

Dear Shareholder

After 17 consecutive years of positive development in South Africa, it was perhaps inevitable that at some point the economic growth cycle would come to an end. It did so in 2009, fuelled by a significant downturn in foreign markets, a severe global banking crisis and a punishing drop in investment confidence which permeated throughout the world's investor communities. There is little doubt that the year 2009 will be remembered as one of the most challenging economic periods of modern history.

The watchword for ADvTECH, as for all businesses, became 'Back to Basics' and all aspects of the Group's operations were carefully reviewed as a protective measure in the event of a protracted recession. This review confirmed the resilient nature and core strengths of each business unit and management were able to conclude with confidence that the Group could retain its market leadership and that its sustainability was secure.

Notwithstanding the damaging economic events of the time, the defensive nature of ADvTECH's principal Education division and the proven application of this division's business model enabled the Group to continue its growth path and record an increase in its education revenues and operating profits of 20% and 21% respectively.

ADvTECH's smaller but robust Resourcing division was unfortunately, but not unexpectedly, impacted by the recessionary conditions. While the Division increased its market share and positioned itself with typical purpose and energy, its operating profits declined from R47 million in 2008 to R29 million for the year under review.

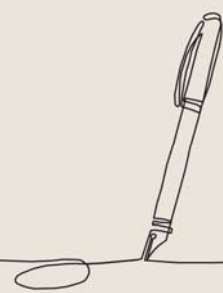
Over the last five years, ADvTECH has delivered an annual compound growth rate in earnings of 30% and throughout this period has continued to expand its academic programmes, its teaching capacity, its physical infrastructure and its recruitment network. This has been achieved through healthy organic growth, income enhancing capital expenditure and certain attractive acquisitions. Market recognition of the Group's accomplishments was highlighted by the Financial Mail and Sunday Times when ADvTECH was included in the Top 20 company rankings for 2009 by both publications.

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The Education division, which represents 85% and 89% of the Group in revenue and profits respectively, continued to increase its contribution to South Africa's education and training capacity as well as the transformation of the Country's educated and skilled workforce. The Division enrolled approximately 61 000 students during the year, 32 000 of these being full-time students with the remainder studying part-time or attending Short Learning Programmes. 73% of the student body is black, as are many of the Group's top achievers, including the top achieving matric student.

The academic achievements of the Group's students, individually and collectively, are testament to the conducive and enabling education environment offered by ADvTECH. The Group's 1 169 matric candidates again achieved a 100% pass rate, with over 98% of them qualifying for entrance into Higher Education institutions. 113 candidates received six or more distinctions and the 2009 matric class collectively obtained 2 351 distinctions. Included in this number were six bursary students who achieved distinctions in Mathematics after just two years at Abbots College. 15 graduation ceremonies took place during the year at which 2 468 (2008: 2 156) students from The Independent Institute of Education (IIE) graduated with accredited Higher Education qualifications at certificate, diploma, degree or honours level. Forbes Lever Baker (FLB) and Varsity College undergraduate UNISA students continued to achieve sound results with an overall module pass rate of 72%. In the UNISA CTA examinations FLB and Varsity College students occupied 12 of the top 15 places nationally. At Imfundo 10 500 candidates completed an Adult Basic Education and Training programme which provided meaningful literacy skills. The oldest participant in this programme was 94 years old and was able to read and check her pension statement for the first time in some 30 years as a pensioner. A further 9 000 candidates in the insurance industry wrote the Financial Advisory and Intermediary Services (FAIS) examinations, with a 71% success rate.

ADvTECH's Resourcing division is primarily focused on the permanent placement of skilled individuals. The recruitment brands have maintained a resolute focus in key market areas notwithstanding extremely difficult trading conditions, especially during the second half of the financial year. Circumstances dictated an intense focus on productivity and a renewed commitment to a lean and efficient operational model. The value and reputation of the brands within the Division enabled the Group to retain its core teams of skilled and experienced managers and consultants, which led to gains in market share and improved positioning in key



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niche industries. Despite the disappointing financial results this year, the Division is well positioned and prepared to embrace the opportunities that an improving economy will offer. The Resourcing division placed approximately 3 900 (2008: 4 900) people in new careers during the year.

Given the mix of strong growth in the Education division and the market related decline in contribution from the Resourcing division, the Group's overall financial performance is considered to be highly satisfactory. Revenues increased by 15% to R1.4 billion, operating profit increased by 9% to R219 million with headline earnings per share being at the same level of the previous year due to lower interest earnings and dilution resulting from the issuing of shares to vendors.

