



FROM THE CLASSROOM
TO THE BOARDROOM,
WE ARE COMMITTED TO
THE DEVELOPMENT OF
POTENTIAL

Seeing potential is
visionary.

Realising it takes
hard work.

In all the stages of learning, from primary and secondary school to tertiary education, from the workplace to executive leadership, we inspire our customers to realise their potential and facilitate their capacity for excellence.

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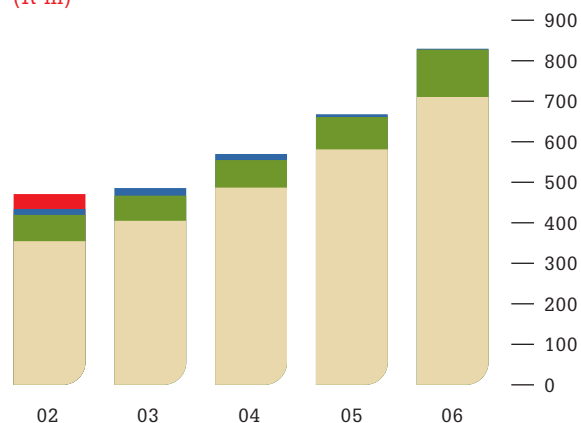
FINANCIAL HIGHLIGHTS

for the year ended 31 December 2006

Revenue up	26%
Operating profit up	41%
Headline earnings per share up	45%
Distribution per share up	57%
Free operating cashflow per share up	39%

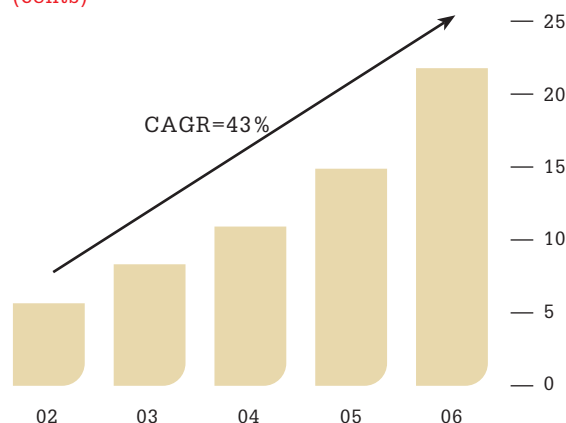
R'000	%	2006	2005
Revenue	26%	830 129	661 035
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	32%	149 038	112 643
Operating profit	41%	122 284	87 015
Profit before taxation	47%	127 823	87 132
Ordinary shareholders' equity	15%	327 246	285 541
Total assets	10%	529 023	480 199
Distribution per share (cents)	57%	11.0	7.0
Net asset value per share (cents)	15%	83.1	72.5
Free operating cashflow before capex per share (cents)	39%	40.1	28.9
EBITDA margin (%)		18.0	17.0
Headline earnings per share (cents)	45%	22.7	15.7
Diluted headline earnings per share (cents)	46%	21.8	14.9
Number of employees (at year end)	13%	2 888	2 560

Revenue (R'm)



- Resourcing – discontinued operations
- Education – discontinued operations
- Resourcing – continuing operations
- Education – continuing operations

Fully diluted headline earnings per share (cents)



CAGR (Compound Annual Growth Rate in HEPS over five years from 2002 to 2006)

PROFILE

ADvTECH is a South African JSE listed company, that focuses on the sustainable development of human potential. As a leader in education, training, skills development and career placement in the independent sector, ADvTECH makes a meaningful contribution to the deployment, development and management of South Africa’s human capital.

A network of leading schools, tertiary and skills development institutions offers quality education in the pre-primary, matriculation, diploma, degree and post-graduate stages, including adult education, training and learnerships. The Independent Institute of Education maintains ADvTECH’s commitment to sound academic processes and governance.

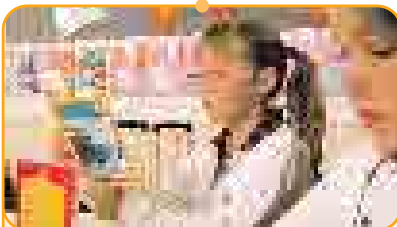
The Resourcing division offers significant value in niche areas of the placement industry, including turnkey personnel solutions, full- and part-time staff recruitment and contract employees.

ADVTECH LIMITED

EDUCATION

The Group’s education brands are widely recognised as South African leaders in their fields. Housed in three focus areas in the Education division, namely Schools, Tertiary and Imfundo, they offer face-to-face tuition and an holistic learning experience. Schools and Tertiary are incorporated under the academic leadership of The Independent Institute of Education.

Independent Institute of Education



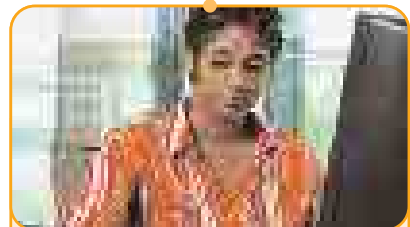
Schools

The schools brands comprise Abbotts College, CrawfordSchools™ and Junior College. They are dedicated to the education of young learners from infancy to grade 12.



Tertiary

College Campus, Global School of Business, Rosebank College, Varsity College and Vega are the Group’s tertiary institutions. They provide training on a part-time, full-time and short learning programme basis in the further education and training and higher education and training bands.



Imfundo

The Imfundo division houses Corporate College International which offers high quality accredited training, skills and development programmes.

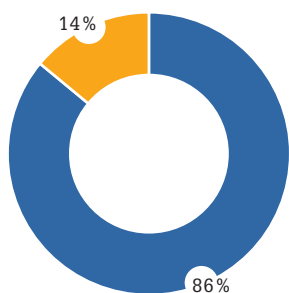


IMFUNDO

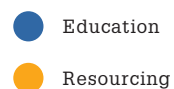
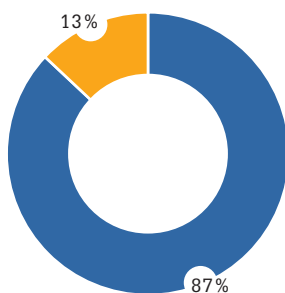


Corporate College

Divisional contribution to Group revenue for 2006



Divisional contribution to Group operating profit for 2006



RESOURCING



The recruitment businesses form the core of the Resourcing division. They comprise Brent Personnel, Cassel & Company, Communicate Personnel, Insource.ICT, Network Recruitment and ProRec Recruitment. Kapele Appointments is an empowerment business housing Inkokheli Appointments and Vertex-Kapele.



HEAD OFFICE SUPPORT

- ▶ Finance
- ▶ Marketing and strategy
- ▶ Properties
- ▶ Legal
- ▶ Human resources
- ▶ Internal Audit
- ▶ IT

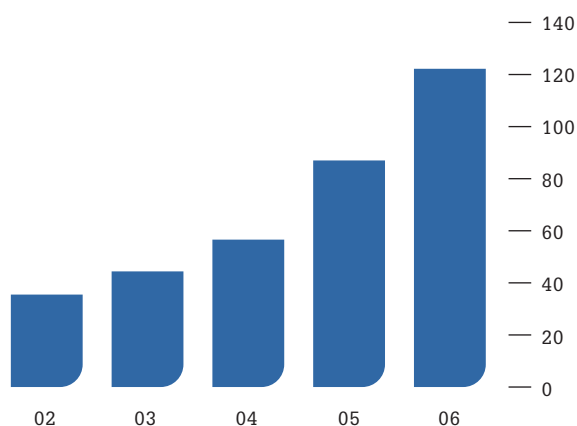
FIVE YEAR FINANCIAL REVIEW

for the year ended 31 December

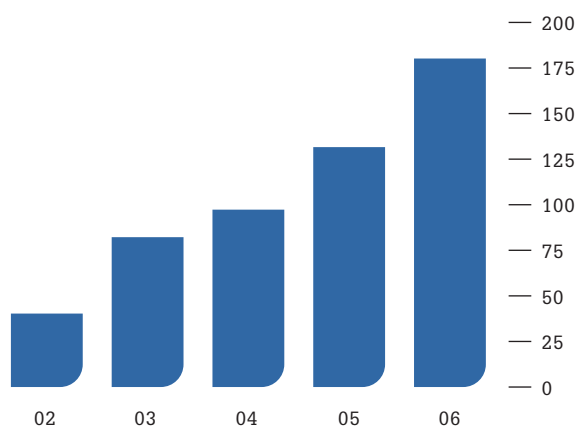
R' m	2006	2005	2004	2003	2002
Summarised Income Statements					
Revenue	830,1	661,0	554,9	485,8	470,0
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	149,0	112,6	78,4	65,4	55,3
Depreciation & amortisation	26,8	25,6	21,8	21,0	19,8
Operating profit	122,2	87,0	56,6	44,4	35,5
Net interest received/(finance costs)	5,5	0,1	(0,4)	(10,9)	(13,9)
Equity accounted earnings	0,0	0,0	0,0	0,0	1,1
Profit before other income statement items	127,7	87,1	56,2	33,5	22,7
Other income statement items	0,0	0,0	(5,7)	17,9	(258,8)
Profit/(loss) before taxation	127,7	87,1	50,5	51,4	(236,1)
Taxation	38,5	27,2	12,2	0,1	7,1
Profit/(loss) after taxation	89,2	59,9	38,2	51,3	(243,2)
Attributable to minority interest	2,9	2,1	1,4	0,8	(0,1)
Profit/(loss) attributed to equity holders of the parent	86,3	57,8	36,8	50,5	(243,1)
Headline earnings	83,5	56,6	40,3	31,8	21,0
Summarised Balance Sheets					
Shareholders' equity	327,2	285,5	241,6	213,1	172,4
Minority interest	1,4	1,4	1,5	0,8	0,0
Interest bearing debt	18,1	23,2	35,2	78,6	134,2
Current liabilities	182,3	170,0	139,4	88,4	90,5
	529,0	480,1	417,7	380,9	397,1
Non-current assets	438,7	407,1	375,4	354,4	352,9
Current assets	90,3	73,0	42,3	26,5	44,2
	529,0	480,1	417,7	380,9	397,1
Summarised Cash Flows					
Cash generated by operating activities	180,2	131,6	97,3	82,2	40,4
Net cash inflow from operating activities	101,4	108,7	83,9	70,4	24,8
Net cash outflow from investing activities	(72,9)	(61,5)	(40,8)	(19,9)	(30,4)
Net cash outflow from financing activities	(5,1)	(7,9)	(0,8)	(24,1)	(11,6)
Net increase/(decrease) in cash & cash equivalents	23,4	39,4	42,4	26,4	(17,2)

* The 2004 to 2006 results have been prepared in accordance with IFRS while the 2002 and 2003 years' are disclosed in line with the accounting standards that applied at the time they were prepared.

