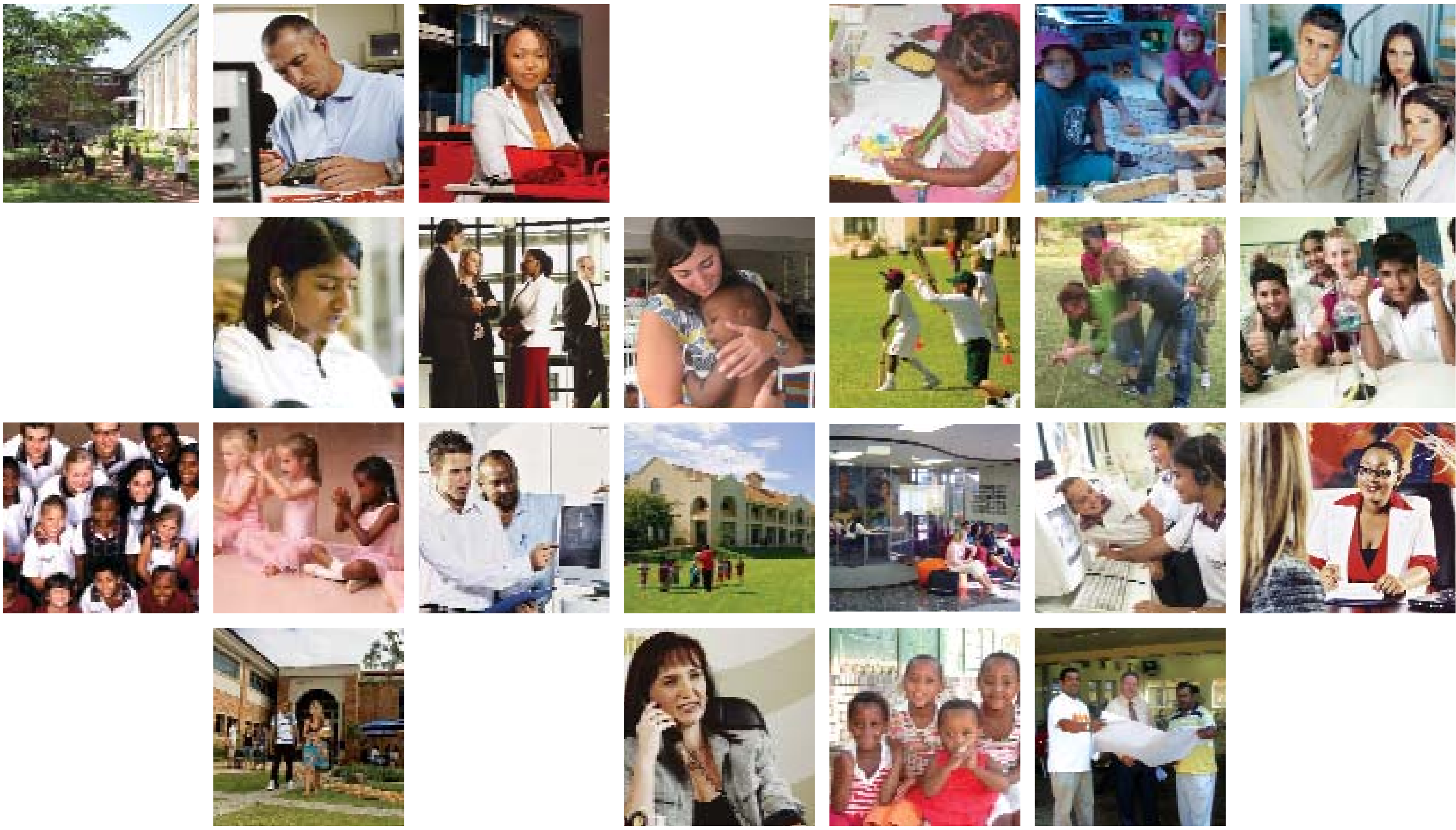
ADTECH GROUP

FINANCIAL REPORT 2007



Developing talent to succeed in an ever-changing world

FINANCIAL HIGHLIGHTS
for the year ended 31 December 2007

Revenue	**up 16%**
Operating profit	**up 31%**
Headline earnings per share	**up 41%**
Distribution per share	**up 45%**

R'000	%	**2007**	2006
Revenue	16%	**962 711**	830 129
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	30%	**194 030**	149 038
Operating profit	31%	**160 548**	122 284
Profit before taxation	37%	**174 869**	127 823
Ordinary shareholders' equity	27%	**414 924**	327 246
Total assets	25%	**659 017**	529 023
Distribution per share (cents)	45%	**16.0**	11. 0
Net asset value per share (cents)	27%	**105.4**	83.1
Free operating cash flow before capex per share (cents)	5%	**42.1**	40.1
EBITDA margin (%)		**20.2**	18.0
Headline earnings per share (cents)	41%	**32.0**	22.7
Diluted headline earnings per share (cents)	42%	**31.0**	21.8
Number of employees (at year end)	8%	**3 105**	2 888

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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") and the Companies Act, 61 of 1973, as amended ("the Act"). The Board is confident that the Group currently complies, in all material respects, with the principles incorporated in the Code of Corporate Practices contained in the Report and the provisions of the Act. The Board and its Committees acknowledge their responsibility to ensure that the principles of good corporate governance are observed, 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 seven executive, two 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 Nominations 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 holds any 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 F Titi's appointment to the Board on 7 December 2006 was confirmed by shareholders at the annual general meeting held on 23 May 2007. On 24 August 2007 Mr ER Shipalana was appointed to the Board as an executive director and Dr FJ Coughlan as an alternate director.

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

Directors	23/3	18/5	24/8	5/10	6/12
JNP Booyens	✓	✓	✓	✓	✓
BD Buckham	✓	✓		✓	✓
FJ Coughlan (Alt)*[1]			✓		✓
JJ Deeb	✓	✓	✓	✓	✓
CN Duff	✓	✓	✓	✓	✓
DK Ferreira	✓	✓	✓		✓
DL Honey	✓	✓	✓	✓	✓
A Isaakidis (Alt)[1]	✓			✓	✓
JD Jansen	✓	✓	✓		
HR Levin	✓	✓	✓	✓	✓
JDR Oesch	✓	✓	✓	✓	✓
MI Sacks	✓		✓	✓	
ER Shipalana*			✓	✓	✓
FR Thompson	✓	✓	✓	✓	✓
F Titi	✓	✓	✓	✓	✓

* *Appointed on 24 August 2007*
1 *By invitation*

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, Litigation and Nominations 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.

CORPORATE GOVERNANCE continued

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 seven executive directors as well as the alternate directors Mr A Isaakidis and Dr FJ Coughlan. 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-executive directors. The Committee determines, agrees and developes 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 2007 financial year.

Audit Committee

The Audit Committee consists of the following directors:

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

* *Non-executive director*
\# *Executive director, resigned on 20 August 2007*
\#\# *Appointed on 20 August 2007*

The changes to the Committee are in line with the latest amendments to the Companies Act.

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 the appointment of the independent auditors, 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 2007 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.

	19/3	20/8	29/11
HR Levin	✓	✓	✓
MI Sacks	✓		✓
F Titi	✓*		✓
JDR Oesch	✓	✓	

* *By invitation*

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, problems, 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 be seen to impair the auditors' 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 2007 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, 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
- F Titi

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.

Nominations Committee

The Nominations Committee was formalised in October 2006, and consists of all the non-executive board members and the CEO, and is chaired by Mr Sacks.

In line with its terms of reference, the Committee meets on an ad hoc basis to nominate, evaluate and recommend possible new appointments to the Board. During the year under review this Committee recommended Mr ER Shipalana for appointment to the board, and Dr FJ Coughlan for appointment as an alternate director to the Board, these appointments were confirmed on 24 August 2007.

Risk Management

There is no formal risk management Committee, however, the Board in conjunction with Exco and 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

CORPORATE GOVERNANCE continued

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 system as at 31 December 2007 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 a 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 the Group's policies.

The directors believe that ethical standards are being met and are 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 maintains 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
- Other material 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 independent 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 why 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 268(G)(d) 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 rules of the JSE Limited 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 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.

Mr HR Levin is a non-executive director and is a senior partner at Mr HR Levin Attorneys who provide legal service to the Group. (2007: R17 100; 2006: R30 957)

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

Messrs JJ Deeb, DL Honey, A Isaakidis, JNP Booyens and JDR Oesch 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 of 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 14 March 2008 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 268(G)(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 2007, 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 2007, 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
Registered Auditors

Per DH Uys
Partner

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

14 March 2008

National Executive: GG Gelink, Chief Executive; **AE Swiegers**, Chief Operating Officer; **GM Pinnock**, Audit; **DL Kennedy**, Financial Advisory Services and Tax; **L Geeringh**, Consulting; **L Bam**, Corporate Finance and Strategy; **CR Beukman**, Finance; **TJ Brown**, Clients and Markets; **NT Mtoba**, Chairman of the Board.

