INTERIM RESULTS

FOR THE SIX MONTHS
ENDED **30 JUNE**

2013

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HIGHLIGHTS

REVENUE	4% ↑
GROUP OPERATING PROFIT	9% ↑
TERTIARY OPERATING PROFIT	31% ↑
HEADLINE EARNINGS PER SHARE	7% ↑
CAPITAL COMMITMENTS	R1.2 billion
INTERIM DIVIDEND PER SHARE	10.5 cents

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2013

R'm	Note	Percentage increase/ (decrease)	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Revenue		4%	**881.7**	850.4	1 687.2
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)		7%	**135.8**	126.6	267.6
Operating profit before interest and impairment		9%	**100.6**	92.4	200.0
Impairment of tangible assets			**–**	–	(1.5)
Net interest received			**3.6**	5.3	4.0
Interest received			**4.9**	5.8	7.8
Finance costs			**(1.3)**	(0.5)	(3.8)
Profit before taxation		7%	**104.2**	97.7	202.5
Taxation			**(32.6)**	(31.0)	(64.1)
Total comprehensive income for the period		7%	**71.6**	66.7	138.4
Earnings per share (cents)					
Basic		7%	**17.7**	16.6	34.4
Diluted		7%	**17.7**	16.6	34.4
Headline earnings	2		**71.5**	66.5	139.1
Headline earnings per share (cents)					
Basic		7%	**17.7**	16.6	34.6
Diluted		7%	**17.7**	16.6	34.6
Number of shares in issue (million)			**421.3**	421.3	421.3
Number of shares in issue net of treasury shares (million)			**404.0**	402.2	404.0
Weighted average number of shares for purposes of basic earnings per share (million)			**404.0**	401.7	402.3
Weighted average number of shares for purposes of diluted earnings per share (million)			**404.6**	401.8	402.5
Net asset value per share including treasury shares (cents)		7%	**192.0**	179.1	188.3
Net asset value per share net of treasury shares (cents)		7%	**200.2**	187.6	196.3
Free operating cash flow before capex per share (cents)		(1%)	**70.7**	71.5	68.4
Dividends per share (gross) (cents)		5%	**10.5**	10.0	24.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

R'm	**Unaudited 30 Jun 2013**	Unaudited 30 Jun 2012	Audited 31 Dec 2012
Assets			
Non-current assets	**1 207.7**	1 050.8	1 131.8
Property, plant and equipment	**976.7**	808.8	929.8
Proprietary technology systems	**46.9**	53.2	50.1
Goodwill	**98.2**	98.2	98.2
Intangible assets	**29.1**	33.6	31.1
Deferred taxation assets	**56.8**	57.0	22.6
Current assets	**265.3**	288.4	203.9
Trade and other receivables	**158.0**	153.7	111.0
Other current assets	**21.4**	16.6	19.0
Bank balances and cash	**85.9**	118.1	73.9
Total assets	**1 473.0**	1 339.2	1 335.7
Equity and liabilities			
Equity	**809.0**	754.6	793.1
Current liabilities	**664.0**	584.6	542.6
Revolving credit loan	**–**	–	120.0
Trade and other payables	**234.0**	212.6	226.5
Provision	**3.3**	–	5.2
Taxation	**34.5**	17.9	5.8
Fees received in advance	**392.2**	354.1	169.0
Bank overdraft	**–**	–	16.1
Total equity and liabilities	**1 473.0**	1 339.2	1 335.7

SUPPLEMENTARY INFORMATION

for the six months ended 30 June 2013

R'm	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Capital expenditure – current period	**79.0**	80.9	231.5
Capital commitments	**1 247.1**	1 117.5	1 096.5
Authorised by directors and contracted for	**234.5**	171.2	130.5
Authorised by directors and not yet contracted for	**1 012.6**	946.3	966.0
Anticipated timing of spend	**1 247.1**	1 117.5	1 096.5
0 – 2 years	**399.1**	363.5	319.4
3 – 5 years	**333.0**	214.1	225.6
more than 5 years	**515.0**	539.9	551.5
Operating lease commitments in cash – future years	**331.4**	333.3	295.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2013

R'm	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Balance at beginning of the period	**793.1**	751.2	751.2
Total comprehensive income for the period	**71.6**	66.7	138.4
Dividends declared to shareholders	**(56.9)**	(66.8)	(107.4)
Share-based payment expense and awards	**1.2**	3.5	5.1
Shares issued	**–**	2.6	–
Shares to be issued for business acquisition	**–**	(2.6)	–
Share options exercised	**–**	–	5.8
Balance at end of the period	**809.0**	754.6	793.1

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the six months ended 30 June 2013

