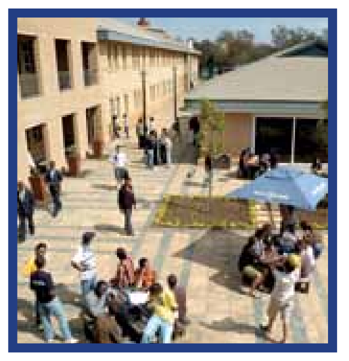
ADvTECH Limited (Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06
JSE code: ADH ISIN number: ZAE 0000 31035



Revenue	▲ 7%
Operating profit	▲ 10%
Headline earnings per share	▲ 10%
Free operating cash flow per share	▲ 20%
Distributions per share	▲ 19%

Interim results for the six months ended 30 June 2011

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2011

R'm	Note	Percentage increase	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Revenue		7%	791,0	740,2	1 470,1
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		7%	143,3	133,9	269,3
Operating profit before interest		10%	110,2	100,5	202,9
Net interest received			7, 1	6,1	9,2
Interest received			7, 5	6,4	9,4
Finance costs			(0,4)	(0,3)	(0,2)
Profit before taxation		10%	117,3	106,6	212,1
Taxation			(37,3)	(33,6)	(63,3)
Profit for the period		10%	80,0	73,0	148,8
Earnings per share					
Basic (cents)		9%	20.0	18.3	37.2
Diluted (cents)		9%	19.9	18.2	37.2
Headline earnings	2		80,1	72,9	148,6
Headline earnings per share					
Basic (cents)		10%	20.0	18.2	37.2
Diluted (cents)		10%	20.0	18.2	37.1
Number of shares in issue (million)			400,8	400,8	400,8
Weighted average number of shares in issue (million)			400,8	399,7	400,8
Weighted average number of shares for purposes of basic earnings per share (million)			400,8	399,7	399,9
Weighted average number of shares for purposes of diluted earnings per share (million)			401,1	401,2	400,2
Net asset value per share (cents)		12%	176.0	157.1	169.1
Free operating cash flow before capex per share (cents)		20%	70.3	58.7	54.1
Distributions per share (cents)		19%	9.5	8.0	21.5

Condensed consolidated statement of financial position

as at 30 June 2011

R'm	Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 December 2010
Assets			
Non-current assets	902,9	848,0	852,6
Property, plant and equipment	701,0	646,7	682,3
Goodwill	95,9	97,6	95,9
Intangible assets	44,7	53,5	47,8
Deferred taxation assets	61,3	50,2	26,6
Current assets	322,9	250,9	132,0
Trade and other receivables	126,0	120,1	78,9
Other current assets	15,5	12,9	15,6
Cash and cash equivalents	181,4	117,9	37,5
Total assets	1 225,8	1 098,9	984,6
Equity and liabilities			
Equity	705,5	629,6	677,8
Current liabilities	520,3	469,3	306,8
Trade and other payables	192,8	177,0	156,7
Taxation	28,3	19,8	26,8
Fees received in advance	299,2	272,5	123,3
Total equity and liabilities	1 225,8	1 098,9	984,6

Supplementary information

for the six months ended 30 June 2011

R'm	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Capital expenditure – current period	49,0	40,0	105,2
Capital commitments – remainder of the year	108,2	108,6	–
– future years	–	–	94,3
Operating lease commitments in cash – future years	313,6	295,1	384,7

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2011

R'm	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Balance at beginning of the period	677,8	610,6	610,6
Total comprehensive income for the period	80,0	73,0	148,8
Dividends paid to shareholders	(10,0)	–	–
Share-based payment expense	1,1	0,7	1,8
Shares purchased by the Share Incentive Trust	–	(2,1)	(7,1)
Share awards granted	(0,1)	–	2,0
Broad-based scheme shares granted	0,4	1,0	1,8
Share options exercised	0,2	–	5,2
Capital distributions to shareholders	(43,9)	(53,6)	(85,3)
Balance at end of the period	705,5	629,6	677,8

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Directors: LW Maasdorp* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), DK Ferreira*, BM Gourley*, JD Jansen*, HR Levin*, JC Livingstone* *Non-Executive

Group Company Secretary: SK Saunders

Registered Office: ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton, 2196.

Transfer Secretaries: Link Market Services SA (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001.

Sponsor: Bridge Capital Advisors (Pty) Ltd, 27 Fricker Road, Illovo, 2196.