Free operating cash flow per share before capital expenditure increased by 21% to 63.8 cents. This is equivalent to the cash conversion of close to 160% of headline earnings per share and underscores the Group's quality of earnings. Given this positive feature of ADvTECH's results, the Board was able to approve distributions for the year of 21.0 (2008: 20.0) cents per share, which includes a final distribution of 13.5 (2008: 13.0) cents per share.

ADvTECH continues to provide outstanding quality education and even in today's uncertain economic environment there is clear evidence of growing demand for such services. As the economy emerges from the recession, it is anticipated that further demand will continue to develop. The Board will be monitoring these developments always with a view to optimising shareholder interests through feasible expansion and acquisition. The Resourcing division is also well placed for the resumption of growth when market conditions return to normal.

During the year Mr Leslie Maasdorp joined the ADvTECH Board of Directors. Mr Maasdorp is a leading South African businessman who has held and continues to hold senior positions in both the public and private sectors. The Board now comprises seven independent non-executive directors, two non-executive directors and two executive directors. The Academic Advisory Council admitted Dr Thomas Oosthuizen and Professor Brenda Gourley as members of the Council. Professor Gourley is also an independent non-executive Director. The Academic Advisory Council now comprises four senior and experienced independent academics with South African and international expertise.

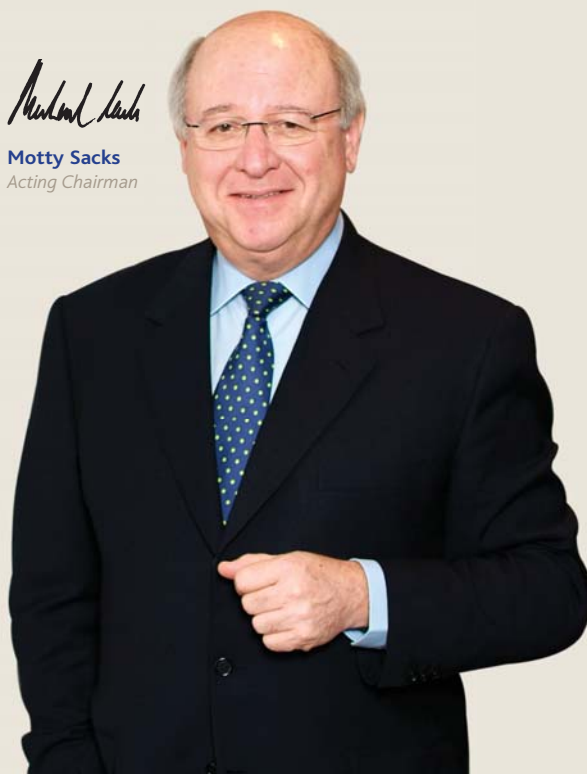
It is an imperative for South Africa's youth and workforce to embody progressive and advanced levels of education and training. Investment in our human capital, to create a workforce with creativity and skills that see education as a lifelong commitment, is critical in generating products and services with high economic value. The link between education and individual success and independence is well documented. Education provides a higher probability of secure employment, superior remuneration, a life with positive choices, an equal opportunity to compete and the ability to acquire assets and create wealth.

ADvTECH is a quality catalyst in igniting an interest in greater learning for greater success. I can record with some confidence that ADvTECH has a sound and sustainable business, is well managed and is satisfactorily capitalised for future growth and progress.

I would like to thank our management and staff for their immense effort and loyalty during what has been a difficult year for everyone. I would also like to acknowledge the Group's non-executive directors and members of the Academic Advisory Council for their support, advice and guidance.

Yours sincerely

Motty Sacks
Acting Chairman



Newsclips



ADvTECH achieved steady financial results for the year ended December 2009, a period characterised by significant financial and economic challenges for consumers in South Africa. These results flowed from continued strong growth in the Education division which was offset by a significant but market related decline in the contribution from the Resourcing division. The increase in demand for ADvTECH's education services throughout this period is testament to the value placed on the quality of the Group's education offering. The strength of the Group's business model and the annuity nature of the revenue stream underpin ADvTECH's long-term sustainability.

Education

In line with the Group's model of longer-term sustainability, the Education division maintained a programme of investing in human resources, IT capability and physical infrastructure. These investments have contributed to both the quality and scale of ADvTECH's educational offering. As a result the Group was able to offer education to 60 800 learners, up from 46 500 last year. A key element of this growth was the 7% increase in full-time students to 32 400. These services were offered across 57 sites (2008: 52). A significant increase in student numbers was achieved in Imfundo, mainly as a consequence of the Adult Basic Education and Training contract carried out for the Department of Labour, which saw 10 500 students completing Basic Literacy training.