Operating profit (R'm)



Cash generated by operating activities (R'm)

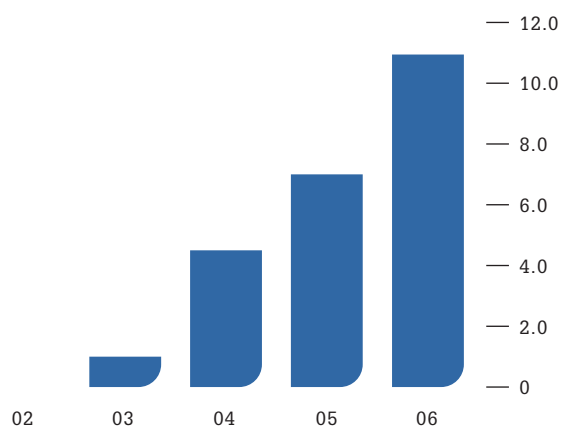


RATIOS AND STATISTICS

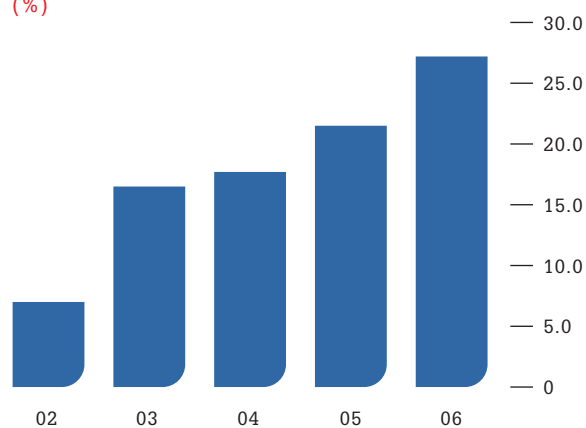
for the year ended 31 December

	2006	2005	2004	2003	2002
Earnings					
Earnings per share (cents)	23.5	16.0	10.3	13.9	(66.4)
Headline earnings per share (cents)	22.7	15.7	11.3	8.7	5.7
Diluted headline earnings per share (cents)	21.8	14.9	10.9	8.4	5.7
Distributions to shareholders per share (cents)	11.0	7.0	4.5	1.0	0.0
Profitability					
EBITDA on revenue (%)	18.0	17.0	14.1	13.5	11.8
EBIT on revenue (%)	14.7	13.2	10.2	9.1	7.6
Headline earnings for the year on average shareholders' funds (%)	27.2	21.5	17.7	16.5	7.0
Productivity					
Per R1 000 of revenue: Payroll costs (Rand)	498,3	510,3	521,3	499,2	487,4
Finance					
Interest bearing debt as a percentage of shareholders' equity	5,5	8,1	14,6	36,9	77,8
Current assets to current liabilities	0,5	0,4	0,3	0,3	0,5
Operating cash flow per share (cents)	25.8	27.6	21.3	17.9	6.3
Free operating cash flow before capex per share (cents)	40.1	28.9	23.8	18.7	9.4
Net asset value per share (cents)	83.1	72.5	61.4	58.6	47.1
Debtors days as at 31 December	10.1	15.9	22.9	14.3	22.8
Interest cover	–	–	159.3	4.1	2.6
Other					
Total shares in issue (millions)	393,7	393,7	393,7	393,7	393,7
Weighted average number of shares in issue (millions)	368,0	361,9	355,7	363,5	366,2
Diluted weighted average number of shares in issue (millions)	382,9	381,3	370,2	377,1	367,1

Distribution to shareholders
(Cents per share)



Headline earnings for the year on
average shareholders' funds
(%)



VALUE ADDED STATEMENT

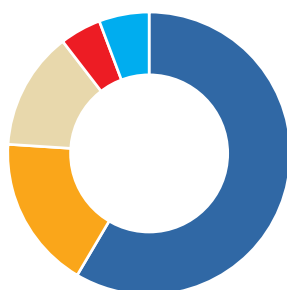
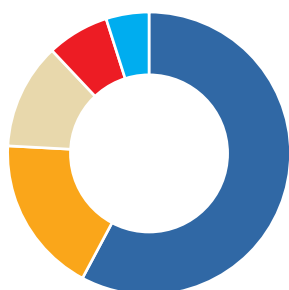
for the year ended 31 December

R'm	2006	2005
Value added		
Revenue	830,1	661,0
Interest received	9,4	5,3
Cost of providing services	(216,2)	(169,0)
	623,3	497,3
Value distributed		
Employees		
Net benefits paid to employees	360,3	290,9
Social responsibility		
CSI and bursaries	30,6	28,5
Government	112,5	87,2
Corporate taxation and RSC Levies	44,1	33,2
Net VAT paid	15,1	7,6
PAYE	53,3	46,4
Providers of capital	44,4	23,5
Minority interest	2,9	2,1
Finance costs	3,9	5,1
Distributions to shareholders	37,6	16,3
Reinvested in the Group		
Retained to sustain and grow the Group	75,5	67,2
	623,3	497,3

VALUE DISTRIBUTED

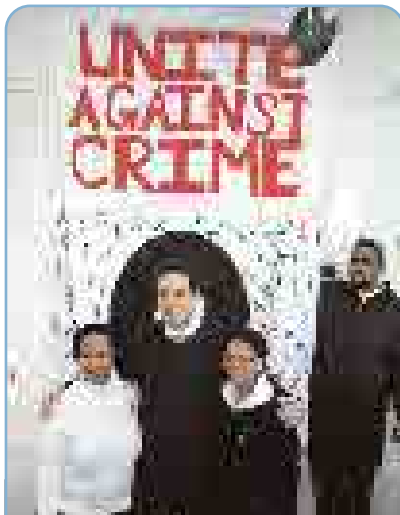
31 December 2006

31 December 2005



ADvTECH IN ACTION

ADvTECH supports community initiatives and widens access to education for less privileged students. This philosophy, which is expressed through the Group's extensive bursary and corporate social involvement programmes, was celebrated in some of the Group's key events in 2006.



PR2 students at Varsity College Gardens campus organised a "Unite against Crime" campaign in conjunction with *YOU* magazine.



Crawford Preparatory grade seven students produced and choreographed their own play.



Children at the Govan Mbeki education centre during the charity visit by a group of students from the Varsity College Port Elizabeth campus.



The biggest and most successful Gauteng Nicht was hosted on 14 September 2006 at Crawford College Sandton.



Minister of Labour, Membathisi Mdladlana, congratulates a student at the Learnership Graduation.



Third year Hotel students from the Varsity College Westville campus raised R6 000 for Rotary which was donated to the "Feed the Babies" fund.



The Rosebank College netball team receiving medals.



Children having fun at the "Reach for a Dream" party organised by a group of Varsity College Port Elizabeth students.



Rondebosch LLB students celebrate the selection of Darren Fritelli (back left) to the Western Province indoor action soccer team.

Our strategy of significant ongoing investment in human capital and physical infrastructure and our **continued attention** to governance, processes and systems have enabled the Group to make a **growing and sustainable contribution** to the education, training and placement priorities of South Africa.



CHAIRMAN'S LETTER TO SHAREHOLDERS



Motty Sacks
Chairman

Dear Shareholder

I have great pleasure in addressing you through this ADvTECH 2006 Annual Report. I am equally pleased that in doing so I can describe ADvTECH's progress and performance for the year ended 31 December 2006 with expressions of considerable satisfaction. This progress needs to be considered in the light of the vast demands for skills and jobs which have such crucial importance for our young democracy.

Timely identification of these demands and successful strategic interventions are at the core of the Group's reconstruction process over the last five years. Independent education and career placement are today the two principal business units of ADvTECH. Within each are several branded enterprises, most of which are regarded as best of breed in their respective markets. I deliberately provide this brief commentary for the information of those shareholders who have more recently acquired their interest in ADvTECH and respectfully for the satisfaction of our patient longer term investors, who will appreciate the Group's five year fiscal transformation and its present clarity of purpose.

Education must be regarded as one of the most compelling necessities within any country or society. While providing education and improving skills are in large part a public sector responsibility, the importance of education and the growing community demand for quality academic schooling and vocational training has partly fallen to the private sector. ADvTECH has embraced this opportunity and has been immensely successful in providing knowledge and skills to many thousands of students who are currently enrolled or have already graduated from our learning institutions. Notwithstanding our country's rich resources, South Africa has a relatively high cost economy, and in seeking differentiating strengths to cope in such an environment, education is key to more productive citizens and a healthier economy.

