ADvTECH GROUP

ADvTECH Limited ("ADvTECH" or "the Group") (Incorporated in the Republic of South Africa)
Registration number: 1990/001119/06 JSE code: ADH ISIN number: ZAE 0000 31035
Income taxation number: 9550/190/71/5

www.advtech.co.za

AUDITED RESULTS

for the year ended **31 December 2012**

REVENUE 5% ▲

FREE OPERATING CASH FLOW PER SHARE 4% ▲

HEADLINE EARNINGS PER SHARE 14% ▼

DIVIDEND PER SHARE FOR THE YEAR 24.0 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

R'm	Note	Percentage increase/ (decrease)	Audited 31 Dec 2012	Audited 31 Dec 2011
Revenue		5%	**1 687.2**	1 605.6
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		(8%)	**267.6**	292.3
Operating profit before interest and impairment		(13%)	**200.0**	230.0
Impairment of tangible and intangible assets			**(1.5)**	(5.3)
Net interest received			**4.0**	10.8
Interest received			**7.8**	11.0
Finance costs			**(3.8)**	(0.2)
Profit before taxation			**202.5**	235.5
Taxation			**(64.1)**	(79.2)
Total comprehensive income for the year			**138.4**	156.3
Earnings per share (cents)				
Basic		(12%)	**34.4**	39.0
Diluted		(12%)	**34.4**	39.0
Headline earnings	2		**139.1**	161.8
Headline earnings per share (cents)				
Basic		(14%)	**34.6**	40.4
Diluted		(14%)	**34.6**	40.4
Number of shares in issue (million)			**421.3**	420.8
Number of shares in issue net of treasury shares (million)			**404.0**	401.4
Weighted average number of shares in issue (million)			**421.1**	405.8
Weighted average number of shares for purposes of basic earnings per share (million)			**402.3**	400.8
Weighted average number of shares for purposes of diluted earnings per share (million)			**402.5**	400.8
Net asset value per share including treasury shares (cents)		5%	**188.3**	178.5
Net asset value per share net of treasury shares (cents)		5%	**196.3**	187.1
Free operating cash flow before capex per share (cents)		4%	**68.4**	66.0
Dividends per share (gross) (cents)		(8%)	**24.0**	26.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

R'm	Audited 31 Dec 2012	Audited 31 Dec 2011
Assets		
Non-current assets	**1 131.8**	975.7
Property, plant and equipment	**929.8**	756.4
Proprietary technology systems	**50.1**	56.5
Goodwill	**98.2**	98.2
Intangible assets	**31.1**	36.2
Deferred taxation assets	**22.6**	28.4
Current assets	**203.9**	179.3
Trade and other receivables	**111.0**	105.5
Taxation	**–**	9.8
Other current assets	**19.0**	17.2
Bank balances and cash	**73.9**	46.8
Total assets	**1 335.7**	1 155.0
Equity and liabilities		
Equity	**793.1**	751.2
Current liabilities	**542.6**	403.8
Revolving credit loan	**120.0**	–
Trade and other payables	**226.5**	194.5
Provision	**5.2**	–
Taxation	**5.8**	–
Fees received in advance	**169.0**	138.6
Bank overdraft	**16.1**	70.7
Total equity and liabilities	**1 335.7**	1 155.0

SUPPLEMENTARY INFORMATION

for the year ended 31 December 2012

R'm	Audited 31 Dec 2012	Audited 31 Dec 2011
Capital expenditure – current year	**231.5**	187.8
Capital commitments	**1 096.5**	135.9
Authorised by directors and contracted for	**130.5**	107.6
Authorised by directors and not yet contracted for	**966.0**	28.3
Anticipated timing of spend	**1 096.5**	135.9
0 – 2 years	**319.4**	122.0
3 – 5 years	**225.6**	9.5
more than 5 years	**551.5**	4.4
Operating lease commitments in cash – future years	**295.4**	374.5

