

### Results announcement

for the six months ended 30 June 2006

ADVTECH LIMITED (Incorporated in the Republic of South Africa)  
Registration number: 1990/001119/06 JSE code: ADH ISIN: ZAE 000031035

Operating profit before interest up **50%**

Headline earnings per share up **44%**

Free operating cashflow per share up **35%**

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#### Condensed consolidated income statement

for the six months ended 30 June 2006

(R'000)	Note	Percentage increase	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
Revenue		24%	413 349	332 646	661 035
Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA)		41%	68 043	48 261	112 643
Operating profit		50%	55 131	36 691	87 015
Net interest received			3 171	703	117
Interest received			5 116	3 383	5 264
Finance costs			(1 945)	(2 680)	(5 147)
Profit before taxation		56%	58 302	37 394	87 132
Taxation			18 092	10 899	27 162
<b>Profit for the period</b>		52%	<b>40 210</b>	<b>26 495</b>	<b>59 970</b>
Attributable to:					
Equity holders of the parent			38 646	25 704	57 822
Minority interest			1 564	791	2 148
			40 210	26 495	59 970
<b>Earnings per share</b>					
Basic (cents)		48%	10.5	7.1	16.0
Diluted (cents)		44%	9.8	6.8	15.2
<b>Headline earnings per share</b>					
Basic (cents)	3	44%	10.1	7.0	15.7
Diluted (cents)		40%	9.4	6.7	14.9
Number of shares in issue ('000)			393 665	393 665	393 665
Diluted number of shares ('000)			393 779	380 249	381 287
Weighted average number of shares in issue ('000)			368 188	361 948	361 891
Net asset value per share (cents)		13%	78.5	69.7	72.5
Net cash position (R'000)			102 902	37 306	17 702
Free operating cash flow before capex per share (cents)		35%	41.9	31.1	28.9

#### Condensed consolidated balance sheet

as at 30 June 2006

(R'000)	Note	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
<b>Assets</b>				
<b>Non-current assets</b>		437 451	400 624	407 182
Property, plant and equipment		387 643	355 996	364 988
Intangible assets	4	7 618	1	1
Investments		495	495	495
Deferred taxation assets		41 695	44 132	41 698
<b>Current assets</b>		175 010	108 528	73 017
Trade receivables and other		53 785	48 333	37 048
Cash and cash equivalents		121 225	60 195	35 969
<b>Total assets</b>		<b>612 461</b>	<b>509 152</b>	<b>480 199</b>
<b>Equity and liabilities</b>				
<b>Equity</b>		290 422	252 982	286 898
Attributable to equity holders of the parent		288 858	252 191	285 541
Minority interest		1 564	791	1 357
<b>Non-current liabilities</b>		18 322	22 888	18 267
<b>Current liabilities</b>		303 717	233 282	175 034
Trade payables and other		146 737	112 465	125 080
Fees received in advance		156 980	120 817	49 954
<b>Total equity and liabilities</b>		<b>612 461</b>	<b>509 152</b>	<b>480 199</b>

#### Supplementary information

for the six months ended 30 June 2006

(R'000)	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
Capital expenditure – current period	41 958	39 634	68 043
Capital commitments – remainder of the year	56 768	41 895	–
– future years	–	2 200	92 507
Operating lease commitments in cash – future years	124 439	103 216	123 703

#### Condensed consolidated statement of changes in equity

for the six months ended 30 June 2006

(R'000)	Ordinary share capital	Share premium	Share option reserve	Shares held by Share Incentive Trust	Non-distributable reserves	Accumulated loss	Attributable to equity holders of the parent	Minority interest	Total equity
Balance at 1 January 2005	3 937	355 100	1 119	(10 710)	15 944	(123 757)	241 633	1 446	243 079
Share-based payment expense			568				568		568
Net profit for the year						57 822	57 822	2 148	59 970
Minority interest distribution								(2 237)	(2 237)
Transfer from NDR to DR					(15 944)	15 944			
Share options exercised				1 847			1 847		1 847
Total recognised income and expense for the year			568	1 847	(15 944)	73 766	60 237	(89)	60 148
Distribution to shareholders							(16 329)		(16 329)
Balance at 31 December 2005	3 937	338 771	1 687	(8 863)	–	(49 991)	285 541	1 357	286 898
Share-based payment expense			769				769		769
Net profit for the period						38 646	38 646	1 564	40 210
Minority interest distribution								(1 357)	(1 357)
Shares purchased by the Share Incentive Trust				(11 912)			(11 912)		(11 912)
Share options exercised				1 582			1 582		1 582
Total recognised income and expense for the period			769	(10 330)		38 646	29 085	207	29 292
Distribution to shareholders							(25 768)		(25 768)
<b>Balance at 30 June 2006</b>	<b>3 937</b>	<b>313 003</b>	<b>2 456</b>	<b>(19 193)</b>	<b>–</b>	<b>(11 345)</b>	<b>288 858</b>	<b>1 564</b>	<b>290 422</b>

