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WE ARE COMMITTED TO
THE DEVELOPMENT OF

POTENTIAL

FINANCIAL REPORT 2006

FINANCIAL HIGHLIGHTS

for the year ended 31 December 2006

Revenue up	26%
Operating profit up	41%
Headline earnings per share up	45%
Distribution per share up	57%
Free operating cashflow per share up	39%

R'000	%	2006	2005
Revenue	26%	**830 129**	661 035
Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA)	32%	**149 038**	112 643
Operating profit	41%	**122 284**	87 015
Profit before taxation	47%	**127 823**	87 132
Ordinary shareholders' equity	15%	**327 246**	285 541
Total assets	10%	**529 023**	480 199
Distribution per share (cents)	57%	**11.0**	7.0
Net asset value per share (cents)	15%	**83.1**	72.5
Free operating cashflow before capex per share (cents)	39%	**40.1**	28.9
EBITDA margin (%)		**18.0**	17.0
Headline earnings per share (cents)	45%	**22.7**	15.7
Diluted headline earnings per share (cents)	46%	**21.8**	14.9
Number of employees (at year end)	13%	**2 888**	2 560

Contents

CORPORATE GOVERNANCE

Introduction

The ADvTECH Group remains fully committed to the principles of effective corporate governance and subscribes to the values as set out in the King Report on corporate governance for South Africa 2002 (“King II”). The Board is confident that the Group currently complies, in all material respects, with the principles incorporated in the Code of Corporate Practices and conduct contained in the Report. The Board and its committees acknowledge their responsibility to ensure that the principles of good corporate governance are observed throughout the accounting period, and the directors collectively and individually acknowledge their responsibilities in terms of the JSE Limited Listings Requirements.

Board of Directors

ADvTECH has a unitary board structure with six executive, one alternate, and six non-executive directors. The roles of chairman and CEO are separate, each with clearly defined roles and responsibilities. Details of the directors appears on page 43.

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

During the year under review Mr Oesch’s appointment to the board on 14 October 2005 was confirmed by shareholders at the annual general meeting held on 23 May 2006. On 7 December 2006 Mr Titi was appointed as a non-executive director, subject to shareholders’ approval at the next annual general meeting.

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

Directors	24/3	22/5	25/8	6/10	7/12
JNP Booyens	✓	✓	✓	✓	✓
BD Buckham	✓	✓	✓	✓	✓
JJ Deeb	✓	✓	✓	✓	✓
CN Duff	✓		✓	✓	
DK Ferreira	✓	✓	✓	✓	✓
DL Honey	✓	✓	✓	✓	✓
A Isaakidis (Alt)*		✓	✓	✓	
JD Jansen	✓	✓		✓	
HR Levin	✓		✓	✓	✓
JDR Oesch	✓	✓	✓	✓	✓
MI Sacks	✓		✓	✓	✓
FR Thompson	✓	✓	✓	✓	✓
F Titi**					✓

* *By invitation.*

** *Appointed on 7 December 2006.*

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

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

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 also responsible for recommendations to the Board with regard to the Group’s policies and strategies and for monitoring their implementation according to the Board’s directives.

Exco consists of six executive directors as well as the alternate director Mr A Isaakidis, the Human Resources Executive, Mr E Shipalana and Mrs F Coughlan, Director of The Independent Institute of Education. The main operating divisions within the Group have established formal management structures which meet regularly to ensure the maintenance of standards and best practice in respect of corporate governance and internal controls.

Remuneration Committee

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

- MI Sacks (Chairman)
- HR Levin

The Remuneration committee is chaired by the chairman of the Board and consists entirely of non-executives. The committee determines, agrees and develops the general policy for executive directors and senior management remuneration for approval by the Board. The objective is to ensure that such remuneration is fair, responsible and appropriate and that the remuneration scales, including share and other incentive schemes and conditions of employment are market-related and at levels sufficient to attract, retain and motivate individuals of quality. The Remuneration committee relies on external market surveys and industry reward levels as benchmarks in addition to the advice obtained from independent professional advisers. It recommends to the Board, the fees paid to directors and guarantees that no person is involved in any decisions as to his or her own remuneration.

The Remuneration committee meets on an ad hoc basis and met on numerous occasions during the 2006 financial year.

Audit Committee

The Audit committee consists of the following directors:

- HR Levin (Chairman)*
- MI Sacks*
- JDR Oesch#

* *Non-executive director*
\# *Executive director*

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. It also oversees the financial reporting process and ensures compliance with accounting policies, Group policies, legal requirements and internal controls within the Group.

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

The committee met three times during the 2006 financial year. These meetings are attended by the internal and external auditors, the CEO and Group finance director, management of operations for which the committee is responsible, as well as other board members and invitees as considered appropriate by the committee's chairman.

	14/3	22/8	30/11
HR Levin	✓	✓	✓
MI Sacks	✓	✓	✓
JDR Oesch	✓	✓	✓

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

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

The Audit committee performed its responsibilities in terms of the charter during the 2006 financial year. No changes to the charter were adopted during the year under review.

Both the external and internal auditors have unrestricted access to the Audit committee chairman, which ensures that their independence is in no way impaired.

Litigation Committee

- BD Buckham (Chairman)
- HR Levin
- MI Sacks

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

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

Board Transformation Committee

- MI Sacks (Chairman)
- JD Jansen
- DK Ferreira

Mr Sacks chairs this committee, which met three times during the year. The committee monitors, reviews and evaluates the Group's progress on equity ownership, directors composition, employment equity and HR practices, skills development, corporate social responsibility and procurement.

This committee, as part of its terms of reference, identifies reviews and makes recommendations to the Board in respect of new independent or non-executive board appointments and the composition of the board generally. The committee is also tasked with the consideration of succession planning in respect of executive appointments as well as succession planning relating to independent and non-executive directors.

Nomination Committee

The Nomination committee was formalised in October 2006, and consists of all the non-executive board members chaired by Mr Sacks.

In line with its terms of reference, the committee meets on an adhoc basis to nominate, evaluate and recommend possible new appointments to the board. During the year under review this committee recommended Mr Titi for appointment to the Board, which appointment was confirmed on 7 December 2006.

Risk Management

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

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

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 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 also adequate segregation of duties. The Group's internal accounting controls and systems are designed to provide reasonable assurance as to the integrity of the Group's financial statements and to safeguard, verify and maintain accountability for all its assets

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

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

Internal Audit

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

The Group assessed its internal control systems as at 31 December 2006 in relation to the criteria for effective internal control over financial reporting according to best practice and in terms of the Group's policies and procedures. The internal control process has been in place up to the date of the approval of the annual financial statements.

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

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

Ethical Standards

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

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

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

Accounting and Auditing

The Board places strong emphasis on achieving the highest level of financial management, accounting, and reporting to shareholders. The Board is committed to comply with International Financial Reporting Standards and the JSE Limited Listings Requirements.

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

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

- The state of affairs as at the end of the financial year under review;
- Profit or loss for the year;
- Cash flows for the year; and
- Relevant 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 external auditors during their audit are valid and appropriate.

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

Going Concern

The directors are of the opinion that the business will be a going concern in the year ahead. The Board's statement regarding this is contained in the Directors' responsibility statement on page 6. The Board has also recorded the facts and assumptions on which they concluded that the business will be a going concern for the next financial year.

Company Secretary

All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the provisions of the Companies Act, and who is considered by the Board to be fit and proper for the post. The company secretary is responsible to the Board and provides guidance and advice to the Board as stipulated in section 268G of the Companies Act and on matters of ethics and good corporate governance. The company secretary works with the Board to ensure compliance with the JSE 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 10 of this report.

Insider Trading

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

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

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

Director	Contract	Company	**2006 (R)**	2005 (R)
BD Buckham	Lease: The Independent Institute of Education (Pty) Ltd	K2 Properties CC	**745 625**	1 560 201

HR Levin is a non-executive director and is a senior partner at HR Levin Attorneys who provide legal services to the Group from time-to-time. (2006: R30 957; 2005: R9 842).

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

JJ Deeb, DL Honey and A Isaakidis have been awarded CrawfordSchools™ bursaries for their children in terms of the Group's bursary policy.

Employment Equity

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

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. The Group's external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report appears on page 7.

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 for assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

The annual financial statements set out on pages 8 to 42 were approved by the board of directors on 23 March 2007 and are signed on their behalf by:

MI Sacks
Chairman

FR Thompson
Chief Executive Officer

JDR Oesch
Group Financial Director

CERTIFICATE BY GROUP COMPANY SECRETARY

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

SC O'Connor
Group Company Secretary

INDEPENDENT AUDITORS' REPORT

to the members of Advtech Limited

Report on the Financial Statements

We have audited the annual financial statements and group annual financial statements of ADvTECH Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity and cash flow statement and the consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 42.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per DH Uys
Partner

Buildings 1 and 2
Deloitte Place
The Woodlands Office Park
Woodlands Drive
Sandton

23 March 2007

National Executive: GG Gelink Chief Executive, **AE Swiegers** Chief Operating Officer, **GM Pinnock** Audit, **DL Kennedy** Tax, **L Geeringh** Consulting, **MG Crisp** Financial Advisory, **L Bam** Strategy, **CR Beukman** Finance, **TJ Brown** Clients & Markets, **SJC Sibisi** Public Sector and Corporate Social Responsibility, **NT Mtoba** Chairman of the Board, **J Rhynes** Deputy Chairman of the Board.

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

DIRECTORS' REPORT

for the year ended 31 December 2006

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2006.

Nature of business

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

Financial results

The results for the year ended 31 December 2006 are set out in the financial statements and commentary thereon is provided in the Chairman and CEO's report.

Share capital

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

Number of shares in issue at 31 December 2006 393 664 886

Capital distribution

Share code: ADH ISIN code: ZAE 0000 31035

The Board is pleased to announce a final distribution to shareholders, to be paid out of share premium, of 8 cents per share (2005: 7 cents). This would bring total distributions for the year to 11 cents per share. (2005: 7 cents). The authority to make this payment to shareholders was obtained at the annual general meeting held on 23 May 2006. The Board is satisfied that the capital remaining after payment of the distribution is sufficient to support the current operations and to facilitate future development of the business.

