31.1**	36.2
Deferred taxation assets	15	**22.6**	28.4
		1 131.8	975.7
Current assets			
Inventories	16	**0.5**	0.6
Trade and other receivables	17	**111.0**	105.5
Taxation		**–**	9.8
Prepayments		**18.5**	16.6
Bank balances and cash	18	**73.9**	46.8
		203.9	179.3
Total assets		**1 335.7**	1 155.0
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19.1	**4.2**	4.2
Share premium	19.2	**117.3**	114.7
Shares to be issued		**–**	2.6
Share option reserve		**9.2**	10.1
Shares held by the Share Incentive Trust	14	**(97.0)**	(108.8)
Retained earnings		**759.4**	728.4
Total equity		**793.1**	751.2
Current liabilities			
Revolving credit loan	20	**120.0**	–
Trade and other payables	21	**225.3**	193.5
Provision	22	**5.2**	–
Taxation		**5.8**	–
Fees received in advance		**169.0**	138.6
Shareholders for capital distribution		**0.9**	0.9
Shareholders for dividend		**0.3**	0.1
Bank overdraft	18	**16.1**	70.7
		542.6	403.8
Total equity and liabilities		**1 335.7**	1 155.0

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Notes	**Audited 2012 R'm**	Audited 2011 R'm
Cash flows from operating activities			
Cash generated from operations	25.1	**279.1**	301.9
Movement in working capital	25.2	**57.1**	31.8
Cash generated by operating activities		**336.2**	333.7
Net interest received		**4.0**	10.8
– interest received	6.1	**7.8**	11.0
– finance costs	6.2	**(3.8)**	(0.2)
Taxation paid	25.3	**(42.7)**	(117.6)
Capital distributions paid	25.4	**–**	(44.7)
Dividends paid	25.5	**(107.2)**	(47.8)
Net cash inflow from operating activities		**190.3**	134.4
Cash flows from investing activities			
Additions to property, plant and equipment			
– to maintain operations	25.6	**(82.5)**	(42.4)
– to expand operations	25.7	**(149.0)**	(137.6)
Additions to proprietary technology systems	11	**–**	(7.8)
Proceeds on disposal of property, plant and equipment		**1.1**	0.9
Effects of share options exercised on the share option reserve		**(3.9)**	(0.1)
Movement in shares held by Share Incentive Trust		**5.7**	(0.2)
Net cash outflow from investing activities		**(228.6)**	(187.2)
Cash flows from financing activities			
Revolving credit loan		**120.0**	–
Vendor claims paid		**–**	(8.6)
Net cash inflow/(outflow) from financing activities		**120.0**	(8.6)
Net increase/(decrease) in cash and cash equivalents		**81.7**	(61.4)
Cash and cash equivalents at beginning of the year		**(23.9)**	37.5
Cash and cash equivalents at end of the year	18	**57.8**	(23.9)

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2012

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 2012:

- IFRS 1: *First-time Adoption of International Financial Reporting Standards* (Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS compliant financial statements for the first time);
- IFRS 1: *First-time Adoption of International Financial Reporting Standards* (Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for the first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption);
- IFRS 7: *Financial Instruments: Disclosures* (Amendment 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); and
- IAS 12: *Income Taxes* (Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale).

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), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council as well as 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 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 as well as 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 re-measured 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 those interests 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, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Goodwill is assessed at each statement of financial position date for impairment.

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

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

3.6 Non-current assets held-for-sale

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

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

3.7 Revenue recognition

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

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

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

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

3.8 Leasing

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

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

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

3.9 Foreign currencies

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

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

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

3.10 Borrowing costs

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

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

3.11 Retirement benefit costs

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

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

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

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

3.12 Share-based payments

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

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

3.13 Taxation

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

Current taxation

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

Deferred taxation

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

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

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or 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%
Computer software	33.3%
Furniture, fittings and equipment	10% – 20%
Motor vehicles	20%
Video equipment	33.3%
Leasehold improvements	Period of lease

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

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

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

3.15 Intangible assets

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

3.16 Impairment of tangible and intangible assets, excluding goodwill

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

3.17 Inventories

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

3.18 Provisions

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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:

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 derivates 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 advisors in the accounting and share-based payment advisory industry. The critical estimates as used in the Bermudan Binomial model are detailed in note 14 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 on 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 advisors in assessing if an obligation is probable, more likely than not or remote. This judgement is used to determine whether the potential obligation is recognised as a liability, disclosed as a contingent liability or ignored for financial statement purposes.

