

Your directors have pleasure in presenting their report on the activities of the Group for the year ended 31 December 2009.

Nature of business

The ADvTECH Group is one of the largest diversified education, training and placement groups in South Africa. It is listed in the Specialised Consumer Services sector of the JSE Limited ("JSE"). The Education division offers quality education from pre-primary to diploma, degree and post-graduate levels, as well as Adult Basic Education and Training. The Resourcing division is a significant force in niche areas of the placement industry.

Financial results

The results for the year ended 31 December 2009 are set out herein and commentary thereon is provided in the Chairman's and CEO's report.

Share capital

The Company's authorised share capital remained unchanged, however the issued share capital was altered during the year under review as follows:

Number of shares in issue at 31 December 2008	393 664 886
Shares issued*	9 000 000
Shares acquired and cancelled	(1 826 705)
Number of shares in issue at 31 December 2009	400 838 181

*These shares were issued as part payment of the purchase price for the acquisition of FLB. Full details of this acquisition can be found on page 45.

Capital distribution by way of a reduction of share premium

Share code: ADH ISIN code: ZAE 0000 31035

The Board is pleased to announce a final distribution to shareholders, to be paid out of share premium, of 13.5 cents per share (2008: 13.0 cents). This would bring the total distribution for the year to 21.0 cents (2008: 20.0 cents) per share. The authority to make this payment to shareholders was obtained at the Annual General Meeting held on 19 May 2009. The Board is satisfied that the capital remaining after payment of the distribution is sufficient to support the current operations and to facilitate future development of the business.

Post balance sheet events

The directors are not aware of any matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 31 December 2009 or the financial position at that date. However, the Design School Southern Africa (Pty) Ltd was acquired in January 2010 as referred to on page 23 of the annual report.

Special resolutions adopted by subsidiary companies

No special resolutions were passed by subsidiary companies during the year under review.

Directorate

Details of directors appear on pages 18 and 19 of the annual report.

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

LW Maasdorp – appointed as a non-executive director on 17 July 2009.

In terms of the Company's articles of association the following directors retire at the forthcoming Annual General Meeting and, all being eligible, offer themselves for re-election: BD Buckham, HR Levin and JDR Oesch. An abbreviated curriculum vitae of each director can be found on pages 18 and 19 of the annual report.

Interest of directors

As at 31 December 2009, the directors' beneficial and non-beneficial, direct and indirect interests in the issued share capital of the Company was 13.0% (2008: 14.0%) in aggregate and per director as follows:

	Beneficial				Non-beneficial			
	Direct		Indirect		Direct		Indirect	
	2009	2008	2009	2008	2009	2008	2009	2008
BD Buckham	26 392 650	26 392 650	–	–	970 276	970 276	–	–
DK Ferreira	120 000	120 000	–	–	–	–	–	–
BM Gourley	–	–	–	–	–	–	–	–
JD Jansen	–	–	–	–	–	–	–	–
HR Levin	9 106 427	9 106 427	659 900	659 900	93 573	93 573	–	–
JC Livingstone	–	–	–	–	–	–	–	–
LW Maasdorp*	–	–	–	–	–	–	–	–
JDR Oesch	1 732 000	2 343 841	–	150 236	–	–	–	–
MI Sacks	150 000	153 000	–	–	–	–	250 000	250 000
FR Thompson	12 496 856	14 846 620	–	150 236	–	–	60 000	60 000
F Titi	–	–	–	–	–	–	–	–
Totals	49 997 933	52 962 538	659 900	960 372	1 063 849	1 063 849	310 000	310 000

*Appointed as a non-executive director on 17 July 2009.

At the date that this financial report was prepared, none of the current directors of the Group has disposed of any of the shares held by them as at 31 December 2009.

Directors' share options

The directors held the following share options at 31 December 2009:

Name of director	Share options as at 31 December 2008		Share options granted during the year		Share options exercised during the year			Share options as at 31 December 2009 Number
	Exercise price (cents)	Number	Number	Price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of options (R)	
JDR Oesch	270	40 000						40 000
	375	360 000						360 000
		400 000						400 000

The share option exercise terms are detailed in note 14 on pages 36 and 37.

Directors' emoluments

Emoluments paid to directors of the Group (excluding gains on share options exercised) for the year ended 31 December 2009, are set out below:

	Fees R	Salary R	Bonus* R	Expense allowances R	Provident fund contributions R	Total 2009 R	Total 2008 R
Executive							
FR Thompson		1 832 594	596 000	310 800	256 606	2 996 000	3 634 575
JDR Oesch		1 202 550	207 146	150 000	172 450	1 732 146	1 714 770
Total executive		3 035 144	803 146	460 800	429 056	4 728 146	5 349 345
Non-executive							
BD Buckham	140 000					140 000	140 000
DK Ferreira	170 000					170 000	150 000
BM Gourley	120 000					120 000	75 000
JD Jansen	150 000					150 000	150 000
HR Levin	190 000					190 000	190 000
JC Livingstone	170 000					170 000	30 000
LW Maasdorp#	50 000					50 000	–
MI Sacks	180 000					180 000	280 000
F Titi	180 000					180 000	180 000
Total non-executive	1 350 000					1 350 000	1 195 000

*The Company bonus plan approved by the Board and its Remuneration Committee makes provision for a bonus payment on the attainment of agreed profits as well as a payment for the achievement of individual objectives.

#Appointed as a non-executive director on 17 July 2009.

There were no directors' fees for executive directors for the year under review.

Major acquisition

Detail of the major acquisition made during the year under review is reported on page 45.

Company secretary

The office of company secretary was held by SC O'Connor for the financial year ended 31 December 2009.

The secretary's business, postal and email address is as follows:

Business address

ADvTECH House
Inanda Greens
54 Wierda Road West
Wierda Valley
Sandton
2196

Postal address

PO Box 2369
Randburg
2125

Email address: groupsec@advtech.co.za