



## Annual Report 2008



Investing in **human 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' capacity for excellence.

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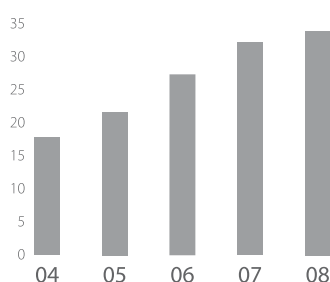
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# FINANCIAL HIGHLIGHTS

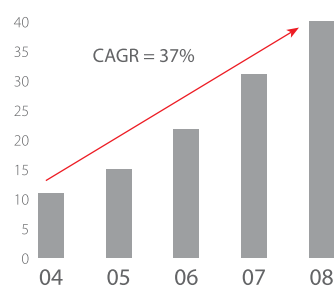
for the year ended 31 December 2008

<b>Revenue</b>	^	25%
<b>Operating profit</b>	^	27%
<b>Headline earnings per share</b>	^	26%
<b>Free operating cash flow per share</b>	^	30%
<b>Distributions per share</b>	^	25%

R'm	%	2008	2007
Revenue	25%	<b>1 197.8</b>	960.4
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	29%	<b>246.3</b>	191.2
Operating profit	27%	<b>200.7</b>	157.8
Profit before taxation	29%	<b>222.5</b>	172.1
Ordinary shareholders' equity	23%	<b>508.9</b>	414.9
Total assets	21%	<b>799.0</b>	659.0
EBITDA margin (%)		<b>20.6</b>	19.9
Net asset value per share (cents)	23%	<b>129.3</b>	105.4
Free operating cash flow before capex per share (cents)	30%	<b>52.9</b>	40.8
Headline earnings per share (cents)	26%	<b>40.2</b>	32.0
Diluted headline earnings per share (cents)	29%	<b>40.0</b>	31.0
Distributions per share (cents)	25%	<b>20.0</b>	16.0
Number of employees (at year end)	17%	<b>3 643</b>	3 105



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



Diluted headline earnings per share (cents)








CAGR (Compound Annual Growth Rate in HEPS over five years from 2004 to 2008)

## GROUP PROFILE

ADvTECH focuses on the sustainable development of human capacity. As a leader in education, training, skills development and career placement in the independent sector, ADvTECH makes a meaningful contribution to South Africa's human capital development.

## EDUCATION DIVISION

The Education division meets the needs for learning and development at every life stage through a nationwide network of institutions. Focus areas include schooling (from pre-primary to matric), accredited Higher Education qualifications (certificates, diplomas, undergraduate and postgraduate degrees), skills development, learnerships and Adult Basic Education and Training. The Independent Institute of Education (IIE) is the registered provider for the tertiary brands and is responsible for maintaining the Group's high standards of academic leadership.

BRANDS	FOCUS	LOCATION
	<p>The IIE is responsible for academic leadership and governance of all programmes it offers. As a national provider, the IIE oversees a total of 52 education sites comprising schools, tertiary and skills.</p> <p><b>Established:</b> 2005</p>	
<b>SCHOOLS</b>		
	<p>A nurturing, loving environment ensures holistic development for children from the age of six weeks to six years.</p> <p><b>Established:</b> 1979</p>	<p><b>Gauteng:</b> Bryanston, Fourways, Meyersdal, Sunninghill, Witkoppen Ext 6</p> <p><b>KwaZulu-Natal:</b> Cato Manor</p>
	<p>Catering for Grade 10, 11 and 12 students, Abbotts' success lies in top teachers, small classes, supervised homework, extra lessons and clinics, eight full reports each year, a personal mentor as well as a wide choice of subjects. Abbotts offers a unique money back guarantee based on academic results.</p> <p><b>Established:</b> 1971</p>	<p><b>Gauteng:</b> Northcliff, Pretoria East</p> <p><b>Western Cape:</b> Century Gate, Claremont</p>
	<p>The outstanding, well-rounded young adults graduating from CrawfordSchools™ are the product of personal attention to every child, every day, from their arrival in our schools at pre-primary level to the completion of their schooling at college level. A focus on academic achievement is balanced by a wide range of sporting and cultural activities.</p> <p><b>Established:</b> 1993</p>	<p><b>Gauteng:</b> Fourways, Lonehill, Pretoria, Rivonia, Sandton</p> <p><b>KwaZulu-Natal:</b> La Lucia, North Coast</p>
	<p>Trinityhouse comprises a Pre-primary, Primary and High school, and offers a holistic education beyond expectation. Its success is shaped by a strong Christian ethos and founded on traditional values and practices. Students are offered a healthy balance of academic, sports and cultural activities.</p> <p><b>Established:</b> 1998</p>	<p><b>Gauteng:</b> Randpark Ridge</p>
<b>TERTIARY</b>		
	<p>At College Campus students benefit from a meaningful tertiary educational experience that is shaped by using various IT platforms irrespective of the field they choose to study in. This technological advantage is complemented by extensive support for both academic and personal development. Career-focused certificate, diploma and degree programmes are offered for full-time and part-time students in the fields of:</p> <p>&gt; Applied Humanities &gt; Business &gt; Information Technology &gt; Leisure</p> <p>College Campus offers 14 accredited IIE qualifications.</p> <p><b>Established:</b> 1997</p>	<p><b>Gauteng:</b> Parktown, Pretoria, Randburg</p>
	<p>Rosebank College, which celebrated its 60<sup>th</sup> anniversary in 2008, offers a unique urban Higher and Further Education experience. This is achieved through a focus on effective support and holistic development to ensure a successful transition for students leaving school and entering the working world. Career-specific full-time and part-time programmes are offered in a range of disciplines:</p> <p>&gt; Business &gt; Humanities and Applied Communications &gt; Information Technology &gt; Leisure</p> <p>Rosebank College offers 17 accredited Higher and Further Education IIE programmes as well as a range of Short Learning Programmes.</p> <p><b>Established:</b> 1948</p>	<p><b>Gauteng:</b> Benoni, Braamfontein, Pretoria</p> <p><b>KwaZulu-Natal:</b> Durban</p> <p><b>Western Cape:</b> Cape Town</p>

