ADvTECH GROUP

ADvTECH LIMITED (Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06 JSE code: ADH ISIN: ZAE 0000 31035

Revenue	▲ UP 19%
Operating profit	▲ UP 24%
Headline earnings per share	▲ UP 30%
Distribution per share	▲ UP 40%

INTERIM RESULTS for the six months ended 30 June 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2008

R'000	Note	Percentage increase	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
Revenue		19%	**563 817**	475 050	962 711
Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA)		26%	**110 906**	87 953	194 030
Operating profit		24%	**88 808**	71 767	160 548
Net interest received			**13 917**	7 204	14 321
Interest received			**14 983**	9 054	17 452
Finance costs			**(1 066)**	(1 850)	(3 131)
Profit before taxation		30%	**102 725**	78 971	174 869
Taxation			**(30 232)**	(23 928)	(52 851)
Profit for the period		32%	**72 493**	55 043	122 018
Attributable to:					
Equity holders of the parent			**71 635**	53 508	119 227
Minority interest			**858**	1 535	2 791
			72 493	55 043	122 018
Earnings per share					
Basic (cents)		30%	**18.7**	14.4	32.1
Diluted (cents)		33%	**18.2**	13.7	31.1
Headline earnings	1		**71 647**	53 434	118 846
Headline earnings per share					
Basic (cents)		30%	**18.7**	14.4	32.0
Diluted (cents)		34%	**18.3**	13.7	31.0
Number of shares in issue ('000)			**393 665**	393 665	393 665
Diluted number of shares ('000)			**392 544**	389 591	382 979
Weighted average number of shares in issue ('000)			**384 042**	371 297	371 970
Net asset value per share (cents)		26%	**113.6**	90.1	105.4
Free operating cash flow before capex per share (cents)		24%	**57.5**	46.5	42.1
Distribution per share (cents)		40%	**7.0**	5.0	16.0

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2008

R'000	Unaudited 30 June 2008	Unaudited 30 June 2007	Audited 31 Dec 2007
Assets			
Non-current assets	**527 361**	451 059	478 839
Property, plant and equipment	**457 631**	404 222	441 347
Intangible assets	**34 573**	9 337	10 659
Deferred taxation assets	**35 157**	37 500	26 833
Current assets	**334 060**	236 512	180 178
Trade and other receivables	**94 334**	59 164	62 117
Cash and cash equivalents	**239 726**	177 348	118 061
Total assets	**861 421**	687 571	659 017
Equity and liabilities			
Equity	**449 481**	357 793	416 180
Attributable to equity holders of the parent	**447 367**	354 876	414 924
Minority interest	**2 114**	2 917	1 256
Non-current interest bearing liabilities	**–**	7 956	3 852
Current liabilities	**411 940**	321 822	238 985
Trade and other payables	**158 054**	128 254	144 351
Taxation	**43 768**	11 329	29 585
Fees received in advance	**210 118**	182 239	65 049
Total equity and liabilities	**861 421**	687 571	659 017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2008

R'000	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
Balance at beginning of period	**416 180**	328 628	328 628
Share-based payment expense	**503**	991	1 986
Profit for the period	**72 493**	55 043	122 018
Share options exercised	**2 451**	1 949	11 697
Share awards	**–**	–	2 199
Minority interest distribution	**–**	–	(2 917)
Total recognised income and expense for the period	**75 447**	57 983	134 983
Capital distribution to shareholders	**(42 146)**	(28 818)	(47 431)
Balance at end of the period	**449 481**	357 793	416 180

CONDENSED SEGMENTAL REPORT

for the six months ended 30 June 2008

R'000	Percentage increase	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
Revenue	19%	**563 817**	475 050	962 711
Education	14%	**465 897**	407 182	812 543
Resourcing	44%	**97 920**	67 868	150 168
Operating profit	24%	**88 808**	71 767	160 548
Education	16%	**87 009**	75 051	163 229
Resourcing	47%	**20 482**	13 966	31 239
Central administration	11%	**(18 404)**	(16 601)	(33 498)
Litigation expenses		**(279)**	(649)	(422)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2008

R'000	Note	Percentage increase	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
Cash generated by operations	2		**113 047**	89 240	196 305
Generated by decrease in/(utilised to increase) working capital			**124 512**	100 316	(984)
Cash generated by operating activities			**237 559**	189 556	195 321
Net interest received			**13 917**	7 204	14 321
Taxation paid			**(24 376)**	(21 657)	(21 657)
Capital distribution			**(42 146)**	(28 818)	(47 431)
Net cash inflow from operating activities			**184 954**	146 285	140 554
Net cash outflow from investing activities			**(59 872)**	(24 401)	(74 680)
Net cash outflow from financing activities			**(3 419)**	(3 973)	(7 248)
Net increase in cash and cash equivalents			**121 663**	117 911	58 626
Cash and cash equivalents at beginning of the period			**118 061**	59 462	59 462
Net foreign exchange differences on cash and cash equivalents			**2**	(25)	(27)
Cash and cash equivalents at end of the period			**239 726**	177 348	118 061
Free operating cash flow before capex per share (cents)					
Net operating profit after taxation			**72 493**	55 043	122 018
Adjust for non-cash IFRS and lease adjustments (after taxation)			**1 854**	1 263	2 558
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments			**74 347**	56 306	124 576
Depreciation and amortisation			**21 820**	16 187	33 482
Other non-cashflow income statement items (after taxation)			**16**	(74)	(381)
Operating cash flow after taxation		33%	**96 183**	72 419	157 677
Working capital changes			**124 512**	100 316	(984)
Free operating cash flow before capex			**220 695**	172 735	156 693
Weighted average number of shares in issue ('000)			**384 042**	371 297	371 970
Free operating cash flow before capex per share (cents)		24%	**57.5**	46.5	42.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2008