Purchase price allocation relating to business combinations

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

3.23 Standards and interpretations not yet effective

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

IFRS 1	*First-time Adoption of International Financial Reporting Standards* (Amendments add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 *Financial Instruments* and IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* prospectively to government loans existing at the date of transition to IFRSs)	Annual period beginning on or after 1 January 2013
IFRS 1	*First-time Adoption of International Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle:* Amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements)	Annual period beginning on or after 1 January 2013
IFRS 1	*First-time Adoption of International Financial Reporting Standards (Annual Improvements 2009 – 2011 Cycle:* Amendments to borrowing costs)	Annual period beginning on or after 1 January 2013
IFRS 7	*Financial Instruments: Disclosures* (Amendments require entities to disclose gross amounts subject to rights of set off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set off on the entity's rights and obligations)	Annual period beginning on or after 1 January 2013
IFRS 9	*Financial Instruments* (New standard)	Annual period beginning on or after 1 January 2015
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 Interests 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 1	*Presentation of Financial Statements (Annual Improvements 2009 – 2011 Cycle:* Amendments clarifying the requirements for comparative information including minimum and additional comparative information required)	Annual period beginning on or after 1 January 2013
IAS 16	*Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle:* Amendments to the recognition and classification of servicing equipment)	Annual period beginning on or after 1 January 2013
IAS 19	*Employee Benefits* (Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans)	Annual period beginning on or after 1 January 2013
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
IAS 32	*Financial Instruments: Presentation* (Amendments require entities to disclose gross amounts subject to rights of set off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set off on the entity's rights and obligations)	Annual period beginning on or after 1 January 2013
IAS 34	*Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle:* Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities)	Annual period beginning on or after 1 January 2013
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*	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 2012 R'm	Audited 2011 R'm
4. REVENUE			
Tuition fees		**1 447.5**	1 375.6
Placement fees		**185.5**	183.3
Sale of goods and services		**56.0**	48.2
Intra Group revenue		**(1.8)**	(1.5)
		1 687.2	1 605.6
5. OPERATING PROFIT BEFORE INTEREST AND IMPAIRMENT			
Operating profit before interest and impairment is stated after taking the following into account:			
Auditors' remuneration		**4.0**	4.4
– Current year audit fee		**3.8**	4.1
– Other services		**0.2**	0.3
Amortisation of proprietary technology systems	11	**6.4**	4.9
Amortisation of intangible assets	13	**5.1**	6.3
Depreciation	10	**56.1**	51.1
– Land and buildings		**7.1**	5.9
– Computer equipment		**17.9**	13.6
– Computer software		**0.6**	2.1
– Furniture, fittings and equipment		**13.5**	12.8
– Motor vehicles		**2.9**	2.5
– Video equipment		**0.5**	0.3
– Leasehold improvements		**13.6**	13.9
Total depreciation and amortisation		**67.6**	62.3
Operating lease charges		**106.4**	89.8
– Premises		**105.0**	88.7
– Equipment		**1.4**	1.1
Professional fees		**5.8**	3.1
(Profit)/loss on sale of property, plant and equipment		**(0.6)**	0.3
Directors' emoluments		**7.4**	8.4
– For services as directors		**2.1**	2.2
– For managerial and other services		**5.3**	6.2
Pension and provident fund contributions		**50.3**	43.9
Share-based payment expense	14	**3.0**	2.3
Staff costs		**793.7**	745.3
Total staff costs		**854.4**	799.9
Number of staff (at year-end)		**4 037**	3 984
Number of staff covered by retirement plans (at year-end)		**2 516**	2 375

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2012 *(continued)*

	Note	**Audited 2012 R'm**	Audited 2011 R'm
6. NET INTEREST RECEIVED			
6.1 Interest received			
Call accounts		**7.4**	10.2
Current accounts		**–**	0.4
South African Revenue Service		**0.3**	0.3
Other		**0.1**	0.1
		7.8	11.0
6.2 Finance costs			
Revolving credit loan		**(0.4)**	–
Revolving credit facility fees		**(2.3)**	–
Other		**(1.1)**	(0.2)
		(3.8)	(0.2)
Net interest received		**4.0**	10.8
7. TAXATION			
7.1 Taxation expense comprises			
Current taxation – current year		**58.4**	76.0
– Secondary Taxation on Companies		**–**	4.8
– prior year (over)/under provision		**(0.1)**	0.2
Deferred taxation – current year	15	**6.1**	(1.8)
– prior year over provision	15	**(0.3)**	–
Total taxation expense		**64.1**	79.2

Estimated taxation losses for the Group carried forward at year-end were R3.8 million (2011: R4.0 million).

Deferred taxation assets have been raised for the full value of the estimated taxation losses in the Group.

	Audited 2012 R'm	Audited 2011 R'm
7.2 Reconciliation of taxation		
Profit before taxation	**202.5**	235.5
Taxation at 28%	**56.7**	65.9
Permanent differences	**7.8**	8.3
Disallowable expenditure – depreciation on buildings	**4.2**	4.1
Disallowable expenditure – other	**3.6**	4.8
Learnership allowances	**–**	(0.6)
Secondary Taxation on Companies	**–**	4.8
Current taxation – prior year (over)/under provision	**(0.1)**	0.2
Deferred taxation – prior year over provision	**(0.3)**	–
Taxation expense recognised in profit	**64.1**	79.2

	Audited 2012 R'm	Audited 2011 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	**138.4**	156.3
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**421.1**	405.8
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(18.8)**	(5.0)
Weighted average number of shares for purposes of basic earnings per share ('m)	**402.3**	400.8
Effect of dilutive potential ordinary shares ('m)	**0.2**	–
Weighted average number of shares for purposes of diluted earnings per share ('m)	**402.5**	400.8
Earnings per share		
Basic (cents)	**34.4**	39.0
Diluted (cents)	**34.4**	39.0