Post balance sheet events

The directors are not aware of any matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 31 December 2006 or the financial position at that date.

Special resolutions adopted by subsidiary companies

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

Directorate

Details of directors appear on page 43.

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

F Titi – appointed as an independent Non-Executive director on 7 December 2006

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

Interest of directors

As at 31 December 2006, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the company was 20.1% (2005: 15.5%) in aggregate and per director as follows:

Interest of Directors

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
Number of shares	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Director								
JNP Booyens	**2 877 860**	2 523 430	**1 414 154**	1 066 677	**–**	–	**–**	–
BD Buckham	**27 289 905**	27 289 905	**–**	–	**970 276**	970 276	**–**	–
JJ Deeb	**333 333**	–	**846 206**	638 281	**–**	–	**–**	–
CN Duff	**4 648 890**	3 324 430	**9 022 577**	4 636 716	**–**	–	**–**	–
DK Ferreira	**120 000**	100 000	**–**	–	**–**	–	**–**	–
DL Honey	**4 147 944**	3 148 514	**3 865 211**	2 264 387	**513**	513	**–**	–
JD Jansen	**–**	–	**–**	–	**–**	–	**–**	–
HR Levin	**9 106 427**	8 106 427	**–**	–	**93 573**	93 573	**–**	–
JDR Oesch	**132 000**	100 000	**1 176 130**	–	**–**	–	**–**	–
MI Sacks	**153 000**	66 808	**–**	–	**–**	–	**250 000**	250 000
FR Thompson	**4 398 860**	1 774 430	**6 944 617**	3 959 202	**–**	–	**60 000**	60 000
F Titi	**–**	–	**–**	–	**–**	–	**–**	–
Alternate Director								
A Isaakidis	**69 999**	103 333	**1 162 681**	682 968	**–**	–	**–**	–
Totals	**53 278 218**	46 537 277	**24 431 576**	13 248 231	**1 064 362**	1 064 362	**310 000**	310 000

At the date that this Annual Report was prepared, none of the current directors of the Group had disposed of any of the shares held by them as at 31 December 2006, nor had they acquired any additional shares.

Directors' share options

The directors held the following share options at 31 December 2006:

	Share options at December 2005		Share options granted during year		Share options exercised during year			**Share options as at December 2006**
	Exercise price (cents)	Number	Number	Price (cents)	Number	Market price at exercise date (cents)	Benefits arising at exercise of options (R)	**Number**
Name of director								
JNP Booyens	23	1 300 000						**1 300 000**
	32	2 648 860			1 324 430	217	2 450 196	**1 324 430**
	197	578 000						**578 000**
CN Duff	23	1 300 000						**1 300 000**
	32	2 648 860			1 324 430	217	2 450 196	**1 324 430**
	197	578 000						**578 000**
DL Honey	23	1 300 000						**1 300 000**
	32	2 648 860			1 324 430	217	2 450 196	**1 324 430**
	197	578 000						**578 000**
A Isaakidis	31	133 334			66 666	247	143 999	**66 668**
	35	533 333						**533 333**
	197	711 000						**711 000**
			60 000	270				**60 000**
FR Thompson	37	2 626 667			1 313 333	220	2 403 399	**1 313 334**
	32	2 622 193			1 311 097	217	2 425 529	**1 311 096**
	197	853 000						**853 000**
JJ Deeb	75	1 000 000			333 333	247	573 333	**666 667**
	197	575 000						**575 000**
			60 000	270				**60 000**
JDR Oesch	197	1 181 000						**1 181 000**
			60 000	270				**60 000**
Total		23 816 107	180 000		6 997 719		12 896 848	**16 998 388**

The share option exercise terms are detailed in note13 on page 33.

Directors' emoluments

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year to 31 December 2006, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Other** R	Provident fund contri-butions R	**Total 2006 R**	Total 2005 R
Executive								
JNP Booyens		900 984	402 420	124 200		124 586	**1 552 190**	1 457 770
JJ Deeb		919 473	402 500	105 000		125 087	**1 552 060**	1 404 000
CN Duff		1 310 110	785 000	85 200		174 689	**2 354 999**	2 190 000
DL Honey		1 042 885	628 210	99 000		138 892	**1 908 987**	1 764 419
FR Thompson		1 359 759	865 000	180 000		190 241	**2 595 000**	2 415 000
JDR Oesch		772 395	364 000	150 000		117 605	**1 404 000**	529 326
Alternate director								
A Isaakidis		911 964	395 806	106 800		112 110	**1 526 680**	1 495 875
DS Dowling#								587 381
Total executive		7 217 570	3 842 936	850 200	–	983 210	**12 893 916**	11 843 771
Non-executive								
HF Brown##								207 333
BD Buckham	140 000				82 080		**222 080**	135 413
DK Ferreira	150 000						**150 000**	40 000
HR Levin	190 000						**190 000**	110 000
MI Sacks	280 000						**280 000**	141 667
JD Jansen	150 000						**150 000**	40 000
F Titi###	10 000						**10 000**	–
Total non-executive	920 000				82 080		**1 002 080**	674 413
Totals	**920 000**	**7 217 570**	**3 842 936**	**850 200**	**82 080**	**983 210**	**13 895 996**	**12 518 184**

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

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

Resigned as alternate director June 2005.

Resigned September 2005.

Appointed as non-executive director on 7 December 2006.

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

Company secretary

The office of company secretary was held by SC O'Connor for the financial year ended 31 December 2006.

The secretary's business, postal and e-mail address is as follows:

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

Postal address
PO Box 2369
Randburg
2125

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

SEGMENTAL REPORT

for the year ended 31 December 2006

	Percentage increase/ (decrease)	Audited 2006 R'000	Audited 2005 R'000
Revenue	26%	**830 129**	661 035
Education	22%	**710 961**	581 193
Resourcing	49%	**119 168**	79 842
EBITDA		**149 038**	112 643
Education	27%	**159 757**	125 340
Resourcing	67%	**21 857**	13 068
Central administration	43%	**(31 517)**	(22 042)
Litigation	(72%)	**(1 059)**	(3 723)
Depreciation and amortisation		**26 754**	25 628
Education	1%	**24 614**	24 387
Resourcing	103%	**1 464**	720
Central administration	30%	**676**	521
Profit from operations		**122 284**	87 015
Education	34%	**135 142**	100 953
Resourcing	65%	**20 393**	12 349
Central administration	43%	**(32 192)**	(22 564)
Litigation	(72%)	**(1 059)**	(3 723)
Profit after taxation		**89 278**	59 970
Education	38%	**110 964**	80 493
Resourcing	71%	**16 157**	9 422
Central administration	26%	**(37 843)**	(29 945)
Funds employed			
Property, plant and equipment		**395 859**	364 988
Education	8%	**393 839**	363 835
Resourcing	60%	**1 838**	1 150
Central administration		**182**	3
Deferred taxation asset		**35 410**	41 698
Education	(8%)	**15 726**	17 160
Resourcing	(20%)	**17 523**	21 858
Central administration	(19%)	**2 161**	2 680
Investment		**200**	495
Resourcing	(60%)	**200**	495
Current assets		**90 327**	73 017
Education	(13%)	**53 865**	61 881
Resourcing	(18%)	**7 875**	9 635
Central administration		**28 587**	1 501
Current liabilities		**189 395**	175 034
Education	0%	**153 870**	154 248
Resourcing	67%	**31 423**	18 865
Central administration	114%	**4 102**	1 921
Capital expenditure		**65 497**	68 043
Education	(5%)	**63 579**	67 028
Resourcing	89%	**1 918**	1 015

INCOME STATEMENTS

for the year ended 31 December 2006

		Group		Company	
	Notes	**Audited 2006 R'000**	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
Revenue	3	**830 129**	661 035	**–**	–
Staff costs		**(413 596)**	(337 297)	**(1 418)**	(926)
Rent and occupancy costs		**(55 504)**	(44 238)	**(14)**	(18)
Other operating (expenses)/income		**(211 991)**	(166 857)	**1 163**	1 055
Earnings/(loss) before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**149 038**	112 643	**(269)**	111
Education		**159 757**	125 340	**–**	–
Resourcing		**21 857**	13 068	**–**	–
Central Administration		**(31 517)**	(22 042)	**(269)**	111
Litigation costs		**(1 059)**	(3 723)	**–**	–
Depreciation and amortisation	4	**(26 754)**	(25 628)	**(2)**	(3)
Operating profit/(loss) before interest	4	**122 284**	87 015	**(271)**	108
Net interest received/(finance costs)		**5 539**	117	**503**	(780)
Interest received	5.1	**9 399**	5 264	**503**	–
Finance costs	5.2	**(3 860)**	(5 147)	**–**	(780)
Dividends received from subsidiaries				**45 628**	–
Profit/(loss) before taxation		**127 823**	87 132	**45 860**	(672)
Taxation	6.1	**(38 545)**	(27 162)	**(74)**	1
Profit/(loss) for the year		**89 278**	59 970	**45 786**	(671)
Attributable to:					
Equity holders of the parent		**86 332**	57 822	**45 786**	(671)
Minority interest		**2 946**	2 148	**–**	–
		89 278	59 970	**45 786**	(671)
Earnings per share					
Basic (cents)	7	**23.5**	16.0		
Diluted (cents)	7	**22.5**	15.2		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Notes	Ordinary share capital R'000	Share premium R'000	Share option reserve R'000	Shares held by the Share Incentive Trust R'000	Non-distributable reserve R'000	Retained earnings/ (accumulated (loss) R'000	Attributable to equity holders of the parent R'000	Minority interest R'000	Total equity R'000
Group										
Balance at 1 January 2005		3 937	355 100	1 119	(10 710)	15 944	(123 757)	241 633	1 446	243 079
Share-based payment expense	4			568				568		568
Profit for the year							57 822	57 822	2 148	59 970
Minority interest distribution								–	(2 237)	(2 237)
Transfer from NDR to DR						(15 944)	15 944	–		–
Share options exercised	13				1 847			1 847		1 847
Total recognised income and expense for the year				568	1 847	(15 944)	73 766	60 237	(89)	60 148
Capital distribution to shareholders			(16 329)					(16 329)		(16 329)
Balance at 31 December 2005		**3 937**	**338 771**	**1 687**	**(8 863)**	**–**	**(49 991)**	**285 541**	**1 357**	**286 898**
Share-based payment expense	4			1 586				1 586		1 586
Profit for the year							86 332	86 332	2 946	89 278
Minority interest distribution								–	(2 921)	(2 921)
Share options exercised	13				3 275			3 275		3 275
Total recognised income and expense for the year				1 586	3 275	–	86 332	91 193	25	91 218
Shares purchased by the Share Incentive Trust	13				(11 912)			(11 912)		(11 912)
Capital distribution to shareholders			(37 576)					(37 576)		(37 576)
Balance at 31 December 2006		**3 937**	**301 195**	**3 273**	**(17 500)**	**–**	**36 341**	**327 246**	**1 382**	**328 628**
Company										
Balance at 1 January 2005		3 937	355 100				(128 140)	230 897		230 897
Loss for the year							(671)	(671)		(671)
Capital distribution to shareholders			(16 329)					(16 329)		(16 329)
Balance at 31 December 2005		**3 937**	**338 771**				**(128 811)**	**213 897**		**213 897**
Profit for the year							45 786	45 786		45 786
Capital distribution to shareholders			(37 576)					(37 576)		(37 576)
Balance at 31 December 2006		**3 937**	**301 195**				**(83 025)**	**222 107**		**222 107**