R'000	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
1. Determination of headline earnings			
Earnings attributable to equity holders of the parent per the income statement	**71 635**	53 508	119 227
Items excluded from headline earnings per share	**12**	(74)	(381)
Loss/(profit) on disposal of assets	**16**	(130)	(561)
Loss on disposal of investment	**–**	18	18
	16	(112)	(543)
Taxation effect on adjustments	**(4)**	38	162
Minority interest of adjustments	**–**	–	–
Headline earnings	**71 647**	53 434	118 846
2. Note to the cash flow statement			
Reconciliation of profit before taxation to cash generated by operations			
Profit before taxation	**102 725**	78 971	174 869
Non-cash IFRS and lease adjustments (before taxation)	**2 405**	1 373	2 789
	105 130	80 344	177 658
Add back:	**7 917**	8 896	18 647
Depreciation and amortisation	**21 820**	16 187	33 482
Net interest received	**(13 917)**	(7 204)	(14 321)
Other non-cashflow income statement items	**14**	(87)	(514)
Cash generated by operations	**113 047**	89 240	196 305

SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2008

R'000	Unaudited 6 months to 30 June 2008	Unaudited 6 months to 30 June 2007	Audited 12 months to 31 Dec 2007
Capital expenditure – current period	**37 471**	24 063	78 406
Capital commitments – remainder of the year	**101 826**	44 290	–
– future years	**–**	–	170 013
Operating lease commitments in cash – future years	**192 294**	119 795	184 003

DIRECTORS' COMMENTS ON RESULTS

Overview

The Directors are pleased to report on the further progress made by the Group's business units during the six month period to 30 June 2008.

The reality of a quality education as a basis for a well planned career now seems more important than ever. This is revealed by the increasing admissions and the growing demand for ADvTECH's educational product offerings and career placements during this period under review.

Group revenue increased by 19% compared to 15% for the previous comparative period. All segments of the Group contributed to this growth, with a particular highlight being the outstanding performance of the Group's resourcing business, where ADvTECH's specialised placement networks provide high quality staff to service the market demand.

The Group's education model dictates a maintained focus on academic excellence, primarily for the purpose of ensuring the gainful employment of its graduates or for the preparation for their future study. We are proudly able to record that in the schools division, over 95% of the Group's almost 14 000 matriculants have continued their studies at South African universities, or at international institutions such as Harvard and Oxford. More than two thirds of graduates leaving our Higher Education institutions are employed within one year of graduation, with a further 20% of graduates in this sector continuing with post graduate study. In the resourcing division, post placement research has found that some 90% of ADvTECH placement candidates are integrated effectively into their new workplaces.

During the period under review, the Group concluded agreements for the acquisitions of the Trinityhouse schools as well as for three smaller businesses in the recruitment field, IT Edge, Tech-Pro and The Working Earth. The aggregate cost of these acquisitions amounts to approximately R140 million and is being funded out of the Group's own resources. While these acquisitions are expected to be earnings enhancing in future, they have no material impact on earnings in this reporting period. The National College of Photography, which was acquired with effect from the commencement of the current year, has been successfully integrated into Vega and made a pleasing contribution.

Profit for the period increased by 32% to R72.5 million (2007: R55.0 million), resulting in an increase of 30% in basic headline earnings per share to 18.7 cents (2007: 14.4 cents) and an increase of 34% in diluted headline earnings per share to 18.3 cents (2007: 13.7 cents). The beneficial consequences of these earnings are revealed in the cash flow statement and the Group's sound balance sheet. The distribution per share in this period has been increased by 40% from 5.0 cents to 7.0 cents.

Education

The Education division is a leader in the independent education sector and operates under the academic direction of the Independent Institute of Education (IIE) which encompasses 19 registered Higher Education campuses as well as our various school sites. The IIE superintendence includes the brands Abbotts College, CrawfordSchools™, College Campus, Junior College, Rosebank College, Trinityhouse, Varsity College, Vega – The Brand Communications School, The National College of Photography and the adult education and skills unit, Imfundo, which incorporates Corporate College International.

The Education division increased revenue by 14% to R465.9 million (2007: R407.2 million) and operating profit by 16% to R87.0 million (2007: R75.1 million). The operating margin improved from 18.4% to 18.7% reflecting the benefits of greater capacity and scale.