	Audited 2012 R'm		Audited 2011 R'm	
	Gross	Net	Gross	Net
9. HEADLINE EARNINGS PER SHARE				
Earnings				
Earnings for the purpose of basic and diluted earnings per share		**138.4**		156.3
Items excluded from headline earnings per share	**0.9**	**0.7**	5.6	5.5
(Profit)/loss on sale of property, plant and equipment	**(0.6)**	**(0.4)**	0.3	0.2
Impairment of property, plant and equipment	**1.5**	**1.1**	–	–
Impairment of intangible asset	–	–	5.3	5.3
Earnings for the purpose of headline earnings per share		**139.1**		161.8

	Audited 2012 R'm	Audited 2011 R'm
Number of shares		
Weighted average number of shares in issue at year-end ('m)	**421.1**	405.8
Less: Weighted average number of shares held by the Share Incentive Trust ('m)	**(18.8)**	(5.0)
Weighted average number of shares for purposes of basic headline earnings per share ('m)	**402.3**	400.8
Effect of dilutive potential ordinary shares ('m)	**0.2**	–
Weighted average number of shares for purposes of diluted headline earnings per share ('m)	**402.5**	400.8
Headline earnings per share		
Basic (cents)	**34.6**	40.4
Diluted (cents)	**34.6**	40.4

	Cost			
	1 Jan 2012 R'm	Additions R'm	Disposals R'm	**31 Dec 2012 R'm**
10. PROPERTY, PLANT AND EQUIPMENT				
Land and buildings	618.5	185.3	–	**803.8**
Computer equipment	121.5	19.3	(6.2)	**134.6**
Computer software	9.7	0.2	(1.8)	**8.1**
Furniture, fittings and equipment	129.5	15.7	(2.7)	**142.5**
Motor vehicles	19.4	6.0	(1.0)	**24.4**
Video equipment	1.9	0.2	–	**2.1**
Leasehold improvements	172.4	4.8	(1.2)	**176.0**
	1 072.9	231.5	(12.9)	**1 291.5**

	Accumulated depreciation and impairment				
	1 Jan 2012 R'm	Depreciation R'm	Disposals R'm	Impairment* R'm	**31 Dec 2012 R'm**
Land and buildings	43.6	7.1	–	–	**50.7**
Computer equipment	85.7	17.9	(6.1)	1.5	**99.0**
Computer software	8.9	0.6	(1.8)	–	**7.7**
Furniture, fittings and equipment	97.7	13.5	(2.5)	–	**108.7**
Motor vehicles	12.9	2.9	(0.8)	–	**15.0**
Video equipment	1.2	0.5	–	–	**1.7**
Leasehold improvements	66.5	13.6	(1.2)	–	**78.9**
	316.5	56.1	(12.4)	1.5	**361.7**

	Net book value	
	31 Dec 2012 R'm	31 Dec 2011 R'm
Land and buildings	**753.1**	574.9
Computer equipment	**35.6**	35.8
Computer software	**0.4**	0.8
Furniture, fittings and equipment	**33.8**	31.8
Motor vehicles	**9.4**	6.5
Video equipment	**0.4**	0.7
Leasehold improvements	**97.1**	105.9
	929.8	756.4

* *During the year a change was made to the infrastructure technology platform in order to optimise perfomance and to ensure a sustainable Information Technology environment. This change resulted in some servers becoming redundant which led to their impairment.*

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 R36.0 million (2011: R8.2 million) which relates to buildings that are still in progress.

Included in leasehold improvements is an amount of R0.9 million (2011: R4.4 million) which relates to improvements that are still in progress.

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.

10. PROPERTY, PLANT AND EQUIPMENT

(continued)

	Cost				
	1 Jan 2011 R'm	Additions R'm	Disposals R'm	Reallocation R'm	31 Dec 2011 R'm
Land and buildings	488.3	125.1	–	5.1	618.5
Computer equipment	124.9	18.2	(24.3)	2.7	121.5
Computer software	10.4	3.4	(1.4)	(2.7)	9.7
Furniture, fittings and equipment	120.5	14.3	(5.6)	0.3	129.5
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)	(5.4)	172.4
	930.1	180.0	(37.2)	–	1 072.9

	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	–	1.9	43.6
Computer equipment	95.0	13.6**	(23.8)	0.9	85.7
Computer software	9.1	2.1	(1.4)	(0.9)	8.9
Furniture, fittings and equipment	90.0	12.8	(5.3)	0.2	97.7
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)	(2.1)	66.5
	301.4	51.1	(36.0)	–	316.5

	Net book value	
	31 Dec 2011 R'm	31 Dec 2010 R'm
Land and buildings	574.9	452.5
Computer equipment	35.8	29.9
Computer software	0.8	1.3
Furniture, fittings and equipment	31.8	30.5
Motor vehicles	6.5	6.1
Video equipment	0.7	0.6
Leasehold improvements	105.9	107.8
	756.4	628.7

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

	Note	Audited 2012 R'm	Audited 2011 R'm
11. PROPRIETARY TECHNOLOGY SYSTEMS			
Cost			
Balance at beginning of the year		**62.4**	54.6
Additions		**–**	7.8
Balance at end of the year		**62.4**	62.4
Accumulated amortisation			
Balance at beginning of the year		**5.9**	1.0
Amortisation expense	5	**6.4**	4.9
Balance at end of the year		**12.3**	5.9
Carrying amount			
At beginning of the year		**56.5**	53.6
At end of the year		**50.1**	56.5
The System for Academic Management accounts for the bulk of the amount above. A useful line of ten years is used in the calculation of amortisation on a straight-line basis.			
12. GOODWILL			
Cost			
Balance at beginning of the year		**98.2**	95.9
Acquisition price adjustment*		**–**	2.3
Balance at end of the year		**98.2**	98.2
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		**98.2**	95.9
At end of the year		**98.2**	98.2

* *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 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.