#### Condensed segmental report

for the six months ended 30 June 2006

(R'000)	Note	Percentage increase	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
Revenue		24%	413 349	332 646	661 035
Education Resourcing		21%	354 227	292 738	581 193
		48%	59 122	39 908	79 842
Profit from operations		50%	55 131	36 691	87 015
Education Resourcing		26%	59 234	47 006	100 953
Central administration		93%	10 278	5 328	12 349
Litigation costs		14%	(13 879)	(12 170)	(22 564)
			(501)	(3 473)	(3 723)

#### Condensed consolidated cash flow statement

for the six months ended 30 June 2006

(R'000)	Note	Percentage increase	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
Cash generated by operations	5		67 180	49 554	114 025
Generated by decrease in working capital			101 963	73 843	17 538
Cash generated by operating activities			169 143	123 397	131 563
Net interest received			3 171	703	117
Taxation (paid)/refunded			(12 253)	4 126	(6 608)
Capital distribution			(25 768)	(16 332)	(16 332)
Net cash inflow from operating activities			134 293	111 894	108 740
Net cash outflow from investing activities			(52 833)	(39 610)	(61 469)
Net cash inflow/(outflow) from financing activities			3 796	(101)	(7 881)
Net increase in cash and cash equivalents			85 256	72 183	39 390
Cash and cash equivalents at beginning of the period			35 969	(11 988)	(3 421)
Cash and cash equivalents at end of the period			121 225	60 195	35 969
<b>Free operating cashflow before capex per share (cents)</b>			<b>40 210</b>	<b>26 495</b>	<b>59 970</b>
Adjust for non cash IFRS and lease adjustments (after taxation)			1 172	957	1 729
Net operating profit after taxation – adjusted for non cash IFRS and lease adjustments			41 382	27 452	61 699
Other non cashflow income statement items			(2 036)	(135)	(1 181)
Plus: depreciation and amortisation			12 912	11 570	26 455
Operating cash flow after taxation		34%	52 258	38 887	86 973
Plus: working capital changes			101 963	73 843	17 538
Free operating cash flow before capex			154 221	112 730	104 511
Weighted average number of shares in issue ('000)			368 188	361 948	361 891
Free operating cash flow before capex per share (cents)		35%	41.9	31.1	28.9

#### Notes to the condensed consolidated financial statements

for the six months ended 30 June 2006

- Basis of preparation**  
The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.
- Significant accounting policies**  
The condensed consolidated financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.
- Determination of headline earnings**  
Earnings attributable to ordinary shareholders per the income statement  
38 646  
(1 446)  
Profit on disposal of assets and businesses  
25 704  
(135)  
(1 181)  
**Headline earnings**  
37 200  
25 569  
56 641
- Intangible assets**  
In line with IFRS, intangible assets of a business acquired on or after 31 March 2004 must be recognised and amortised over its useful life. The amount reflected on the balance sheet relates to Vertex-Kapele which was acquired during the period under review.

#### Notes to the condensed consolidated financial statements

for the six months ended 30 June 2006 (continued)

5. Notes to the cash flow statement

(R'000)	Unaudited 6 months to 30 June 2006	Unaudited 6 months to 30 June 2005	Audited 12 months to 31 Dec 2005
Reconciliation of profit before taxation to cash generated by operations			
Profit before taxation	58 302	37 394	87 132
Adjust for non cash IFRS and lease adjustments (before taxation)	1 173	1 676	3 189
Sub total	59 475	39 070	90 321
Add back:	7 705	10 484	23 704
Depreciation on property, plant and equipment (net of IAS 16 adjustment)	12 912	11 723	25 471
Net interest received	(3 171)	(1 046)	(1 117)
Other non cashflow income statement items	(2 036)	(193)	(1 650)
<b>Cash generated by operations</b>	<b>67 180</b>	<b>49 554</b>	<b>114 025</b>

#### Directors' comments on results

**Overview**  
The Board of Directors is pleased to report a solid half year performance for the six months ended 30 June 2006. Profit for the period increased by 52% from R26.5 million to R40.2 million, translating into an increase of 44% in headline earnings per share from 7.0 cents to 10.1 cents per share. The more than satisfactory financial statistics reflect the integrity of the Group's business model and its natural propensity for growth. The driving dynamics of ADVTECH's business are predicated on two fundamental imperatives of the new South Africa: education and employment. The intensifying appeal of ADVTECH's offering, and consequently the growing enrolments, increasingly present greater opportunity for South Africa's youth seeking the tools and qualifications to control their own destiny. Given this positive and discernible trend, ADVTECH will continue to reinvest surpluses in additional infrastructure for broader and more affordable access to education, training and employment.

**Education**  
The Education division is a leader in the private education sector and includes the branded institutions of Abbots, CrawfordSchools™, College Campus, Junior College, Rosebank College, Varsity College, Vega – The Brand Communications School, and the adult education and skills unit, Imfundo. Pleasing increases in enrolments were achieved across all brands. The Education division delivered another sound financial performance, increasing revenues by 21% to R354.2 million and profit from operations by 26% to R59.2 million. The divisional operating margin improved from 16.1% to 16.7% for the period, illustrating the feasibility of providing increased capacity and developing new infrastructure.