Resourcing

The Resourcing division's activities include recruitment, placement, temporary staffing, response handling and HR contracting. The portfolio of brands includes Brent Personnel, Cassel & Company, Communicate Personnel, Insource.ICT, Inkokheli Appointments, Network Recruitment, Pro-Rec Recruitment, Vertex-Kapele, IT Edge, Tech-Pro and The Working Earth.

Revenue for the six months increased by 44% to R97.9 million (2007: R67.9 million) and operating profit increased by 47% to R20.5 million (2007: R14.0 million). Demand for skills remains high and this well managed division once again continued to gain market share.

Central administration

Given that the Group's management infrastructure and resources for the next phase of growth are now largely in place, the reduced pace of growth in central administration costs was not unexpected. These costs increased by 11% to R18.4 million (2007: R16.6 million).

Litigation

Legal proceedings against Marina and Andry Welihockyj remain in process.

The Group's legal counsel remains satisfied with the merits of the claims in this matter and that, save for the legal costs, the Group has no further exposure.

Basis of preparation

The financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards and are presented in accordance with IAS 34 ("Interim Financial Reporting"). The accounting policies and methods of computation are consistent with those applied in the previous year.

Balance sheet and cash flow

Free cash flow before capex for the period remains strong at 57.5 cents per share (2007: 46.5 cents). This has resulted in a further strengthening of the Group balance sheet with the net asset value per share increasing by 26% to 113.6 cents (2007: 90.1 cents). The increase in Intangible assets to R34.6 million (2007: R9.3 million) resulted from the acquisitions of The National College of Photography, IT Edge and Tech-Pro.

Cash generated by operating activities of R237.6 million (2007: R189.6 million) enabled the Group to fund capital expenditure of R37.5 million and pay a capital distribution of R42.1 million from its own resources. Part of this cash flow accumulation is seasonal and, given the nature of the Group's business model and investment plans, a portion of the cash resources will be utilised during the second half of the year. It is expected that the Group will remain ungeared at year end. Trade receivables reported at period end were affected by lower than expected collections in the month of June 2008. Collections in July 2008 improved considerably and the shortfall in collections for June 2008 has substantially been recovered.

Capital reduction out of share premium ("distribution")

The Board has resolved to declare an interim distribution to shareholders by way of capital distribution out of share premium of 7.0 cents per share (2007: 5.0 cents) for the period ended 30 June 2008. The authority to make this payment to shareholders was obtained at the Annual General Meeting held on 20 May 2008.

Set out in the table below are the pro-forma financial effects of the distribution on the Group's earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share based on the Group's unaudited financial results as at and for the period ended 30 June 2008. The pro-forma financial effects have been prepared for illustrative purposes only and, because of their nature, they may not give a true reflection of the Group's financial position or results. The pro-forma financial information is the responsibility of the Company's directors.

	Before the distribution[1]	After the distribution	Percentage change
Earnings per share (cents)	18.7	18.4[2]	(2%)
Headline earnings per share (cents)	18.7	18.4[2]	(2%)
Weighted average number of shares in issue ('000)	384 042	384 042	–
Net asset value per share (cents)	113.6	106.8[3]	(6%)
Tangible net asset value per share (cents)	104.9	98.0[3]	(7%)
Number of shares in issue ('000)	393 665	393 665	–

Notes:

1. Extracted from the unaudited financial results for the period ended 30 June 2008.
2. The earnings and headline earnings per share figures in the "After the distribution" column have been based on the following assumptions:
   - the distribution was made on 1 January 2008; and
   - interest, at an average before tax rate of 11.6% per annum, was forfeited on the cash distributed.
3. The net asset value and net tangible asset value per share figures in the "After the distribution" column have been based on the assumption that the distribution was made on 30 June 2008.

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

	2008
Last day to trade in order to participate in the distribution	Friday, 12 September
Trading commences ex distribution on	Monday, 15 September
Record date on	Friday, 19 September
Payment date on	Monday, 22 September

Share certificates may not be dematerialised or rematerialised between Monday, 15 September 2008 and Friday, 19 September 2008, both days inclusive.

Directorate

On 16 May 2008 Professor Brenda Gourley was appointed as an independent non-executive director.

Mr Michael Sacks, who retired as chairman on 31 March 2008, agreed to continue as a non-executive director and to act as chairman until a new incumbent has been appointed.

Prospects

In the Group's schooling and tertiary education businesses, solid enrolments have once again been achieved which provides a secure foundation for a positive year of trading by the education division. Good work is being done to manage costs carefully in order to optimise returns. In recruitment, due to the continuing demand for scarce skills, early indications are that the market will maintain its momentum for the remainder of the year.

Accordingly, provided there are no material adverse developments in trading conditions, the Group expects to deliver improved results and cash flow for the full year.

Michael Sacks
Chairman

Frank Thompson
Chief Executive Officer

Johannesburg
22 August 2008

Directors: MI Sacks* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), JNP Booyens, BD Buckham*, JJ Deeb, CN Duff, DK Ferreira*, BM Gourley*, DL Honey, JD Jansen*, HR Levin*, ER Shipalana, F Titi*
*Non Executive

Alternate Directors: FJ Coughlan, A Isaakidis

Group Company Secretary: SC O'Connor

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Sponsor: Bridge Capital Advisors (Pty) Ltd

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