	Note	Customer bases R'm	Brand values R'm	**Total audited R'm**
13. INTANGIBLE ASSETS				
Cost				
Balance at 1 January 2011, 1 January 2012 and 31 December 2012		44.7	19.5	**64.2**
Accumulated amortisation and impairment				
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**
Balance at 1 January 2012		25.1	2.9	**28.0**
Amortisation expense	5	4.2	0.9	**5.1**
At 31 December 2012		29.3	3.8	**33.1**
Carrying amount				
As at 31 December 2011		19.6	16.6	**36.2**
As at 31 December 2012		15.4	15.7	**31.1**

* *The impairment of the intangible asset 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 lifespan in excess of 20 years and therefore an indefinite period of amortisation was selected. The carrying amount of this asset is R10.8 million (2011: R10.8 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2012 *(continued)*

14. 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 ran 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)
30 November 2011	31 Dec 2017	575	4.0	145
7 December 2012	31 Dec 2018	570	3.8	137

Reconciliation of options	**2012** Number of share options	**2012** Weighted average exercise price (cents)	2011 Number of share options	2011 Weighted average exercise price (cents)
Options outstanding on 1 January	**8 334 333**	**491**	5 928 333	455
Add – Options granted during the year	**1 595 000**	**570**	2 496 000	575
Less – Exercised	**(1 723 333)**	**333**	(36 667)	318
– Lapsed	**(20 000)**	**270**	(53 333)	336
Options outstanding at 31 December	**8 186 000**	**532**	8 334 333	491

As at 31 December 2012 there were 55 (2011: 55) participants (including executive directors) in the ADvTECH share incentive scheme.

14. ADvTECH SHARE INCENTIVE SCHEME *(continued)*

	Number of shares		Loan receivable R'm	
Reconciliation of shares owned	**2012**	2011	**2012**	2011
Shares owned by the Trust as at 1 January	**19 423 753**	105 061	**108.8**	0.6
Add – Shares purchased by the Share Incentive Trust	-	50 000	-	0.3
– Shares issued into the Share Incentive Trust	-	20 041 909	-	112.3
– Share awards forfeited	-	17 000	-	0.1
Less – Share awards to staff 2011	-	(608 000)	-	(3.4)
– Broad based scheme shares transferred	**(379 800)**	(145 550)	**(2.1)**	(0.9)
– Options exercised during the year	**(1 723 333)**	(36 667)	**(9.7)**	(0.2)
Shares owned by the Trust at 31 December	**17 320 620**	19 423 753	**97.0**	108.8

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.

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:

	2012	2011
Weighted average exercise price (cents)	**570**	575
Expected volatility	**26%**	26%
Expected life	**5.9 years**	5.9 years
Risk free rate	**6%**	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 R3.0 million (2011: R2.3 million) related to share-based payment transactions during the year.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2012 *(continued)*

	Audited 2012 R'm	Audited 2011 R'm
15. DEFERRED TAXATION ASSETS		
Opening deferred taxation assets	**28.4**	26.6
	(6.1)	1.8
Current year temporary differences	**(6.1)**	2.0
Utilisation of deferred taxation assets relating to taxation losses	**–**	(0.2)
Prior year over provision	**0.3**	–
Balance at end of the year	**22.6**	28.4
The balance comprises:		
Deferred and prepaid expenditure	**(4.4)**	(4.2)
Allowance for future expenditure (S24C)	**(24.4)**	(19.3)
Fees received in advance	**33.2**	27.1
Commercial building allowance	**(5.8)**	(3.8)
Allowance for doubtful debts	**14.2**	14.2
Leave pay accrual	**2.8**	2.9
Property, plant and equipment	**(7.0)**	(2.0)
Estimated taxation losses carried forward	**1.1**	1.1
Lease smoothing	**10.0**	7.6
Bonus provision	**2.9**	4.8
	22.6	28.4
Deferred taxation accounted for in the statement of comprehensive income:		
Deferred and prepaid expenditure	**(0.2)**	(1.2)
Allowance for future expenditure (S24C)	**(5.1)**	(0.8)
Fees received in advance	**6.1**	1.0
Commercial building allowance	**(2.0)**	(1.9)
Allowance for doubtful debts	**–**	2.0
Leave pay accrual	**(0.1)**	0.4
Property, plant and equipment	**(5.0)**	(2.0)
Utilisation of taxation losses	**–**	0.2
Lease smoothing	**2.4**	1.4
Bonus provision	**(2.2)**	2.7
	(6.1)	1.8