**BRANDS****FOCUS****LOCATION****TERTIARY continued**

Varsity College provides its students with a vibrant, stimulating, and nurturing academic learning environment that prepares them to succeed in the work place. This is achieved by using current teaching and learning methods with a holistic approach that includes practical know-how and the all important development of life and personal skills.

15 accredited IIE certificate and diploma programmes are offered in the faculties of:

- > Applied Humanities > Business
- > Information Technology > Leisure

Tutorial support is offered for the IMM Diploma in Marketing and UNISA degrees, from undergraduate to postgraduate level in:

- > Commerce, including The Certificate in Theory of Accounting (CTA)
- > Education > Humanities, including Psychology Honours > Law
- > Marketing, including the Bachelor of Business Administration (BBA)

In addition, Varsity College provides further learning opportunities for the adult market by way of Short Learning Programmes under the auspices of the School of Business and Technology.

**Established:** 1991

**Gauteng:**

Pretoria, Sandton

**Western Cape:**

Rondebosch

**Eastern Cape:**

Port Elizabeth

**KwaZulu-Natal:**

Durban North, Pietermaritzburg, Westville



Vega, The Brand Communications School, embraces a holistic, creative and innovative approach to education. It aims to generate a new breed of thinkers capable of developing and sustaining healthy brands, thereby making a difference to 21<sup>st</sup> century business.

Vega offers five accredited undergraduate and postgraduate degree programmes in branding and marketing communications. Vega also offers part-time and specialised corporate programmes in digital training, photography, and strategy and communications within the context of branding.

**Established:** 1999

**Gauteng:**

Pretoria, Randburg

**KwaZulu-Natal:**

Westville

**Western Cape:**

Cape Town

**School of Business and Technology**

The focus of the School of Business and Technology (SoBT) is to enhance the career objectives of working adults through the provision of a variety of skills programmes conducted throughout the year outside of normal working hours.

Business programmes cover key areas that include Finance, Marketing and Human Resource Management as well as Business Management, Logistics and Administration. Computing programmes include Personal and Office Computing, Applied End-user Computing, Computer and Network Architecture and Pastel Accounting.

The SoBT offers these Short Learning Programmes on all campuses of College Campus, Rosebank College and Varsity College.

**SKILLS**

Imfundo derives its name from its meaning and purpose, namely, to acquire skills and learning. Its core business is to build careers through training and skills development, to both employed and unemployed individuals, through learnerships and short courses. Imfundo conducts benchmarking assessments for various educational institutions and Sectoral Education and Training Authorities (SETAs), in addition to rendering logistics services nationally for large projects.

**Established:** 1990

**Gauteng:**









Head Office in Randburg.




Training takes place either on site, at clients' offices or at rented premises nationally.



## RESOURCING DIVISION

The Resourcing division incorporates a wide range of brands offering permanent, temporary and contract staffing solutions, advertising response handling. While the brands operate in various specialised fields, they all operate to the same high ADVTECH standards of outstanding service, based on a thorough understanding of both the clients and candidates needs.