**Resourcing**  
The Resourcing division's activities include recruitment, placement, temporary staffing, response handling and HR contracting. The portfolio includes such popular brands as Brent Personnel, Cassel & Company, Communicate Personnel, Insource, ICT, Kapele Appointments, Network Recruitment, Pro-Rec Recruitment and the recently acquired and renamed advertising response handling business, Vertex-Kapele. Revenue for the six months increased by 48% to R59.1 million and divisional operating profit by 93% to R10.3 million. Demand for skilled staff remains high and the Group, which has developed a professional and trustworthy reputation, continues to gain market share. The enhanced performance has also resulted from the strategic focus on the information technology, finance and engineering sectors.

**Litigation**  
Litigation expenses applicable to the Group's damages claims against the Wellhockys were R 0.5 million for the period (2005 – R3.5 million). The Wellhockys continue with their dilatory conduct and only delivered their plea under protest on 26 June 2006. Shareholders have been patient over several years in permitting the Group to pursue these claims and a trial date will in due course be secured where the long-awaited evidence of the Wellhockys will be ventilated in open court. The Board Litigation Committee remains satisfied with the merits of the claims and that the Group has no exposure other than for ongoing legal costs.

**Balance Sheet and Cash Flow**  
The Group Balance Sheet has strengthened over the period and the Group remains ungeared at 30 June 2006. Cash generated from operations of R67.2 million, together with cash flow of R102.0 million generated through efficient working capital management, enabled the Group to fund capital expenditure of R42.0 million (2005 – R39.6 million) and pay a capital distribution of R25.8 million (2005 – R16.3 million) from its own resources. In addition, 5.7 million ADVTECH Limited shares were acquired in June 2006 at a cost of R11.9 million in terms of the authority granted to the directors. Part of the cash flow accumulation is seasonal and given the nature of the Group's business model will be applied within the business during the second half of the year. It is nevertheless expected that the Group will remain ungeared at year end.

**Capital Distribution**  
The Board has resolved to declare a maiden interim capital distribution, out of share premium, of 3.0 cents per share in respect of the period ended 30 June 2006. The authority to make this payment to shareholders was obtained at the annual general meeting held on 23 May 2006.

Set out in the table below are the *pro forma* financial effects of the distribution on the Company's earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share based on the Company's unaudited financial results for the period ended 30 June 2006. The *pro forma* financial effects have been prepared for illustrative effects only and, because of their nature, they may not give a true reflection of the Company's financial position or results. The *pro forma* financial effects are the responsibility of the Company's directors.

	Before the distribution <sup>1</sup>	After the distribution	Percentage change
Earnings per share (cents)	10.5	10.4 <sup>2</sup>	(1%)
Headline earnings per share (cents)	10.1	10.0 <sup>2</sup>	(1%)
Weighted average number of shares in issue ('000)	368 188	368 188	
Net asset value per share (cents)	78.5	75.5 <sup>2</sup>	(4%)
Net tangible asset value per share (cents)	76.4	73.4 <sup>2</sup>	(4%)
Number of shares in issue ('000)	393 665	393 665	

- Notes:
- Extracted from the unaudited financial results for the period ended 30 June 2006.
  - The earnings and headline earnings per share figures in the "After the distribution" column have been based on the following assumptions:
    - the distribution was made on 1 January 2006; and
    - interest, at an average before tax rate of 7.0% per annum, was forfeited on the cash distributed.
  - The net asset value and net tangible asset value per share figures in the "After the distribution" column have been based on the assumption that the distribution was made on 30 June 2006.
- Set out in the table below are the salient dates applicable to the distribution:

	2006
Last day to trade in order to participate in the distribution on	Friday, 15 September
Trading commences ex-distribution on	Monday, 18 September
Record date on	Friday, 22 September
Payment date on	Tuesday, 26 September

Share certificates may not be dematerialised or rematerialised between Monday, 18 September 2006 and Friday, 22 September 2006, both days inclusive.

**Prospects**  
The success of ADVTECH's business is measured not only by its financial results, but also by the academic results of the thousands of students who pass each grade of instruction and finally graduate in their desired craft or speciality. The continued increase in enrolments is testament to this success and a major indicator of future sustainability and growth. Accordingly, in the absence of any material change in economic conditions, the Group expects to deliver improved results and cash flow for the full year.

**MICHAEL SACKS**  
Chairman  
Johannesburg  
28 August 2006

**FRANK THOMPSON**  
Chief Executive Officer  
Johannesburg  
28 August 2006

**Directors:** MI Sacks\* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), JNP Booyens, BD Buckham\*, JJ Deeb, CN Duff, DK Ferreira\*, DL Honey, JD Jansen\*, HR Levin\*  
*\*Non Executive*  
**Alternate Director:** A Isaakidis  
**Group Company Secretary:** SC O'Connor  
**Registered office:** Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton  
**Transfer secretaries:** Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg 2001  
**Sponsor:** Bridge Capital Services (Pty) Ltd