	Audited 2012 R'm	Audited 2011 R'm
16. INVENTORIES		
Books	**0.3**	0.5
Other	**0.2**	0.1
	0.5	0.6
17. TRADE AND OTHER RECEIVABLES		
Amounts receivable from tuition fees	**135.9**	137.5
Amounts receivable for placement fees	**20.6**	13.8
Amounts receivable from the sale of goods and services	**5.5**	3.2
Trade receivables	**162.0**	154.5
Allowance for doubtful debts	**(67.9)**	(67.5)
	94.1	87.0
Other receivables	**16.9**	18.5
	111.0	105.5
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	**14.0**	11.6
60 days	**13.4**	13.2
90 days	**9.4**	10.8
120+ days	**39.8**	36.6
Total	**76.6**	72.2
Movement in the allowance for doubtful debts		
Balance at beginning of the year	**67.5**	57.9
Impairment losses recognised on receivables	**23.9**	32.3
Impairment losses reversed	**(23.5)**	(22.7)
Balance at end of the year	**67.9**	67.5
The concentration of credit risk is limited due to the customer base being large and unrelated. This 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	**0.2**	0.1
60 days	**0.4**	0.2
90 days	**2.4**	0.6
120+ days	**64.9**	66.6
Total	**67.9**	67.5

	Audited 2012 R'm	Audited 2011 R'm

18. CASH AND CASH EQUIVALENTS

	Audited 2012 R'm	Audited 2011 R'm
Bank balances	**73.7**	46.5
Bank overdraft	**(16.1)**	(70.7)
Cash	**0.2**	0.3
	57.8	(23.9)

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 27.

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

19. SHARE CAPITAL AND SHARE PREMIUM

19.1 Share capital

	Audited 2012 R'm	Audited 2011 R'm
Authorised		
500 000 000 shares of 1 cent each	**5.0**	5.0
(2011: 500 000 000 shares of 1 cent each)		
(2011: 500 000 000 N shares of 0.01 cent each)*	**–**	0.1
	5.0	5.1

* *These N class ordinary shares were cancelled at the Annual General Meeting held on 22 May 2012.*

	Number of shares 2012 'm	**Share capital 2012 R'm**	Number of shares 2011 'm	Share capital 2011 R'm
Issued				
Balance at 1 January	**420.8**	**4.2**	400.8	4.0
Shares issued	**0.5**	**–**	20.0	0.2
Balance at 31 December	**421.3**	**4.2**	420.8	4.2

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.

19.2 Share premium

	Audited 2012 R'm	Audited 2011 R'm
Balance at 1 January	**114.7**	46.5
Capital distributions to shareholders	**–**	(43.9)
Shares issued	**2.6**	112.1
Balance at 31 December	**117.3**	114.7

	Audited 2012 R'm	Audited 2011 R'm
20. REVOLVING CREDIT LOAN		
Bank loan	**120.0**	–

This represents a draw-down on the revolving credit facility that is available to the Group for a three year period, with an option to extend for a further two years, up to a maximum of R350 million commencing on 5 December 2012.

The portion of the total facility utilised bears interest at the following rates:

- 0.00% – 33.33% of utilisation JIBAR +1.50%
- 33.34% – 66.66% of utilisation JIBAR +1.75%
- 66.67 – 100.00% of utilisation JIBAR +2.00%

The Group has the option to make draw-downs for periods of 30, 60 and 90 days and can elect to roll these for further periods.

The draw-down at year-end was repaid on 14 January 2013. Refer to note 27 for details on securities.

	Audited 2012 R'm	Audited 2011 R'm
21. TRADE AND OTHER PAYABLES		
Trade payables and accruals	**204.1**	172.1
Leave pay accrual	**10.2**	10.3
Vendor claims	**11.0**	11.1
	225.3	193.5

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 2012 R'm	Audited 2011 R'm
22. PROVISION		
Onerous lease	5.2	–

	Onerous lease R'm	Total audited R'm
Balance as at 1 January 2012	–	**–**
Provision recognised	5.2	**5.2**
Balance at 31 December 2012	5.2	**5.2**

The provision for onerous lease represents the present value of future lease payments and related expenses that the Group is presently obligated to make under a non-cancellable onerous operating lease contract, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and the sub-lease arrangements where applicable. The unexpired term of the lease is 1.7 years.

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	Audited 2012 R'm	Audited 2011 R'm
23. COMMITMENTS		
23.1 Capital commitments		
Capital expenditure approved by the directors:		
Contracted but not provided for	**130.5**	107.6
Not contracted	**966.0**	28.3
	1 096.5	135.9
Capital commitments will be financed through existing facilities and working capital.		
Anticipated timing of spend:		
0 – 2 years	**319.4**	122.0
3 – 5 years	**225.6**	9.5
more than 5 years	**551.5**	4.4
	1 096.5	135.9
23.2 Operating lease commitments in cash		
Commitments under non-cancellable operating leases are as follows:		
Premises:		
Due within one year	**79.9**	86.1
Due within two to five years	**184.5**	217.2
Due thereafter	**30.7**	70.1
	295.1	373.4
Equipment:		
Due within one year	**0.2**	0.8
Due within two to five years	**0.1**	0.3
	0.3	1.1
	295.4	374.5

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

24. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank 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 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 and revolving credit facilities available at 31 December 2012 amounted to R389.6 million (2011: R70.7 million). The bank overdraft facility expires within a year whereas the revolving credit facility is available to the Group for a three year period with an option to extend for a further two years. Refer to note 20. These are considered adequate to finance operations.

24. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

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

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are shown net of allowances for doubtful debts. The Group has no concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group's maximum credit risk exposure relates to the trade receivables of R162.0 million (2011: R154.5 million) and bank and cash balances of R73.9 million (2011: R46.8 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	**Audited 2012 R'm**	Audited 2011 R'm
25. NOTES TO THE STATEMENT OF CASH FLOWS			
25.1 Cash generated from operations			
Profit before taxation		**202.5**	235.5
Adjust for non-cash IFRS and lease adjustments (before taxation)		**12.1**	9.3
		214.6	244.8
Adjust:		**64.5**	57.1
Depreciation and amortisation	5	**67.6**	62.3
Net interest received	6	**(4.0)**	(10.8)
Impairment of tangible and intangible assets	10,13	**1.5**	5.3
(Profit)/loss on sale of property, plant and equipment	5	**(0.6)**	0.3
		279.1	301.9
25.2 Movement in working capital			
Decrease in inventories		**0.1**	2.4
Increase in trade and other receivables and prepayments		**(7.4)**	(30.6)
Increase in trade and other payables and provision		**34.0**	44.7
Increase in fees received in advance		**30.4**	15.3
Decrease in working capital		**57.1**	31.8
25.3 Taxation paid			
Balance at beginning of the year		**9.8**	(26.8)
Current charge	7.1	**(58.3)**	(81.0)
Balance at end of the year		**5.8**	(9.8)
Cash amount paid		**(42.7)**	(117.6)

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2012 *(continued)*

	Note	**Audited 2012 R'm**	Audited 2011 R'm
25. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*			
25.4 Capital distributions paid			
Balance at beginning of the year		**(0.9)**	(1.7)
Declared during the year	19.2	**–**	(43.9)
Balance at end of the year		**0.9**	0.9
Cash amount paid		**–**	(44.7)
25.5 Dividends paid			
Balance at beginning of the year		**(0.1)**	–
Declared during the year		**(107.4)**	(47.9)
Balance at end of the year		**0.3**	0.1
Cash amount paid		**(107.2)**	(47.8)
25.6 Additions to property, plant and equipment to maintain operations			
Land and buildings		**(44.1)**	(1.5)
Computer equipment		**(18.2)**	(16.5)
Computer software		**(0.2)**	(3.4)
Furniture, fittings and equipment		**(11.4)**	(11.5)
Motor vehicles		**(5.5)**	(3.3)
Video equipment		**(0.2)**	(0.4)
Leasehold improvements		**(2.9)**	(5.8)
		(82.5)	(42.4)
25.7 Additions to property, plant and equipment to expand operations			
Land and buildings		**(141.2)**	(123.6)
Computer equipment		**(1.1)**	(1.7)
Furniture, fittings and equipment		**(4.3)**	(2.8)
Motor vehicles		**(0.5)**	–
Leasehold improvements		**(1.9)**	(9.5)
		(149.0)	(137.6)

26. 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 on pages 73 and 74.

27. 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 cross guarantees including cessions of loan accounts on behalf of each other's overdraft and revolving credit facilities. As at 31 December 2012 the total amount utilised amounted to R136.1 million (2011: R70.7 million).

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	**Audited 2012 R'm**	Audited 2011 R'm
Dividend received from subsidiaries		**75.0**	270.0
Staff costs	1	**(2.2)**	(3.2)
Other operating income		**3.5**	3.3
Operating profit before interest	1	**76.3**	270.1
Net (finance costs)/interest received		**(1.7)**	1.4
Interest received	2.1	**0.6**	1.4
Finance costs	2.2	**(2.3)**	–
Profit before taxation		**74.6**	271.5
Taxation	3	**0.1**	(5.1)
Total comprehensive income for the year		**74.7**	266.4

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Notes	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 2011		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**
Total comprehensive income for the year					74.7	74.7
Dividends declared to shareholders					(107.4)	(107.4)
Shares issued	7.1,7.2	–	2.6			2.6
Share options exercised				(3.9)		(3.9)
Balance at 31 December 2012		**4.2**	**117.3**	**(6.5)**	**108.4**	**223.4**

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	Audited 2012 R'm	Audited 2011 R'm
ASSETS			
Non-current assets			
Investments in subsidiaries at cost	4	**161.0**	161.0
Loan to Share Incentive Trust*		**97.0**	108.8
Deferred taxation assets	5	**0.7**	0.6
		258.7	270.4
Current assets			
Loans to subsidiaries	4	**26.5**	26.5
Trade and other receivables	6	**2.0**	8.7
		28.5	35.2
Total assets		**287.2**	305.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7.1	**4.2**	4.2
Share premium	7.2	**117.3**	114.7
Share option reserve		**(6.5)**	(2.6)
Retained earnings		**108.4**	141.1
Total equity		**223.4**	257.4
Current liabilities			
Trade and other payables	8	**4.7**	3.1
Loans from subsidiaries	4	**57.9**	44.1
Shareholders for capital distribution		**0.9**	0.9
Shareholders for dividend		**0.3**	0.1
		63.8	48.2
Total equity and liabilities		**287.2**	305.6