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

R'm	Audited 31 Dec 2012	Audited 31 Dec 2011
Balance at beginning of the year	**751.2**	677.8
Total comprehensive income for the year	**138.4**	156.3
Distributions to shareholders	**(107.4)**	(91.8)
Share-based payment expense and awards	**5.1**	6.5
Shares to be issued for business acquisition	**–**	2.6
Shares purchased by the Share Incentive Trust	**–**	(0.3)
Share options exercised	**5.8**	0.1
Balance at end of the year	**793.1**	751.2

Directors: LW Maasdorp* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), CH Boulle*, BM Gourley*, JD Jansen*, HR Levin*, JC Livingstone*, SA Zinn* **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, Rennie House, 19 Ameshoff Street, Braamfontein, 2017.

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

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the year ended 31 December 2012

R'm	Percentage increase/ (decrease)	Audited 31 Dec 2012	Audited 31 Dec 2011
Revenue	5%	**1 687.2**	1 605.6
Schools	12%	**739.2**	658.1
Tertiary	0%	**738.5**	742.1
Resourcing	2%	**211.3**	206.9
Intra Group revenue		**(1.8)**	(1.5)
Operating profit before interest and impairment	(13%)	**200.0**	230.0
Schools	20%	**147.7**	122.7
Tertiary	(64%)	**32.3**	90.2
Resourcing	14%	**22.0**	19.3
Litigation		**(2.0)**	(2.2)
Property, plant and equipment and proprietary technology systems	21%	**979.9**	812.9
Schools	25%	**698.6**	559.6
Tertiary	11%	**278.2**	249.9
Resourcing	(9%)	**3.1**	3.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

R'm	Note	Percentage increase/ (decrease)	Audited 31 Dec 2012	Audited 31 Dec 2011
Cash generated from operations	3	(8%)	**279.1**	301.9
Movement in working capital			**57.1**	31.8
Cash generated by operating activities		1%	**336.2**	333.7
Net interest received			**4.0**	10.8
Taxation paid			**(42.7)**	(117.6)
Distributions to shareholders paid			**(107.2)**	(92.5)
Net cash inflow from operating activities			**190.3**	134.4
Net cash outflow from investing activities			**(228.6)**	(187.2)
Net cash inflow/(outflow) from financing activities			**120.0**	(8.6)
Net increase/(decrease) in cash and cash equivalents			**81.7**	(61.4)
Cash and cash equivalents at beginning of the year			**(23.9)**	37.5
Cash and cash equivalents at end of the year			**57.8**	(23.9)

FREE OPERATING CASH FLOW BEFORE CAPEX PER SHARE

for the year ended 31 December 2012

R'm	Percentage increase/ (decrease)	Audited 31 Dec 2012	Audited 31 Dec 2011
Total comprehensive income for the year		**138.4**	156.3
Adjusted for non-cash IFRS and lease-adjustments (after taxation)		**11.2**	8.5
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments		**149.6**	164.8
Depreciation and amortisation		**67.6**	62.3
Other non-cash flow items (after taxation)		**0.7**	5.5
Operating cash flow after taxation	(6%)	**217.9**	232.6
Movement in working capital		**57.1**	31.8
Free operating cash flow before capex	4%	**275.0**	264.4
Weighted average number of shares for purposes of basic earnings per share (million)		**402.3**	400.8
Free operating cash flow before capex per share (cents)	4%	**68.4**	66.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

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 (IFRSs) of the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council as well as the South African Companies Act, 71 of 2008 and the information as required by IAS 34: Interim Financial Reporting. The 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 2011. The preparation of the Group's consolidated financial results for the year ended 31 December 2012 was supervised by Didier Oesch CA(SA), the Group's financial director.

There have been no material subsequent events since year end.

Independent auditors' opinion

The auditors, Deloitte & Touche, have issued their opinion on the Group's financial statements for the year ended 31 December 2012. Their audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These condensed financial statements have been derived from the Group financial statements and are consistent in all material respects with the Group financial statements. The auditors' report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of their report together with the accompanying financial information from the Company's registered office.

Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

R'm	Audited 31 Dec 2012	Audited 31 Dec 2011
2. DETERMINATION OF HEADLINE EARNINGS		
Total comprehensive income for the year	**138.4**	156.3
Items excluded from headline earnings per share	**0.7**	5.5
(Profit)/loss on sale of property, plant and equipment	**(0.6)**	0.3
Impairment of tangible and intangible assets	**1.5**	5.3
	0.9	5.6
Taxation effects of adjustments	**(0.2)**	(0.1)
Headline earnings	**139.1**	161.8
3. NOTE TO THE STATEMENT OF CASH FLOWS		
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**202.5**	235.5
Adjust for non-cash IFRS and lease adjustments (before taxation)	**12.1**	9.3
	214.6	244.8
Adjust:	**64.5**	57.1
Depreciation and amortisation	**67.6**	62.3
Net interest received	**(4.0)**	(10.8)
Impairment of tangible and intangible assets	**1.5**	5.3
Other non-cash flow items	**(0.6)**	0.3
Cash generated from operations	**279.1**	301.9

COMMENTARY

Overview

The directors are pleased to report satisfactory results for the year ended 31 December 2012. These should be seen in light of the difficult circumstances experienced during the year. A modest improvement in profit was achieved in the second half compared to the first half, even after accounting for one-off costs arising from corrective action taken following reduced tertiary enrolments. The Resourcing division was steady despite underperforming in the last four months in relation to a severe loss of confidence experienced across the staffing industry following the tragic events at Marikana, which later spread to other sectors.

The Group has made progress in its investment programme with two additional Trinityhouse School sites opening at the beginning of 2013. Total capital expenditure for the year amounted to R232 million. The Group continues to plan and implement new investments that will add capacity. Further announcements will be made as launch dates are reached.

Our 1 301 Matric candidates once again achieved outstanding results and collectively they achieved 2 840 subject distinctions as well as excellent overall results in key subjects such as Mathematics, Accounting, Physical Science and English. Our schools have been acknowledged publicly as leading the field in both Gauteng and KwaZulu-Natal.

In the Tertiary division, 3 872 (2011: 3 233) of our students graduated with qualifications at certificate, diploma, degree or honours level. The 2011 final year accountancy class at Varsity College Durban North achieved a 76% pass rate in the SAICA Qualifying Examination held earlier this year. The module success rate in the IIE degree programmes exceeds 70% with distinction rates of between 16% and 25%. The IIE obtained accreditation of its first Masters degree while the Career Centres of Rosebank College were directly responsible for finding employment for over a third of their graduates. The Division also announced the launch of its joint venture with the University of the Free State for the provision of the four year LLB programme at Varsity College. The first intake of students has been very encouraging.

The Resourcing division's focus on key niche markets and its proven operating method stood it in good stead in generally difficult staffing markets. 3 758 (2011: 3 977) candidates were placed in new career positions and our leading position was maintained in the IT, Finance, Engineering and Human Resources sectors for permanent staff.

Financial

The Group reported a 5% increase in revenue to R1,7 billion. Operating profit decreased by 13% to R200 million at an operating margin of 11.9% (2011: 14.3%). The effective taxation rate decreased to 32% (2011: 34%) as Secondary Taxation on Companies worked its way out of the system. Net interest of R4,0 million (2011: R10,8 million) was earned. As a result, headline earnings and basic earnings per share declined by 14% to 34.6 cents and 12% to 34.4 cents respectively, which compares to a 17% decline in both at the half year.

Revenue in the Schools division increased by 12% and operating profit by 20%, as a result of continued strong demand for places against a modest increase in the number of places available. The Schools division continues to experience increased demand and waiting lists have grown.