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

DIRECTORS' REPORT

for the year ended 31 December 2007

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2007.

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 2007 are set out in the financial statements and a commentary thereon is provided in the Chairman and CEO's report.

Share capital

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

Number of share in issue 31 December 2007 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 11.0 cents per share (2006: 8.0 cents). This would bring the total distribution from the year to 16.0 cents per share (2006: 11.0 cents). The authority to make this payment to shareholders was obtained at the annual general meeting held on 22 May 2007. 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 2007 or the financial position at that date.

Special resolutions adopted by subsidiary companies

The statutory information relating to special resolutions passed by subsidiary companies is available from the registered office of the Company on request.

Directorate

Details of directors appear on page 43.

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

ER Shipalana – appointed as an executive director 24 August 2007
FJ Coughlan – appointed as an alternate director 24 August 2007

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 BD Buckham, HR Levin, JDR Oesch, DL Honey and ER Shipalana.

Interest of directors

As at 31 December 2007, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company was 23% (2006: 20%) in aggregate and per director as follows:

Interest of Directors

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
Director								
JNP Booyens	**6 017 926**	2 877 860	**150 236**	1 414 154	**–**	–	**–**	–
BD Buckham	**26 392 650**	27 289 905	**–**	–	**970 276**	970 276	**–**	–
JJ Deeb	**1 619 653**	333 333	**150 236**	846 206	**–**	–	**–**	–
CN Duff	**15 224 305**	4 648 890	**150 236**	9 022 577	**–**	–	**–**	–
DK Ferreira	**120 000**	120 000	**–**	–	**–**	–	**–**	–
DL Honey	**9 789 909**	4 147 944	**150 236**	3 865 211	**513**	513	**–**	–
JD Jansen	**–**	–	**–**	–	**–**	–	**–**	–
HR Levin	**9 106 427**	9 106 427	**–**	–	**93 573**	93 573	**–**	–
JDR Oesch	**2 363 841**	132 000	**150 236**	1 176 130	**–**	–	**–**	–
MI Sacks	**153 000**	153 000	**–**	–	**–**	–	**250 000**	250 000
ER Shipalana	**–**	–	**–**	–	**–**	–	**–**	–
FR Thompson	**13 344 190**	4 398 860	**150 236**	6 944 617	**–**	–	**60 000**	60 000
F Titi	**–**	–	**–**	–	**–**	–	**–**	–
Alternate Director								
FJ Coughlan		–	**150 236**					
A Isaakidis	**2 020 697**	69 999	**150 236**	1 162 681	**–**	–		–
Totals	**86 152 598**	53 278 218	**1 201 888**	24 431 576	**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 has disposed of any of the shares held by them as at 31 December 2007, a few executive directors have acquired additional shares in terms of the Share Incentive Scheme.

Directors' share options

The directors held the following share options at 31 December 2007:

	Share options as at 31 December 2006		Share options granted during the year		Share options exercised during the year			**Share options as at 31 December 2007**
	Exercise price (cents)	Number	Number	Price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	**Number**
Name of director								
JNP Booyens	23	1 300 000			1 300 000	488	6 045 000	**–**
	32	1 324 430					–	**1 324 430**
	197	578 000			578 000	440	1 404 540	**–**
CN Duff	23	1 300 000			1 300 000	488	6 045 000	**–**
	32	1 324 430						**1 324 430**
	197	578 000			578 000	440	1 404 540	**–**
DL Honey	23	1 300 000			1 300 000	488	6 045 000	**–**
	32	1 324 430						**1 324 430**
	197	578 000			578 000	440	1 404 540	**–**
A Isaakidis	31	66 668						**66 668**
	35	533 333			266 666	415	1 013 331	**266 667**
	197	711 000			711 000	440	1 727 730	**–**
	270	60 000						**60 000**
FR Thompson	37	1 313 334						**1 313 334**
	32	1 311 096						**1 311 096**
	197	853 000			853 000	440	2 072 790	**–**
JJ Deeb	75	666 667						**666 667**
	197	575 000			575 000	440	1 397 250	**–**
	270	60 000						**60 000**
JDR Oesch	197	1 181 000			1 181 000	440	2 869 830	**–**
	270	60 000						**60 000**
FJ Coughlan	270	240 000						**240 000**
ER Shipalana	270	240 000						**240 000**
		17 478 388			9 220 666		31 429 551	**8 257 722**

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

DIRECTORS' REPORT continued

Directors' emoluments

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year to 31 December 2007, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	**Total 2007 R**	Total 2006 R
Executive							
JNP Booyens		932 970	453 200	172 776	134 254	**1 693 200**	1 552 190
JJ Deeb		960 695	456 600	144 576	134 729	**1 696 600**	1 552 060
CN Duff		1 404 869	705 000	105 912	189 219	**2 405 000**	2 354 999
DL Honey		1 094 286	705 200	126 540	151 469	**2 077 495**	1 908 987
FR Thompson		1 438 041	938 500	255 659	206 300	**2 838 500**	2 595 000
JDR Oesch		914 302	441 000	150 000	135 698	**1 641 000**	1 404 000
ER Shipalana#		654 789	288 840	207 858	102 353	**1 253 840**	–
Alternate director							
A Isaakidis		944 118	491 500	161 040	121 366	**1 718 024**	1 526 680
FJ Coughlan##		702 750	200 440	60 000	97 251	**1 060 441**	–
Total executive	–	9 046 820	4 680 280	1 384 361	1 272 639	**16 384 100**	12 893 916
Non-executive							
BD Buckham	140 000					**140 000**	222 080
DK Ferreira	150 000					**150 000**	150 000
JD Jansen	150 000					**150 000**	150 000
HR Levin	190 000					**190 000**	190 000
MI Sacks	280 000					**280 000**	280 000
F Titi	180 000					**180 000**	10 000
Total non-executive	1 090 000	–	–	–	–	**1 090 000**	1 002 080

* *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.*

\# *Appointed as an executive director on 24 August 2007.*

\## *Appointed as an alternate director on 24 August 2007.*

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 ending 31 December 2007.

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

Business address
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SEGMENTAL REPORT

for the year ended 31 December 2007

	Percentage increase/ (decrease)	**Audited 2007 R'000**	Audited 2006 R'000
Revenue		**962 711**	830 129
Education	14%	**812 543**	710 961
Resourcing	26%	**150 168**	119 168
EBITDA		**194 030**	149 038
Education	25%	**193 176**	154 878
Resourcing	54%	**33 692**	21 857
Central administration	22%	**(32 416)**	(26 638)
Litigation	(60%)	**(422)**	(1 059)
Depreciation and amortisation		**33 482**	26 754
Education	22%	**29 947**	24 634
Resourcing	68%	**2 453**	1 464
Central administration	65%	**1 082**	656
Operating profit		**160 548**	122 284
Education	25%	**163 229**	130 244
Resourcing	53%	**31 239**	20 393
Central administration	23%	**(33 498)**	(27 294)
Litigation	(60%)	**(422)**	(1 059)
Profit after taxation		**122 018**	89 278
Education	30%	**139 451**	107 487
Resourcing	52%	**24 546**	16 157
Central administration	22%	**(41 979)**	(34 366)
Funds employed			
Property, plant and equipment		**441 347**	395 859
Education	11%	**437 908**	393 839
Resourcing	77%	**3 248**	1 838
Central administration	5%	**191**	182
Deferred taxation assets		**26 833**	35 410
Education		**15 771**	15 726
Resourcing	(51%)	**8 612**	17 523
Central administration	13%	**2 450**	2 161
Investment		**–**	200
Resourcing		**–**	200
Current assets		**180 178**	90 327
Education	199%	**161 670**	54 099
Resourcing	57%	**11 999**	7 641
Central administration	(77%)	**6 509**	28 587
Current liabilities		**238 985**	189 395
Education	28%	**196 626**	153 870
Resourcing	14%	**35 901**	31 423
Central administration	57%	**6 458**	4 102
Capital expenditure		**78 406**	65 497
Education	19%	**75 553**	63 579
Resourcing	49%	**2 853**	1 918