The Group's schools still focus primarily on the state and provincial matriculation exams, although the IEB matriculation exams are offered at Trinityhouse. All necessary teaching and quality arrangements are in place to ensure that competitive world-class schooling is offered. ADvTECH students are tested against a variety of international benchmarks which verify that the curriculum, standard of education and level of attainment are all at appropriate levels.

At post-schooling level, the role of the Academic Advisory Council, Senate and the various specialist advisory committees have supported The Independent Institute of Education (IIE) in achieving a 17% increase in the number of accredited programmes. This further strengthened the Group's position as South Africa's leading Private Higher Education Institution with 41 accredited programmes across 24 sites of delivery.

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The IIE continues to play a leadership role in the education sector. During 2009 two sector forums and a regional guest speaker series were held and well attended by education stakeholders, including representatives from public and private sectors, NGOs and regulators. The IIE also maintained close formal and informal links directly with regulators and departmental officials.

Our year end examination results and benchmarking evaluations were once again excellent. Perhaps the real value of these results is measured by the progress and success of alumni in their subsequent education and careers, which ADvTECH continues to monitor through representative surveys. Attention given to this area has increased and since 2007 several thousand alumni have been contacted formally, generating useful longitudinal and cross-sectional data.

In 2009 a further 652 IIE graduates were surveyed on a statistically valid basis. While satisfactory employment success continues to be achieved, the 2009 sample revealed to some extent the career challenges facing most young graduates in a difficult economy and the overall employment rate has declined compared to the trend of the last three

years. 63% of the employed alumni had found positions directly related to their field of study within four months of graduating. Satisfyingly, 73% of the IIE graduates surveyed had completed their qualifications in the minimum prescribed period and more than 80% of graduates indicated that they would recommend their campus to others.

Research conducted at South African universities shows that matriculants from the ADvTECH Group are amongst the most successful students. The University of the Witwatersrand (Wits) tracked the performance of students from its top 20 feeder schools over a three year period (2004 to 2006). 30% of the 342 Crawford College Sandton students enrolled at Wits during this time received prizes and awards for excelling academically. In 2009 Yusuf Randerarees (a 2000 Crawfordian) and Bonolo Mathibela (a 2004 Crawfordian) were awarded Rhodes Scholarships, while Adam Golding (a 2001 Crawfordian), was recently awarded a Fullbright Scholarship to further his studies in Music.

The Group continues to hire its own graduates with a current alumni headcount of 322, representing almost 9% of the workforce.



Frank Thompson
Chief Executive Officer

“The Group offered education to a total of 60 800 learners across 57 sites.”

Resourcing

The Group's resourcing business experienced a pronounced fall off in demand coupled with a lengthening of the staff procurement cycle during the first quarter of 2009. Thus, after a promising start to the year volumes fell away, especially in the second half of the year when compared to the very buoyant second half of 2008. These conditions necessitated rigorous cost containment measures and intense focus on quality and productivity. This led to some downsizing in parts of the business, although not material in overall terms.

Notwithstanding these conditions, the Division was able to retain core leadership and skills and thereby strengthen its position as the leading provider of IT staff. In addition the Division secured market leadership in permanent staff placements in the Finance and HR categories as well as making gains in other key target markets. These developments position the Division well for a revival in the staffing markets when this occurs.

Financial

I am pleased, under the circumstances, to be able to report a 15% increase in revenue to R1.4 billion and a 9% increase in operating profit to R219 million. Reduced interest earnings and the dilution resulting from the issue of shares to vendors translated into diluted HEPS of 40.1 cents (2008: 40.0 cents).



The strong cash flow reported on below enabled the declaration of a 5% increase in distributions per share for the full year.

These results were driven by a sound performance in the Education division coupled with modest growth in central administration costs which increased by 9% (2008: 13%). Overall, operating margin declined marginally. In Education the margin increased fractionally to just under 20%, whilst in Resourcing, the margin was severely compromised by the abovementioned economic conditions.

Revenue in the Education division increased by 20% to R1.2 billion and operating profit by 21% to R231 million. This growth reflects continued real growth in student numbers and the benefit of economies of scale. As a result of the challenging trading environment due to the economic downturn, the Resourcing division had a difficult year with revenue declining by 7% overall and 23% in the second six months to R208 million for the year. This impacted heavily on the Division's operating profit which declined for the year by 39% to R29 million. Notwithstanding this result, the Resourcing division continued to contribute to the Group's performance with operating profit at a level equivalent to that of 2007, strong positive cash flows and significant gains in market position.