One of the more visible measures of success in education is the results achieved by schools in the national matric examinations. I am proud to record that ADvTECH's 1 132 matric candidates for 2006 achieved a 100% pass rate. Further analysis reveals that 61% passed mathematics on higher grade, a further 29% passed mathematics on standard grade, while 74% achieved A or B aggregates. Collectively, these students attained 2 200 distinctions, an extraordinary result by any measure and an impressive reflection of the quality of instruction and the reciprocal commitment of the Group's students in their yearning for academic achievement.

The Resourcing division has been equally successful during the past year. Unemployment continues to be one of South Africa's greatest challenges and I am proud to report that ADvTECH's Resourcing division increased its output during the year to obtain new career opportunities for more than 3 000 candidates.

These achievements have also translated themselves into excellent financial results. On this subject, I am pleased to report that Group revenues increased in the year by 26% to R830 million. Operating profit increased by 41% to R122 million and headline earnings increased by 45% to 22.7 cents per share. As a result of this solid performance, the Board approved a 57% increase in the distribution from 7 cents per share to 11 cents per share, which includes a final distribution of 8 cents per share.

ADvTECH has also continued to make progress in its transformation and sustainability through its Board Transformation committee and Academic Advisory Council. Two thirds of all students and 55% of placements are historically disadvantaged individuals (HDI). Further transformation appointments have been made across the Group from director level downwards. Our management is now 23% HDI (2005: 11%). Total HDI staff increased by 26% compared to an overall increase in staff of 13%.

I welcome Fani Titi, Professor Nicky Morgan and Professor Stan Trollip as independent non-executive director, chair of the Academic Advisory Council (AAC) and AAC member respectively. Given their experience and record, I have no doubt that they will add enormous value to the Group.

I would also like to thank the staff, management and board of directors for their commitment to the Group and particularly the non-executive directors for their wise counsel, untiring support and valuable contributions during our meetings and deliberations. Finally, I would like to pay tribute to ADvTECH's former chairman, Hugh Brown, for his constructive and decisive influence in initiating ADvTECH's foundations of change during his term of office.

Looking forward with cautious confidence, I would conclude that ADvTECH's business units are being well managed and the Group balance sheet and prospects are sound. More detailed information will be found in the pages following this letter, which hopefully will provide you with a sense of satisfaction at being an ADvTECH shareholder.

A handwritten signature in black ink, appearing to read 'Motty Sacks'.

Motty Sacks

CHIEF EXECUTIVE OFFICER'S REPORT TO STAKEHOLDERS



Frank Thompson
Chief executive officer

Underpinning ADvTECH's growth strategy is a programme of continuing reinvestment in human capital, academic and IT systems and bricks and mortar. This programme drives growth and improvement in the Group's human and physical assets and ensures the sustainability of the business.

ADvTECH delivered exceptional academic and financial results for the year to 31 December 2006, reaping the benefits of a growth strategy that was implemented to help the Group meet the growing demand for quality education and recruitment in the sectors it serves.

Underpinning this growth strategy is a programme of continuing reinvestment in human capital, academic and IT systems and bricks and mortar. This programme drives growth and improvement in the Group's human and physical assets and ensures the sustainability of the business.

Operational performance

Education

The Education division, under the academic leadership of the Independent Institute of Education (IIE), completed the re-accreditation process of its higher education programmes and campuses. The Academic Advisory Council was established in 2006 to advise the Board, the Senate and the IIE on all academic matters and commenced its work in the first quarter of 2007.

ADvTECH's approach to quality education was evident in the impressive performance of the Education division which continues to make a significant contribution to the lives of its almost 40 000 students. Results across the spectrum of matric, final tertiary qualifications, year end examinations and benchmarking evaluations, were once again excellent and the Group has been acknowledged once more for the excellence of its top scholars as well as the achievements and improvements in results achieved by the student body as a whole. Enrolments for the division grew by 10%.

Resourcing

The Resourcing division maintained a strong focus on the key niche markets of IT, Finance and Engineering, creating permanent new career opportunities for over 3 000 candidates. The division also found temporary or contracting positions for some 1 500 candidates. With further development of human capital and physical assets, the division was able to strengthen and grow its brands markedly during the year, increasing consultant numbers by 12%.

The Resourcing division's strengthening reputation facilitated the acquisition of Vertex, a specialised advertising response handling business. The assimilation and performance of Vertex, in its new identity as Vertex-Kapele, has been most satisfactory.

Financial performance

ADvTECH's performance during the year is strongly reflected in the 26% growth in revenue to R830 million and the 45% increase in basic headline earnings to 22.7 cents per share.

The results were underpinned by strong operational performances. Operating profit grew by 41% to R122 million and the operating margin was 15% (2005: 13%). Buoyed by growth in enrolments, the Education division increased revenue by 22% to R711 million, while operating profit grew by 34% to R135 million, reflecting improved capacity utilisation. The Resourcing division increased revenue by 49% to R119 million, largely as a result of growth in the volume of placements during the year and the contribution of Vertex-Kapele. Operating profit grew by 65% to R20 million.

Free cash flow before capex grew by 39% to 40.1 cents, due to the strong operational performance and an ongoing focus



on working capital management. This enabled the Group to remain in a net cash position throughout the year in spite of capital expenditure of R65 million (2005: R68 million) and significant increases in corporate taxation paid of R47 million (2005: R7 million) and capital distributions of R38 million (2005: R16 million). The inherent nature of ADvTECH's working capital is based on payments for educational fees received in advance compared to arrear payments for services rendered to the Group. This gives rise to a structure in which current liabilities usually exceed current assets, a phenomenon particularly apparent at year end. This situation resolves itself in the normal course of trading on an ongoing basis.

On the balance sheet, the impact of the capital expenditure programme can be seen with fixed assets having grown from R365 million to R396 million. Under working capital, net debtors decreased by R6 million to R23 million, while fees received in advance decreased by R3 million to R47 million and trade payables increased by R32 million to R128 million. The decline in taxation owing from R21 million to R7,0 million is a result of the timing of actual tax payments.

Investment

ADvTECH has a significant programme of investment in the physical infrastructure of its educational campuses and sites, which comprise owned and leased properties. A dedicated properties team is responsible for the planning and implementation of major capital expenditure projects.

During the year, capital expenditure remained stable with the focus largely on campus improvements. Key projects undertaken during the year included extensions to Crawford Preparatory in Sandton, Varsity College in Benmore, Crawford College North Coast and Varsity College Pretoria. Total capital commitments for future years have increased to R132 million (2005: R93 million), while operating lease cash commitments for future years have grown to R151 million (2005: R124 million). These commitments are in line with the strategy to create new campuses, increase capacity and improve existing facilities.

Transformation and Sustainability

ADvTECH has developed an inherently sustainable business model. The majority of the Group's students and recruitment candidates are historically disadvantaged individuals. Its own internal recruitment strategy is based on transformation, and the strategy of reinvesting returns through capital expenditure, a bursary programme and empowerment initiatives ensures that the business will sustain future generations. Where the Group's capital projects may have an impact on the environment or surrounding communities, the appropriate environmental impact assessments and community consultations take place.

Steady progress in the achievement of ADvTECH's transformation and empowerment objectives was reflected in the achievement of a BBB EmpowerDEX rating in July 2006 and the Group's continuing inclusion in the JSE SRI Index. ADvTECH builds and

maintains strong relationships with regulatory and monitoring organisations that have an interest in its sector.

Litigation

Legal proceedings against Marina and Andry Welihockyj remain in process. A decrease in court appearances during the year led to a reduction in litigation costs to R1,1 million (2005: R3,7 million). Various pending applications were favourably disposed of and it is anticipated that there will be a recoupment of certain legal expenses arising from a series of costs orders obtained against the Welihockyjs. Pleadings in the main action have closed and the trial has entered the discovery phase.

The Board Litigation committee has advised the Board that the Group's legal counsel remains satisfied with the merits of the claims against the Welihockyjs and that there is no exposure other than for legal costs.

Staff

The Directors regret to report the untimely death of Shaun Schwanzer in December 2006 after a brief illness. Shaun was an executive committee member and chief executive officer of Imfundo division. We extend our condolences to his family, friends and colleagues.

ADvTECH's growth has enabled the creation of new job opportunities, and employment within the Group increased from 2 560 to 2 888 during the year.

ADvTECH's people are its most valuable assets. At the operations, their knowledge provides the interface with customers. At a corporate level, their expertise provides the foundation for sustainable growth. They often go beyond the call of duty in their interactions with students, clients and colleagues, drawing on their reserves of compassion and understanding to resolve important matters. I wish to thank all of the people of ADvTECH for the valuable contribution they make to our Group.

Prospects

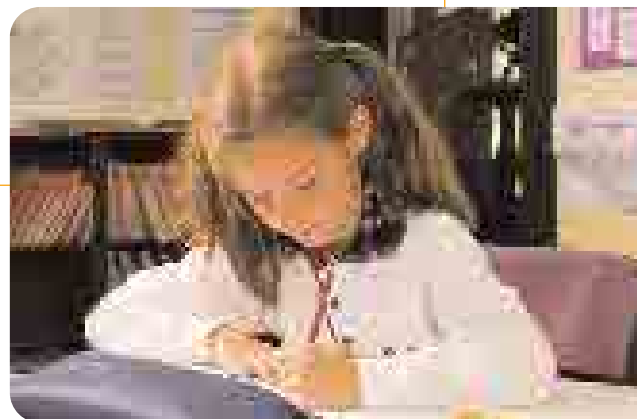
Enrolments and career placements for 2007 have to date followed the consistent and satisfactory trend of the past few years. Given this, and the ongoing positive economic environment in ADvTECH's fields of endeavour, the Group is confident of achieving further improvements in revenue, profitability and cash flow during 2007. ADvTECH also anticipates continuing excellent academic results and effective placement of candidates during the year ahead.

Frank Thompson



ADvTECH's educational institutions all operate in an environment that is **dynamic, well-resourced** and nurturing.