R'm	Percentage increase/ (decrease)	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Revenue	4%	**881.7**	850.4	1 687.2
Schools	11%	**406.6**	367.4	739.2
Tertiary	1%	**373.7**	371.5	738.5
Resourcing	(9%)	**102.9**	112.7	211.3
Intra Group revenue		**(1.5)**	(1.2)	(1.8)
Operating profit before interest and impairment	9%	**100.6**	92.4	200.0
Schools	9%	**69.8**	63.8	147.7
Tertiary	31%	**21.5**	16.4	32.3
Resourcing	(24%)	**10.0**	13.2	22.0
Litigation		**(0.7)**	(1.0)	(2.0)
Property, plant and equipment and proprietary technology systems	19%	**1 023.6**	862.0	979.9
Schools	23%	**754.8**	615.4	698.6
Tertiary	9%	**265.7**	243.6	278.2
Resourcing	3%	**3.1**	3.0	3.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2013

R'm	Note	Percentage increase	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Cash generated from operations	3	4%	**137.4**	132.7	279.1
Movement in working capital			**178.7**	183.2	57.1
Cash generated by operating activities			**316.1**	315.9	336.2
Net interest received			**3.6**	5.3	4.0
Taxation paid			**(38.2)**	(32.0)	(42.7)
Dividends paid			**(56.8)**	(66.7)	(107.2)
Net cash inflow from operating activities			**224.7**	222.5	190.3
Net cash outflow from investing activities			**(76.6)**	(80.5)	(228.6)
Net cash (outflow)/inflow from financing activities			**(120.0)**	–	120.0
Net increase in cash and cash equivalents			**28.1**	142.0	81.7
Cash and cash equivalents at beginning of the period			**57.8**	(23.9)	(23.9)
Cash and cash equivalents at end of the period			**85.9**	118.1	57.8

FREE OPERATING CASH FLOW BEFORE CAPEX PER SHARE

for the six months ended 30 June 2013

R'm	Percentage increase/ (decrease)	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
Total comprehensive income for the period		**71.6**	66.7	138.4
Adjusted for non-cash IFRS and lease adjustments (after taxation)		**0.3**	3.4	11.2
Net operating profit after taxation – adjusted for non-cash IFRS and lease adjustments		**71.9**	70.1	149.6
Depreciation and amortisation		**35.2**	34.2	67.6
Other non-cash flow items (after taxation)		**(0.1)**	(0.2)	0.7
Operating cash flow after taxation	3%	**107.0**	104.1	217.9
Movement in working capital		**178.7**	183.2	57.1
Free operating cash flow before capex	(1%)	**285.7**	287.3	275.0
Weighted average number of shares for purposes of basic earnings per share (million)		**404.0**	401.7	402.3
Free operating cash flow before capex per share (cents)	(1%)	**70.7**	71.5	68.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the six months ended 30 June 2013

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 2012. The preparation of the Group's consolidated financial results for the six months ended 30 June 2013 was supervised by Didier Oesch CA(SA), the Group's financial director.

These interim results have not been audited.

R'm	**Unaudited 6 months to 30 Jun 2013**	Unaudited 6 months to 30 Jun 2012	Audited 12 months to 31 Dec 2012
2. DETERMINATION OF HEADLINE EARNINGS			
Total comprehensive income for the period	**71.6**	66.7	138.4
Items excluded from headline earnings per share	**(0.1)**	(0.2)	0.7
Profit on sale of property, plant and equipment	**(0.2)**	(0.3)	(0.6)
Impairment of tangible assets	**–**	–	1.5
	(0.2)	(0.3)	0.9
Taxation effects of adjustments	**0.1**	0.1	(0.2)
Headline earnings	**71.5**	66.5	139.1
3. NOTE TO THE STATEMENT OF CASH FLOWS			
Reconciliation of profit before taxation to cash generated from operations			
Profit before taxation	**104.2**	97.7	202.5
Adjusted for non-cash IFRS and lease adjustments (before taxation)	**1.8**	6.4	12.1
	106.0	104.1	214.6
Adjust:	**31.4**	28.6	64.5
Depreciation and amortisation	**35.2**	34.2	67.6
Net interest received	**(3.6)**	(5.3)	(4.0)
Impairment of tangible assets	**–**	–	1.5
Other non-cash flow items	**(0.2)**	(0.3)	(0.6)
Cash generated from operations	**137.4**	132.7	279.1

COMMENTARY

Overview

The directors are pleased to report improved results for the six months ended 30 June 2013 in a period of enduring difficulties in the staffing environment and generally subdued economic conditions. Continued growth in the Schools division and early signs of a turnaround in the Tertiary division enabled the Group to increase operating profit by 9% and strengthen operating margin to 11.4%. The Group also advanced long term capital expenditure plans by announcing new investments and continuing the evaluation of new projects. Revenue growth of 4% was underpinned by 11% growth in the Schools division's revenue and enabled the achievement of EBITDA growth of 7% and operating profit growth of 9%. Net interest earned declined to R3,6 million (2012: R5,3 million) as a result of increased capital spending and the effective taxation rate declined fractionally. The net result is that total comprehensive income for the period increased by 7% to R72 million with headline earnings per share of 17.7 cents (2012: 16.6 cents).