BALANCE SHEETS
as at 31 December 2006

		Group		Company	
	Notes	**Audited 2006 R'000**	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
Assets					
Non-current assets					
Property, plant and equipment	9	**395 859**	364 988	**2**	4
Goodwill	10.1	**–**	1	**–**	–
Intangible asset	10.2	**7 227**	–	**–**	–
Investment	11	**200**	495	**–**	–
Investments in subsidiaries	12			**160 988**	160 988
Loan to Share Incentive Trust	13	**–**	–	**17 500**	8 863
Deferred taxation assets	14	**35 410**	41 698	**2 607**	2 681
Loans to subsidiaries	12			**14 378**	40 833
		438 696	407 182	**195 475**	213 369
Current assets					
Inventories	15	**5 184**	6 030	**–**	–
Trade and other receivables	16	**23 285**	28 744	**1 930**	1 065
Prepayments		**2 396**	2 274	**–**	6
Cash and cash equivalents	17	**59 462**	35 969	**25 826**	–
		90 327	73 017	**27 756**	1 071
Total assets		**529 023**	480 199	**223 231**	214 440
Equity and liabilities					
Capital and reserves					
Share capital	19.1	**3 937**	3 937	**3 937**	3 937
Share premium	19.2	**301 195**	338 771	**301 195**	338 771
Share option reserve		**3 273**	1 687	**–**	–
Shares held by the Share Incentive Trust	13	**(17 500)**	(8 863)	**–**	–
Retained earnings/(accumulated loss)		**36 341**	(49 991)	**(83 025)**	(128 811)
Equity attributable to equity holders of the parent		**327 246**	285 541	**222 107**	213 897
Minority interest		**1 382**	1 357	**–**	–
Total equity		**328 628**	286 898	**222 107**	213 897
Non-current liabilities					
Bank loans	20.1	**10 896**	17 151	**–**	–
Obligations under instalment sale and finance lease agreements	20.2	**104**	1 116	**–**	–
		11 000	18 267	**–**	–
Current liabilities					
Trade and other payables	21	**127 834**	96 013	**1 089**	511
Taxation		**6 968**	21 478	**–**	–
Bank loans	20.1	**6 255**	2 849	**–**	–
Obligations under instalment sale and finance lease agreements	20.2	**889**	2 084	**–**	–
Provisions	22	**–**	2 624	**–**	–
Fees received in advance		**47 414**	49 954	**–**	–
Shareholders for dividend		**35**	32	**35**	32
		189 395	175 034	**1 124**	543
Total liabilities		**200 395**	193 301	**1 124**	543
Total equity and liabilities		**529 023**	480 199	**223 231**	214 440

CASH FLOW STATEMENTS

for the year ended 31 December 2006

	Notes	Group Audited 2006 R'000	Group Audited 2005 R'000	Company Audited 2006 R'000	Company Audited 2005 R'000
Cash flows from operating activities					
Cash generated by operations	26.1	**148 188**	114 035	**45 359**	111
Generated/(utilised) by decrease in/(to increase) working capital	26.2	**32 040**	17 538	**(281)**	(2 385)
Cash generated/(utilised) by operating activities		**180 228**	131 573	**45 078**	(2 274)
Net interest received/(finance costs)		**5 539**	117	**503**	(780)
– interest received	5.1	**9 399**	5 264	**503**	–
– finance costs	5.2	**(3 860)**	(5 147)	**–**	(780)
Taxation paid	26.3	**(46 767)**	(6 608)	**–**	–
Capital distributions	26.4	**(37 573)**	(16 332)	**(37 573)**	(16 332)
Net cash inflow/(outflow) from operating activities		**101 427**	108 750	**8 008**	(19 386)
Cash flows from investing activities					
Additions to property, plant and equipment					
– to maintain operations	26.5	**(24 158)**	(12 144)	**–**	–
– to expand operations	26.6	**(41 339)**	(55 899)	**–**	–
Additions to intangible asset	10.2	**(7 812)**	–	**–**	–
Proceeds on disposal of property, plant and equipment		**12 007**	6 964	**–**	–
Distribution to minority interest holders		**(2 921)**	(2 237)	**–**	–
(Increase)/reduction in loan to Share Trust		**(8 637)**	1 847	**(8 637)**	1 847
Net cash (outflow)/inflow from investing activities		**(72 860)**	(61 469)	**(8 637)**	1 847
Cash flows from financing activities					
Decrease in medium-term interest bearing debt		**(5 056)**	(7 881)	**–**	–
Decrease in loans to subsidiaries		**–**	–	**26 455**	17 539
Net cash (outflow)/inflow from financing activities		**(5 056)**	(7 881)	**(26 455)**	17 539
Net increase in cash and cash equivalents		**23 511**	39 400	**25 826**	–
Cash and cash equivalents at beginning of the year		**35 969**	(3 421)	**–**	–
Net foreign exchange difference on cash and cash equivalents		**(18)**	(10)	**–**	–
Cash and cash equivalents at end of the year	17	**59 462**	35 969	**25 826**	–

Cash and cash equivalents includes bankers' acceptances where applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1. General information

ADvTECH Limited is a limited company incorporated in South Africa.

The principal business activity is the provision of education, training and placement within South Africa.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

2.3 Basis of consolidation

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

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

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

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

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

2.4 Business combinations

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

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after re-assessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

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

2.5 Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations. Under the equity method, investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see below).

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

2.6 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.

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. The 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 the income statement.

2.7 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 are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal 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.

2.8 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 form 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 cost to sell.

2.9 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 2.11).

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease. Incentives received to enter operating leases are spread on a straight-line basis over the lease term.

2.10 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 balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in the income statement for the period.

2.11 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 the income statement in the period in which they are incurred.

2.12 Retirement benefit costs

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

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

Current contributions to the pension and provident funds are charged against the income statement when they become payable.

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

2.13 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 income statement 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 balance sheet 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, and is accounted for using the balance sheet liability method. 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 arises 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 balance sheet 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 is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred taxation is charged or credited to the income statement, 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.

2.14 Property, plant and equipment

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

The annual rates for this purpose are:

Buildings	2%
Computer equipment	33.3%
Furniture, fittings and equipment	10 – 20%
Motor vehicles	20%
Video equipment, courses and masters	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 the income statement.

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

2.15 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a 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.

2.16 Impairment of tangible and intangible assets excluding goodwill

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

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-tax 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, their carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, 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 the income statement, 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.

2.17 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.

2.18 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet 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:

Investment

The investment has been classified as an available-for-sale investment and is carried at fair value. Adjustments to the fair value of the investment is taken to the income statement.

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 the income statement 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 comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Other financial liabilities

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

2.19 Provisions

Provisions are recognised when the Group has a present 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 balance sheet date, and are discounted to present value where the effect is material.

2.20 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 a 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 pricing 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.

2.21 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 pricing model are detailed in note 13 to the annual 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 fixed and intangible assets, as well as individual assessments of goodwill and financial assets (including related provisions), is performed at the end of each reporting period. Individual impairment assessments of assets are performed annually based on technical, economic and business circumstances.

Deferred taxation assets

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

Contingent liabilities

Management applies its judgement based on facts and advice it receives from its legal and other 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.