Students are afforded the opportunity to achieve their academic aspirations and equip themselves to compete in a demanding work environment. Each individual is exposed to a wide range of experiences designed to develop their intellectual, cultural and physical capacity and **ignite their potential** for excellence.



The Education division is the largest contributor to the Group's operations and financial results. Comprising a trend-setting network of schools, tertiary, learnership and skills development brands grouped under the academic leadership of the Independent Institute of Education, the division caters for the needs of learners across the spectrum of pre-school, school, undergraduate, post-graduate, corporate training, skills development, adult basic education and learnership education. These activities are undertaken at 53 sites and campuses across South Africa.

Independent Institute of Education

The Independent Institute of Education (IIE) maintains ADVTECH's rigorous academic governance under the leadership and guidance of the Group's Academic Advisory Council. The IIE advises the Board and Senate on developments in education and updates best practice guidelines on academic standards and instruction techniques. It ensures that appropriate levels of academic governance, teaching, assessment and quality are maintained by the education campuses.

Schools

CrawfordSchools™, Abbots College and Junior College are well known brands which offer educational excellence to some 10 000 children from infancy to Grade 12. The schools operate in Gauteng, KwaZulu Natal and the Western Cape.

Junior College focuses on holistic pre-primary school education. CrawfordSchools™ enrolls learners across the spectrum of schooling at its innovative and progressive pre-primary and preparatory schools and colleges. Abbots College offers a unique and effective educational experience for Grades 10, 11 and 12.

Tertiary

College Campus, Global School of Business, Rosebank College (incorporating Imperial Underwood College and IMD College), Varsity College and Vega are well established brands in their market segments. They offer education and training in the further education and training and the higher education bands for externally examined degree and diploma programmes. The tertiary institutions also offer their own certificate, diploma and degree programmes developed by the IIE.

Short learning programmes are offered by the Global School of Business and the Schools of Business and Technology at College Campus, Varsity College and Rosebank College. Vega also offers customised corporate training and short learning programmes through Vega Moon.

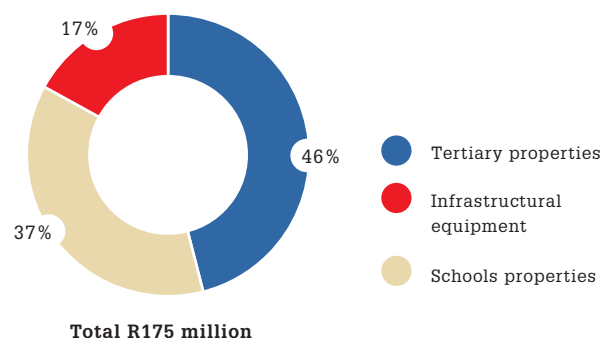
Imfundo

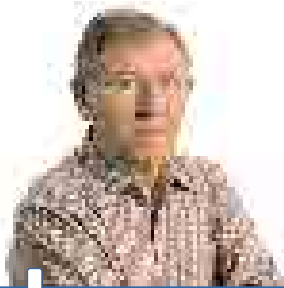
Imfundo's core business is to build careers through training and personal development, focusing on upskilling adults who are either active in the workplace or seeking employment.

Corporate College International (CCI) offers adult basic education and training to client organisations, enabling learners



INVESTMENT PROGRAMME 2004 – 2006 Major infrastructural investments brought into use





Brian Buckham



Eric Shipalana



Allison Shingange



Malcolm Montgomery



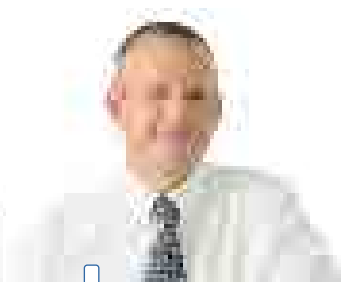
Fani Titi



Marthie Conradie



David Ferreira



Didier Oesch



Adrian Quinlivan



Thabang Hlaisa

to attain reputable national qualifications. CCI, which was originally established as the home for products and services aimed at the occupational training and development market, serves the Sectoral Education and Training Authorities (SETAs) as well as diverse clients from the private and public sectors. CCI has over sixteen years of experience and is the foundation brand on which Imfundo is built.

Operations

The Education division achieved new performance milestones in 2006, strengthening the track record it has established for excellent academic results.

Sound results were recorded at all levels in the Schools division, with international benchmarking through the Victorian Curriculum and Assessment Authority (VCAA) and Schools International Assessment Tests (SIAT) validating these achievements. Abbotts College and CrawfordSchools™ maintained their 100% pass rate in the national matric examinations, with 1 132 students completing matric and collectively attaining 2 200 distinctions. The Mathematics results in particular were exceptionally pleasing.

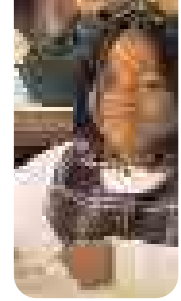
The Tertiary division recorded a steady improvement in performance, with 1 685 students graduating from full-time programmes, of which 209 graduated *cum laude*. More than 500 job seekers applied for learnership programmes early in 2006 of which 262 have graduated and a further 276 are expected to graduate in 2007.

ADvTECH has consistently promoted and supported the drive by the Department of Education, the Council on Higher Education and the South African Qualifications Authority to improve the general standards of educational governance, and the quality of teaching and learner assessment. In order to fulfil these objectives and standards, the Group co-operates fully on all regulatory processes and engages with representatives of these regulatory organisations.

The Properties division is responsible for facilities management, refurbishment and new developments at each of the campuses and premises owned or leased by the Group. Key projects undertaken in 2006 included extensions to Crawford Preparatory in Sandton, Varsity College in Benmore, Crawford College North Coast and Varsity College Pretoria. Refurbishments and improvements at campuses are undertaken continually in line with the Group's objective of remaining at the forefront of educational provision.

Financial results

The division's uncompromising commitment to quality education was reflected in the financial results. Revenue grew by 22% to R711 million, while operating profit increased by 34% to R135 million. An operating margin of 19% reflected



improved capacity utilisation which enabled the Group to invest significantly in existing and additional human capital and physical infrastructure.

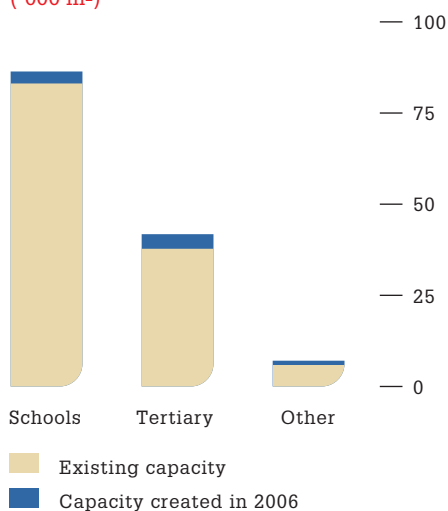
Prospects

The trend of steady growth in enrolments is expected to continue. Significant resources have been committed and academic capability acquired to accommodate ongoing growth. As a consequence, ADvTECH anticipates a further improvement in the financial contribution from the Education division during the 2007 financial year.

2006 academic achievements

- ▶ Abbotts College's 560 matriculants achieved a 100% pass rate and attained 588 distinctions. An overall aggregate of 67% illustrates a strong performance across the board.
- ▶ Abbotts College continues to produce more HDI higher grade Mathematics graduates than any other higher education institution in South Africa.
- ▶ Abbotts Northcliff campus was placed in the top ten of the English Olympiad.
- ▶ CrawfordSchools™ 572 matriculants achieved a 100% pass rate, with 1 612 distinctions. Ten students achieved eight distinctions each and 55% of Crawford students attained an A aggregate. 477 students, 23% of them historically disadvantaged, passed mathematics on higher grade.
- ▶ Crawford students in Gauteng and KwaZulu Natal were placed amongst the top ten matriculants in the provinces.
- ▶ Crawford College Pretoria was awarded the South African Institute of Accountants trophy for the top accounting school in the country.
- ▶ Crawford College Sandton was awarded the trophy for the top independent school in Gauteng.
- ▶ More than 500 job seekers applied for learnership programmes of which 262 graduated early in 2006 and a further 276 are expected to graduate in 2007.
- ▶ 1 685 tertiary students graduated from full-time programmes with 209 graduating *cum laude*.
- ▶ Students who completed short learning programmes at Rosebank College achieved an exceptional pass rate of 82%.
- ▶ Students who completed short learning programmes at Varsity College achieved an excellent pass rate of 76%.
- ▶ Vega students had another bumper year with an array of awards including 17 Loeries (two gold), the Gold Construction New Media award, two Pendoring awards (one gold), the Antalis Merit award and three Silver Sappi Think Ahead awards.

INDICATION OF ADDITIONAL CAPACITY CREATED IN 2006
Based on square meterage created ('000 m²)



The Independent Institute of Education

ADvTECH's greatest strength is its capacity for **continuous improvement** – the ability to adapt to a changing environment and ensure best practice in academic systems and governance. The Group would not achieve this without wise counsel.



As the academic persona of the Education division, the Independent Institute of Education (IIE) is responsible for academic governance, teaching and learning, assessment and quality management. It is the Group's ultimate academic decision-making body and is responsible for all academic policy.

The Academic Advisory Council (AAC), established in 2006 to advise the Board, the Senate and the IIE on all academic matters, commenced its operations in the first quarter of 2007. The AAC comprises industry and academic thought leaders and is chaired by Professor Nicky Morgan. Programme Advisory Committees, made up of industry and academic representatives independent of the IIE, ensure that each faculty is able to draw on support and advice from the wider community.

A Senate was established in 2005 to provide academic leadership within ADvTECH and ensure synergy between the IIE and the operating divisions. The Senate comprises leading academics, a board member and members of divisional management.

