Committed to the development of potential
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The average flash of lightning could turn on a 100-watt light bulb for more than 3 months.
Committed to the development of potential

The average flash of lightning could turn on a 100-watt light bulb for more than 3 months.
adj. that can be developed into something

noun. the possibility of something happening, being developed or used

e.g. potential energy

Source: Oxford Advanced Learners Dictionary, 7th Edition

Committed to the development of potential
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Committed to the development of potential

The average flash of lightning could turn on a 100-watt light bulb for more than 3 months.
However, the most powerful, flexible and renewable source of potential is …
human potential

Committed to the development of potential
annual results

for the twelve months ended 31 December 2006

FROM THE CLASSROOM

TO THE BOARDROOM,

WE ARE COMMITTED TO THE

DEVELOPMENT OF

POTENTIAL
Committed to the development of potential

overview

- Leader in SA in Education, Training, Skills Development and Career Placement

- Focused on development, deployment and management of human capital

- Two primary divisions:
  - Independent Education (86%)
  - Human Resourcing (14%)
advtech education

<table>
<thead>
<tr>
<th>SCHOOLS</th>
<th>TERTIARY</th>
<th>SKILLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbotts College</td>
<td>Vega - The Brand Communications School</td>
<td>IMFUNDO</td>
</tr>
<tr>
<td>Crawford Schools</td>
<td>College Campus - The Career College</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rosebank College</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Junior</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMDC</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Global School of Business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Development Centre</td>
<td></td>
</tr>
</tbody>
</table>

Committed to the development of potential
Committed to the development of potential
illustrating our vision

Committed to the development of potential
sustainability

Inherent sustainability:

Committed to the development of potential
sustainability

Inherent sustainability:

Transformation
- 67% of students and 55% of placements
- HDI staff growth 26% vs 13% overall
- 44% of MDP
sustainability

Inherent sustainability:

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Committees
- Transformation
- HESIO
- Remuneration
- Academic Advisory Council

Committed to the development of potential
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BEE
- “BBB” EmpowerDEX rating
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Good corporate governance
sustainability

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Committees
- Transformation
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BEE
- “BBB” EmpowerDEX rating

Good corporate governance

Committed to the development of potential
sustainability

Human Capital:
- Cornerstone of ADvTECH’s sustainability
- Created 328 new job opportunities
- Investors in People
- Skills development

Corporate Social Investment:
- Group bursary programme including DJ Fresh, Lucky Mazibuko & P4 bursary initiatives
- Campus and divisional initiatives

Committed to the development of potential
academic excellence

If current trends continue, one out of five who start school now will pass matric in 12 years’ time – Business Day, Jan 2007

Against this backdrop, ADvTECH and its school learners achieved:

- 100% matric pass rate (2005: 100%), 2 200 distinctions
- 74% achieved either A or B aggregates
- 107 learners across the Schools division achieved 6 or more A’s
- ADvTECH acknowledged as leading maths educator:
  - highest number of HDI maths passes
  - outstanding contribution to national averages

Committed to the development of potential
The current participation rate in tertiary education in SA of 3% is half that of Egypt! Against this backdrop, ADvTECH and its tertiary students achieved:

- Over 69 000 exams written by full-time students (61% pass rate)
- 1 685 full-time graduates of which 209 were with distinction
- 7 115 graduates from short learning programmes across the Group
  - 82% pass rate at Rosebank College
  - 76% pass rate at Varsity College
- Vega students won awards including Loeries and others.
operational highlights

- Almost 40,000 students (up 10%) across the Group
- HE programmes and campuses completed re-accreditation in 2006
- Independent Institute of Education (IIE) registered as Private Higher Education provider in 2007
- 3,000 permanent placements and 1,500 temporary placements
operational highlights

• Significant progress in transformation and sustainability. Management 23% transformed

• Successful acquisition and integration of Vertex–Kapele

• Roll out of share participation scheme for senior staff, strengthening of central resources in marketing, HR and finance – increased central costs

• 2 888 staff employed (2005: 2 560)
Committed to the development of potential
### financial overview

**SUMMARISED BALANCE SHEET**

**FUNDS EMPLOYED BASIS**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed and long term asset</td>
<td>403</td>
<td>366</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax</td>
<td>35</td>
<td>42</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>30</td>
<td>37</td>
<td>329</td>
<td>287</td>
</tr>
<tr>
<td>Debtors and other</td>
<td>30</td>
<td>37</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>-182</td>
<td>-170</td>
<td>-60</td>
<td>-36</td>
</tr>
<tr>
<td>Fees in advance</td>
<td>-47</td>
<td>-50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>-135</td>
<td>-120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net current liabilities</td>
<td>-152</td>
<td>-133</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employment of funds</strong></td>
<td>287</td>
<td>274</td>
<td>287</td>
<td>274</td>
</tr>
</tbody>
</table>

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Committed to the development of potential
financial overview