INCOME STATEMENTS

for the year ended 31 December 2007

		Group		Company	
	Notes	**Audited 2007 R'000**	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
Revenue	4	**962 711**	830 129	**–**	–
Staff costs	5	**(469 423)**	(413 596)	**(1 362)**	(1 418)
Rent and occupancy costs		**(59 761)**	(55 504)	**–**	(14)
Other operating (expenses)/income		**(239 497)**	(211 991)	**2 382**	1 163
Earnings/(loss) before Interest, Taxation, Depreciation and Amortisation (EBITDA)		**194 030**	149 038	**1 020**	(269)
Education		**193 176**	154 878	**–**	–
Resourcing		**33 692**	21 857	**–**	–
Central administration		**(32 416)**	(26 638)	**1 020**	(269)
Litigation costs		**(422)**	(1 059)	**–**	–
Depreciation and amortisation	5	**(33 482)**	(26 754)	**(2)**	(2)
Operating profit/(loss) before interest	5	**160 548**	122 284	**1 018**	(271)
Net interest received		**14 321**	5 539	**739**	503
Interest received	6.1	**17 452**	9 399	**739**	503
Finance costs	6.2	**(3 131)**	(3 860)	**–**	–
Dividends received from subsidiaries				**–**	45 628
Profit before taxation		**174 869**	127 823	**1 757**	45 860
Taxation	7	**(52 851)**	(38 545)	**(368)**	(74)
Profit for the year		**122 018**	89 278	**1 389**	45 786
Attributable to:					
Equity holders of the parent		**119 227**	86 332	**1 389**	45 786
Minority interest		**2 791**	2 946	**–**	–
		122 018	89 278	**1 389**	45 786
Earnings per share					
Basic (cents)	8	**32.1**	23.5		
Diluted (cents)	8	**31.1**	22.5		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2007

	Notes	Share capital R'000	Share premium R'000	Share option reserve R'000	Shares held by the Share Incentive Trust 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 2006		3 937	338 771	1 687	(8 863)	(49 991)	285 541	1 357	286 898
Share-based payment expense	5,14			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	14				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	14				(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**
Share-based payment expense	5,14			1 986			1 986		1 986
Profit for the year						119 227	119 227	2 791	122 018
Minority interest distribution							–	(2 917)	(2 917)
Share awards granted					2 199		2 199		2 199
Share options exercised	14				11 697		11 697		11 697
Total recognised income and expense for the year				1 986	13 896	119 227	135 109	(126)	134 983
Capital distribution to shareholders			(47 431)				(47 431)		(47 431)
Balance at 31 December 2007		**3 937**	**253 764**	**5 259**	**(3 604)**	**155 568**	**414 924**	**1 256**	**416 180**
Company									
Balance at 1 January 2006		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**
Profit for the year						1 389	1 389		1 389
Capital distribution to shareholders			(47 431)				(47 431)		(47 431)
Balance at 31 December 2007		**3 937**	**253 764**			**(81 636)**	**176 065**		**176 065**

BALANCE SHEETS

as at 31 December 2007

		Group		Company	
	Notes	**Audited 2007 R'000**	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
Assets					
Non-current assets					
Property, plant and equipment	10	**441 347**	395 859	**–**	2
Intangible asset	11.2	**10 659**	7 227	**–**	–
Investment	12	**–**	200	**–**	–
Investments in subsidiaries	13			**160 988**	160 988
Loans to subsidiaries	13			**7 088**	14 378
Loan to Share Incentive Trust	14	**–**	–	**3 604**	17 500
Deferred taxation assets	15	**26 833**	35 410	**2 239**	2 607
		478 839	438 696	**173 919**	195 475
Current assets					
Inventories	16	**3 243**	5 184	**–**	–
Trade and other receivables	17	**48 626**	23 285	**4 261**	1 930
Prepayments		**10 248**	2 396	**–**	–
Cash and cash equivalents	18	**118 061**	59 462	**–**	25 826
		180 178	90 327	**4 261**	27 756
Total assets		**659 017**	529 023	**178 180**	223 231
Equity and liabilities					
Capital and reserves					
Share capital	20.1	**3 937**	3 937	**3 937**	3 937
Share premium	20.2	**253 764**	301 195	**253 764**	301 195
Share option reserve		**5 259**	3 273	**–**	–
Shares held by the Share Incentive Trust	14	**(3 604)**	(17 500)	**–**	–
Retained earnings/(accumulated loss)		**155 568**	36 341	**(81 636)**	(83 025)
Equity attributable to equity holders of the parent		**414 924**	327 246	**176 065**	222 107
Minority interest		**1 256**	1 382	**–**	–
Total equity		**416 180**	328 628	**176 065**	222 107
Non-current liabilities					
Bank loans	21.1	**3 852**	10 896	**–**	–
Obligations under instalment sale and finance leases	21.2	**–**	104	**–**	–
		3 852	11 000	**–**	–
Current liabilities					
Trade and other payables	22	**136 754**	127 834	**2 080**	1 089
Taxation		**29 585**	6 968	**–**	–
Bank loans	21.1	**7 044**	6 255	**–**	–
Obligations under instalment sale and finance leases	21.2	**–**	889	**–**	–
Provisions	23	**518**	–	**–**	–
Fees received in advance		**65 049**	47 414	**–**	–
Shareholders for dividend		**35**	35	**35**	35
		238 985	189 395	**2 115**	1 124
Total liabilities		**242 837**	200 395	**2 115**	1 124
Total equity and liabilities		**659 017**	529 023	**178 180**	223 231

CASH FLOW STATEMENTS

for the year ended 31 December 2007

		Group		Company	
	Notes	**Audited 2007 R'000**	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
Cash flows from operating activities					
Cash generated by operations	27.1	**196 305**	148 188	**1 020**	45 359
(Utilised to increase)/generated by decrease in working capital	27.2	**(984)**	32 040	**(1 340)**	(281)
Cash generated/(utilised) by operating activities		**195 321**	180 228	**(320)**	45 078
Net interest received		**14 321**	5 539	**739**	503
– interest received	6.1	**17 452**	9 399	**739**	503
– finance costs	6.2	**(3 131)**	(3 860)	**–**	–
Taxation paid	27.3	**(21 657)**	(46 767)	**–**	–
Capital distributions	27.4	**(47 431)**	(37 573)	**(47 431)**	(37 573)
Net cash inflow/(outflow) from operating activities		**140 554**	101 427	**(47 012)**	8 008
Cash flows from investing activities					
Additions to property, plant and equipment					
– to maintain operations	27.5	**(25 636)**	(24 158)	**–**	–
– to expand operations	27.6	**(52 770)**	(41 339)	**–**	–
Additions to intangible asset	11.2	**(4 500)**	(7 812)	**–**	–
Prepayment on business acquired		**(4 000)**	–	**–**	–
Proceeds on disposal of property, plant and equipment		**1 065**	12 007	**–**	–
Proceeds on disposal of investments		**182**	–	**–**	–
Distribution to minority interest holders		**(2 917)**	(2 921)	**–**	–
Reduction/(increase) in loan to Share Incentive Trust		**13 896**	(8 637)	**13 896**	(8 637)
Net cash (outflow)/inflow from investing activities		**(74 680)**	(72 860)	**13 896**	(8 637)
Cash flows from financing activities					
Decrease in long-term interest bearing debt		**(7 248)**	(5 056)	**–**	–
Decrease in loans to subsidiaries				**7 290**	26 455
Net cash (outflow)/inflow from financing activities		**(7 248)**	(5 056)	**7 290**	26 455
Net increase/(decrease) in cash and cash equivalents		**58 626**	23 511	**(25 826)**	25 826
Cash and cash equivalents at beginning of the year		**59 462**	35 969	**25 826**	–
Net foreign exchange difference on cash and cash equivalents		**(27)**	(18)	**–**	–
Cash and cash equivalents at end of the year	18	**118 061**	59 462	**–**	25 826

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. Adoption of new and revised standards

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosure provided in these financial statements regarding the Group's financial instruments and management of capital.

3. Significant accounting policies

3.1 Statement of compliance

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

3.2 Basis of preparation

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

3.3 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 in 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.

3.4 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 reassessment, 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.

3.5 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.

3.6 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 from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale is measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3.7 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 is 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.

3.8 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 policy on borrowing costs (see 3.10).

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expenses on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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 arise 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 assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or asset realised, based on taxation rates (and taxation laws) that have been enacted or substantively enacted by the balance sheet date. 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.

3.14 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%
Computer software	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.

3.15 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.

3.16 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-taxation 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, the 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.

3.17 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.

3.18 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.

3.19 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 was classified as an available-for-sale investment as this investment did not have a maturity date and was carried at fair value. Adjustments to the fair value of the investment were 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.

3.20 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 14 to the 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.