2.22 Standards and Interpretations not yet effective

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

IFRS 7	Financial instruments: Disclosure
IFRS 8	Operating Segments
IFRIC 3	Emission Rights
IFRIC 4	Determining whether an Arrangement contains a lease
IFRIC 5	Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 6	Electronic Equipment
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

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

	Note	Group Audited 2006 R'000	Group Audited 2005 R'000
3. Revenue			
Continuing operations:			
Tuition fees		**679 773**	569 051
Placement fees		**108 296**	71 071
Sales of goods and services		**42 060**	20 913
		830 129	661 035
Discontinued operation:			
Tuition fees	22	**411**	6 847
		830 540	667 882

	Notes	Group Audited 2006 R'000	Group Audited 2005 R'000	Company Audited 2006 R'000	Company Audited 2005 R'000
4. Operating profit/(loss) before interest					
Operating profit/(loss) before interest is stated after taking the following into account:					
Auditors' remuneration		**2 453**	2 149	**72**	98
– Current year audit fee		**2 275**	1 951	**72**	–
– Prior year under-provision		**103**	–	**–**	–
– Other services		**75**	198	**–**	98
Amortisation of intangible asset	10.2	**585**	–	**–**	–
Depreciation		**26 169**	25 628	**2**	3
Owned					
– Land and buildings		**3 610**	2 800	**–**	–
– Computer equipment		**7 781**	6 982	**2**	3
– Furniture, fittings and equipment		**7 648**	6 886	**–**	–
– Motor vehicles		**1 401**	1 156	**–**	–
– Video equipment, courses and masters		**1 069**	1 461	**–**	–
– Leasehold improvements		**4 731**	6 452	**–**	–
	9	**26 240**	25 737	**2**	3
Leased					
– Computer equipment		**176**	645	**–**	–
– Motor vehicles		**–**	75	**–**	–
	9	**176**	720		
Portion of depreciation attributable to discontinued operation	22	**(247)**	(829)	**–**	–
Total depreciation and amortisation		**26 754**	25 628	**2**	3

	Notes	Group Audited 2006 R'000	Group Audited 2005 R'000	Company Audited 2006 R'000	Company Audited 2005 R'000
4. Operating profit/(loss) before interest *(continued)*					
Directors' emoluments		**13 896**	12 518	**1 190**	572
– For services as directors		**920**	592	**1 190**	572
– For managerial and other services		**12 976**	11 926	**–**	–
Foreign exchange gains		**(42)**	(20)	**–**	–
Foreign exchanges losses		**157**	83	**–**	–
Goodwill written off	10.1	**1**	–	**–**	–
Impairment of investment		**295**	–	**–**	–
Operating lease charges		**39 093**	28 358	**–**	–
– Premises		**34 820**	24 910	**–**	–
– Equipment		**4 273**	3 448	**–**	–
Pension and provident fund contributions		**22 962**	20 386	**–**	38
Professional fees		**1 998**	798	**–**	–
Profit on sale of assets		**3 796**	1 650	**–**	–
Profit on sale of business		**561**	–	**–**	–
Share-based payment expense	13	**1 586**	568	**–**	–
Staff costs (excluding directors' emoluments)		**376 738**	304 393	**228**	316
Number of staff (at year end)		**2 888**	2 560	**–**	1
Number of staff covered by retirement plans (at year end)		**1 558**	1 342	**–**	1
5. Net interest received/(finance costs)					
5.1 Interest received					
Call accounts		**8 360**	4 480	**503**	–
Current accounts		**907**	310	**–**	–
South African Revenue Service		**89**	–	**–**	–
Other		**43**	474	**–**	–
		9 399	5 264	**503**	–
5.2 Finance costs					
Long-term loans		**(2 470)**	(2 671)	**–**	–
Current accounts		**(385)**	(110)	**–**	–
South African Revenue Service		**–**	(890)	**–**	(780)
Other		**(1 005)**	(1 476)	**–**	–
		(3 860)	(5 147)	**–**	(780)
Net interest received/(finance costs)		**5 539**	117	**503**	(780)

	Note	Group Audited 2006 R'000	Group Audited 2005 R'000	Company Audited 2006 R'000	Company Audited 2005 R'000
6. Taxation					
6.1 Taxation expense/(credit) comprises					
Current taxation – current year		**32 102**	22 610	**–**	–
– prior year under-provision		**–**	63	**–**	–
Deferred taxation – current	14	**6 288**	4 626	**74**	(90)
– prior year over-provision		**–**	(1 734)	**–**	–
– resulting from a reduction in the statutory taxation rate		**–**	1 597	**–**	89
Capital Gains Taxation		**155**	–	**–**	–
Total taxation per the Income Statement		**38 545**	27 162	**74**	(1)

Estimated taxation losses for the Group carried forward at year end were R60,4 million (2005: R76,9 million). Deferred taxation assets have been raised for the full value of estimated taxation losses in the Group.

Estimated taxation losses for the Company carried forward at year end were R9,5 million (2005: R9,8 million). Deferred taxation assets has been raised for the full value of the estimated taxation loss in the Company.

	Group Audited 2006 R'000	Group Audited 2005 R'000
6.2 Reconciliation of current taxation		
Profit before taxation	**127 823**	87 132
Taxation at 29%	**37 069**	25 268
Adjusted for taxation on outside shareholders	**(854)**	(618)
Taxation on income at normal rates	**36 215**	24 650
Permanent differences	**2 175**	2 586
Disallowable expenditure	**3 132**	3 589
Non-taxable income	**(957)**	(1 003)
Capital Gains Taxation	**155**	–
Prior year taxes – normal	**–**	63
– deferred	**–**	(1 734)
Deferred taxation expense resulting from a reduction in taxation rate	**–**	1 597
Taxation per the Income Statement	**38 545**	27 162

	Company Audited 2006 R'000	Company Audited 2005 R'000
Profit before taxation	**45 860**	(672)
Taxation at 29%	**13 299**	(195)
Adjusted for:		
Permanent differences	**(13 225)**	105
Disallowable expenditure	**7**	105
Non-taxable income	**(13 232)**	–
Deferred taxation expense resulting from a reduction in taxation rate	**–**	89
Taxation per the Income Statement	**74**	(1)

	Group	
	Audited 2006 R'000	Audited 2005 R'000
7. Earnings per share		
The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:		
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to equity holders of the parent)	**86 332**	57 822
Number of shares		
Number of shares in issue at year end ('000)	**393 665**	393 665
Less: Weighted number of shares held by the Share Incentive Trust ('000)	**(25 669)**	(31 774)
Weighted average number of shares for purposes of basic earnings per share ('000)	**367 996**	361 891
Effect of dilutive potential shares ('000)	**14 891**	19 396
Weighted average number of shares for purposes of diluted earnings per share ('000)	**382 887**	381 287
Earnings per share		
Basic (cents)	**23.5**	16.0
Diluted (cents)	**22.5**	15.2
There is no impact on earnings from the discontinued operation (2005: RNil).		
8. Headline earnings per share		
Earnings		
Earnings attributable to shareholders per the Income Statement	**86 332**	57 822
Items excluded from headline earnings per share	**(2 806)**	(1 181)
Impairment of investment	**295**	–
Profit on sale of assets and business	**(4 357)**	(1 650)
	(4 062)	(1 650)
Taxation applicable thereto	**1 256**	469
Earnings for the purpose of headline earnings per share	**83 526**	56 641
Number of shares		
Number of shares in issue at year-end ('000)	**393 665**	393 665
Less: Weighted number of shares held by the Share Incentive Trust ('000)	**(25 669)**	(31 774)
Weighted average number of shares for purposes of basic earnings per share ('000)	**367 996**	361 891
Effect of dilutive potential shares ('000)	**14 891**	19 396
Weighted average number of shares for purposes of diluted earnings per share ('000)	**382 887**	381 287
Headline earnings per share		
Basic (cents)	**22.7**	15.7
Diluted (cents)	**21.8**	14.9

	Group Cost			
	1 Jan 2006 R'000	Additions R'000	Disposals R'000	**31 Dec 2006 R'000**
9. Property, plant and equipment				
Owned				
Land and buildings	281 652	19 291	(7 361)	**293 582**
Computer equipment	50 494	11 186	(5 833)	**55 847**
Furniture, fittings and equipment	62 315	14 765	(7 599)	**69 481**
Motor vehicles	6 760	2 739	(838)	**8 661**
Video equipment, courses and masters	3 272	929	(622)	**3 579**
Leasehold improvements	86 440	16 587	(6 247)	**96 780**
	490 933	65 497	(28 500)	**527 930**
Leased				
Computer equipment	2 775	–	–	**2 775**
Motor vehicles	481	–	–	**481**
	3 256	–	–	**3 256**
	494 189	65 497	(28 500)	**531 186**

	Group Accumulated depreciation			
	1 Jan 2006 R'000	Depre-ciation R'000	Disposals R'000	**31 Dec 2006 R'000**
Owned				
Land and buildings	23 012	3 610	(405)	**26 217**
Computer equipment	38 945	7 781	(5 401)	**41 325**
Furniture, fittings and equipment	44 735	7 648	(6 913)	**45 470**
Motor vehicles	4 597	1 401	(784)	**5 214**
Video equipment, courses and masters	2 972	1 069	(608)	**3 433**
Leasehold improvements	11 963	4 731	(6 179)	**10 515**
	126 224	26 240	(20 290)	**132 174**
Leased				
Computer equipment	2 496	176	–	**2 672**
Motor vehicles	481	–	–	**481**
	2 977	176	–	**3 153**
	129 201	26 416	(20 290)	**135 327**

	Group Net book value	
	31 Dec 2006 R'000	31 Dec 2005 R'000
9. Property, plant and equipment *(continued)*		
Owned		
Land and buildings	**267 365**	258 640
Computer equipment	**14 522**	11 549
Furniture, fittings and equipment	**24 011**	17 580
Motor vehicles	**3 447**	2 163
Video equipment, courses and masters	**146**	300
Leasehold improvements	**86 265**	74 477
	395 756	364 709
Leased		
Computer equipment	**103**	279
	103	279
	395 859	364 988

	Company Cost			
	1 Jan 2006 R'000	Additions R'000	Disposals R'000	**31 Dec 2006 R'000**
Owned				
Computer equipment	29	–	(18)	**11**
Furniture, fittings and equipment	4	–	–	**4**
	33	–	(18)	**15**

	Company Accumulated depreciation			
	1 Jan 2006 R'000	Depre-ciation R'000	Disposals R'000	**31 Dec 2006 R'000**
Owned				
Computer equipment	25	2	(18)	**9**
Furniture, fittings and equipment	4	–	–	**4**
	29	2	(18)	**13**

	Company Net book value	
	31 Dec 2006 R'000	31 Dec 2005 R'000
9. Property, plant and equipment *(continued)*		
Owned		
Computer equipment	**2**	4
	2	4

Group and Company

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

Land and buildings with a cost of R40,3 million (2005: R40,3 million) have been pledged as security for the mortgage bond.

Motor vehicles, furniture and fittings and computer equipment, with a net book value of R1,0 million (2005: R3,4 million) have been pledged as security for the instalment sale and finance lease agreements (Refer note 20.2).

Included in land and building is an amount of R2,6 million (2005: R5,6 million) which relates to buildings that are still in progress.

The Group valued its fixed property during May 2004. The valuation was conducted by The Quadrant Property Group, a group of independent sworn valuators. Their valuation based on present land use came to R348,9 million, a premium of R85,0 million or 32% over book value as at December 2004.