Free operating cash flow before capex per share increased by 21% to 63.8 (2008: 52.9) cents per share. A further improvement in working capital management enabled the Group to generate this result despite the lower rate of operating profit growth. The increase in net trade and other current assets of 12% was lower than the 15% increase in revenue and reflects the result of continued focus on the management and collection of receivables.

Sound cash generation enabled ADvTECH to fund from its own resources capital expenditure of R129 million (2008: R98 million), acquisitions of R57 million (2008: R143 million), corporate taxation of R75 million (2008: R49 million) and capital distributions of R80 million (2008: R69 million). This enabled the

Group to maintain its sound financial position with an ungeared balance sheet and an 18% increase in net asset value per share.

The nature of the Group's working capital model in education is based on payments of fees received in advance, compared to the usual models of arrear payments for services rendered. This model gives rise to circumstances at year end where current liabilities exceed current assets. This preferred low risk state of affairs resolves itself in the course of trading during the year.

Investment

In 2009 the Group invested R186 million (2008: R241 million) in capital expenditure and acquisitions.

This included a significant ongoing investment in management information systems and the creation of new capacity in the education brands, notably Abbotts College and CrawfordSchools™. The Group also invested R57 million in the already reported acquisition of Forbes Lever Baker, which gave rise to the increase in goodwill and intangible assets. In early 2010 ADvTECH acquired The Design School Southern Africa for a consideration of approximately R25 million, subject to the fulfilment of certain conditions. Although small in Group terms, this acquisition brings exciting new capacity and capability into the Vega brand.

The reduction in capital commitments to R123 million (2008: R158 million) is the result of project planning timetables and the focus on projects already in hand as noted above.

Transformation

ADvTECH's role in education, training and staffing in itself makes a significant contribution to the transformation of South African society. 73% of students and over 50% of placements are black. The Group maintained steady progress in its black staff complement as a whole as well as in its senior management structures. The Board Transformation Committee continues to guide the Group's progress against the relevant Department of Trade and Industry codes and the JSE Limited's Socially Responsible Investment index, of which ADvTECH has been a constituent for the past four years.

Litigation

Legal proceedings against Marina and Andry Welihockyj remain in process. The Group's legal counsel remains satisfied with the merits of the claims in this matter and that, save for legal costs, the Group has no further exposure.

Staff

Difficult economic circumstances increase the demands placed on our staff at all levels. This is the result not only of the greater effort required to produce satisfactory results, but also because these circumstances apply as strongly to our students, candidates and their families. As a result, the demands on our staff to act as leaders, mentors and rolemodels increase even further. Thus, it is in a year such as this that the true worth of good people is tested. I am



pleased to report that the people of ADvTECH have succeeded handsomely in meeting these requirements.

For years we have striven to attract and retain excellent staff, develop and grow them to meet the Group's needs and their aspirations as well as ensure that they are appropriately rewarded. Initiatives such as a 'high performance culture' and 'Great Place to Work' continue to be used as a means to achieve our staffing goals. We participated again in the Deloitte 'Best Company to Work For' Survey to assist in measuring our progress. The results of this survey reflect continuing and maturing improvement of our position as an employer of choice.

During the year our staff complement increased to 3 779 (2008: 3 643).

I place on record my thanks to the people of ADvTECH for their remarkable dedication and loyalty this year. Their contribution is of great value to the Group as well as to our thousands of students, candidates, clients, their families and the communities which we serve.

Prospects

The South African economy is likely to show some marginal improvement during 2010 and consequently the Board is hoping for a better business environment than was the case in 2009. The Education division has demonstrated its resilience under difficult conditions, and under improved conditions it is anticipated that the growth trend will continue. The Resourcing division has strengthened its position in its chosen niche markets, simultaneously renewing its commitment to maintain its robust approach to service excellence. This Division is therefore well placed to respond to opportunities presented by a better employment market in 2010.

Accordingly, provided the recovery materialises, student enrolments continue as expected, and barring unforeseen adverse conditions, the Group expects to be able to report improved performance for the ensuing year.