BRANDS	FOCUS	LOCATION
	<p>Customised staffing solutions using specialist expertise.</p> <p>Permanent, temporary and contract staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Finance</li> <li>&gt; Office Support</li> </ul> <p><b>Established:</b> 1978</p>	<p><b>Gauteng:</b> Johannesburg</p>
	<p>The 'Cassel Edge' is a focused approach to recruitment, based on a comprehensive understanding of the clients' business, values and sector in which they operate.</p> <p>Permanent, temporary and contract managed staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Audit</li> <li>&gt; Chartered Accounting</li> <li>&gt; General Finance</li> </ul> <p><b>Established:</b> 1989</p>	<p><b>Gauteng:</b> Johannesburg</p>
	<p>Clients deal with recruitment experts that ensure optimum delivery on service requirements.</p> <p>Permanent, temporary and contract staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Engineering</li> <li>&gt; Finance</li> <li>&gt; Freight and Logistics</li> <li>&gt; Information Technology</li> </ul> <p><b>Established:</b> 1982</p>	<p><b>Gauteng:</b> Johannesburg, Pretoria</p> <p><b>Western Cape:</b> Cape Town</p> <p><b>KwaZulu-Natal:</b> Durban, Umhlanga</p>
	<p>Permanent and contract staffing solutions for the Information and Communications Technology (ICT) industry. With a nationwide database, Insource.ICT can place staff throughout South Africa.</p> <p><b>Established:</b> 2000</p>	<p><b>Gauteng:</b> Midrand</p> <p><b>Eastern Cape:</b> Port Elizabeth</p>
<p>*</p> 	<p>Focuses exclusively on Human Resource recruitment, providing permanent, temporary and contract staffing solutions for executive, senior management and other positions.</p> <p><b>Established:</b> 2006</p>	<p><b>Gauteng:</b> Midrand</p>
	<p>IT Edge offers permanent staffing solutions in IT Recruitment. Clients and candidates have access to consultants with specialist IT recruiting skills.</p> <p><b>Established:</b> 2000</p>	<p><b>Gauteng:</b> Johannesburg</p>
<p>**</p> 	<p>Permanent staffing solutions in Engineering, Finance and Information Technology. Consultants have a comprehensive understanding of the high demand specialist skills required in these industries.</p> <p><b>Established:</b> 1987</p>	<p><b>Gauteng:</b> Johannesburg, Pretoria</p>
	<p>Specialist service is offered within the Marketing, Media and Research industries.</p> <p>Permanent staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Marketing</li> <li>&gt; Market Research</li> <li>&gt; Media and Sales</li> <li>&gt; Public Relations</li> </ul> <p><b>Established:</b> 1998</p>	<p><b>Gauteng:</b> Johannesburg</p>

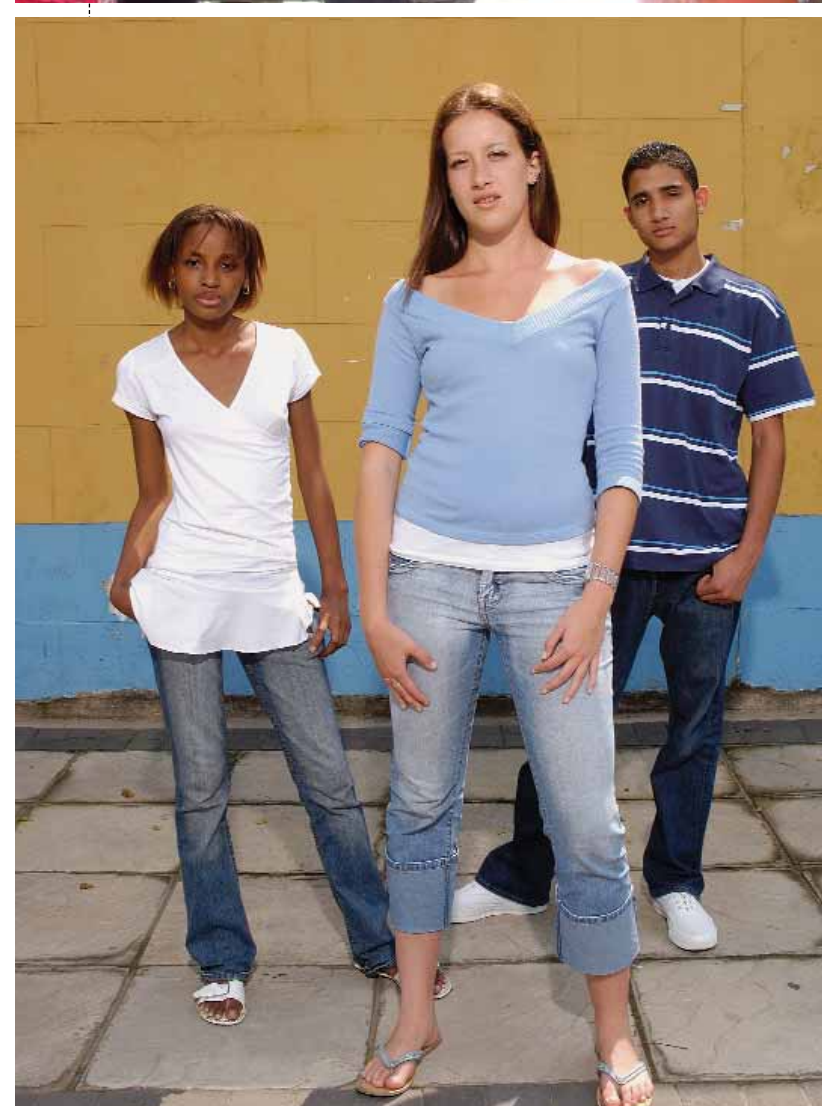
BRANDS	FOCUS	LOCATION
 <p><b>TECH-PRO PERSONNEL</b> Recruitment &amp; Executive Search <i>the human link in your supply chain</i></p>	<p>Focuses exclusively on Supply Chain Management recruitment. Permanent staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Control &gt; Logistics &gt; Planning &gt; Procurement</li> <li>&gt; Technology</li> </ul> <p><b>Established:</b> 1997</p>	<p><b>Gauteng:</b> Johannesburg</p>
<p>*</p> 	<p>Comprehensive Human Resource solutions, including advertising response handling, in the acquisition and retention of talent. Permanent staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Commerce &gt; Education &gt; Engineering &gt; Finance</li> <li>&gt; ICT &gt; Manufacturing</li> </ul> <p><b>Established:</b> 1986</p>	<p><b>Gauteng:</b> Johannesburg</p>
<p>*</p> 	<p>South Africa's only recruitment advertising specialist to link advertising to electronic response handling by using the power of the internet on an E-recruitment platform. Staffing solutions in:</p> <ul style="list-style-type: none"> <li>&gt; Electronic Recruitment &gt; In-company Recruitment</li> <li>&gt; Recruitment Advertising &gt; Response Handling</li> </ul> <p><b>Established:</b> 2000</p>	<p><b>Gauteng:</b> Johannesburg</p>