	Group Cost			
	1 Jan 2005 R'000	Additions R'000	Disposals R'000	**31 Dec 2005 R'000**
Owned				
Land and buildings	273 120	13 166	(4 634)	**281 652**
Computer equipment	45 983	7 602	(3 091)	**50 494**
Furniture, fittings and equipment	55 921	9 753	(3 359)	**62 315**
Motor vehicles	6 764	377	(381)	**6 760**
Video equipment, courses and masters	1 807	1 513	(48)	**3 272**
Leasehold improvements	51 937	35 632	(1 129)	**86 440**
	435 532	68 043	(12 642)	**490 933**
Leased				
Computer equipment	2 775	–	–	**2 775**
Motor vehicles	481	–	–	**481**
	3 256	–	–	**3 256**
	438 788	68 043	(12 642)	**494 189**

	Group Accumulated depreciation			
	1 Jan 2005 R'000	De-preciation R'000	Disposals R'000	**31 Dec 2005 R'000**
9. Property, plant and equipment *(continued)*				
Owned				
Land and buildings	20 467	2 800	(255)	**23 012**
Computer equipment	34 698	6 982	(2 735)	**38 945**
Furniture, fittings and equipment	40 775	6 961	(3 001)	**44 735**
Motor vehicles	3 751	1 081	(235)	**4 597**
Video equipment, courses and masters	1 558	1 461	(47)	**2 972**
Leasehold improvements	6 561	6 452	(1 050)	**11 963**
	107 810	25 737	(7 323)	**126 224**
Leased				
Computer equipment	1 851	645	–	**2 496**
Motor vehicles	406	75	–	**481**
	2 257	720	–	**2 977**
	110 067	26 457	(7 323)	**129 201**

	Group Net book value	
	31 Dec 2005 R'000	31 Dec 2004 R'000
Owned		
Land and buildings	**258 640**	252 653
Computer equipment	**11 549**	11 285
Furniture, fittings and equipment	**17 580**	15 146
Motor vehicles	**2 163**	3 013
Video equipment, courses and masters	**300**	249
Leasehold improvements	**74 477**	45 376
	364 709	327 722
Leased		
Computer equipment	**279**	924
Motor vehicles	**–**	75
	279	999
	364 988	328 721

	Company Cost		
	1 Jan 2005 R'000	Additions R'000	**31 Dec 2005 R'000**
9. Property, plant and equipment *(continued)*			
Owned			
Computer equipment	29	–	**29**
Furniture, fittings and equipment	4	–	**4**
	33	–	**33**

	Company Accumulated depreciation		
	1 Jan 2005 (R'000)	Depre-ciation (R'000)	**31 Dec 2005 (R'000)**
Owned			
Computer equipment	22	3	**25**
Furniture, fittings and equipment	4	–	**4**
	26	3	**29**

	Company Net book value	
	31 Dec 2005 R'000	31 Dec 2004 R'000
Owned		
Computer equipment	**4**	7
	4	7

	Note	Group		Company	
		Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
10. Goodwill and intangible asset					
10.1 Goodwill					
Carrying amount at beginning of the year		**1**	1	**–**	–
Written off		**(1)**	–	**–**	–
Goodwill carrying amount at end of the year		**–**	1	**–**	–
10.2 Intangible asset					
Cost					
At 1 January		**–**	–	**–**	–
Additions		**7 812**	–	**–**	–
At 31 December		**7 812**	–	**–**	–
Amortisation					
At 1 January		**–**	–	**–**	–
Charge for the year	4	**585**	–	**–**	–
At 31 December		**585**	–	**–**	–
Intangible asset carrying amount at the end of the year		**7 227**	–	**–**	–

The intangible asset above comprise the customer relationships, candidate data base and operational processes acquired through the acquisition of Vertex. The intangible asset above has a finite useful life, over which the asset is amortised. The amortisation period is 10 years.

		Group		Company	
11. Investment					
Unlisted shares at fair value					
26% (2005: 26%) 39 100 shares interest in Rhino Management (Proprietary) Limited at cost		**723**	723	**–**	–
Less: Accumulated impairment		**(523)**	(228)	**–**	–
Directors' valuation (fair value based on discounted cash flow)		**200**	495	**–**	–

The directors' valuation was performed on 31 December 2006.

	Company								
	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company Shares		Loans receivable		
	31 Dec 2006 R'000	31 Dec 2005 R'000	**31 Dec 2006 %**	31 Dec 2005 %	**31 Dec 2006 R'000**	31 Dec 2005 R'000	**31 Dec 2006 R'000**	31 Dec 2005 R'000	Principal activity
12. Investment in and loans to subsidiaries									
Direct:									
The Independent Institute of Education (Pty) Ltd	**2**	2	**100**	100	**101 228**	101 228	**8 064**	34 519	1
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59 760**	59 760	**6 314**	6 314	2
Indirect:									
ADvTECH Training (Pty) Ltd	**2**	2	**100**	100					3
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					3
Learntron (Pty) Ltd	**310 010**	310 010	**100**	100					3
Time Systems SA (Pty) Ltd	**1 000**	1 000	**100**	100					3
Business Learning Systems (Pty) Ltd	**1 000**	1 000	**100**	100					3
TimeMaster (Pty) Ltd	**100**	100	**100**	100					3
Triumph Holdings Ltd (b)	**4**	4	**100**	100					3
Crowe Associates (Pty) Ltd (a)	**16**	16	**100**	100					3
ADvTECH Australia (Pty) Ltd (a)	**10**	10	**100**	100					3
Chisholm (Pty) Ltd (a)	**9**	9	**100**	100					3
HC Leon (Pty) Ltd	**100**	100	**100**	100					3
Resource Development International (Pty) Ltd	**200**	200	**100**	100					3
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					3
Sight and Sound Education (Pty) Ltd	**150**	150	**100**	100					3
Westeria Investment Holdings (Pty) Ltd	**1**	1	**100**	100					3
ADvTECH Resourcing (Pty) Ltd	**10**	10	**100**	100					4
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					4
					160 988	160 988	**14 378**	40 833	

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

Results of the subsidiaries so far as it concerns members of the Company: Aggregate profit after taxation R87 million (2005: R57 million). All companies are incorporated in the Republic of South Africa except as indicated above (a) Australia (b) British Virgin Islands.

13. ADvTECH share incentive scheme

Certain employees and directors are eligible to participate in the scheme. The option offer value is the closing price at which shares are traded on the JSE Limited on the trading day immediately preceding the offer date. Share options accepted by the participants are exercisable at intervals of 2, 4 and 6 years after the offer date. Options granted during 2005 are excisable in December 2008. 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 or the Board.

Date option granted	Expiry date year ending	Exercise price of oustanding (cents)	Weighted average estimated contracual life (years)	Fair value at grant date (cents)
15 December 2005	31 Dec 2008	197	3.8	48
01 December 2006	31 Dec 2012	270	3.7	123

Reconciliation of options	Number of share options 2006	Weighted average exercise price (cents) 2006	Number of share options 2005	Weighted average exercise price (cents) 2005
Options outstanding on 1 January	**32 844 262**	**68**	34 345 789	52
Options granted during the year	**1 515 000**	**270**	5 638 000	197
Exercised	**(7 981 080)**	**41**	(6 615 859)	28
Lapsed	**(705 760)**	**105**	(523 668)	48
Options outstanding at 31 December	**25 672 422**		32 844 262	

As at 31 December 2006 there were 336 (2005: 305) participants (including directors) in the ADvTECH Share Incentive Scheme.

	Number of shares		Loan value (R'000)	
Reconciliation of shares owned	**2006**	2005	**2006**	2005
Shares owned by the Trust as at 1 January	**26 801 013**	33 416 872	**8 863**	10 710
Add: Shares purchased by the Share Incentive Trust	**5 688 001**	–	**11 912**	–
Less: Share awards to staff	**(528 000)**	–	**–**	–
Less: Options exercised during the year	**(7 981 080)**	(6 615 859)	**(3 275)**	(1 847)
Shares owned at 31 December	**23 979 934**	26 801 013	**17 500**	8 863

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

These fair values were calculated using the Bermudan Binomial model. The inputs into the model were as follows:

	2006	2005
Weighted average share price (cents)	**247**	115
Weighted average exercise price (cents)	**41**	27
Expected volatility	**49.7%**	37.7%
Expected life	**5.9 years**	3.8 years
Risk free rate	**8.1%**	7.3%
Expected dividend yield	**3.1%**	3.0%

Expected volatility was determined calculating the historical volitility of the Company's share price over the previous 8 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of R1,6 million (2005: R0,6 million) related to share-based payment transactions during the year.