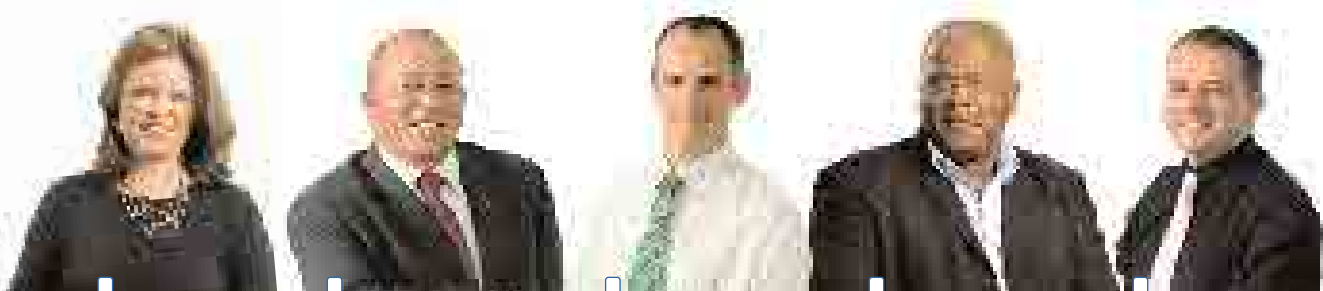
During 2006, the IIE attended to the accreditation of its higher education programmes and its registration with the Department of Education as a higher education provider. At the end of November 2006, the IIE had 27 accredited higher education programmes on 19 sites of delivery. This makes it the leader in the provision of private higher education.

This significant external endorsement has been matched by progress in the development of internal academic governance systems. All programmes are being reviewed and updated under the guidance of suitable leadership in each faculty.

Application for registration as a further education provider is now in progress in response to recent changes in legislation at this level of delivery.

An audit of the Group's quality assurance systems will be undertaken by the Higher Education Quality Committee (HEQC) in July 2007. For its own capacity reasons, the HEQC has decided to limit its quality auditing to all public and large private education providers, hence ADvTECH's involvement. The audit will be undertaken by peer evaluators.

The IIE remains committed to its focus on vocationally oriented programmes preparing students for entry level positions and entrepreneurial initiatives in a range of industries and sectors. For this reason, the focus on practical skills and experiential learning is a key strategic objective. The IIE is also paying more attention to short learning programmes as it recognises and endorses the value of lifelong learning and seeks to provide increasingly high quality short programmes that meet the needs of people already established in their careers. By assuring the quality of academic systems in these short programmes,



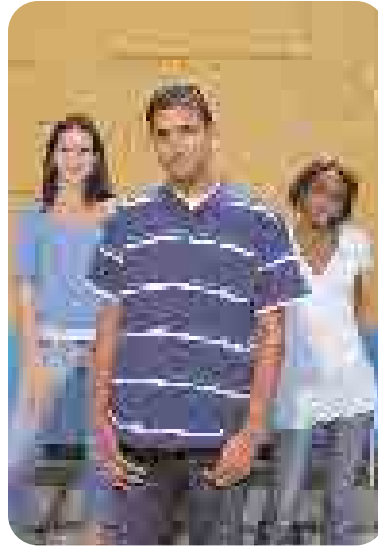
Felicity Coughlan

Nicky Morgan

Pieter Reynders

Jonathan Jansen

Stephen Endersby



the IIE enhances their value to the students who make this commitment.

ADvTECH employs a number of highly qualified and talented academic leaders to ensure the quality of its academic systems. These leaders also stand as significant role models to students. As at December 2006, the Group's employees held 41 Doctorates and 193 Master's degrees.

During 2006, the IIE published the first edition of *The Journal of Independent Teaching and Learning*, which focuses on the private provision of education and encourages academic development within the Group. Articles published in the journal are peer reviewed by an editorial committee and a strongly developmental editorial policy is supportive of academics who have not published their work elsewhere, while also attracting the interest of established publishing academics. The journal has been subscribed to by a number of public libraries and a second edition will be published in 2007.

The IIE enters 2007 on a strong, accredited and thus publicly endorsed platform. This is an essential base for further growth and ongoing quality improvement.



Suzelle Scholtz



Solomon Sekhu



Judith Morley



Nico Booyens



Kelly Harris

Schools

Review of operations



Abbotts College

Abbotts College is acknowledged as the leading grade 10 to grade 12 further education and training phase school in South Africa. As the new 2008 curriculum is established, the College's goal is to strengthen its position as the model for such schools offering the new national senior certificate curriculum. All matric students who study at the College are offered a unique educational system that assures excellent results.

Consistent with this promise, Abbotts College maintained a very high standard of academic achievement in 2006 with its 560 matriculants achieving a 100% pass rate and attaining 588 distinctions (2005: 520). An overall aggregate of 67% illustrates a strong performance across the board where many students improved their aggregates by two symbols, creating opportunities for future career prospects that may otherwise have been beyond their reach.

Abbotts College has campuses in Claremont, Milnerton, Tygervalley, Northcliff and Pretoria East and continues to produce more historically disadvantaged higher grade Mathematics graduates than any other higher education institution in South Africa. In 2006, 37% of the 247 students who passed Mathematics on higher grade were HDI.

Students from the College featured prominently in several national and international competitions, with the Northcliff campus placed in the top ten of the English Olympiad.

Abbotts continues to receive strong support from South African students but is also attracting a growing number of international students. In 2006, students from 19 different countries completed their studies at Abbotts and qualified to study at South African universities.

CrawfordSchools™

CrawfordSchools™ offers a non-denominational, co-educational education to students from grade 000 to grade 12. Situated in Pretoria, Sandton, Rivonia, Lonehill, Fourways, North Coast and La Lucia, the 18 schools offer a unique and innovative learning experience which caters specifically to average and above average students. Globally benchmarked academic standards allow students to compete both nationally and internationally.

CrawfordSchools™ fosters an environment of intellectual autonomy and promotes democratic values, where the qualities of good citizenship, leadership and sportsmanship are nurtured. The overriding philosophy of "Education without Fear" ensures that Crawford graduates are well rounded, confident and able to think incisively and apply the life skills they have learned.



Alex Isaakidis



Siobhan Durand



Tim Kemp



Pondo Koetle



Suraj Maharaj



Teachers in the Crawford Pre-Primary Schools monitor each pupil and form a partnership with parents to develop the potential of every child. While literacy and numeracy training forms an important foundation, pupils also benefit from the latest techniques in ICT, Music and Physical Education. They are encouraged to engage in traditional child-centred play, while co-curricula activities and outings assist in developing curiosity and independence.

Spacious and well equipped Preparatory School campuses offer students a range of subjects, including Dance, Music, a variety of languages, extension in Science, Mathematics and computer-aided learning. The sporting programme makes every pupil a team player. Through a range of activities, pupils are taught to work together effectively to find and interpret information in fresh and alternative ways. Individual attention on every child creates confidence and a belief in self, while a strong focus on communication skills ensures that pupils are prepared for the next stage of education.

In the Colleges, students are offered 22 subjects covering the Arts, Sciences, Languages, Humanities and Commerce, while an extra-curricula programme encourages excellence in Sport and Culture. The approach to education is designed to challenge and strengthen each individual's special qualities. Crawford students are mentored by teachers who are leaders in their academic fields. They are recognised by local and international tertiary institutions as young adults with the academic and personal qualities to succeed in an increasingly competitive world.

In 2006, CrawfordSchools™ maintained its reputation for delivering excellent academic results. 572 matriculants achieved a 100% pass rate in the matric examinations and collectively attained 1 612 distinctions. Ten students achieved eight distinctions each and 55% of Crawford students attained an A aggregate. 477 students, 23% of them historically disadvantaged, passed Mathematics on higher grade.

In Gauteng and KwaZulu Natal, Crawford students were placed amongst the top ten matriculants in the provinces. Crawford College Pretoria was awarded the South African Institute of Accountants trophy for the top accounting school in the country for the second consecutive year. Crawford College Sandton was awarded the trophy for the top independent school in Gauteng.

Junior College

For many years, Junior Colleges have focused on the specific needs of children from six weeks to six years. A nurturing, loving environment ensures that these curious young minds are given the opportunity to develop holistically.

2006 has been a year of consolidation after a period of restructuring the Colleges in order to focus on larger schools that are able to provide a wider educational offering.

Junior College remains at the cutting edge of innovation in early childhood education. The College focused on IT literacy during the year and introduced interactive whiteboards at some of its schools with customised programmes for children from two to six years of age.

Benchmarking and Schools Management

ADvTECH continues to benchmark its schools both locally and internationally to ensure the quality of the education it offers. This takes the form of in-house assessments, international competitions such as SIAT, the VCAA examination and GAT, as well as local subject Olympiads and competitions.

Based on a proven track record of academic excellence and business ability, the School's division has been approached by other private schools for management assistance. In 2006, the division undertook its first Management Contract and this offers good potential for further expansion.

Tertiary Review of operations



College Campus

Founded in 1997, College Campus provides quality career focused educational programmes, certificates, diplomas and degrees for full-time students of Information Technology, Commerce and Leisure. College Campus received full accreditation for all of its programmes in November 2006.

Full-time students who wrote final exams at the Parktown, Randburg and Pretoria campuses achieved a pass rate of 62%. Exceptional pass rates above 75% were achieved across the three campuses in the Accounting & Financial Computing, Executive Secretarial and Graphic Design & Web Development programmes.

262 graduates completed learnership programmes during the year. Demand for the short learning programmes offered by the School of Business & Technology continued to grow, with enrolments increasing by 80% in 2006. A pass rate of 71% was achieved in the short learning programmes.