* *Refer to note 14 of the Group annual financial statements.*

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Notes	**Audited 2012 R'm**	Audited 2011 R'm
Cash flows from operating activities			
Cash generated from operations	11.1	**1.3**	0.1
Movement in working capital	11.2	**8.3**	(0.1)
Cash generated by operating activities		**9.6**	–
Net (finance costs)/interest received		**(1.7)**	1.4
– interest received	2.1	**0.6**	1.4
– finance costs	2.2	**(2.3)**	–
Taxation paid	11.3	**–**	(4.8)
Capital distributions paid	11.4	**–**	(44.7)
Dividends paid	11.5	**(107.2)**	(47.8)
Net cash outflow from operating activities		**(99.3)**	(95.9)
Cash flows from investing activities			
Effects of share options exercised on the share option reserve		**(3.9)**	(0.1)
Movement in the loan to the Share Incentive Trust		**11.8**	4.0
Net cash inflow from investing activities		**7.9**	3.9
Cash flows from financing activities			
Increase in net loans from subsidiaries		**91.4**	92.0
Net cash inflow from financing activities		**91.4**	92.0
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 2012

	Note	Audited 2012 R'm	Audited 2011 R'm
1. OPERATING PROFIT BEFORE INTEREST			
Operating profit before interest is stated after taking the following into account:			
Auditors' remuneration		**0.4**	0.3
– Current year audit fee		**0.3**	0.3
– Prior year under provision		**0.1**	–
Directors' emoluments – for services as directors		**2.1**	2.2
Staff costs		**0.1**	1.0
Total staff costs		**2.2**	3.2
2. NET (FINANCE COSTS)/INTEREST RECEIVED			
2.1 Interest received			
Call accounts		**0.6**	1.4
2.2 Finance costs			
Revolving credit facility fees		**(2.3)**	–
Net (finance costs)/interest received		**(1.7)**	1.4
3. TAXATION			
3.1 Taxation expense comprises			
Current taxation – Secondary Taxation on Companies		**–**	4.8
Deferred taxation – current year	5	**(0.1)**	0.4
– prior year over provision	5	**–**	(0.1)
Total taxation expense		**(0.1)**	5.1
Estimated taxation losses for the Company carried forward at year-end was R2.6 million (2011: R2.3 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		**74.6**	271.5
Taxation at 28%		**20.9**	76.0
Permanent differences – non-taxable income		**(21.0)**	(75.6)
Secondary Taxation on Companies		**–**	4.8
Deferred taxation – prior year over provision		**–**	(0.1)
Taxation expense recognised in profit		**(0.1)**	5.1

	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company: Shares		Interest of Holding Company: Loans receivable/(payable)		
	31 Dec 2012 R	31 Dec 2011 R	**31 Dec 2012 %**	31 Dec 2011 %	**31 Dec 2012 R'm**	31 Dec 2011 R'm	**31 Dec 2012 R'm**	31 Dec 2011 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	**(57.9)**	(44.1)	1
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59.8**	59.8	**20.0**	20.0	2
Indirect:									
ADvTECH Resourcing (Pty) Ltd	**10**	10	**100**	100			**6.5**	6.5	3
ADvTECH Training (Pty) Ltd	**2**	2	**100**	100					4
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					4
Business Learning Systems (Pty) Ltd	**1 000**	1 000	**100**	100					4
The Design School Southern Africa (Pty) Ltd	**1**	1	**100**	100					1
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					3
Resource Development International (Pty) Ltd	**200**	200	**100**	100					4
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					4
					161.0	161.0	**(31.4)**	(17.6)	

[1] *Independent provider of education.*
[2] *Investment Holding Company.*
[3] *Recruitment, placement and temporary staffing Company.*
[4] *Dormant Company.*

Results of subsidiaries so far as they concern members of the Company: Aggregate profit after taxation R138.4 million (2011: R156.3 million). All companies are incorporated in the Republic of South Africa.

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 2012 *(continued)*

	Audited 2012 R'm	Audited 2011 R'm
5. DEFERRED TAXATION ASSETS		
Opening deferred taxation assets	**0.6**	0.9
Movement in deferred taxation assets relating to taxation losses	**0.1**	(0.4)
Prior year over provision	**–**	0.1
Balance at end of the year	**0.7**	0.6
The balance comprises:		
Estimated taxation losses carried forward	**0.7**	0.6
Deferred taxation accounted for in the statement of comprehensive income:		
Movement in taxation losses	**0.1**	(0.4)
6. TRADE AND OTHER RECEIVABLES		
Other receivables	**2.0**	8.7
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
(2011: 500 000 000 shares of 1 cent each)		
(2011: 500 000 000 N shares of 0.01 cent each)*	**–**	0.1
	5.0	5.1