3.21 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 8	Operating Segments
IAS 23	Borrowing Costs
IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programs
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

None of the standards and interpretations that have been published but not yet effective are expected to have no significant impact on the amounts recorded in the financial statements.

	Note	Group Audited 2007 R'000	Group Audited 2006 R'000
4. Revenue			
Continuing operations:			
Tuition fees		**784 929**	679 773
Placement fees		**141 974**	108 296
Sale of goods and services		**35 808**	42 060
		962 711	830 129
Discontinued operation:			
Tuition fees	23	**–**	411
		962 711	830 540

	Notes	Group Audited 2007 R'000	Group Audited 2006 R'000	Company Audited 2007 R'000	Company Audited 2006 R'000
5. Operating profit/(loss) before interest					
Operating profit/(loss) before interest is stated after taking the following into account:					
Auditors' remuneration		**2 607**	2 453	**192**	72
– Current year audit fee		**2 525**	2 275	**192**	72
– Prior year (over)/under provision		**(47)**	103	**–**	–
– Other services		**129**	75	**–**	–
Amortisation of intangible asset	11.2	**1 068**	585	**–**	–
Depreciation		**32 414**	26 169	**2**	2
Owned					
– Land and buildings		**4 088**	3 610	**–**	–
– Computer equipment		**10 231**	7 781	**2**	2
– Computer software		**1 229**	–	**–**	–
– Furniture, fittings and equipment		**9 207**	7 648	**–**	–
– Motor vehicles		**1 420**	1 401	**–**	–
– Video equipment, courses and masters		**114**	1 069	**–**	–
– Leasehold improvements		**6 022**	4 731	**–**	–
	10	**32 311**	26 240	**2**	2
Leased					
– Computer equipment	10	**103**	176	**–**	–
Portion of depreciation attributable to discontinued operations	23	**–**	(247)	**–**	–
Total depreciation and amortisation		**33 482**	26 754	**2**	2

	Notes	Group		Company	
		Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
5. Operating profit/(loss) before interest continued					
Foreign exchange gains		**–**	42	**–**	–
Foreign exchange losses		**215**	157	**–**	–
Goodwill written off	11.1	**–**	1		
Impairment of investment		**–**	295	**–**	–
Operating lease charges		**41 686**	39 093	**–**	–
– Premises		**38 458**	34 820	**–**	–
– Equipment		**3 228**	4 273	**–**	–
Professional fees		**2 227**	1 998	**–**	–
Profit on sale of assets		**561**	3 796	**–**	–
Profit on sale of business		**–**	561	**–**	–
Loss on sale of investment		**18**	–		
Directors' emoluments		**17 474**	13 896	**1 090**	1 002
– For services as directors		**1 090**	920	**1 090**	920
– For managerial and other services		**16 384**	12 976	**–**	82
Pension and provident fund contributions		**25 354**	21 979	**–**	–
Share-based payment expense	14	**1 986**	1 586	**–**	–
Staff costs		**424 609**	376 135	**272**	416
Total staff costs		**469 423**	413 596	**1 362**	1 418
Number of staff (at year end)		**3 105**	2 888	**–**	–
Number of staff covered by retirement plans (at year end)		**1 546**	1 558	**–**	–
6. Net interest received					
6.1 Interest received					
Call accounts		**17 126**	8 360	**694**	503
Current accounts		**281**	907	**45**	–
South African Revenue Service		**–**	89	**–**	–
Other		**45**	43	**–**	–
		17 452	9 399	**739**	503
6.2 Finance costs					
Long-term loans		**(1 712)**	(2 470)	**–**	–
Current accounts		**–**	(385)	**–**	–
South African Revenue Service		**(3)**	–	**–**	–
Other		**(1 416)**	(1 005)	**–**	–
		(3 131)	(3 860)	**–**	–
Net interest received		**14 321**	5 539	**739**	503

			Group		Company	
		Note	**Audited 2007 R'000**	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
7. Taxation						
7.1 Taxation expense comprises						
Current taxation	– current year		**45 006**	32 102	**–**	–
	– prior year over provision		**(732)**	–	**–**	–
Deferred taxation	– current year	15	**7 908**	6 288	**519**	74
	– prior year under/(over) provision	15	**669**	–	**(151)**	–
Capital Gains Taxation			**–**	155	**–**	–
Total taxation per the Income Statement			**52 851**	38 545	**368**	74

Estimated taxation losses for the Group carried forward at year end were R35,1 million (2006: R63,3 million). Deferred tax assets have been raised for the full value of the estimated taxation losses in the Group.

Estimated taxation losses for the Company carried forward at year end were R7,7 million (2006: R9,5 million). Deferred tax asset has been raised for the full value of the estimated taxation losses in the Company.

	Group	
	Audited 2007 R'000	Audited 2006 R'000
7.2 Reconciliation of taxation		
Profit before taxation	**174 869**	127 823
Taxation at 29%	**50 712**	37 069
Adjusted for taxation on outside shareholders	**(809)**	(854)
Taxation on income at normal rates	**49 903**	36 215
Permanent differences	**3 011**	2 175
Disallowable expenditure – depreciation on buildings	**2 064**	1 402
Disallowable expenditure – other	**1 630**	1 730
Non-taxable income	**(683)**	(957)
Capital Gains Taxation	**–**	155
Current tax – prior year over provision	**(732)**	–
Deferred tax – prior year under provision	**669**	–
Taxation per the Income Statement	**52 851**	38 545

	Company	
	Audited 2007 R'000	Audited 2006 R'000
Profit before taxation	**1 757**	45 860
Taxation at 29%	**510**	13 299
Permanent differences	**9**	(13 225)
Disallowable expenditure	**9**	7
Non-taxable income	**–**	(13 232)
Deferred tax – prior year under provision	**(151)**	–
Taxation per the Income Statement	**368**	74

	Group	
	Audited 2007 R'000	Audited 2006 R'000
8. 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)	**119 227**	86 332
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)	**(21 695)**	(25 669)
Weighted average number of shares for purposes of basic earnings per share ('000)	**371 970**	367 996
Effect of dilutive potential ordinary shares ('000)	**11 009**	14 891
Weighted average number of shares for purposes of diluted earnings per share ('000)	**382 979**	382 887
Earnings per share		
Basic (cents)	**32.1**	23.5
Diluted (cents)	**31.1**	22.5
9. Headline earnings per share		
Earnings		
Earnings attributable to equity holders of the parent	**119 227**	86 332
Items excluded from headline earnings per share	**(381)**	(2 806)
Loss on sale and impairment of investment	**18**	295
Profit on sale of assets and business	**(561)**	(4 357)
	(543)	(4 062)
Taxation effects of adjustments	**162**	1 256
Minority interest of adjustments	**–**	–
Earnings for the purpose of headline earnings per share	**118 846**	83 526
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)	**(21 695)**	(25 669)
Weighted average number of shares for purposes of basic earnings per share ('000)	**371 970**	367 996
Effect of dilutive potential ordinary shares ('000)	**11 009**	14 891
Weighted average number of shares for purposes of diluted earnings per share ('000)	**382 979**	382 887
Headline earnings per share		
Basic (cents)	**32.0**	22.7
Diluted (cents)	**31.0**	21.8

	Group Cost			
	1 Jan 2007 R'000	Additions R'000	Disposals R'000	**31 Dec 2007 R'000**
10. Property, plant and equipment				
Owned				
Land and buildings	294 488	13 681	–	**308 169**
Computer equipment	52 507	14 760	(2 020)	**65 247**
Computer software	5 929	2 353	–	**8 282**
Furniture, fittings and equipment	69 570	12 739	(710)	**81 599**
Motor vehicles	8 615	2 185	(134)	**10 666**
Video equipment, courses and masters	1 092	182	–	**1 274**
Leasehold improvements	95 522	32 506	(354)	**127 674**
	527 723	78 406	(3 218)	**602 911**
Leased				
Computer equipment	2 248	–	–	**2 248**
Motor vehicles	528	–	–	**528**
	2 776	–	–	**2 776**
	530 499	78 406	(3 218)	**605 687**

	Group Accumulated depreciation			
	1 Jan 2007 R'000	Depre-ciation R'000	Disposals R'000	**31 Dec 2007 R'000**
Owned				
Land and buildings	20 552	4 088	–	**24 640**
Computer equipment	39 525	10 231	(1 910)	**47 846**
Computer software	4 965	1 229	–	**6 194**
Furniture, fittings and equipment	45 157	9 207	(614)	**53 750**
Motor vehicles	5 210	1 420	(128)	**6 502**
Video equipment, courses and masters	739	114	–	**853**
Leasehold improvements	15 819	6 022	(62)	**21 779**
	131 967	32 311	(2 714)	**161 564**
Leased				
Computer equipment	2 145	103	–	**2 248**
Motor vehicles	528	–	–	**528**
	2 673	103	–	**2 776**
	134 640	32 414	(2 714)	**164 340**