Condensed consolidated segmental report

for the six months ended 30 June 2011

R'm	Percentage increase/ (decrease)	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Revenue	7%	791,0	740,2	1 470,1
Education	9%	689,8	635,2	1 264,3
Resourcing	(4%)	102,0	105,9	208,2
Intra Group revenue		(0,8)	(0,9)	(2,4)
Operating profit before interest	10%	110,2	100,5	202,9
Education	14%	120,1	105,1	216,2
Resourcing	(20%)	14,0	17,6	32,6
Central administration	7%	(23,2)	(21,7)	(44,8)
Litigation		(0,7)	(0,5)	(1,1)

Condensed consolidated statement of cash flows

for the six months ended 30 June 2011

R'm	Note	Percentage increase	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Cash generated from operations	3	7%	147,3	137,2	276,1
Movement in working capital			165,7	125,9	(4,3)
Cash generated by operating activities		19%	313,0	263,1	271,8
Net interest received			7,1	6,1	9,2
Taxation paid			(70,5)	(78,9)	(78,1)
Dividends paid			(10,0)	–	–
Capital distributions paid			(44,7)	(53,0)	(84,2)
Net cash inflow from operating activities			194,9	137,3	118,7
Net cash outflow from investing activities			(48,2)	(65,2)	(122,3)
Net cash (outflow)/inflow from financing activities			(2,8)	6,2	1,5
Net increase/(decrease) in cash and cash equivalents			143,9	78,3	(2,1)
Cash and cash equivalents at beginning of the period			37,5	39,6	39,6
Cash and cash equivalents at end of the period			181,4	117,9	37,5
Free operating cash flow before capex per share (cents)					
Profit for the period			80.0	73.0	148.8
Adjusted for non-cash IFRS and lease adjustments (after taxation)			3,0	2,5	5,5
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments			83,0	75,5	154,3
Depreciation and amortisation			33,1	33,4	66,4
Other non-cash flow items (after taxation)			0,1	(0,1)	(0,2)
Operating cash flow after taxation		7%	116,2	108,8	220,5
Movement in working capital			165,7	125,9	(4,3)
Free operating cash flow before capex		20%	281,9	234,7	216,2
Weighted average number of shares for purposes of basic earnings per share (million)			400,8	399,7	399,9
Free operating cash flow before capex per share (cents)		20%	70.3	58.7	54.1

Notes to the condensed consolidated financial statements

for the six months ended 30 June 2011

1. Statement of compliance

The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting. This report has been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the financial statements for the year ended 31 December 2010.

These interim results have not been audited.

R'm	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
2. Determination of headline earnings			
Profit for the period	80,0	73,0	148,8
Items excluded from headline earnings per share	0,1	(0,1)	(0,2)
Loss/(profit) on sale of property, plant and equipment	0,2	(0,1)	(0,3)
Taxation effects on adjustments	(0,1)	–	0,1
Headline earnings	80,1	72,9	148,6
3. Note to the statement of cash flows			
Reconciliation of profit before taxation to cash generated from operations			
Profit before taxation	117,3	106,6	212,1
Adjust for non-cash IFRS and lease adjustments (before taxation)	3,8	3,3	7,1
	121,1	109,9	219,2
Adjust:	26,2	27,3	56,9
Depreciation and amortisation	33,1	33,4	66,4
Net interest received	(7,1)	(6,1)	(9,2)
Other non-cash flow items	0,2	–	(0,3)
Cash generated from operations	147,3	137,2	276,1

Commentary

Overview

The directors are pleased to report strongly improved results for the six months ended 30 June 2011. All key group indicators were positive. These results reflect effective management action in a continuing difficult economy, especially on the employment front, where job losses continue. The Education division returned to solid growth while the Resourcing division struggled under the impact of a difficult jobs market.

Organic growth of 9% in education revenue fuelled a 7% increase in Group revenue to R791 million. Operating profit grew by 10% to R110 million and operating margin improved slightly to 14% (2010: 13.5%), with a strong improvement in education being partially offset by the decline in resourcing.

Net interest earned has grown by 16% mainly as a result of the strong improvement in cash flow. The effective taxation rate increased marginally to 31.8% compared to the previous period's 31.5% and the normal tax rate of 28%. This increase is mainly the result of STC of R1 million (2010: nil) and a decline in the learnership allowance received. The high overall rate is also the result of non-deductible expenses, mainly non-cash accounting adjustments relating to lease adjustments, depreciation and amortisation. Profit for the period increased by 10% to R80 million and both basic and diluted headline earnings per share increased by 10% to 20.0 cents. Improved earnings and cash flow, together with the very strong financial position, have enabled the directors to declare an increased distribution by way of a dividend of 9.5 cents per share.