- efficiency & productivity

Operating Margin

Staff Productivity
(operating profit per employee)

CAGR = 24%
financial overview

- profitability

![Education - Operating Profit Graph](chart1.png)

CAGR = 27%

![Resourcing - Operating Profit Graph](chart2.png)

CAGR = 39%

Committed to the development of potential
financial overview

- cash flow generation

![Bar chart displaying cash flow generation from 2002 to 2006, with CAGR = 29%](chart1.png)

![Bar chart displaying free operating cash flow per share from 2003 to 2006](chart2.png)

Committed to the development of potential
financial overview

- distribution to shareholders
financial overview

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

- Schools
- Tertiary
- Other

- Existing capacity
- Capacity created in 2006

Committed to the development of potential
financial overview

INVESTMENT PROGRAMME 2004 – 2006
Major infrastructural investments brought into use

- Tertiary properties: 46%
- Infrastructural equipment: 17%
- Schools properties: 37%
Committed to the development of potential ADvTECH relative to its peers

<table>
<thead>
<tr>
<th>Share Statistics (22/03/2007)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price – cents</td>
<td>425</td>
</tr>
<tr>
<td>Highest price – cents (22 Mar)</td>
<td>425</td>
</tr>
<tr>
<td>Lowest price – cents (27 Jun)</td>
<td>191</td>
</tr>
<tr>
<td>Market cap – Rm</td>
<td>1 673</td>
</tr>
<tr>
<td>Shares in issue – m</td>
<td>394</td>
</tr>
<tr>
<td>Shares traded – m (Jan – Dec ‘06)</td>
<td>90.9</td>
</tr>
</tbody>
</table>

**ADvTECH relative to its peers**

![Graph showing ADvTECH's performance compared to peers](chart)

**Committed to the development of potential**
<table>
<thead>
<tr>
<th>Subject</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued reinvestment in infrastructure &amp; feasibility thereof</td>
<td>✓</td>
</tr>
<tr>
<td>- capex spend of R65.5m</td>
<td>✓</td>
</tr>
<tr>
<td>- strong enrolment (+10%) and Education revenue growth (+22%)</td>
<td>✓</td>
</tr>
<tr>
<td>Litigation</td>
<td>?</td>
</tr>
<tr>
<td>- ongoing</td>
<td>✓</td>
</tr>
<tr>
<td>- various applications favourably disposed of / anticipated recoupment</td>
<td>?</td>
</tr>
<tr>
<td>of costs</td>
<td></td>
</tr>
<tr>
<td>Demand for skilled staff high / Resourcing continues to gain market</td>
<td>✓</td>
</tr>
<tr>
<td>share</td>
<td></td>
</tr>
<tr>
<td>- revenue growth (+49%)</td>
<td>✓</td>
</tr>
<tr>
<td>Group will remain ungeared at year-end</td>
<td>✓</td>
</tr>
<tr>
<td>- net cash on hand of R35.9m</td>
<td>✓</td>
</tr>
<tr>
<td>Closure of Crawford Glenmore</td>
<td>?</td>
</tr>
<tr>
<td>- completed</td>
<td></td>
</tr>
<tr>
<td>Subject</td>
<td>Result</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Improved results and cash flow</strong></td>
<td></td>
</tr>
<tr>
<td>- outstanding academic results (refer separate report)</td>
<td>✓</td>
</tr>
<tr>
<td>- diluted HEPS up 47%</td>
<td>✓</td>
</tr>
<tr>
<td>- operating margin up from 13.2% to 14.7%</td>
<td>✓</td>
</tr>
<tr>
<td>- free operating cash flow per share up 41%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Imfundo</strong></td>
<td></td>
</tr>
<tr>
<td>- management change afforded opportunity to set a new, broader foundation for growth</td>
<td>?</td>
</tr>
<tr>
<td><strong>Accreditation</strong></td>
<td></td>
</tr>
<tr>
<td>- HE programmes and campuses re-accredited</td>
<td>✓</td>
</tr>
<tr>
<td>- largest base of accredited HE programmes in independent sector</td>
<td>✓</td>
</tr>
</tbody>
</table>

Result for the year: **PASSED**
Did you know?

- Education in national budget – R105.5bn – largest item
- 30 out of every 100 people in SA are either learners or students
- Of every 1,000 learners/students in SA:
  - 854 are in public schools
  - 23 are in independent schools
  - 53 are in public HE institutions (universities & technikons)
  - 27 are in public FET colleges (technical colleges)
  - 43 are in private and other colleges
- Illiteracy rate in SA for adults over 15 years old = 30%
- 207,500 young learnerships; Govt earmarks R4.4bn for SETA learnerships

Source: Dept of Education – Education Statistics at a glance, 2005

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Did you know?