	Group Net book value	
	31 Dec 2007 R'000	31 Dec 2006 R'000
10. Property, plant and equipment continued		
Owned		
Land and buildings	**283 529**	273 936
Computer equipment	**17 401**	12 982
Computer software	**2 088**	964
Furniture, fittings and equipment	**27 849**	24 413
Motor vehicles	**4 164**	3 405
Video equipment, courses and masters	**421**	353
Leasehold improvements	**105 895**	79 703
	441 347	395 756
Leased		
Computer equipment	**–**	103
	–	103
	441 347	395 859

	Company Cost			
	1 Jan 2007 R'000	Additions R'000	Disposals R'000	**31 Dec 2007 R'000**
Owned				
Computer equipment	11	–	–	**11**
	11	–	–	**11**

	Company Accumulated depreciation			
	1 Jan 2007 R'000	Depre-ciation R'000	Disposals R'000	**31 Dec 2007 R'000**
Owned				
Computer equipment	9	2	–	**11**
	9	2	–	**11**

	Company Net book value	
	31 Dec 2007 R'000	31 Dec 2006 R'000
10. Property, plant and equipment continued		
Owned		
Computer equipment	**–**	2
	–	2

Group and Company

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

Land and buildings having a cost of R40,3 million (2006: R40,3 million) have been pledged as security for the mortgage bond (Refer note 21.2).

Motor vehicles, furniture and fittings and computer equipment, with a net book value of RNil (2006: R1,0 million) have been pledged as security for the finance lease agreements (Refer note 21.2).

Included in land and building is an amount of R6,9 million (2006: R2,6 million) which relates to buildings that are still in progress.

The Group valued it's fixed property during March 2007. The valuation was conducted by the Quadrant Property Group, a group of independent sworn valuators. Their valuation based on present land use came to R615,1 million, a premium of R331,6 million or 117% over net book value as at December 2007.

	Group Cost				
	1 Jan 2006 R'000	Additions R'000	Disposals R'000	Re-allocation R'000	**31 Dec 2006 R'000**
Owned					
Land and buildings	281 652	19 291	(7 361)	906	**294 488**
Computer equipment	50 494	11 186	(5 833)	(3 340)	**52 507**
Computer software	–	–	–	5 929	**5 929**
Furniture, fittings and equipment	62 315	14 765	(7 599)	89	**69 570**
Motor vehicles	6 760	2 739	(838)	(46)	**8 615**
Video equipment, courses and masters	3 272	929	(622)	(2 487)	**1 092**
Leasehold improvements	86 440	16 587	(6 247)	(1 258)	**95 522**
	490 933	65 497	(28 500)	(207)	**527 723**
Leased					
Computer equipment	2 775	–	–	(527)	**2 248**
Motor vehicles	481	–	–	47	**528**
	3 256	–	–	(480)	**2 776**
	494 189	65 497	(28 500)	(687)	**530 499**

	Group Accumulated depreciation				
	1 Jan 2006 R'000	Depre-ciation R'000	Disposals R'000	Re-allocation R'000	**31 Dec 2006 R'000**
10. Property, plant and equipment continued					
Owned					
Land and buildings	23 012	3 610	(405)	(5 665)	**20 552**
Computer equipment	38 945	7 781	(5 401)	(1 800)	**39 525**
Computer software	–	–	–	4 965	**4 965**
Furniture, fittings and equipment	44 735	7 648	(6 913)	(313)	**45 157**
Motor vehicles	4 597	1 401	(784)	(4)	**5 210**
Video equipment, courses and masters	2 972	1 069	(608)	(2 694)	**739**
Leasehold improvements	11 963	4 731	(6 179)	5 304	**15 819**
	126 224	26 240	(20 290)	(207)	**131 967**
Leased					
Computer equipment	2 496	176	–	(527)	**2 145**
Motor vehicles	481	–	–	47	**528**
	2 977	176	–	(480)	**2 673**
	129 201	26 416	(20 290)	(687)	**134 640**

	Group Net book value	
	31 Dec 2006 R'000	31 Dec 2005 R'000
Owned		
Land and buildings	**273 936**	258 640
Computer equipment	**12 982**	11 549
Computer software	**964**	–
Furniture, fittings and equipment	**24 413**	17 580
Motor vehicles	**3 405**	2 163
Video equipment, courses and masters	**353**	300
Leasehold improvements	**79 703**	74 477
	395 756	364 709
Leased		
Computer equipment	**103**	279
	103	279
	395 859	364 988

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 31 December 2007

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

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

	Company Net book value	
	31 Dec 2006 R'000	31 Dec 2005 R'000
Owned		
Computer equipment	**2**	4
	2	4

	Note	Group		Company	
		Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
11. Goodwill and intangible asset					
11.1 Goodwill					
Carrying amount at beginning of the year		**–**	1	**–**	–
Written off	5	**–**	(1)	**–**	–
Goodwill carrying amount at end of the year		**–**	–	**–**	–
11.2 Intangible asset					
Cost					
At 1 January		**7 812**	–	**–**	–
Additions		**4 500**	7 812	**–**	–
At 31 December		**12 312**	7 812	**–**	–
Amortisation					
At 1 January		**585**	–	**–**	–
Charge for the year	5	**1 068**	585	**–**	–
At 31 December		**1 653**	585	**–**	–
Intangible asset carrying amount at the end of the year		**10 659**	7 227	**–**	–
The intangible asset above comprises the customer relationships, candidate data base and operational processes acquired through the acquisition of Vertex. The intangible asset above has a finite useful live, over which the asset is amortised. The amortisation period is 10 years. The remaining amortisation period is 8.25 years.					
12. Investment					
Unlisted shares at fair value					
0% (2006: 26%) 39 100 shares interest in Rhino Management (Proprietary) Limited at cost		**723**	723	**–**	–
Less: Accumulated impairment		**(523)**	(523)	**–**	–
Less: Disposal of investment		**(200)**	–	**–**	–
Net book value		**–**	200	**–**	–
Directors' valuation on 31 December 2006 (fair value based on discounted cash flow)		**–**	200	**–**	–

	Company								
	Issued share capital		Proportion held directly or indirectly		Interest of Holding Company Shares		Loans receivable		
	31 Dec 2007 R'000	31 Dec 2006 R'000	**31 Dec 2007 %**	31 Dec 2006 %	**31 Dec 2007 R'000**	31 Dec 2006 R'000	**31 Dec 2007 R'000**	31 Dec 2006 R'000	Principal activity
13. Investment in and loans to subsidiaries									
Direct:									
The Independent Institute of Education (Pty) Ltd	**2**	2	**100**	100	**101 228**	101 228	**573**	8 064	1
ADvTECH Resource Holdings (Pty) Ltd	**3 150 023**	3 150 023	**100**	100	**59 760**	59 760			2
Indirect:									
ADvTECH Australia (Pty) Ltd (a)	**10**	10	**100**	100					3
ADvTECH Resourcing (Pty) Ltd	**10**	10	**100**	100			**6 515**	6 314	4
ADvTECH Training (Pty) Ltd	**2**	2	**100**	100					3
Bryan Hattingh Independent Services (Pty) Ltd	**1**	1	**100**	100					3
Business Learning Systems (Pty) Ltd	**1 000**	1 000	**100**	100					3
Chisholm (Pty) Ltd (a)	**9**	9	**100**	100					3
Crowe Associates (Pty) Ltd (a)	**16**	16	**100**	100					3
HC Leon (Pty) Ltd	**100**	100	**100**	100					3
Kapele Appointments (Pty) Ltd	**100**	100	**70**	70					4
Learntron (Pty) Ltd	**922**	922	**100**	100					3
Resource Development International (Pty) Ltd	**200**	200	**100**	100					3
Sight and Sound Education (Pty) Ltd	**150**	150	**100**	100					3
Strategic Connection (Pty) Ltd	**100**	100	**100**	100					3
Time Systems SA (Pty) Ltd	**1 000**	1 000	**100**	100					3
TimeMaster (Pty) Ltd	**100**	100	**100**	100					5
Triumph Holdings Ltd (b)	**4**	4	**100**	100					3
Westeria Investment Holdings (Pty) Ltd	**1**	1	**100**	100					5
					160 988	160 988	**7 088**	14 378	

1. Independent provider of education
2. Investment Holding Company
3. Dormant Company
4. Recruitment, placement and temporary staffing Company
5. In the process of deregistration

Results of the subsidiaries so far as it concerns members of the Company: Aggregate profit after taxation R119 million (2006: R87 million). All Companies are incorporated in the Republic of South Africa except as indicated (a) Australia (b) British Virgin Islands above.