Frank Thompson

Chief Executive Officer



Group Executive Committee

From left to right: Felicity Coughlan (Director: IIE), Didier Oesch (Group Financial Director), Johan Coetzee (Properties director), Lenn Honey (MD: Recruitment), Alex Isaakidis (MD: Schools), Genevieve Allen (MD: Rosebank College and College Campus), Craig Duff (Marketing director), Frank Thompson (Group CEO), Steven van Zyl (ICT director), Eric Shipalana (HR director), Odette Francesconi (MD: Varsity College)

Properties

The ADvTECH Properties department is responsible for facilities management, maintenance, refurbishment and new developments at each of the premises owned or leased by the Group. In addition the department supports the selection, procurement and development of new sites across the Group and assists the operating divisions with Occupational Health and Safety requirements.

One of the department's goals is to identify suitable sites that enable the Education and Resourcing divisions to meet their delivery targets and anticipated growth in demand. A key part of this is to endeavour to bring new facilities into service on a 'just-in-time' basis.

Refurbishments and enhancements at site level focus on improving functionality and brand differentiation while promoting the underlying commonality across sites within a particular brand.

Efficient space utilisation is essential to the Group's productivity and ultimate profitability. The Properties department therefore constantly evaluates the efficiency with which space is utilised in the buildings that accommodate our various brands. This evaluation takes into account the particular needs of students, optimal occupancy over a 24-hour cycle and synergies between brand operations.

ADvTECH Properties developed a further 5000m² of education space together with improvements at a total cost of R57 million in 2009. Significant projects completed during this period include:



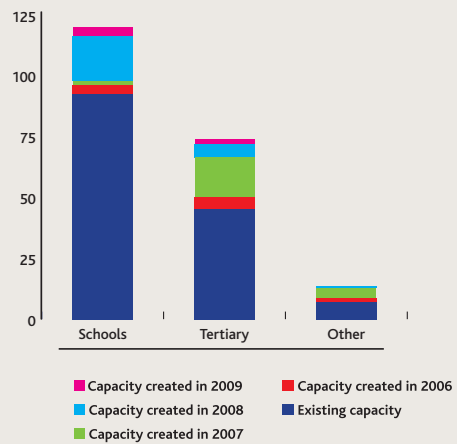
The new auditorium at Vega Randburg



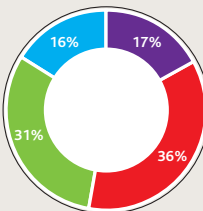
The Varsity College Cape Town site in Belmont Park, Rondebosch

Indication of additional capacity created in 2009

Based on square meterage created (000m²)
Total capacity created to date 206 300m²



Investment programme 2007 – 2009 (R371 million)



■ Tertiary properties
■ School properties
■ ICT equipment
■ Other infrastructural equipment

- the renovation of classrooms and a new building façade at Junior Colleges Sandton
- the development of a new Abbotts College campus in Suideroord, Johannesburg
- a new auditorium, canteen and technology room at Crawford Preparatory Lonehill
- additional classrooms and a sports field at Crawford Preparatory and College North Coast
- additional classrooms at Crawford College La Lucia
- additional Grade 000 classrooms at Trinityhouse Pre-Primary in Randpark Ridge
- the securing of new sites in KwaZulu-Natal and Gauteng for the expansion of Trinityhouse
- the relocation of College Campus Pretoria to its newly constructed building in Sunnyside
- the relocation of Rosebank College Durban to more suitable premises in the city.
- new canteens at the Varsity College campuses in Sandton, Port Elizabeth and Cape Town
- an extension to the Varsity College campus in Pretoria
- the merger of the Varsity College Rondebosch and Garden campuses in Cape Town and,
- a new auditorium at the Vega Randburg campus

The long-term planning of the ADvTECH Properties portfolio is aligned to the Group's business strategy and in

this regard, the Properties department is well equipped to deliver the infrastructure required to achieve the Group's growth plans.

Information Communications Technology (ICT)

During this year an important focus was on optimising ICT to improve business efficiencies and enable business growth. Examples of projects implemented in 2009 to support this 'IT Edge' strategic theme included the upgrade of infrastructure to improve the ICT services offered to staff and students, the rollout of the Group intranet, ADvNET, and the investment in a video conferencing solution to reduce travel time considering the Group's operational footprint.

In addition a significant investment was made towards the implementation of The System for Academic Management (SAM), an academic Enterprise Resource Planning system. The system supports information structures that facilitate both Group and brand initiatives around academic business management, financial management and student relationship management. The near real-time information offered by the system enables extensive reporting at all organisational levels which allows for more timely and accurate decision making. The system also provides a framework for the delivery of longer term benefits such as business intelligence reporting that is centralized across the Group's brands.

SAM is scheduled for completion by December 2010.

Regular SAM workshops and training sessions were held for the Group's brand representatives