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
14. Deferred taxation assets				
Opening deferred taxation assets	**41 698**	46 187	**2 681**	2 680
Current year temporary differences	**(883)**	(4 952)	**(1)**	2
Utilisation of deferred taxation assets relating to taxation losses	**(5 405)**	326	**(73)**	88
	(6 288)	(4 626)	**(74)**	90
Prior year under/(over) provision	**–**	1 734	**–**	–
Reduction in deferred taxation assets resulting from a reduction in the taxation rate	**–**	(1 597)	**–**	(89)
Taxation assets transferred to deferred taxation				
Balance at end of year	**35 410**	41 698	**2 607**	2 681
The balance comprises:				
Deferred and prepaid expenditure	**(553)**	(518)	**–**	(2)
Allowance for future expenditure (S24C)	**(8 049)**	(9 690)	**–**	–
Fees received in advance	**11 573**	12 695	**–**	–
Capitalised finance leases	**68**	68	**–**	–
Provision for bad debts	**6 954**	5 180	**–**	–
Leave pay accrual	**1 297**	1 085	**(1)**	4
Trademarks (S11G(a))	**3 935**	7 288	**–**	–
Estimated taxation loss carried forward	**20 185**	25 590	**2 608**	2 679
	35 410	41 698	**2 607**	2 681
Deferred taxation accounted for in the income statement:				
Deferred and prepaid expenditure	**(35)**	(44)	**–**	–
Allowance for future expenditure (S24C)	**1 641**	(1 369)	**–**	–
Fees received in advance	**(1 122)**	1 949	**–**	–
Provision for bad debts	**1 774**	1 055	**–**	–
Leave pay accrual	**212**	(2 571)	**(1)**	2
Amortisation of trademarks	**(3 353)**	(3 972)	**–**	–
Estimated taxation losses carried forward	**(5 405)**	326	**(73)**	88
	(6 288)	(4 626)	**(74)**	(90)
15. Inventories				
Books	**79**	2 322	**–**	–
Promotional items	**5 092**	3 660	**–**	–
Other	**13**	48	**–**	–
	5 184	6 030	**–**	–

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
16. Trade and other receivables				
Amounts receivable from tuition fees	**6 916**	7 105	**–**	–
Amounts receivable for placement fees	**7 325**	11 307	**–**	–
Amounts receivable from the sale of goods	**729**	2 365	**–**	–
Other receivables	**8 315**	7 967	**1 930**	1 065
	23 285	28 744	**1 930**	1 065

The above is net of an allowance for estimated irrecoverable amounts from the above of R32,2 million (2005: R24,0 million). This allowance has been determined by reference to past default experience.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

	Group		Company	
17. Cash and cash equivalents				
Bank balances	**59 312**	35 845	**25 826**	–
Cash	**150**	124	**–**	–
	59 462	35 969	**25 826**	–

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

The carrying amounts of the Group's bank balances are denominated in the following currencies:

	Foreign currency	**Foreign currency '000 2006**	Foreign currency '000 2005	**Rand equivalent R'000 2006**	Rand equivalent R'000 2005
Bank balances	ZAR	**–**	–	**59 234**	35 752
Bank balances	US Dollars	**11**	14	**78**	93
				59 312	35 845

The carrying amount of the Company's bank balance of R25,8 million (2005: RNil) is denominated only in South African Rand.

18. Foreign currency exposure

Nature of monetary item	Foreign currency	**Foreign currency '000 2006**	Foreign currency '000 2005	**Rand equivalent R'000 2006**	Rand equivalent R'000 2005
Trade credit	US Dollars	**–**	78	**–**	503
Trade credit	British Pounds	**–**	21	**–**	229
Trade credit	Australian Dollars	**474**	149	**2 675**	717
				2 675	1 449

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
19. Share capital and share premium				
19.1 Share capital				
Authorised				
500 000 000 shares of 1 cent each (2005: 500 000 000 shares of 1 cent each)	**5 000**	5 000	**5 000**	5 000
500 000 000 N shares of 0.01 cent each (2005: 500 000 000 N shares of 0.01 cent each)	**50**	50	**50**	50
	5 050	5 050	**5 050**	5 050
Issued				
393 664 886 shares of 1 cent each (2005: 393 664 886 shares of 1 cent each)	**3 937**	3 937	**3 937**	3 937
	3 937	3 937	**3 937**	3 937
The unissued shares are under the control of the directors subject to the provisions of the Companies Act and the requirements of the JSE Limited.				
19.2 Share premium				
Balance at 1 January	**338 771**	355 100	**338 771**	355 100
Distribution to shareholders	**(37 576)**	(16 329)	**(37 576)**	(16 329)
Balance at 31 December	**301 195**	338 771	**301 195**	338 771
20. Bank loans, instalment sale and finance leases				
20.1 Bank loans				
Mortgage bond	**17 151**	20 000	**–**	–
	17 151	20 000	**–**	–
The borrowings are repayable as follows:				
On demand or within one year	**6 255**	2 849	**–**	–
In the second year	**7 044**	6 255	**–**	–
In the third year	**3 852**	7 044	**–**	–
In the fourth year	**–**	3 852	**–**	–
	17 151	20 000	**–**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(6 255)**	(2 849)	**–**	–
Amount due for settlement after 12 months	**10 896**	17 151	**–**	–
The average interest rates paid were as follows:				
Mortgage bond	**11.92%**	11.92%	**–**	–

The mortgage bond is repayable in monthly instalments of R0,7 million, and bears interest at a fixed rate of 11.92% (2005: 11.92%).

The loan is secured by security bonds over properties with a cost of R40,3 million (2005: R40,3 million) as referred to in note 9.

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
20. Bank loans, instalment sale and finance leases *(continued)*				
20.2 Obligations under finance leases				
Amounts payable under instalment sale and finance leases:				
Within one year	**979**	2 294	**889**	2 084
In the second to fifth years inclusive	**115**	1 229	**104**	1 116
	1 094	3 523	**993**	3 200
Less: Future finance charges	**(101)**	(323)	**–**	–
Present value of lease obligations	**993**	3 200	**993**	3 200
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(889)**	(2 084)
Amount due for settlement after 12 months			**104**	1 116

It is the Group's policy to lease/buy certain of its computer equipment and motor vehicles under instalment sale and finance lease agreements. The average repayment term is 5 years. For the year ended 31 December 2006, the average effective borrowing rate was 10.2 per cent (2005: 10.1 per cent). Interest rates are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. All leases are on a fixed repayment basis and no arrangements have been made for contingent rental payments.

The Group's obligations under instalment sale and finance lease agreements are secured by the lessor's title to the assets, as referred to in note 9.

The fair value of the Group's lease obligations approximates their carrying amount.

In terms of the Articles of Association the borrowing powers of the directors is unlimited.

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
21. Trade and other payables				
Trade payables and accruals	**108 225**	82 438	**1 089**	503
Leave pay accrual	**4 471**	3 742	**–**	8
Vendor claims	**15 138**	9 833	**–**	–
	127 834	96 013	**1 089**	511

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 leave pay, approximates their fair value.

	Notes	Group Audited 2006 R'000	Group Audited 2005 R'000
22. Discontinued operation			
On 18 June 2004 the Board of directors announced a plan to discontinue the operations of Bond South Africa once current students have completed their degrees.			
The profit for the year from the discontinued operation is analysed as follows:			
Revenue	3	**411**	6 847
Staff costs		**(2 521)**	(5 726)
Rent and occupancy costs		**(254)**	(737)
Other operating income		**2 611**	445
Operating profit		**247**	829
Depreciation	4	**(247)**	(829)
Profit attributable to Bond South Africa		**–**	–
Total assets of the discontinued operation		**–**	2 709
Total liabilities of the discontinued operation		**–**	14 438
Cash inflow/(outflow) from operating activities		**10 708**	(821)
Cash inflow from investing activities		**–**	64
Cash (outflow)/inflow from financing activities		**(10 710)**	3 352
Provision for discontinued operation			
Balance at the beginning of the year		**2 624**	6 978
Utilisation of provision		**(2 624)**	(4 354)
Balance at the end of the year		**–**	2 624

The provision for discontinued operation included onerous rental contracts and other closure costs in respect of the discontinued operation.

	Group Audited 2006 R'000	Group Audited 2005 R'000	Company Audited 2006 R'000	Company Audited 2005 R'000
23. Commitments				
23.1 Capital commitments				
Capital expenditure commitments to be incurred				
Capital expenditure approved by the directors:				
Contracted but not provided for	**26 571**	20 071	**–**	–
Not contracted for	**105 123**	72 436	**–**	44
	131 694	92 507	**–**	44

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

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
23. Commitments *(continued)*				
23.2 Operating lease commitments				
Commitments under non-cancellable operating leases are as follows:				
Premises:				
Due within one year	**33 707**	25 408	**–**	–
Due within two to five years	**91 541**	69 877	**–**	–
Due thereafter	**20 597**	26 200	**–**	–
	145 845	121 485	**–**	–
Equipment:				
Due within one year	**2 082**	1 051	**–**	–
Due within two to five years	**2 614**	1 167	**–**	–
Due thereafter	**22**	–	**–**	–
	4 718	2 218	**–**	–
	150 563	123 703	**–**	–

24. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, instalment sale agreement, finance leases, cash and cash equivalents, 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 Group's operations.

Liquidity risk

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

Bank overdraft facilities available at 31 December 2006 amounted to R30,0 million (2005: R30,0 million), all of which expires within a year. The Group also had a revolving loan facility of R50,0 million in 2005. These are considered more than adequate to finance operations.

Credit risk

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

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

25. Contingent liabilities

In terms of the Group's banking arrangement the Company has issued to its bankers an unlimited suretyship on behalf of a wholly owned subsidiary for overdraft facilities, which at 31 December 2006 were not being utilised.

This surety was also in place at 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

	Notes	Group **Audited 2006 R'000**	Group Audited 2005 R'000	Company **Audited 2006 R'000**	Company Audited 2005 R'000
26. Notes to the cash flow statement					
26.1 Cash generated by operations					
Profit/(loss) before taxation (from continuing and discontinued operations)		**127 823**	87 132	**45 860**	(672)
Adjust for non-cash IFRS and lease adjustments (before taxation)		**2 386**	3 189	**–**	–
		130 209	90 321	**45 860**	(672)
Add back:		**17 979**	23 714	**(501)**	783
Depreciation and amortisation (net of IAS16 adjustment)		**27 001**	25 471	**2**	3
(Net interest received)/finance cost	5	**(5 539)**	(117)	**(503)**	780
Net foreign exchange differences on cash and cash equivalents		**18**	10	**–**	–
Impairment of investment	4	**295**	–	**–**	–
Other non-cashflow income statement items		**(3 796)**	(1 650)	**–**	–
		148 188	114 035	**45 359**	111
26.2 Generated/(utilised) by decrease in/(to increase) working capital					
Decrease/(increase) in inventories		**846**	(804)	**–**	–
Decrease/(increase) in accounts receivable and prepayments		**5 337**	5 807	**(859)**	1 410
Increase/(decrease) in accounts payable		**28 397**	3 392	**578**	(3 795)
(Decrease)/increase in fees in advance and deposits		**(2 540)**	9 143	**–**	–
Decrease/(increase) in working capital		**32 040**	17 538	**(281)**	(2 385)
26.3 Taxation paid					
Balance at beginning of year		**(21 478)**	(5 413)	**–**	–
Adjusted for:					
Prior year adjustments – non-cash		**–**	(63)	**–**	–
Current charge excluding CGT	6.1	**(32 102)**	(22 610)	**–**	–
Capital Gains Tax	6.1	**(155)**			
Balance at end of year		**6 968**	21 478	**–**	–
Cash amount paid		**(46 767)**	(6 608)	**–**	–
26.4 Capital distribution					
Balance at beginning of year		**(32)**	(35)	**(32)**	(35)
Declared during the year		**(37 576)**	(16 329)	**(37 576)**	(16 329)
Balance at end of year		**35**	32	**35**	32
Cash amount paid		**(37 573)**	(16 332)	**(37 573)**	(16 332)