The loans are interest free and there are no fixed terms of repayment. The inter-company loans do not carry any credit risk as the underlying entities are profitable and generate sufficient cash to meet their obligations.

14. 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 exercisable in December 2007. 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 of the Board.

Date option granted	Expiry date year ending	Exercise price of outstanding options (cents)	Weighted average estimated contractual life (years)	Fair value at grant date (cents)
01 December 2006	31 Dec 2012	270	3.7	123
04 April 2007	31 Dec 2013	270	2.7	115

	Number of share options	**Weighted average exercise price (cents)**	Number of share options	Weighted average exercise price (cents)
	2007		2006	
Options outstanding on 1 January	**25 672 422**	**85**	32 844 262	68
Options granted during the year	**90 000**	**270**	1 515 000	270
Exercised	**(11 369 655)**	**93**	(7 981 080)	41
Lapsed	**(694 694)**	**79**	(705 760)	105
Options outstanding at 31 December	**13 698 073**	**71**	25 672 422	85

As at 31 December 2007 there were 238 (2006: 336) participants (including directors) in the ADvTECH share incentive scheme.

	Number of shares		Loan value R'000	
Reconciliation of shares owned	**2007**	2006	**2007**	2006
Shares owned by the Trust as at 1 January	**23 982 934**	26 801 013	**17 500**	8 863
Add: Share buy-back	**–**	5 688 001	**–**	11 912
Less: Share awards to staff 2006	**–**	(525 000)	**(1 100)**	–
Less: Share awards to staff 2007	**(525 000)**	–	**(1 099)**	–
Less: Options exercised during the year	**(11 369 655)**	(7 981 080)	**(11 697)**	(3 275)
Shares owned at 31 December	**12 088 279**	23 982 934	**3 604**	17 500

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:

	2007	2006
Weighted average share price (cents)	**430**	247
Weighted average exercise price (cents)	**93**	41
Expected volatility	**45%**	50%
Expected life	**5.3 years**	5.9 years
Risk free rate	**8%**	8%
Expected dividend yield	**3%**	3%

Expected volatility was determined calculating the historical volatility of the Company's share price over the previous 6 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 R2,0 million (2006: R1,6 million) related to share-based payment transactions during the year.

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
15. Deferred taxation assets				
Opening deferred taxation assets	**35 410**	41 698	**2 607**	2 681
Current year temporary differences	**269**	(883)	**1**	(1)
Utilisation of deferred taxation assets relating to taxation losses	**(8 177)**	(5 405)	**(520)**	(73)
	(7 908)	(6 288)	**(519)**	(74)
Prior year (under)/over provision	**(669)**	–	**151**	–
Balance at end of year	**26 833**	35 410	**2 239**	2 607
The balance comprises:				
Deferred and prepaid expenditure	**(2 972)**	(553)	**–**	–
Allowance for future expenditure (S24C)	**(7 710)**	(8 049)	**–**	–
Fees received in advance	**12 063**	11 573	**–**	–
Capitalised finance leases	**–**	68	**–**	–
Provision for bad debts	**8 346**	6 954	**–**	–
Leave pay accrual	**2 017**	1 297	**–**	(1)
Trademarks (S11G(a))	**534**	3 935	**–**	–
Estimated taxation loss carried forward	**11 865**	17 881	**2 239**	2 608
Other	**2 690**	2 304	**–**	–
	26 833	35 410	**2 239**	2 607
Deferred taxation accounted for in the income statement:				
Deferred and prepaid expenditure	**(2 287)**	(35)	**–**	–
Allowance for future expenditure (S24C)	**339**	1 641	**–**	–
Fees received in advance	**783**	(1 122)	**–**	–
Capitalised finance leases	**(5)**	–	**–**	–
Provision for bad debts	**1 351**	1 774	**–**	–
Leave pay accrual	**720**	212	**1**	(1)
Amortisation of trademarks	**(2 976)**	(3 353)	**–**	–
Estimated taxation losses carried forward	**(6 217)**	(5 405)	**(520)**	(73)
Other	**384**	–	**–**	–
	(7 908)	(6 288)	**(519)**	(74)
16. Inventories				
Books	**127**	79	**–**	–
Promotional items	**3 080**	5 092	**–**	–
Other	**36**	13	**–**	–
	3 243	5 184	**–**	–

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
17. Trade and other receivables				
Amounts receivable from tuition fees	**55 512**	39 458	**–**	–
Amounts receivable for placement fees	**17 924**	6 214	**–**	–
Amounts receivable from the sale of goods and services	**2 139**	1 458	**–**	–
Trade receivables	**75 575**	47 130	**–**	–
Allowance for doubtful debts	**(38 373)**	(32 160)	**–**	–
	37 202	14 970	**–**	–
Other receivables	**11 424**	8 315	**4 261**	1 930
	48 626	23 285	**4 261**	1 930
There are no customers who represent more than 5% of the total balance of trade receivables.				
Ageing of past due but not impaired				
30 days	**12 580**	4 082	**–**	–
60 days	**6 953**	2 986	**–**	–
90 days	**5 464**	330	**–**	–
120+ days	**1 088**	537	**–**	–
Total	**26 085**	7 935	**–**	–
Movement in the allowance for doubtful debts				
Balance at the beginning of the year	**32 160**	24 004	**–**	–
Impairment losses recognised on receivables	**18 315**	16 833	**–**	–
Impairment losses reversed	**(12 102)**	(8 677)	**–**	–
Balance at the end of the year	**38 373**	32 160	**–**	–
The concentration of credit risk is limited due to the customer base being large and unrelated. 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.				
Ageing of impaired trade receivables				
30 days	**456**	2 394	**–**	–
60 days	**902**	1 924	**–**	–
90 days	**414**	3 037	**–**	–
120+ days	**36 601**	24 805	**–**	–
Total	**38 373**	32 160	**–**	–

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
18. Cash and cash equivalents				
Bank balances	**117 881**	59 312	**–**	25 826
Cash	**180**	150	**–**	–
	118 061	59 462	**–**	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 2007 '000**	Foreign currency 2006 '000	**Rand equivalent 2007 R'000**	Rand equivalent 2006 R'000
Bank balances	ZAR	**–**	–	**117 828**	59 234
Bank balances	US Dollars	**8**	11	**53**	78
				117 881	59 312

The carrying amount of the Company's bank balance of RNil (2006: R25,8 million) is denominated only in South African Rand.

19. Foreign currency exposure

Nature of monetary item	Foreign currency	**Foreign currency 2007 '000**	Foreign currency 2006 '000	**Rand equivalent 2007 R'000**	Rand equivalent 2006 R'000
Trade credit	Australian Dollars	**–**	474	**–**	2 675

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000

20. Share capital and share premium

20.1 Share capital

Authorised				
500 000 000 shares of 1 cent each (2006: 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 (2006: 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 (2006: 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.

20.2 Share premium

Balance at 1 January	**301 195**	338 771	**301 195**	338 771
Capital distribution to shareholders	**(47 431)**	(37 576)	**(47 431)**	(37 576)
Balance at 31 December	**253 764**	301 195	**253 764**	301 195

21. Bank loans, instalment sales and finance leases

21.1 Bank loans

Mortgage bond	**10 896**	17 151	**–**	–
	10 896	17 151	**–**	–
The borrowings are repayable as follows:				
On demand or within one year	**7 044**	6 255	**–**	–
In the second year	**3 852**	7 044	**–**	–
In the third year	**–**	3 852	**–**	–
	10 896	17 151	**–**	–
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(7 044)**	(6 255)	**–**	–
Amounts due for settlement after 12 months	**3 852**	10 896	**–**	–
The average interest rates paid are 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% (2006: 11,92%). The loan is secured by security bonds over properties with a cost of R40,3 million (2006: R40,3 million) as referred to in note 10.

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
21. Bank loans, instalment sales and finance leases continued				
21.2 Obligations under instalment sale and finance leases				
Amounts payable under instalment sale finance leases:				
Within one year	**–**	979	**–**	889
In the second to fifth years inclusive	**–**	115	**–**	104
	–	1 094	**–**	993
Less: future finance charges	**–**	(101)	**–**	–
Present value of lease obligations	**–**	993	**–**	993
Less: amounts due for settlement within 12 months (shown under current liabilities)			**–**	(889)
Amounts due for settlement after 12 months			**–**	104

It is the Group's policy to lease/buy certain of its computer equipment and motor vehicles under finance leases. The average lease term is 5 years. For the year ended 31 December 2007, the average effective borrowing rate was 10.2 per cent. Interest rates are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. All leases were on a fixed repayment basis and no arrangements were made for contingent rental payments.