The College offers students assistance with study options, career advice, academic support and a vibrant social calendar to support their personal development. Guest speakers are invited to the campuses to share their knowledge and experience. This programme, combined with established bursary schemes for high performers in the academic, sporting and leadership fields, ensures a memorable educational experience.

Rosebank College

Rosebank College has provided full-time and part-time accredited programmes in a range of disciplines since 1948. Imperial Underwood College, founded in 1909, and IMD College are housed with Rosebank College and offer careers in Business, Information Technology, Hospitality, Applied Communications and Beauty Therapy.

Rosebank College offers an urban educational experience with campuses located at central business districts in Braamfontein, Benoni, Cape Town, Pretoria and Durban. Students study in a socially interactive and secure environment, where career-specific courses, individual attention and a unique life skills programme equip them for the demands of the workplace. All higher education programmes offered by the college achieved full or conditional accreditation in 2006.

Full-time students who wrote exams during the year achieved a pass rate of 71%. Exceptional pass rates above 75% were achieved in the Accounting & Financial Computing, Graphic Design, Media & Journalism, Computer Engineering, Construction & Engineering Drafting, IT Programming, Internet Engineering, Beauty Therapy and Travel & Tourism programmes.

The students who completed short learning programmes during the year achieved an exceptional pass rate of 82%.



Gordon Cook

Phumeza Dlungwana

John Deeb

Genevieve Allen

Moloko Chepape



An extended moderation system for summative and formative assessment in further education and higher education programmes was piloted, resulting in better feedback to students and lecturers of the delivery required.

Significant investments in academic staffing during the year supported the implementation and integration of the Independent Institute of Education's quality enhancement process at campuses.

A centralised office which manages the brand direction and campus operations has strengthened its service levels and created development opportunities for staff and principals.

Varsity College

Varsity College is one of South Africa's largest and most successful private colleges and has, for more than 15 years, provided learners with the knowledge and skills to compete in a dynamic work environment.

Students are offered Independent Institute of Education certificate and diploma programmes in Computing, Leisure and Management, as well as tutorial support for UNISA degrees at modern campuses in Durban North, Westville, Pietermaritzburg, Sandton, Pretoria, Port Elizabeth, Rondebosch and Gardens. All higher education programmes offered by the College achieved full or conditional accreditation in 2006.

Growing demand for quality private higher education is reflected in the 15% growth in student enrolments for 2006. The College plans to increase capacity in areas where it already has a presence and expand to new locations. Planning for new sites is currently underway.

The number of UNISA students has grown steadily and Varsity College has identified Law, Accounting, Teaching and Psychology as the four flagship degrees in which it provides valuable support. Additional resources have been mobilised to ensure that these are managed with academic and professional expertise. UNISA students who received tuition support from Varsity College during the year achieved a pass rate of more than 55% across a range of subjects written.

Students who completed short learning programmes during the year achieved an excellent pass rate of 76%.

A number of new appointments were made during the year to increase staff capacity and strengthen student and lecturer support and staff induction and training. Renovations were undertaken at six sites to enhance facilities and further renovations to the canteens at six campuses will be undertaken in 2007 to ensure that they reflect the Varsity College brand.

Vega

Vega is a specialist brand school which prepares students for the Brand and Marketing Communications sectors. Established in 1999, Vega offers undergraduate and honours degree programmes at campuses in Johannesburg, Durban and Cape Town.

Steady growth on the campuses has required expansion of facilities and strengthening of staff capacity, while greater emphasis has been placed on attracting and retaining key staff to ensure Vega's future competitiveness and sustainability.

Part-time and corporate programmes remain Vega's largest growth opportunity and the part-time diploma programme has been restructured to appeal to a broader market. A number of corporate clients attended Vega Corporate training in 2006.

Student teams from all three campuses undertook extensive communications campaigns for leading companies and institutions and Vega students excelled with an impressive array of awards in 2006. These include: 17 Loerie awards, including two gold Lories, the Gold Construction New Media award, one gold and one silver Pendorring award, the Antalix Merit award and three silver Sappi Think Ahead awards.

In 2006, 12 Vega students graduated with distinction. In conjunction with the Independent Institute of Education, Vega is formulating a new degree to be offered in 2008. The BA in Brand Building and Management will underpin the honours degree in Brand Leadership.

Imfundo Review of operations



The division's purpose is derived from the Zulu word Imfundo which means to acquire skills and learning. Imfundo's core business is to build careers through training and personal development, focusing on upskilling adults who are either active in the workplace or seeking employment.

By acting as the vehicle for delivery of high quality accredited training, skills and development programmes, Imfundo contributes to nation building and national skills development.

Corporate College International (CCI), which was the home of products and services aimed at the occupational training and development market, serves Sectorial Education and Training Authorities (SETAs) and a diverse range of clients from the private and public sectors. CCI has over sixteen years of experience and is the foundation brand on which Imfundo was built.

Given the chronic skills shortage in South Africa, there is strong demand in the public and private sectors for skills development. Both require competent skills, training and development organisations capable of providing sustainable and affordable resources to meet these needs. Training requirements in this market range from learnerships, HIV/Aids education and adult basic education and training (ABET) to occupational based training.

This trend, coupled with changes in the approach to training delivery, where there is greater demand for financial management, accountability, project management and suitable facilities, has led many departments, SETAs and private companies to seek out CCI as a provider of choice. This is due to CCI having developed a reputation for sound corporate governance and academic rigour in the delivery of a cross section of small to large projects.

Through Imfundo, ADvTECH has positioned itself strategically to capitalise on opportunities in the skills training and development sector. With the experience and market knowledge gained from CCI, Imfundo has carried this legacy forward and is seeking to consolidate its position in the market place.

Imfundo has already benefited from the recent government commitment to training and development, particularly through the many initiatives in which AsgiSA/Jipsa have highlighted critical and scarce skills required to prepare South Africa for the next five years. The Department of Labour's NSDS 2010 plan has also offered business opportunities for the Group's training, management and learnership units.

Imfundo has a strong track record in the delivery of successful learnership programmes which have yielded in excess of 90% pass and placement rates for participating learners.



Sandy Mey



Bongani Dhlamini



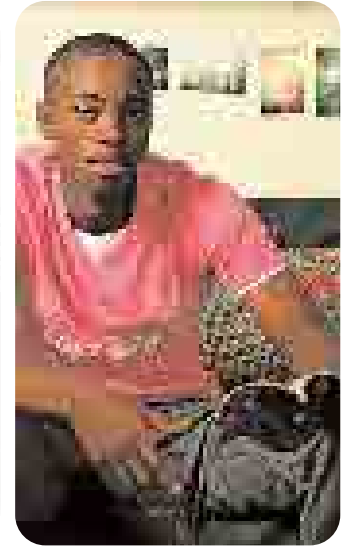
Isabel Potgieter



Stephen O'Connor



Craig Duff



An example of the impact Imfundo has on the lives of candidates participating in its programmes is a project in which it reskilled 536 retrenched underground and exploration miners from the Northern Cape. The retrenched workers underwent courses ranging from ABET learnerships, through to artisan and occupational based training. They were equipped with new skills and were able to re-enter the workplace rather than face a bleak future of unemployment.

Projects such as these have enabled Imfundo to increase turnover by 82% in 2006, albeit from a relatively small base.

Future opportunities in the skills, training and development sector offer potential for the business to achieve significant growth in market share.

Despite the increase in turnover, Imfundo recorded a decline in realised profit margins, due largely to reinvestment in human resources and infrastructure development.

Imfundo is a thoroughly transformed business; more than 60% of its management and staff are historically disadvantaged individuals. The business remains committed to the principles and requirements of the Broad Based Black Economic Empowerment Codes and is well positioned for projects and businesses requiring compliance with these regulatory stipulations. Recruitment of additional staff in 2006 was

undertaken in accordance with Imfundo's strategy of black economic empowerment.

In 2007, Imfundo will utilise opportunities within the ADvTECH Group's physical infrastructure, academic and functional platforms to generate new business opportunities and more consistent revenue streams.



Natalie Fisher

Genna Steyl

Doreen Winkel

Haaike Barnard

Goabi Lebethe



Each of the recruitment brands is distinctively positioned in its niche market. Customised recruitment solutions serve the **unique requirements** of individual clients and candidates, while extensive databases, a strong client ethos and the willingness to invest time in understanding recruitment needs, **generate powerful solutions** for permanent, temporary and contract employees.



ADvTECH's Resourcing division makes an important contribution to the Group's operations and financial results, and adds value to the other elements of the business by placing candidates in the key sectors in which the Group provides education and training.

The Resourcing division is the market leader for placing permanent staff in the IT sector and also holds a position among the top three recruitment companies in South Africa for placement in the financial sector. Collectively, the Resourcing brands have offered recruitment services for over 134 years.

Brent Personnel, Cassel & Company, Communicate Personnel, Insource.ICT, Network Recruitment and ProRec Recruitment are leading recruitment brands. Kapele Appointments is an empowerment business and it houses Inkokheli Appointments and Vertex-Kapele.

Operations

The brands in the Resourcing division each target a niche market but work towards the common goal of providing successful recruitment solutions. In 2006, the division maintained its strong focus on the niche markets of IT, Finance and Engineering as market demand for these skills continued to grow. This strategy, combined with further development of our human capital and physical assets, enabled the division to strengthen and grow its businesses during the year.

ADvTECH is particularly proud that in an environment where unemployment remains a major challenge for South Africa, the Resourcing division was able to obtain new career opportunities for over 3 000 permanent and almost 1 500 temporary staff.

The growth of the business also enabled it to increase its own employee complement significantly over the last two years.

In order to further improve its delivery capacity, ADvTECH Resourcing established Inkokheli Appointments and acquired Vertex-Kapele. Both brands operate within the BEE company, Kapele Appointments.