Education

The Education division is a leader in the independent education sector and operates under the academic direction and guidance of The Independent Institute of Education (IIE), which encompasses 21 registered Higher Education campuses as well as 32 school sites. The education brands include Abbotts College, CrawfordSchools™, College Campus, The Design School Southern Africa, Forbes Lever Baker, Imfundo (incorporating Corporate College International), Junior Colleges, Rosebank College, Trinityhouse, Varsity College and Vega (incorporating The National College of Photography).

The Division increased revenue by 9% (2010: 9%) and contributed 87% (2010: 86%) to Group revenue. This represents a satisfactory mix of fee and student growth in the Group's core education offering. There has been little progress in the tender arena as a result of the disruption in functioning of the SETA system. Operating profit increased by 14% to R120 million and operating margin improved as a result of improved capacity utilisation. This has enabled the Division to absorb increased operating costs associated with bringing the new IT system into use.

Resourcing

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

Early signs of market improvement in the second half of last year have not been sustained in the current year and revenue declined in the period. This led to a drop in margins and a decline in operating profit to R14 million. The operational structure of the Division lends itself to rapid adjustment and the necessary steps are being taken to rebalance operations. The Division contributed 13% (2010: 14%) to Group revenue with revenue declining by 4% to R102 million.

Central administration and litigation

Central administration costs increased in line with inflation by 7% to R23 million (2010: R22 million). Legal proceedings against Marina and Andry Welihockyj remain in progress with the discovery and trial preparation phases well under way. Increased activity in this regard is expected to result in a modest increase in the level of litigation expenditure. The efforts of the Welihockyj parties to delay the matter coming to trial have resulted in the matter being placed under the case management supervision of a judge. The Group's legal counsel remain satisfied with the merits of the claims in this matter and that, save for legal costs, the Group has no further exposure.

Financial

Free operating cash flow of R282 million has increased by 20% from last year's R235 million, reflecting both effective financial controls and a small increase in the proportion of upfront fee payments received. The balance sheet also strengthened with net asset value increasing by 12% to R706 million and cash on hand increasing by 54% to R181 million. It is also pleasing to note that debtors have increased by less than 5% compared to revenue growth of 7%. Fees in advance have increased by 10% to R299 million. This increase, which is greater than the rate of increase in revenue itself, can be considered a positive indicator in regard to cash flows and, to some extent, revenues.

Cash generated by operating activities of R313 million has enabled the Group to fund investments of R48 million, taxation payments of R71 million and distributions of R55 million from its own resources.

Dividend

The Board has resolved to declare an interim dividend of 9.5 cents (2010: capital distribution of 8.0 cents) per share for the period ended 30 June 2011.

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

	2011
Last day to trade in order to participate in the dividend	Friday, 9 September
Trading commences ex dividend	Monday, 12 September
Record date	Friday, 16 September
Payment date	Monday, 19 September

Share certificates may not be dematerialised or rematerialised between Monday, 12 September 2011 and Friday, 16 September 2011, both days inclusive.

Directorate

Mr CH Boulle has been appointed as an alternate director to Mr HR Levin effective 1 September 2011.

Company secretary

Mrs SK Saunders has been appointed as the company secretary effective 1 July 2011.

Prospects

The return to growth in the Group's education business, including particularly organic growth in its core operations, has justified the Board's faith in ADvTECH's well-proven business model. The Group has therefore sustained its programme of long-term investment planning with a 22% increase in capital expenditure in this period and capital commitments for the remainder of the year of over R100 million. These include the building of the new Trinityhouse school in Little Falls which will be open for the first intake of students in January 2012. The strength of the Group's cash flow and balance sheet together with a satisfactory increase in student enrolments underpin this confidence in the future of the business, particularly its core Education division.

Steps are being taken to rebalance the Resourcing division to ensure that capability and capacity are correctly aligned to the needs of the market. The Board is confident that the combination of the Group's sound strategic position and the steps outlined above will drive performance for the remainder of the year.

On behalf of the Board

Leslie Maasdorp
Chairman

Frank Thompson
Chief Executive Officer

22 August 2011

BASTION GRAPHICS