	Group		Company	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
26. Notes to the cash flow statement *(continued)*				
26.5 Additions to property, plant and equipment to maintain operations				
Land and buildings	**(6 110)**	(20)	**–**	–
Computer equipment	**(7 543)**	(4 471)	**–**	–
Furniture and equipment	**(8 020)**	(6 998)	**–**	–
Motor vehicles	**(1 420)**	(377)	**–**	–
Video equipment, courses and masters	**(19)**	(278)	**–**	–
Leashold improvements	**(1 046)**	–	**–**	–
	(24 158)	(12 144)	**–**	–
26.6 Additions to property, plant and equipment to expand operations				
Land and buildings	**(10 331)**	(13 146)	**–**	–
Computer equipment	**(4 440)**	(3 131)	**–**	–
Furniture and equipment	**(6 786)**	(2 755)	**–**	–
Motor vehicles	**(1 319)**	–	**–**	–
Video equipment, courses and masters	**(152)**	(1 235)	**–**	–
Leashold improvements	**(18 311)**	(35 632)	**–**	–
	(41 339)	(55 899)	**–**	–

27. 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. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

During the year under review no material contracts involving related parties were entered into. The following is the only related party contract, entered into on 1 January 2001, in which a director has an interest:

	Operating lease charges year ended		Amounts owed to related parties year ended	
	Audited 2006 R'000	Audited 2005 R'000	**Audited 2006 R'000**	Audited 2005 R'000
K2 Properties CC	**745 625**	1 560 201	**–**	–

Directors

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

Other related party transactions

In addition to the above, ADvTECH Limited performed certain administrative services for The Independent Institute of Education (Proprietary) Limited and for ADvTECH Resourcing (Proprietary) Limited for which management fees of R1,4 million (2005: R1,0 million) and R0,4 million (2005: R0,3 million), respectively were charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

28. Business combination

Entity acquired:

Vertex was acquired on 1 April 2006 the consideration is based on an earnings-up method, a preliminary estimation of R8,0 million has been made. The principal business activity is recruitment.

	Fair value on acquisition R'000
Non-current assets	
Intangible assets	7 812
Plant and equipment	188
	8 000

BOARD OF DIRECTORS

Sacks, Michael (Motty) 64 Non-executive chairman (Chairman of Remuneration committee, Audit and Litigation committee member). CA(SA), AICPA(Isr) • Michael (Motty) practiced as a public accountant and auditor for five years until 1972, after which he acted as an independent corporate advisor for 25 years prior to his appointment as Chairman of Netcare in 1997. He has served and continues to serve as a Non-executive director to several companies, institutions and empowerment committees. He is also an Officer of the International Association of Political Consultants. Michael (Motty) joined the ADvTECH Limited Board in 2001 as an independent Non-executive director and became Chairman on 14 September 2005.

Thompson, Frank 51 Chief Executive Officer. BCom, BAcc, CA(SA) • Frank has had over 25 years' experience in senior management and Board positions since qualifying at Deloitte. He spent 10 years in the Anglo American Group, mainly at electronics company Conlog, 10 years in the Malbak Group and its subsequently unbundled entity, Amalgamated Appliance Holdings Limited, where he was deputy chairman until joining ADvTECH in August 2002 as Group CEO.

Isaakidis, Alex 56 Alternate director, CEO Schools division. BA, BCom(Hons) • Alex has had diversified experience in the field of education and various forms of engineering at senior management level within the Dorbyl Group. He was Managing director of Chubb Lock and Safe for five years until he joined the Group in 1999 as Managing director of CrawfordSchools. In 2000 he assumed responsibility as head of the Schools division which comprises CrawfordSchools, Abbotts College and the Junior College. He was appointed as an Alternate director to the ADvTECH Limited Board in 2003.

Duff, Craig 37 Executive director, Group Marketing director • Craig was one of the founding members of Varsity College in 1990. Varsity College was acquired by ADvTECH in 1997 and he was appointed to the Board the following year. Towards the end of 2001 the divisions with the Group underwent restructuring and Craig assumed responsibility for all the Tertiary brands as CEO. In 2005 Craig was appointed as the Group Marketing director.

Oesch, Didier 41 Executive director, Group Financial director. B Compt(Hons), CA(SA) • Didier qualified as a CA in 1991 after completing his articles at Betty & Dickson. He gained considerable experience with the Nampak Group in various financial positions culminating in a four year stint in Europe as Financial director of Nampak Plastics Europe from October 2000 to December 2004. Didier joined ADvTECH as Group Financial manager and member of the Exco in August 2005. He took over as Group Financial director in October 2005.

Deeb, John 43 Executive director, CEO of Tertiary division. BCom (Hons), CA(SA) • John completed his articles in 1991 at Deloitte, after which he gained considerable experience in senior management positions in commerce. He spent nine years in the Murray & Roberts Group holding the position of Financial director of the International Operations and Group Financial controller. In 2001 John completed the Programme in Global Leadership at Harvard Business School. John joined ADvTECH in August 2004 as the Group Financial director. In May 2005, he took over as CEO of the Tertiary division.

Honey, Lenn 42 Executive director, CEO Recruitment division. BCom(Hons), MBA • Lenn commenced his career in the advertising industry in a strategic planning role, thereafter moving to management consulting, focusing on systems implementation and productivity improvement. In 1992 Lenn acquired Rosebank College which was incorporated into ADvTECH in 1997. He has remained with the Group since the sale and has been involved firstly in the Education division and thereafter as CEO of the Group's Recruitment operations.

Booyens, Nico 39 Executive director, CEO of ADvTECH Property and Special Projects. BCom(Hons), CA(SA) • Nico completed his articles at Coopers & Lybrand in 1995. He spent four years at Barloworld during which time he gained extensive experience in all areas of finance. He joined the Group as the Financial director of ADvED Holdings Limited during 1999 and was later appointed as Group Financial director of ADvTECH Limited. In August 2004 he assumed responsibility for the Property division and Special Projects as CEO.

Buckham, Brian 68 Non-executive director (Litigation committee chairman) • Brian was a founding member of Advanced Technical Systems Limited, now known as ADvTECH Limited, which was listed on the JSE in 1987. This was the culmination of over 30 years of senor management and Board experience. He held Executive director positions within ADvTECH until his retirement as Executive Chairman in 2002 after which he has remained on the Board as a Non-executive director.

Ferreira, David 44 Independent Non-executive director. BA, LLB (Wits), MA(Oxon), MSc(LSE) • David is a founding shareholder and director of Praxis Capital, and serves as a Non-executive director of a number of companies, including the Municipal Infrastructure Investment Unit. Before becoming a private equity investor, David worked in project and corporate finance, for leading South African and US firms, as well as for the World Bank. He joined the Board of ADvTECH Limited in 2002 as a Non-executive director.

Levin, Hymie 61 Non-executive director (Chairman of Audit committee and Litigation committee member). BCom, LLB, LLM, Hdip Tax Law, HDip Co Law • Hymie is a specialist corporate and tax lawyer. He is the senior partner of HR Levin Attorneys and his experience spans more than 35 years. He is also a Non-executive director/Chairman of various companies listed on the JSE. He joined the ADvTECH Limited Board as a Non-executive director in 1987 at the time of ADvTECH Limited listing on the JSE.

Jansen, Jonathan (Prof) 50 Independent Non-executive director. PhD(Stanford), MSc(Cornell), Bed, HEd (UNISA) BSc (UWC). Jonathan is the Dean of Education at the University of Pretoria and remains an active teacher of both first year and doctoral students, while leading major research programmes. He is Vice President of The Academy of Science of South Africa and holds an honorary Doctor of Education degree from the University of Edinburgh. He is a prominent speaker and writer on educational matters around the world and joined the ADvTECH Limited Board in 2004 as an independent Non-executive director.

Fani Titi 44 Independent Non-executive director, joined ADvTECH in December 2006. Fani serves on the boards of many of the companies Tiso has invested in, including Investec and AECI. He was previously the deputy Chairman of Bidvest, an Executive director of African Bank, CEO of Kagiso Media and has extensive experience in private equity. Fani holds a BSc Hons, a MA in mathematics from the University of California (Berkeley) and a MBA from Wits.

Coughlan, Felicity 39 Exco member. B Soc Sc (SWHons) (PsychHons), MSc, D Phil • After 15 years at Rhodes University and the University of the Witwatersrand as a senior lecturer, Head of Department, Associate Dean and Director of Strategic Planning, Felicity joined the Independent Institute of Education in August 2005 as the Dean: Academic. She was later appointed as Chief Operating Officer of the IIE. She has published in the areas of social policy and work with troubled youth.

Shipalana, Eric 54 Exco member. BSc, UED (Fort Hare) CPIR (Wits GBS) • Eric has had over 24 years in Human Resources and 12 years in Board positions. He occupied positions of increasing responsibility at Murray & Roberts, Sasol Limited, Smithkline Beecham and was Director of Human Resources at Weir-Envirotech and MSD Pharmaceuticals before joining ADvTECH as Human Resources Executive.