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

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

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

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

Investments and finance

At half year the Group reported R1,1 billion of capital commitments which included the construction of eight new schools. As noted above, the first phases of two of these schools have been completed (Trinityhouse Little Falls Primary phase and Palm Lakes), while four additional Trinityhouse projects have been approved by the Board. The approval of additional projects in the last six months has resulted in commitments remaining at R1,1 billion and now includes ten new or extended schools. These projects are to be rolled out over the next eight to ten years with approximately R319 million of the committed expenditure to be spent over the next two years.

The directors have assessed the Group's funding needs in light of these and other planned investments. While internal cash generation will be sufficient in the medium-term and beyond, there will be a short-term bridging requirement. Accordingly a three year unsecured revolving credit and overdraft facility of R400 million has been arranged with ABSA on competitive terms. Draw-downs were made against these facilities during November and December last year. As a result of our seasonal cash pattern, these have since been repaid and the Group has substantial cash balances at present. Consideration has been given to additional financing requirements in the event of further investments presently under investigation being approved and implemented. The seasonal pattern of cash flow makes the revolving credit arrangement appropriate at the existing level of funding and any further increase in investments may require longer term finance.

Schools

The Schools division houses Abbotts College, CrawfordSchools™, Junior Colleges and Trinityhouse. These schools provide education from pre-school to matric. In 2012, some 13 000 students were served at 31 schools.

Tertiary

The Independent Institute of Education's (IIE) tertiary brands of College Campus, The Design School Southern Africa, Forbes Lever Baker, Rosebank College, Varsity College and Vega served 20 000 full time and 13 000 part time students on its 23 campuses. A Senate and various specialist advisory committees together with a strong academic and operational team provide academic governance, leadership and assure the quality of the offerings across the brands.

Resourcing

The Resourcing division includes Brent Personnel, Cassel & Company, Communicate Personnel, Inkokheli HR Appointments, Insource.ICT, IT Edge, Network Recruitment, Tech-Pro Personnel, Vertex-Kapele and The Working Earth. The Division's major activities are in the fields of permanent staffing, recruitment advertising and advertising response handling.

Transformation

ADvTECH makes a contribution to the transformation of South African society through its day-to-day activities. The great majority of students and candidates placed are black. The Group made further progress in growing the black complement of its senior management as well as its staff complement, which has reached 41%.

The work previously undertaken by the Board Transformation Committee has been continued by the Transformation, Social and Ethics Committee, established during the year and which continues to guide the Group's progress as measured against the relevant Department of Trade and Industry codes and the JSE Socially Responsible Investment Index, of which ADvTECH has been a constituent for the past seven years.

Litigation

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

Directorate

David Ferreira resigned from the Board at the Annual General Meeting in May 2012 having served on the Board for 10 years. Professor Shirley Zinn was appointed to the Board on 22 October 2012. The status of Chris Boulle has changed to that of an independent non-executive director with effect from 8 March 2013 (from an alternate director to Hymie Levin).

Declaration of Final dividend number 7

The Board has resolved to declare a final gross dividend of 14.0 cents (2011: 16.5 cents) per share. This brings the full year dividend to 24.0 cents (2011: 26.0 cents) per share.

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend taxation (DT) rate is 15% and no credits in terms of Secondary Taxation on Companies (STC) were available for utilisation. The net amount payable to shareholders who are not exempt from DT is 11.9 cents per share, while it is 14.0 cents per share to those shareholders who are exempt from DT.

There are 421 282 422 ordinary shares in issue, the total dividend amount payable is R59 million.

The salient dates and times applicable to the dividend referred to above are as follows:

	2013
Declaration of dividend	Friday, 15 March
Announcement date (publication of declaration data)	Monday, 18 March
Last day to trade in order to participate in the dividend	Friday, 5 April
Trading commences ex dividend	Monday, 8 April
Record date	Friday, 12 April
Payment date	Monday, 15 April

Share certificates may not be dematerialised or rematerialised between Monday, 8 April 2013 and Friday, 12 April 2013, both days inclusive.

Prospects

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

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

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

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

On behalf of the Board

Leslie Maasdorp
Chairman
18 March 2013

Frank Thompson
Chief Executive Officer