Free operating cash flow per share remains sound with a marginal decrease to 70.7 cents (2012: 71.5 cents). The small decline is ascribed to a timing effect on debtors' receipts as the half-year ended on a Sunday. The balance sheet is sound with net cash on hand of R86 million at 30 June 2013. This has enabled the directors to declare a dividend of 10.5 cents (2012: 10.0 cents) per share while sustaining the Group's long term investment strategy.

Schools

The Schools division is a leader in the independent schools sector and consists of 36 sites under the brands Abbotts College, CrawfordSchools™, Junior Colleges and Trinityhouse.

The division contributes 46% of Group revenue and grew by 11% to R407 million. The bulk of the Group's present capital expenditure is directed into this division which consequently bears additional costs ahead of opening new sites. This has limited operating profit growth for the division to 9% with a small decline in operating margin. The Group's schools continue to attract strong demand and this is a crucial justification for our investment strategy which will enable us to offer more places.

Tertiary

The Tertiary division comprises The Independent Institute of Education which operates through the well-known tertiary brands Forbes Lever Baker, Rosebank College, The Design School Southern Africa, Varsity College and Vega. The division has a national urban footprint of 21 sites with an institutional structure which enhances academic leadership and governance.

The division contributes 42% to Group revenue and grew by 1%. This net revenue growth is the aggregate outcome of a combination of:

- the decline in second year enrolments as a consequence of reduced first year enrolments last year;
- a decline in revenue experienced as a result of the consolidation of sites referred to last year and which has continued in the present period; and,
- good growth in a number of programmes and sites, both in response to longer term strategic plans as well as shorter term operational interventions following the 2012 results.

Operating profit improved by 31% to R22 million after accounting in this period for once-off costs of approximately R4 million. The planned consolidation has resulted in a reduction in the number of sites. The incorporation of Rosebank College and College Campus into a single operating unit is beginning to achieve the intended efficiencies.

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, Inkokheli HR Appointments, Insource.ICT, IT Edge, Network Recruitment, Tech-Pro Personnel and The Working Earth.

The severe decline in staffing markets reported last year due to labour-related incidents continued in 2013. Slight improvement has been noted in the latter part of the period under review and performance improved in the second quarter. Revenue, which represents 12% of Group revenue, declined by 9% and operating profit by 24% to R10 million.

Financial

Strong free operating cash flow was driven mainly by sound cash collections. Control over the debtors' book strengthened as the operational effectiveness of the Tertiary division's student administrative system was embedded. The increase of 3% in net debtors to R158 million was below the 4% increase in revenue. Fees received in advance increased by 11%, which bodes well for cash management in the rest of the year. Net asset value increased by 7% to R809 million while continued implementation of our investment strategy has seen the value of tangible and technology assets grow to over R1 billion for the first time.

Cash generated by operating activities of R316 million has enabled the Group to fund investments of R79 million, taxation payments of R38 million and dividends of R57 million from own resources. As planned, in the second half-year use will be made of the Group's revolving credit facility as funds are needed in the normal course of operations and to meet the requirements of the continuing investment programme. Since the last report, the board has approved further capital expenditure of R235 million which includes a significant expansion in Varsity College Durban North and the development of two additional school sites in Gauteng.

Declaration of interim dividend no. 8

The board is pleased to announce the declaration of a gross dividend of 10.5 cents (2012: 10.0 cents) per ordinary share in respect of the period ended 30 June 2013.

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 per share payable to shareholders who are not exempt from DT is 8.925 cents per share, while it is 10.5 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 R44 million.

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

	2013
Declaration date	Friday, 23 August
Announcement date	Monday, 26 August
Last day to trade in order to participate in the dividend	Friday, 13 September
Trading commences ex dividend	Monday, 16 September
Record date	Friday, 20 September
Payment date	Monday, 23 September

Share certificates may not be dematerialised or rematerialised between Monday, 16 September 2013 and Friday, 20 September 2013, both days inclusive.

Prospects

The directors are encouraged by the return to overall growth in the Group. Student numbers in the Schools division are expected to increase as capex continues to create additional places. The challenges within the Tertiary environment continue and the benefits of the operational interventions in the Tertiary division are expected to be felt in 2014 and beyond. The Resourcing division will still feel the effects of a difficult staffing market but is well positioned to hold its own and continue to make a positive contribution.

ADvTECH is in an exciting phase of its life cycle, particularly within the Schools division, which has achieved growth albeit with short term margin constraints arising from the expansion programme. The Group continues with the roll-out of significant investments in response to solid demand across the Schools division and in the upper market segments of the Tertiary division. These expansions are expected to deliver sustained growth in the long term. The Group's human and financial resources have the strength and depth to sustain the projected growth trajectory and the directors are positive about the future opportunities for the Group.

Leslie Maasdorp
Chairman

Frank Thompson
Chief Executive Officer

26 August 2013

Directors: LW Maasdorp* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), CH Boulle*, BM Gourley*, JD Jansen*, HR Levin*, JC Livingstone*, SA Zinn* **Non-executive*
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