SHAREHOLDERS' ANALYSIS

Distribution of shareholders at 31 December 2006

	No of share holders	% of share-holders	Number of shares	% of total shares
Range of shareholding				
1 to 10 000	2 467	76.6%	5 161 659	1.3%
10 001 to 100 000	516	16.0%	18 018 825	4.6%
100 001 to 500 000	140	4.3%	30 677 859	7.8%
500 001 to 1 000 000	36	1.1%	26 521 107	6.7%
more than 1 000 000	63	2.0%	313 285 436	79.6%
	3 222	**100%**	**393 664 886**	**100%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2006 the spread of shareholders was as follows:

	No of share holders	% of share-holders	Number of shares	% of total shares
Shareholder Spread				
Public shareholding	3 209	99.6%	227 034 286	57.7%
Non-public shareholding	13	0.4%	166 630 600	42.3%
Directors (incl subsidiary directors)	11	0.4%	79 084 156	20.1%
ADvTECH Share Incentive Scheme	1	0.0%	24 514 588	6.2%
Sanlam	1	0.0%	63 031 856	16.0%
Total of all shareholders	**3 222**	**100%**	**393 664 886**	**100%**

Major shareholders

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

	Shares held Number	%
Sanlam	63 031 856	16.0%
Old Mutual Asset Management	35 556 151	9.0%
BD Buckham	27 218 098	6.9%
RMB Asset Management	26 988 298	6.9%

Share information

	2006	2005	2004	2003	2002
Closing price at period end (cents)	**310**	210	120	84	40
JSE market price high (cents)	**325**	220	135	90	49
JSE market price low (cents)	**191**	120	65	28	25
Total number of transactions at JSE	**3 560**	2 277	2 053	1 181	1 144
Total number of shares traded	**91 060 718**	61 275 060	94 988 320	35 261 937	92 364 458
Total value of shares traded (R)	**233 207 604**	91 057 684	84 293 545	19 250 998	33 674 458
Average price per share (cents)	**256**	149	89	55	36
Shares in issue	**393 664 886**	393 664 886	393 664 886	393 664 886	393 664 886
Percentage volume traded to shares in issue	**23.1%**	16%	24%	9%	23.5%
PE ratio	**16.9**	13.0	11.2	10.4	5.4

Note:

Shares in issue per the JSE as at 31 December 2006.

	2007
Shareholders' diary	
Announcement of Annual results	Monday, 26 March
Annual report	Friday, 30 March
Annual General Meeting	Tuesday, 22 May
Interim results for the six months ended 30 June 2007	August

Capital distribution date

The Board is pleased to advise that a final distribution of 8 cents per share will be paid to shareholders out of the share premium in respect of the year ended 31 December 2006. The authority to make this payment was obtained at the annual general meeting held on 23 May 2006.

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

	2007
Declaration date	April
Last date to trade in order to participate in the distribution	Friday, 13 April
Trading commences ex-distribution on	Monday, 16 April
Record date on	Friday, 20 April
Payment date on	Monday, 23 April

Share certificates may not be dematerialised or rematerialised between Monday, 16 April 2007 and Friday, 20 April 2007, both days inclusive.

NOTICE TO SHAREHOLDERS

Notice is hereby given to all members of ADvTECH Limited ("the Company") that the seventeenth Annual General Meeting of members will be held at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton on Tuesday, 22 May 2007 at 10h00 to transact the following business:

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

1. **Ordinary Resolution Number One**
   To receive and adopt the Group Annual Financial Statements for the year ended 31 December 2006, including the Directors' Report and the Report of the Auditors thereon.

2. **Ordinary Resolution Number Two**
   To resolve that the re-appointment of Mr JJ Deeb as an executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with Article 53 of the Company's articles of association for a further term of office be authorised and confirmed.

   (A brief CV appears on page 43 of the annual report.)

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

   (A brief CV appears on page 43 of the annual report.)

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

   (A brief CV appears on page 43 of the annual report.)

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

   (A brief CV appears on page 43 of the annual report.)

6. **Ordinary Resolution Number Six**
   To confirm the appointment of Mr F Titi, who has been appointed as a non-executive director since the last Annual General Meeting and who, in terms of the Company's articles of association, retires from office at the conclusion of the Annual General Meeting, and being eligible, offers himself for re-election.

   (A brief CV appears on page 43 of the annual report.)

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

8. **Ordinary Resolution Number Eight**
   To resolve that the fees paid to the directors of the Company in respect of the year ended 31 December 2006, as set out in the Annual Financial Statements on page 10, be approved.

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

   a. Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting;

   b. assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements;

   c. share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting; and

   d. working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting.

   The Directors of the Company shall be entitled, from time to time, to pay by way of a reduction of share premium, capital distributions to shareholders of the Company in lieu of a dividend, provided such payment is made pro rata to all shareholders. Such distributions shall be amounts equal to the amounts which the Directors would have declared and paid out of profits of the Company as interim and final dividends in respect of the financial year ending 31 December 2006. This authority shall not extend beyond the date of the Annual General Meeting following the date of the Annual General Meeting at which this resolution is being proposed or 15 months from the date of the resolution whichever is shorter.

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

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

Special business

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

10. Special Resolution Number One

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

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

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

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

Explanatory notes to ordinary resolution number nine and special resolution number one

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

- Directors and management: pages 43 of the annual report;
- Major shareholders: page 44 of the annual financial statements;
- Directors' interests in securities: page 8 of the annual financial statements;
- Share capital of the Company: page 36 of the annual financial statements; and
- Litigation: page 3 of the financial report.

The Directors, whose names are given on page 43 of the annual report in which this notice was included collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice contains all information required by law and the Listings Requirements of the JSE Limited.

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 31 December 2006.

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

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

1. That the intention of the Company and/or any of its subsidiaries is to utilise the general authority to repurchase securities and/or general authority to make a general payment to shareholders, if at some future date the cash resources of the Company are in excess of its requirements. In this regard the Directors will take account of, inter alia, appropriate capitalisation structures for the Company, the long-term cash needs of the Company, and will ensure that any such repurchases and/or payments are in the interests of shareholders;
2. That the method by which the Company and/or any of its subsidiaries intends to repurchase its securities and the date on which such repurchases will take place, has not yet been determined;
3. That the method by which the Company intends to make general payments to shareholders in terms of a general authority and the date on which such payments will take place has not yet been determined; and
4. That after considering the effect of a maximum permitted general repurchase of securities or general payments, the Company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the Company, able to fully comply with the JSE Listings Requirements. Nevertheless, at the time that the contemplated general repurchase or general payment is to take place, the directors of the Company will ensure that:
   - The Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting;
   - The assets of the Company and the Group will be in excess of the liabilities of the Company and Group for a period of 12 months after the date of the notice of the Annual General Meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these Annual Group Financial Statements;
   - The share capital and reserves of the Company and Group will be adequate for ordinary business purposes for a period of 12 months after he date of the notice of Annual General Meeting;
   - The working capital of the Company and Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of Annual General Meeting; and
   - The Company will provide its Sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme or general payment until the Sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Notes:

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

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

If you **have not** yet dematerialised your shares in ADvTECH and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of ADvTECH namely, Link Market Services SA (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2007.

If you **have** already dematerialised your shares in ADvTECH:

- And such dematerialised shares are recorded in the electronic sub-register of ADvTECH in your own name and are unable to attend the AGM, but wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries of ADvTECH namely, Link Market Services SA (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2007; or
- Where such dematerialised shares are not recorded in the electronic sub-register of ADvTECH in your own name, you should notify your duly appointed Central Securities Depository Participant ("CSDP") or broker, as the case may be, in the manner and cut-off time stipulated in the agreement governing your relationship with your CSDP or broker of your instructions as regards voting your shares at the AGM. The appointed CSDP or broker will automatically action after having received an election instruction.

By order of the Board

SC O'Connor
Secretary

Bridge Capital (Pty) Limited
Sponsor

FORM OF PROXY

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

For use by certificated members and dematerialised members with "own name" registration at the meeting of ADvTECH to be held on Tuesday, 22 May 2007 at 10h00 at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton.

I/We (please print names in full)____________________________

Of (address)____________________________

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

1. ____________________________ or failing him/her

2. ____________________________ or failing him/her

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

	Number of votes (one vote per ordinary share)		
Resolution	In favour of	Against	Abstain
Ordinary Resolution Number One To receive and adopt the Annual Financial Statements of the Company and the Group for the year ended 31 December 2006.			
Ordinary Resolution Number Two Re-appointment of Mr JJ Deeb			
Ordinary Resolution Number Three Re-appointment of Mr DK Ferreira			
Ordinary Resolution Number Four Re-appointment of Mr JD Jansen			
Ordinary Resolution Number Five Re-appointment of Mr MI Sacks			
Ordinary Resolution Number Six Confirm the appointment of Mr F Titi			
Ordinary Resolution Number Seven Re-appointment of auditors			
Ordinary Resolution Number Eight Approval of Directors' fees			
Ordinary Resolution Number Nine General authority to make general payments to ordinary shareholders			
Special Resolution Number One General authority for the acquisition of shares issued by the Company			

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

Signed this __________________ day of __________________ 2007

Signed ____________________________

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

FORM OF PROXY

Notes

1. This form of proxy must be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" deregistrations.
2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies (who need not be shareholders of the Company) of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the proxy and which has not been deleted will be entitled to act as proxy in priority to those whose names follow.
4. As shareholders' instructions to the proxy must be indicated by the insertion of the relevant number of ordinary shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote at the meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the chairman, failure to so comply will be deemed to authorise the proxy to vote in favour of the resolutions. A shareholder or his/ her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy.
5. Forms of proxy must be lodged at or be posted to the registered office of Link Market Services SA (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 10h00 on Friday, 18 May 2007.
6. The completion and lodging of this form will not preclude the shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
7. The chairman of the meeting may reject or accept any form of proxy not completed and/or received, other than in accordance with these notes, provided that in respect of the acceptance he is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. An instrument of proxy shall be valid for any adjournment of the meeting as well as for the meeting to which it relates, unless the contrary is stated thereon.
9. The authority (or a certified copy of the authority) of a person signing the form of proxy

   (a) under a power of attorney; or

   (b) on behalf of a company,

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

Registered office
ADvTECH House
Inanda Greens
54 Wierda Road West
Wierda Valley
Sandton, 2196

PO Box 2369
Randburg
2125

Transfer secretaries
Link Market Services SA (Pty) Ltd
11 Diagonal Street
Johannesburg
2001

PO Box 4844
Johannesburg
2000