- Only 22% of first time entering students graduate after 5 years (2000/2001) – “Access without a fair chance of success is not access at all” – Mr Enver Surty, Deputy Minister of Education

- Learners who wrote 2006 matric were the first to have begun their school careers after 1994 elections:
  - 66.5% passed (1996: 54%)
  - 16.2% passed with exemption (1996: 15.4%)
  - 4.8% passed maths at higher grade

- Between 1996 and 1997, 15 541 of the most qualified teachers were pensioned off

Source: Has school education improved under the ANC? – James Myburgh, March 2007
Did you know?

- Exemption rate is still lower than in 1980’s but higher in absolute numbers
- Very little change in number of higher grade maths passes
- IEB results:
  - Number of pupils = 7 035 in 2006 (1994: 1 305)
  - 98.3% pass rate

Source: Has school education improved under the ANC? – James Myburgh, March 2007

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National Statistics – 2006:

- 12 302 000 learners
- 386 600 educators
- 26 300 schools
- Highest growth in learners in North West (7%) & Mpumalanga (3.3%)

Source: Dept of Education – School Realities, 2006

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Independent Schools – 2006:

- 340 060 learners
- 19 400 educators
- 1 098 schools

Source: Dept of Education – School Realities, 2006
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Committed to the development of potential

Public HE & FET Institutions & ABET – 2005:

- 1 384 000 students
- 15 500 educators
- 50 FET & 23 HE institutions
- Public pass rates:
  - Undergrad – 15%
  - Masters – 18%
  - Doctoral – 13%

By Qualification Type 2005

Field of Study 2005

Source: Dept of Education – Education Statistics at a glance, 2005
Did you know?

- Unemployment: 30% - Government aims to halve by 2014
- Formal economy employs 56% of students from top universities, but BEE pressure
- Average age of skilled artisans is 54 years
- Employment has grown from 9.5m to 12m jobs since 1995
- 1 500 news jobs are created every day
- There are approximately 3 000 placement companies active in SA

Source: Business Day, Thebe Securities
Committed to the development of potential prospects - education

Education ‘key’ to boosting growth

EDUCATION will be a key issue as policymakers examine the nation's economic growth rate to 5% a year, Deputy President(Nonkulise Mantashe) said yesterday.

This included boosting up the skills required to ensure the growth of the economy. Mantashe was addressing members of Parliament on the outcomes of the development of the economy in the next 15 years.

"We are looking at how we can leverage on economic stability," she said.

"We need to have more programmes for the skills required to bring about economic growth."

80% of schools need help! - Daily Sun, 16 Oct 2006

With average age of skilled technical staff now at 54, SA is resorting to importing skilled staff - Business Day, 19 Sept 2006

More pupils go to (and finish) school - Pta News, 05 Sept 2006

Manuel Laments SA Skills Dearth - fin24, 22 Feb 2007

Half SA’s education degrees fail to make the grade - Mail & Guardian, 4 Aug 2006

Pressure to perform has SETAs running on critically low reserves - Business Day, 1 Aug 2006

Major Boost For Education - fin24, 21 Feb 2007

Education spending set to double - review

Education minister Naledi Pandor says the Education spending will nearly double from R52.9bn in 2002-03 to a projected R96.4bn in 2006-07, with an increasing share being allocated to non-monetary items such as capital expenditure and learner support material, a review of governmental rules.

The review of the rules, which have been in place since 1994, is aimed at ensuring that education spending is used more effectively and efficiently.

The review was prompted by a special audit committee report, which found that the Education department had overspent by R1.5bn in the 2002-03 financial year.

The department spent R2.3bn more than it had been allocated by Parliament, and this was later approved by the National Assembly.

Meer skole wat na wins najaag, verwag - Sake Rapport, 23 July 2006
Committed to the development of potential prospects - resourcing

More pupils go to (and finish) school - Pta News, 05 Sept 2006

1 500 new jobs being created every day - Budget Speech 2006

207 497 young people registered for learnerships - Budget Speech 2006

With average age of skilled technical staff now at 54, SA is resorting to importing skilled staff - Business Day, 19 Sept 2006


Manuel Laments SA Skills Dearth - fin24, 22 Feb 2007

... demand for skills has been unprecedented ... - Business Day, Nov 2006
Committed to the development of potential prospects
Committed to the development of potential

prospects

- Investing in infrastructure, capacity
- Broader offering
- Sustained academic achievement
- Increased enrolments

Education division to sustain positive financial trend
prospects

- Investing in infrastructure, capacity
- Broader offering
- Sustained academic achievement
- Increased enrolments

**Education** division to sustain positive financial trend

- Focused and effective model
- Leadership in chosen markets
- Buoyant recruitment market

**Resourcing** division well positioned for growth

Committed to the development of potential
Committed to the development of potential prospects

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- Sustained academic achievement
- Increased enrolments

Education division to sustain positive financial trend

- Focused and effective model
- Leadership in chosen markets
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Resourcing division well positioned for growth

Group expects improved results and cash flow in 2007

Committed to the development of potential
thank you

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