The Group's obligations under finance leases were secured by the lessors' title to the leased assets, as referred to in note 10.

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 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
22. Trade and other payables				
Trade payables and accruals	**112 812**	108 225	**2 080**	1 089
Leave pay accrual	**6 953**	4 471	**–**	–
Vendor claims	**16 989**	15 138	**–**	–
	136 754	127 834	**2 080**	1 089

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 the leave pay accrual, approximates their fair value. The average credit period on purchases is two months. No interest is charged on trade payables for the first 60 days from date of invoice. The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe.

	Notes	Group Audited 2007 R'000	Audited 2006 R'000

23. Discontinued operation and other provisions

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:

	Notes	Audited 2007 R'000	Audited 2006 R'000
Revenue	4	–	411
Staff costs		–	(2 521)
Rent and occupancy costs		–	(254)
Other operating income		–	2 611
Operating profit		–	247
Depreciation	5	–	(247)
Profit attributable to Bond South Africa		–	–
Cash inflow from operating activities		–	10 708
Cash outflow from financing activities		–	(10 710)
Provision for discontinued operation			
Balance at the beginning of the year		–	2 624
Utilisation of provision		–	(2 624)
Balance at the end of the year		–	–
Other provision			
Restructuring provision – current		**518**	–
		518	–

This provision relates to the closure of a school in Cape Town and forms part of ongoing activities. This provision comprises legal fees and compensation to staff. The provision was raised in the current year and has not been utilised as at year end.

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
24. Commitments				
24.1 Capital commitments				
Capital expenditure commitments to be incurred				
Capital expenditure approved by the directors:				
Contracted but not provided for	**14 358**	26 571	**–**	–
Not contracted for	**155 655**	105 123	**–**	–
	170 013	131 694	**–**	–
Capital commitments will be financed through existing facilities and working capital.				
24.2 Operating lease commitments				
Commitments under non-cancellable operating leases are as follows:				
Premises:				
Due within one year	**37 761**	33 707	**–**	–
Due within two to five years	**99 885**	91 541	**–**	–
Due thereafter	**43 319**	20 597	**–**	–
	180 965	145 845	**–**	–
Equipment:				
Due within one year	**1 374**	2 082	**–**	–
Due within two to five years	**1 642**	2 614	**–**	–
Due thereafter	**22**	22	**–**	–
	3 038	4 718	**–**	–
	184 003	150 563	**–**	–

Operating leases relate to premises and equipment with various lease terms and with an option to extend if required.

25. 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.

Capital risk management

The Group manages its capital to ensure that divisions will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of debt, cash and cash equivalents and equity, comprising issued capital, share premium, reserves and retained earnings.

Capital projects are timed to coincide with additional capacity required to ensure facilities are utilised on completion.

Liquidity risk

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

Bank overdraft facilities available at 31 December 2007 amounted to R30,0 million (2006: R30,0 million), all of which expires within a year. 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.

26. 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 2007 were not being utilised.

	Notes	Group		Company	
		Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
27. Notes to the cash flow statement					
27.1 Cash generated by operations					
Profit before taxation		**174 869**	127 823	**1 757**	45 860
Adjust for non-cash IFRS and lease adjustments (before taxation)		**2 789**	2 386	**–**	–
		177 658	130 209	**1 757**	45 860
Add back:		**18 647**	17 979	**(737)**	(501)
Depreciation and amortisation		**33 482**	27 001	**2**	2
Net interest received	6	**(14 321)**	(5 539)	**(739)**	(503)
Net foreign exchange differences on cash and cash equivalents		**27**	18	**–**	–
Impairment of investment	5	**–**	295	**–**	–
Other non-cashflow income statement items		**(541)**	(3 796)	**–**	–
		196 305	148 188	**1 020**	45 359
27.2 (Utilised to increase)/generated by decrease in working capital					
Decrease in inventories		**1 941**	846	**–**	–
Increase/(decrease) in trade and other receivables and prepayments		**(29 193)**	5 337	**(2 331)**	(859)
Increase in trade and other payables		**8 633**	28 397	**991**	578
Increase/(decrease) in fees in advance		**17 635**	(2 540)	**–**	–
(Increase)/decrease in working capital		**(984)**	32 040	**(1 340)**	(281)
27.3 Taxation paid					
Balance at beginning of year		**(6 968)**	(21 478)	**–**	–
Adjusted for:					
Current charge excluding Capital Gains Tax	7.1	**(44 274)**	(32 102)	**–**	–
Capital Gains Tax	7.1	**–**	(155)	**–**	–
Balance at end of year		**29 585**	6 968	**–**	–
Cash amount paid		**(21 657)**	(46 767)	**–**	–
27.4 Capital distributions					
Balance at beginning of year		**(35)**	(32)	**(35)**	(32)
Declared during the year		**(47 431)**	(37 576)	**(47 431)**	(37 576)
Balance at end of year		**35**	35	**35**	35
Cash amount paid		**(47 431)**	(37 573)	**(47 431)**	(37 573)

	Group		Company	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
27. Notes to the cash flow statement continued				
27.5 Additions to property, plant and equipment to maintain operations				
Land and buildings	**(2 650)**	(6 110)	**–**	–
Computer equipment	**(10 645)**	(7 543)	**–**	–
Computer software	**(1 974)**	–	**–**	–
Furniture, fittings and equipment	**(7 923)**	(8 020)	**–**	–
Motor vehicles	**(1 045)**	(1 420)	**–**	–
Video equipment, courses and masters	**–**	(19)	**–**	–
Leasehold improvements	**(1 399)**	(1 046)	**–**	–
	(25 636)	(24 158)	**–**	–
27.6 Additions to property, plant and equipment to expand operations				
Land and buildings	**(11 031)**	(10 331)	**–**	–
Computer equipment	**(4 115)**	(4 440)	**–**	–
Computer software	**(379)**	–	**–**	–
Furniture, fittings and equipment	**(4 816)**	(6 786)	**–**	–
Motor vehicles	**(1 140)**	(1 319)	**–**	–
Video equipment, courses and masters	**(182)**	(152)	**–**	–
Leasehold improvements	**(31 107)**	(18 311)	**–**	–
	(52 770)	(41 339)	**–**	–

28. 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		Amounts owed to related parties	
	Audited 2007 R'000	Audited 2006 R'000	**Audited 2007 R'000**	Audited 2006 R'000
K2 Properties CC	**–**	745 625	**–**	–

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 R1,8 million (2006: R1,4 million) and R0,5 million (2006: R0,4 million), respectively were charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

BOARD OF DIRECTORS

Sacks, Michael (Motty) 65 Non-executive chairman (Chairman of Remuneration Committee, Audit and Litigation Committee member). CA(SA), AICPA(Isr) • 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. Motty joined the ADvTECH Limited Board in 2001 as an independent non-executive director and became Chairman on 14 September 2005.

Thompson, Frank 52 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 57 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 38 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 42 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 44 Executive director, CEO 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 43 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 40 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 69 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 senior 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 45 Independent non-executive director. BA, LLB (Wits), MA(Oxon), MSc(LSE) • David was a founding shareholder and director of Praxis Capital. 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 62 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) 51 Independent non-executive director. PhD(Stanford), MSc(Cornell), Bed, HEd (UNISA) BSc (UWC) • Jonathan is the resident scholar at the Oprah Winfrey Leadership Acadamy for Girls. He is Vice President of The Academy of Science of South Africa and holds an honourary Doctor of Education degree from the University of Edinburgh and an honourary Professorship at Wits. He is a prominent speaker and writer on educational matters around the world. He joined the ADvTECH Limited Board in 2004.

Titi, Fani 45 Independent non-executive director. BSc Hons, MD in mathematics University of California (Berkeley), MBA (Wits) • Fani joined ADvTECH in December 2006. He is the chairman of AECI Limited and Investec Bank Limited and also a director of Investec Limited and Investec plc.