Mast Bookshops was sold during the year, in line with ADvTECH's strategy to dispose of non-core businesses.

Results

The performance of the Resourcing division is reflected in a significant improvement in its financial results for the year under review. Gross revenues grew by 49% to R119 million and operating profit by 65% to R20 million.

Prospects

The Resourcing division understands that in an environment of skills shortages, the effective management of candidate databases provides a significant competitive advantage. The Resourcing brands are currently updating their technologically enhanced Candidate Management Databases.

Current buoyancy in the markets served by the Resourcing division is expected to continue during the period ahead as South Africa pursues a strategy of increased infrastructure investment, economic growth and employment. Investment in human capital and physical assets during 2006 has positioned the division to benefit from these growth prospects and the business is likely to show further expansion in 2007.





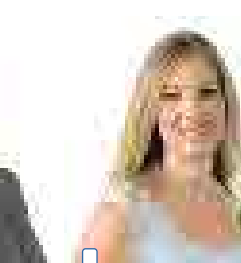
Lenn Honey



Natasha Pillay



Niteske Marshall



Paula Balmer



Adelaide Hlophe

[RESOURCING] continued

Brands

All of the recruitment brands are accredited members of the Association of Personnel Service Organisations (APSO), the professional body of personnel consultants, and the Institute of Personnel Service Consultants (IPSC).

Brent Personnel

Brent Personnel has for almost 30 years provided quality candidates in the business disciplines of Finance, Human Resources and Office Support. The brand's solutions-driven operating strategy personalises service to ensure that the specific requirements of customers are met. Brent Personnel believes in supplying a limited number of optimum candidates, each a precise match of the job specification.

Cassel & Company

Cassel & Company is a recruitment consultancy dedicated to the placement of permanent and temporary Accounting and Finance staff in a range of different Finance sectors.

Established 17 years ago, Cassel & Company specialises in the placement of quality professional candidates with blue chip

clients. This brand is synonymous with service excellence and sustained delivery to clients and candidates.

In 2006, Cassel & Company employed a new branch manager who focuses exclusively on temporary and contracting recruitment and placement.

Communicate Personnel

Communicate Personnel has been a market leader in recruitment since 1982 and is one of the longest serving recruitment companies in South Africa with six regional branches placing top skills in the IT, Finance, Engineering, Freight and Logistics industries.

The experienced team of consultants adopts a unique personalised approach in which clients and prospective candidates meet face-to-face. Professional relationships between consultants, candidates and clients promote a dedicated service and a range of value-added advantages for clients.

Communicate Personnel's contracting division created new capacity in 2006 as Communicate Bruma IT and Bruma Executive launched a Gauteng IT contracting division, and Communicate Cape Town launched a Cape Town IT contracting division. Both operations are consolidated under one manager who is supported by a team of experienced researchers. The contracting division plans to expand in 2007 to serve ongoing growth in demand.

Insource.ICT

Insource.ICT is renowned in the Information and Communications Technology recruitment market for the superior quality of its delivery to clients and candidate customers. The company's specialist focus ensures a substantial database of clients as well as an abundance of opportunities for highly-skilled Technology professionals, often obtained through referral.

Insource.ICT entered the contracting environment in January 2006 and has expanded in this market in response to demand for its customer focused approach. Their effective delivery teams assist large corporate clients with volume recruitment.

Network Recruitment

Network Recruitment has been in operation since 1987 and offers 20 years of recruitment solutions in the specialist disciplines of IT, Finance, Engineering and Executive placements.

Network Recruitment's team of consultants includes a business development manager and executives, consultants, researchers and customer care officers who develop flexible recruitment processes to suit the individual needs of clients and candidates. The company plans to launch an Executive search division and an additional finance branch in Pretoria in 2007.





Ferina Pema

Inez van Aswegen

Charl Viljoen

Mosima Seshibe

Elizabeth Ledwabae

Network's consultants benefit from an extensive database and national infrastructure, while a candidate mentoring programme offers support to new candidates and clients during the first three months of being placed in a new position. Clients are offered training, where applicable, and a vendor-on-site solution is supplied for bulk recruitment procedures. Network also offers outsourcing recruitment services.

ProRec Recruitment

ProRec's mission is to deliver quality service in a fast and efficient manner, providing a personalised, hands-on recruitment service to meet all human resource requirements in the areas of Marketing, Market Research, Media and Sales.

In 2007, ProRec will expand its offering to include international recruitment and select business recruitment solutions for the corporate sector.

ProRec undertakes comprehensive needs analyses with clients to gain an understanding of their needs, and a team of specialist consultants delivers a customised service by sourcing appropriate candidates.

ProRec is a member of the South African Marketing Association.

Kapele Appointments

Kapele Appointments is a BEE company comprising a majority of historically disadvantaged individuals. It provides permanent and temporary recruitment solutions within the Human Resources and Education disciplines.

Kapele houses the Inkokheli Appointments and Vertex-Kapele brands.

Launched in 2006, Inkokheli is a niche brand that specialises in the recruitment and placement of Human Resource professionals. It is the only brand in South Africa to focus exclusively in this area, where it places permanent, contract and temporary positions nationally.

Vertex was acquired by Kapele Appointments in April 2006 and offers more than 20 years of experience in the IT and Communication recruitment sectors. Vertex-Kapele specialises in Human Resource solutions and boasts a large multinational customer base developed and retained over many years due to a special brand of customer care.

2006 highlights

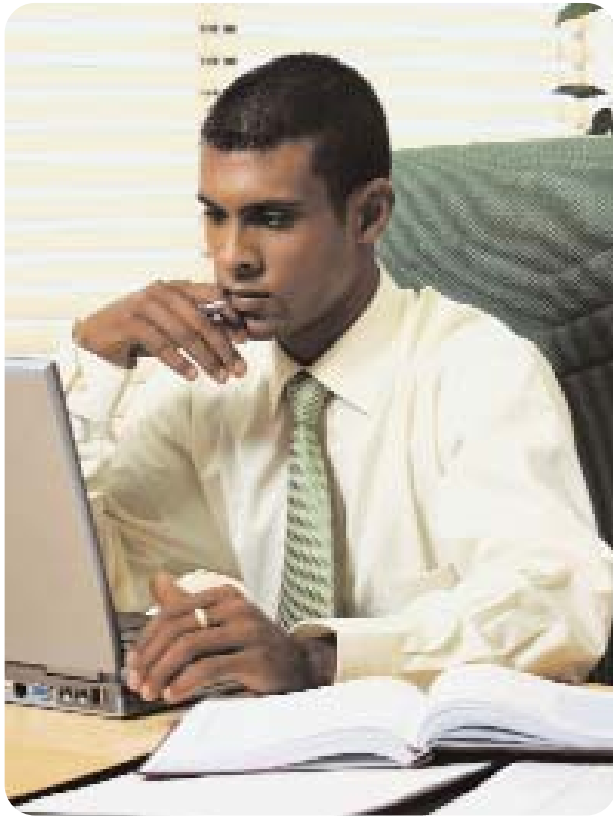
- ▶ Brent Personnel more than doubled its temporary and contracting revenues in 2006, in line with the market demand for these positions. This growth trend is expected to continue during 2007.
- ▶ Communicate Personnel's contracting division created new capacity in 2006 as Communicate Bruma IT and Bruma Executive launched a Gauteng IT contracting division, and Communicate Cape Town launched a Cape Town IT contracting division.
- ▶ Communicate Personnel visited the Woza Ekhaya Expo in London and Ireland in October 2006, supporting the drive by the industry to bring much needed Engineering skills back to South Africa.
- ▶ Insource.ICT entered the contracting environment in January 2006 and has expanded in this market in response to demand for its customer focused approach.
- ▶ Kapele Appointments was rated as an SMME and certified as a BEE entity by EmpowerDEX in June 2006.
- ▶ Vertex-Kapele has become the preferred service provider in the ICT sector.
- ▶ In 2006, the Resourcing division employed 92 consultants.
- ▶ Placements were secured for 3 031 permanent employees and 1 489 temporary and contract employees.





Sustainability and transformation are inherent in ADvTECH's business. Two-thirds of all of the Group's students and 55% of its placements are historically disadvantaged individuals and the total HDI employee component increased by 26% compared to an overall increase of employees of 13%. **A programme of continuous reinvestment** through capital expenditure, bursary programmes and empowerment initiatives ensures the sustainability of the business and the interests of its stakeholders.





ADvTECH is committed to enhancing the growth of its business and adding value in a responsible and sustainable manner. The Group recognises that it has a duty to create value for current stakeholders and a legacy for future generations. It does so by applying resources wisely, within the means created through its income.

A Transformation committee was established by the Board in 2005 to guide, monitor, review and evaluate the Group's progress against the "triple bottom line" of economic, social and environmental performance. The committee has made significant progress against this framework during 2006, with particular focus on management transformation, employment equity, staff development and training and preferential procurement.

The Transformation committee meets four times a year and is chaired by Michael Sacks, chairman of the Board. The other members are human resources executive, Eric Shipalana and two non-executive directors, David Ferreira and Jonathan Jansen, whilst CEO, Frank Thompson, attends by invitation.

A HESIO (Human Resources, HIV/Aids, Employment Equity, Skills Development, Investors in People, Occupational Health and Safety) committee oversees programmes dealing with issues such as retirement, HIV/Aids, health and wellness, employment equity, skills development, Investors in People and occupational health and safety. Each business unit and division has elected HESIO representatives. The national HESIO committee meets annually and is chaired by the CEO.

Black Economic Empowerment

ADvTECH recognises that broad based empowerment is critical for the long term economic and social stability of South Africa as well as for the development of our sector. The Group has made important progress in addressing the wide range of empowerment requirements at all levels of our business. This is reflected in the BBB EmpowerDEX rating achieved during the year.