* *These N class ordinary shares were cancelled at the Annual General Meeting held on the 22 May 2012.*

	Number of shares 2012 'm	**Share capital 2012 R'm**	Number of shares 2011 'm	Share capital 2011 R'm
Issued				
Balance at 1 January	**420.8**	**4.2**	400.8	4.0
Shares issued	**0.5**	**–**	20.0	0.2
Balance at 31 December	**421.3**	**4.2**	420.8	4.2

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 2012 R'm	Audited 2011 R'm
7.2 Share premium		
Balance at 1 January	**114.7**	46.5
Capital distributions to shareholders	**–**	(43.9)
Shares issued	**2.6**	112.1
Balance at 31 December	**117.3**	114.7

	Audited 2012 R'm	Audited 2011 R'm
8. TRADE AND OTHER PAYABLES		
Trade payables and accruals	**4.7**	3.1

Trade payables and accruals principally comprise amounts outstanding for 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. 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 unlimited cross guarantees including cession of loan accounts on behalf of The Independent Institute of Education (Pty) Ltd and ADvTECH Resourcing (Pty) Ltd for overdraft and revolving credit facilities, which at 31 December 2012 were utilised and amounted to R136.1 million (2011: R70.7 million). (See notes 18, 20 and 27 of the Group financial statements).

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2012 *(continued)*

	Notes	**Audited 2012 R'm**	Audited 2011 R'm
11. NOTES TO THE STATEMENT OF CASH FLOWS			
11.1 Cash generated from operations			
Profit before taxation		**74.6**	271.5
Adjust for non-cash items		**(75.0)**	(270.0)
		(0.4)	1.5
Adjust:			
Net (finance costs)/interest received	2	**1.7**	(1.4)
		1.3	0.1
11.2 Movement in working capital			
Decrease/(increase) in trade and other receivables		**6.7**	(2.2)
Increase in trade and other payables		**1.6**	2.1
Decrease/(increase) in working capital		**8.3**	(0.1)
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		**(0.9)**	(1.7)
Declared during the year	7.2	**–**	(43.9)
Balance at end of the year		**0.9**	0.9
Cash amount paid		**–**	(44.7)
11.5 Dividends paid			
Balance at beginning of the year		**(0.1)**	–
Declared during the year		**(107.4)**	(47.9)
Balance at end of the year		**0.3**	0.1
Cash amount paid		**(107.2)**	(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 (2011: R3.7 million) and R0.9 million (2011: R0.9 million) respectively were charged and paid, being an appropriate allocation of costs incurred by the relevant administrative departments.

SHAREHOLDERS' ANALYSIS

at 31 December 2012

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Range of shareholding				
1 to 10 000	2 688	75.2%	6 205 462	1.5%
10 001 to 100 000	601	16.8%	18 735 749	4.4%
100 001 to 500 000	164	4.6%	35 411 282	8.4%
500 001 to 1 000 000	43	1.2%	32 320 805	7.7%
more than 1 000 000	78	2.2%	328 609 124	78.0%
	3 574	**100.0%**	**421 282 422**	**100.0%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2012, the spread of shareholders was as follows:

Shareholder spread				
ADvTECH Share Incentive Scheme	1	0.0%	17 320 620	4.1%
Directors (including prescribed officers and subsidiary directors)	10	0.3%	32 173 796	7.6%
Non-public shareholding	11	0.3%	49 494 416	11.7%
Public shareholding	3 563	99.7%	371 788 006	88.3%
Total of all shareholders	**3 574**	**100.00%**	**421 282 422**	**100.00%**

Major shareholders

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

	Shares held	
	Number	%
Coronation Fund Managers	80 777 695	19.2%
Sanlam Investment Management	52 979 133	12.6%
Old Mutual Investment Group	43 142 072	10.2%
Kagiso Asset Management	35 445 870	8.4%
BD Buckham	24 892 650	5.9%

Share information

	2012	2011	2010	2009	2008
Closing price at period end (cents)	**620**	620	595	525	395
JSE market price high (cents)	**703**	630	640	535	464
JSE market price low (cents)	**561**	540	505	290	300
Total number of transactions on JSE	**8 402**	6 481	5 306	3 970	4 346
Total number of shares traded	**89 283 288**	105 998 458	74 704 485	72 982 931	70 227 537
Total value of shares traded (R)	**527 358 137**	604 571 019	439 713 207	318 742 200	278 128 027
Average price per share (cents)	**602**	572	589	437	396
Shares in issue *	**421 282 422**	420 880 090	400 838 181	400 838 181	393 664 886
Percentage volume traded to shares in issue	**21%**	25%	19%	18%	18%
PE ratio	**18.0**	15.9	16.0	13.1	12.3

** Shares in issue per JSE as at 31 December 2012.*

SHAREHOLDERS' DIARY

	2013
Announcement of annual results	Monday, 18 March
Annual report	Thursday, 28 March
Last date to trade to be eligible to participate and vote at Annual General Meeting	Friday, 17 May
Last date to be recorded as shareholder	Friday, 24 May
Annual General Meeting	Tuesday 28 May
Interim results for the six months ended 30 June 2013	Monday, 26 August