Coughlan, Felicity (Dr) 40 Alternate director. 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 55 Executive director. BSc, UED (Fort Hare) CPIR (Wits GBS) • Eric has had over 24 years experience 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 2007

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Range of shareholding				
1 to 10 000	2 460	75.6%	5 073 949	1.3%
10 001 to 100 000	538	16.5%	17 403 476	4.4%
100 001 to 500 000	157	4.8%	35 727 546	9.1%
500 001 to 1 000 000	27	0.8%	21 807 482	5.5%
more than 1 000 000	73	2.2%	313 652 433	79.7%
	3 255	**100%**	**393 664 886**	**100.0%**

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2007 the spread of shareholders was as follows:

Shareholder spread

	Number of shareholders	% of shareholders	Number of shares	% of total shares
Public shareholding	3 242	99.6%	299 325 796	76.0%
Non-public shareholding	13	0.4%	94 339 090	24.0%
Directors (incl subsidiary directors)	12	0.4%	80 134 822	20.4%
ADvTECH Share Incentive scheme	1	0.0%	14 204 268	3.6%
Total of all shareholders	**3 255**	**100%**	**393 664 886**	**100.0%**

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	68 375 143	17.4%
RMB Asset Management	42 025 158	10.7%
BD Buckham	27 362 926	7.0%
Old Mutual Asset Management	24 981 973	6.3%

Share information

	2007	2006	2005	2004	2003
Closing price at period end (cents)	**485**	310	210	120	84
JSE market price high (cents)	**529**	325	220	135	90
JSE market price low (cents)	**290**	191	120	65	28
Total number of transactions at JSE	**4 629**	3 560	2 277	2 053	1 181
Total number of shares traded	**70 219 288**	91 060 718	61 275 060	94 988 320	35 261 937
Total value of shares traded (R)	**301 544 748**	233 207 604	91 057 684	84 293 545	19 250 998
Average price per share (cents)	**441**	256	149	89	55
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	**18%**	23%	16%	24%	9%
PE ratio	**15.2**	13.7	13.4	10.6	9.7

Note:
Shares in issue per the JSE as at 31 December 2007.

Shareholders' diary

	2008
Announcement of Annual results	Monday, 17 March
Annual report	Friday, 28 March
Annual General Meeting	Tuesday, 20 May
Interim results for the six months ended 30 June 2008	August

Capital distribution date

The Board is pleased to advise that a final distribution of 11.0 cents per share will be paid to shareholders out of the share premium in respect of the year ended 31 December 2007. The authority to make this payment was obtained at the annual general meeting held on 22 May 2007.

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

	2008
Declaration date	April
Last date to trade in order to participate in the distribution	Friday, 11 April
Trading commences ex-distribution on	Monday, 14 April
Record date on	Friday, 18 April
Payment date on	Monday, 21 April

Share certificates may not be dematerialised or rematerialised between Monday, 14 April 2008 and Friday, 18 April 2008, both days inclusive.

NOTICE TO SHAREHOLDERS

Notice is hereby given to all members of ADvTECH Limited ("the Company") that the eighteenth Annual General Meeting of members will be held at ADvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton on Tuesday, 20 May 2008 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 2007, including the Directors' Report and the report of the Auditors thereon.

2. Ordinary Resolution Number Two

To resolve that the re-appointment of Mr BD Buckham 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.)

3. Ordinary Resolution Number Three

To resolve that the re-appointment of Mr HR Levin 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 JDR Oesch 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.)

5. Ordinary Resolution Number Five

To resolve that the re-appointment of Mr DL Honey 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.)

6. Ordinary Resolution Number Six

To confirm the appointment of Mr ER Shipalana, who has been appointed as an executive director since the last Annual General Meeting and who, in terms of Article 53 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 2007, 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. Such distributions shall be made pro rata to all shareholders and 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 2007. 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 Listings Requirements of the JSE Limited ("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 Limited

("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.

The Company shall publish an announcement in terms of paragraph 11.31 of the Listings Requirements.

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, and the Listings Requirements, 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;
- 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 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 eight and special resolution number one

Information required in terms of the 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 37 of the annual financial statements
- Litigation: page 3 of the annual 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.

There has been no material change in the financial or trading position of the Company and its subsidiaries that has occurred since 31 December 2007.

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

Pursuant to and in terms of the 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 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 Group annual 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 the 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 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, 16 May 2008.

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, 16 May 2008; 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.

By order of the Board

SC O'Connor
Secretary

Bridge Capital Advisors (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, 20 May 2008 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 2007.			
Ordinary Resolution Number Two Re-appointment of Mr BD Buckham			
Ordinary Resolution Number Three Re-appointment of Mr HR Levin			
Ordinary Resolution Number Four Re-appointment of Mr JDR Oesch			
Ordinary Resolution Number Five Re-appointment of Mr DL Honey			
Ordinary Resolution Number Six Confirm the appointment of Mr ER Shipalana			
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 ____________________ 2008

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, 16 May 2008.
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.

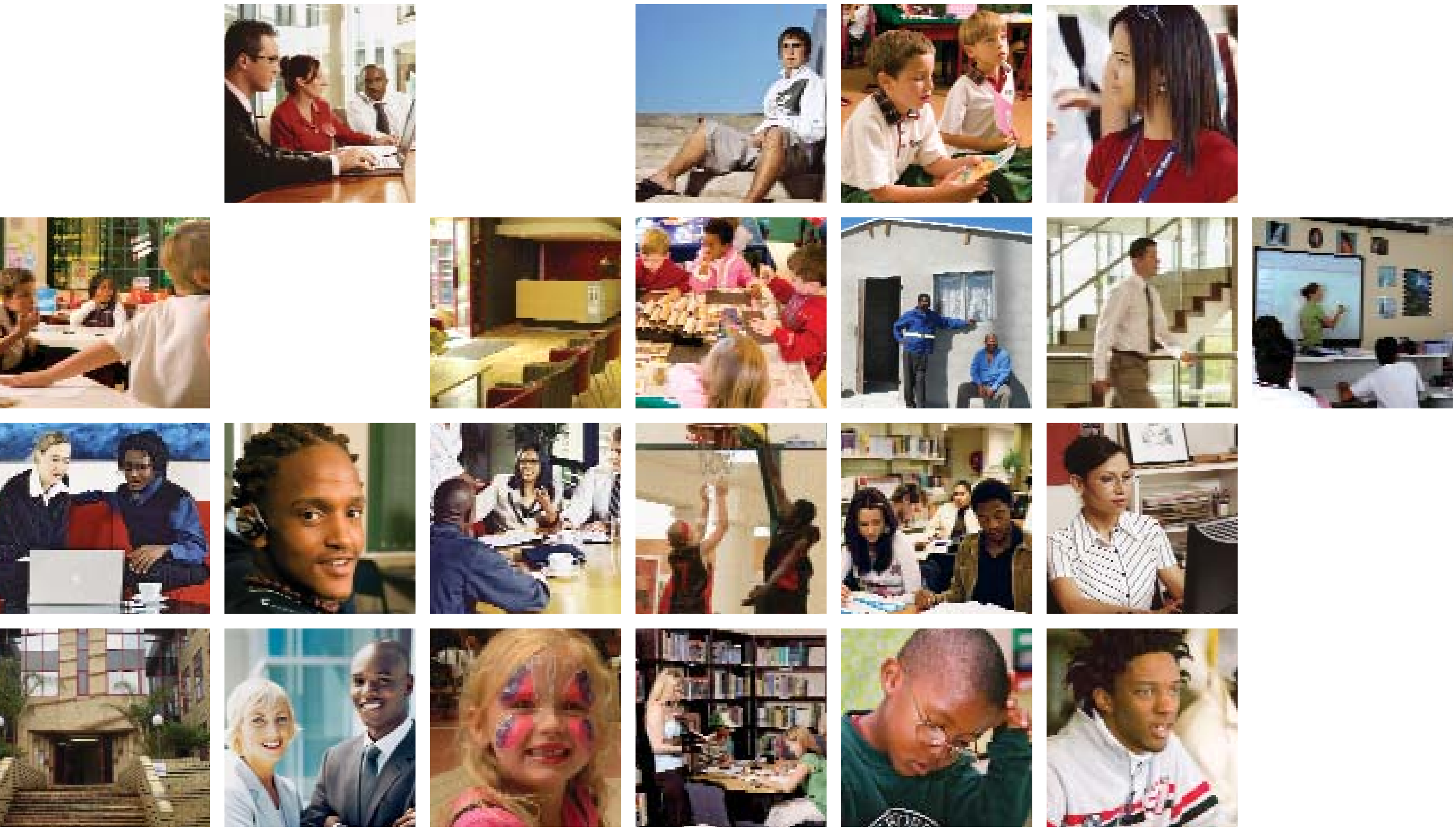
Registered office
ADvTECH House
Inanda Greens
54 Wierda Road West
Wierda Valley
Sandton 2125

PO Box 2369
Randburg
2125

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

PO Box 4844
Johannesburg
2000

STUDIO 5



ADVTECH
GROUP

www.advtech.co.za

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