The implementation of ADvTECH's BEE strategy takes place at a number of levels through:

- **Procurement**

The Group has an affirmative procurement process which seeks to support suppliers from historically disadvantaged communities.

- **Recruitment**

ADvTECH has a formal empowerment recruitment policy which is implemented at all levels of the organisation, with a strong focus on the management level. In 2006, the Group's total HDI employee component grew by 26% compared to overall employee growth of 13%.

- **Employee development**

ADvTECH offers a dedicated programme of skills development and training to its employees. In 2006, 44% of participants of the Management Development Programme were HDI.

[SUSTAINABILITY] continued

● Enterprise development

ADvTECH supports entrepreneurial development within its businesses through Kapele Appointments and Imfundo.

● Customer empowerment

ADvTECH constantly strives for an empowered student and candidate base. Two-thirds of all students and 55% of placements are HDI.

● Bursary programme

The bulk of CSI expenditure is used to provide bursaries, scholarships and financial support for deserving learners at school and tertiary level.

Human Capital

The growth of ADvTECH's businesses in 2006 created 328 new job opportunities and the number of Group employees increased from 2 560 to 2 888.

Human capital development is the cornerstone of ADvTECH sustainability. As an education and resourcing business the Group develops and cares for its employees and students. Development strategies and succession planning are in place to attract, retain, motivate and reward employees.

● Investors in People

The Group has extended the Investors in People accreditation to more of its operations during the year. Investors in People (IIP) is an international benchmark which sets a level of good practice for improving an organisation's performance through the development of its staff. It reflects a commitment to the enrichment and development of employees.

The accreditation process takes place every three years, or sooner if necessary, and it involves assessment by IIP International Quality Centres. Corporate College International (CCI) and CrawfordSchools™ were frontrunners in the achievement of the IIP standard which has led to improved practices throughout the rest of the Group.

In 2006 CCI, Crawford College North Coast, Crawford Preparatory & Pre-Primary North Coast, Crawford College Pretoria, Crawford Preparatory & Pre-Primary Pretoria and Crawford Village Pre-Primary successfully retained

accreditation of the standard. Eleven CrawfordSchools™ sites will be reviewed during 2007, and Junior College Nursery Schools are currently preparing for their first assessments.

● Skills Development and Training

ADvTECH places strong emphasis on ongoing skills development and training and seeks to ensure that its workplace skills plan promotes the training of HDI employees. Plans are submitted to the relevant authorities annually.

A dedicated programme of skills development and training initiatives is offered to employees, including IIP, training and academic conferences, a Management Development Programme (MDP), learnerships, staff training days and the granting of bursaries and scholarships for staff and their children.

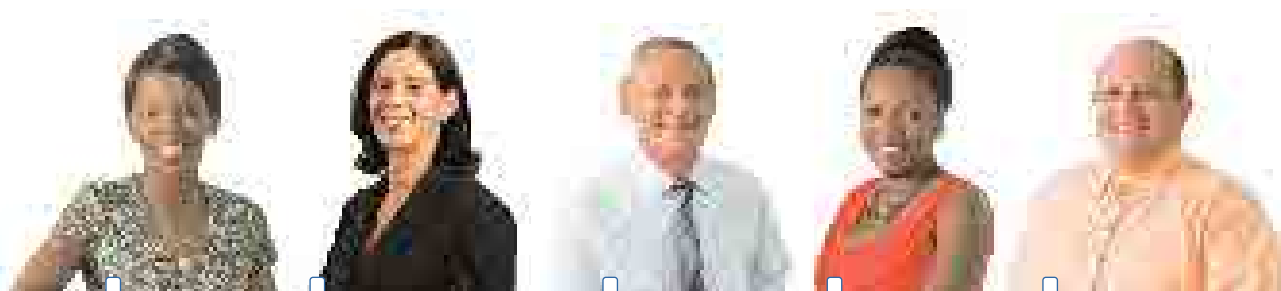
All divisions and head office have specific plans and budgets for skills development which are aligned to their business strategies.

● Employment Equity

ADvTECH's employment equity strategy aims to ensure that the Group's demographic profile is appropriately aligned to meet the requirements of the Employment Equity Act, while contributing to the redressing of employment imbalances of the past. In line with its values, the Group strives for equal opportunity and fair treatment in employment. ADvTECH believes that diversity strengthens its employee component and provides appropriate role models for students.

In order to strive for employment equity targets, the Group:

- applies transformation interventions such as diversity management and creation of a high performance culture;
- attracts, develops and retains staff from designated groups;
- provides reasonable accommodation for employees from designated groups to provide a safe and enabling work environment;
- empowers all staff through substantiated and procedural compliance with the Employment Equity Act; and



Lele Qetya

Odette Francesconi

Charles Freysen

Veronica Asiedu

Benno Bessinger

- implements a recruitment process aimed at attracting affirmative and empowerment candidates for vacancies which arise, while at the same time ensuring continuing provision of quality services to all clients.

Remuneration

ADvTECH's remuneration philosophy is to attract, retain, motivate and reward management and staff by the payment of fair, competitive and appropriately structured remuneration. The Group has established a Remuneration committee (RemCom) comprising the chairman of the Board, who chairs the committee, and another non-executive director. The duty of the RemCom is to ensure that the Group's remuneration philosophy is aligned with its business strategy, and at the same time that its remuneration practices are soundly based and governed.

Remuneration of all staff is regularly benchmarked against the market and Group performance. Guaranteed remuneration comprises a cost-to-company package with cash and benefits, such as medical aid and retirement funding.

Performance remuneration in the form of incentives, bonuses and profit sharing is implemented in certain employment categories to build a performance culture and retain employees who demonstrate excellence. Depending on seniority and responsibility of the individual concerned, the maximum incentive available ranges from 8% to 50% of the cost-to-company remuneration package.

● General staff

The remuneration of teachers and academic staff is benchmarked against state remuneration, which establishes the framework for basic cost-to-company remuneration and the incentivisation of exceptional performance where deemed appropriate.

The remuneration of Resourcing staff is based on an incentive structure, with the majority of consultants receiving a performance related package linked to rigorous quality standards.

Appropriate recognition is given to the qualifications of professional staff.



Craig Lurie



Aletta Geldenhuys



Hymie Levin



Willy Manana



Marcia Dippenaar

[SUSTAINABILITY] continued

● Senior staff and management

The remuneration strategy for these employees encompasses three elements:

- A guaranteed cost-to-company package;
- Annual incentive remuneration based on pre-determined key performance indicators (KPI's); and
- Long term incentive remuneration based on participation in share incentive schemes offered by the ADvTECH Share Incentive Trust.

● Executive leadership

Executive leadership is offered a similar structure of remuneration to that of senior staff and management, but the annual incentive remuneration is typically based on a combination of individual KPI's (two-thirds of incentive) and group KPI's, derived from the performance of the business unit for which the employee has responsibility (one-third of incentive). Furthermore, the bulk of the maximum potential bonus is earned by achieving stretch goals and targets. The incentive remuneration targets are agreed with the executive concerned and approved by RemCom at the beginning of each year.

Labour Relations

ADvTECH endorses employee rights as contained within the South African Constitution and the Group's policies and procedures are aligned with the Constitution and laws of South Africa.

Human Resource policies and procedures, including procedures for the management of grievances, disputes and disciplinary measures, are in place in all Group operations.

HIV/Aids

ADvTECH is committed to addressing HIV/Aids in a positive and non-discriminatory manner, with the informed support and co-operation of all employees.

The Group has adopted a two-pronged strategy to address HIV/Aids issues. It focuses on prevention and a healthy lifestyle. In 2006, ADvTECH implemented programmes to heighten awareness of the infection and discourage prejudice against people who have contracted it. We proudly supported the World Aids Day by participating in the "Bannerthon" campaign.

Occupational Health and Safety

ADvTECH is committed to a safe, healthy and hygienic working environment in compliance with the South African Occupational Health and Safety Act. It places particular emphasis on the safety of students and others who attend campuses and sites of the Group.

The Group is implementing a formal Health and Safety policy that sets out appropriate workplace safety procedures. The policy provides guidelines on the prevention of accidents in the

workplace, reporting of accidents, First Aid and fire. Employees are encouraged to familiarise themselves with the policy as well as report incidents immediately to their superiors.

ADvTECH employs a health and safety officer, who trains, audits and proactively ensures that there is adherence to health and safety policies within the Group.

Corporate Social Investment

ADvTECH's aggregate corporate social investment (CSI) for 2006 totals R31 million (2005: R29 million) and is equivalent to 37% of headline earnings. The bulk of this amount is used to provide bursaries, scholarships and financial support for deserving learners at school and tertiary level. This is consistent with ADvTECH's philosophy of widening access to education for less privileged students.

ADvTECH's commitment to the DJ Fresh, Lucky Mazibuko and P4 bursary initiatives remains strong. Each ADvTECH brand also participates in its own community and CSI projects. Beneficiaries include: Bona Lesedi Disability Project, CANSA, Childline, CHOC, Door of Hope, Epileptic Employment Association, Kidz Haven, Mahau's Disabled Children's Centre, Reach for a Dream, Red Cross Society, Salvation Army, SANCA, Siyaya Community Project, SOS Children's Village, SPCA and Starfish Foundation.

Corporate Governance

ADvTECH is committed to sound principles of corporate governance in all of its business dealings. Board members are expected to discharge their fiduciary duties and responsibilities professionally and in accordance with the Group's code of ethics. The Group endorses the principles of the Code of Corporate Practice and Conduct embodied in the King Report on Corporate Governance for South Africa and complies substantially and materially with its provisions. The Group complies with all relevant legislation, including the JSE Limited Listings Requirements.



(011) 676 8000

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