\* Inkkheli HR Appointments, Vertex-Kapele and The Working Earth are divisions of Kapele Appointments (Pty) Ltd, a BEE company within the ADvTECH Group.

\*\* Network Recruitment was restructured during 2008 into three niche trading divisions – Network Engineering Recruitment, Network Finance Recruitment and Network IT Recruitment.



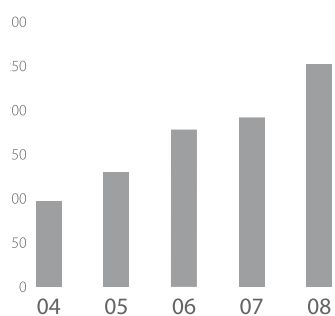




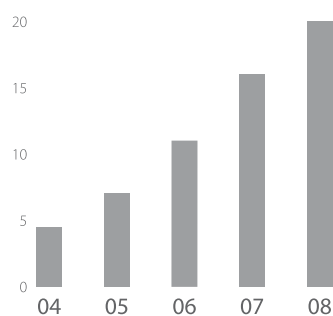
# FIVE YEAR FINANCIAL REVIEW

for the year ended 31 December 2008

R'm	2008	2007	2006	2005	2004
<b>Summarised Income Statements</b>					
Revenue	<b>1 197.8</b>	960.4	830.1	661.0	554.9
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	<b>246.3</b>	191.2	146.1	110.5	76.9
Depreciation and amortisation	<b>45.6</b>	33.5	26.8	25.6	21.8
Operating profit	<b>200.7</b>	157.7	119.3	84.9	55.1
Net interest received/(finance costs)	<b>21.8</b>	14.4	5.5	0.1	(0.4)
Profit before other income statement items	<b>222.5</b>	172.1	124.8	85.0	54.7
Other income statement items	<b>-</b>	-	-	-	(5.7)
Profit before taxation	<b>222.5</b>	172.1	124.8	85.0	49.0
Taxation	<b>67.1</b>	52.9	38.5	27.2	12.2
Profit for the year	<b>155.4</b>	119.2	86.3	57.8	36.8
<b>Headline earnings</b>	<b>155.5</b>	118.8	83.5	56.6	40.3
<b>Summarised Balance Sheets</b>					
Shareholders' equity	<b>508.9</b>	414.9	327.2	285.5	241.6
Interest bearing debt	<b>3.9</b>	10.9	18.1	23.2	35.2
Vendor claims	<b>12.0</b>	-	-	-	-
Current liabilities	<b>274.2</b>	233.2	183.7	171.4	140.9
	<b>799.0</b>	659.0	529.0	480.1	417.7
Non-current assets	<b>665.3</b>	478.8	438.7	407.1	375.4
Current assets	<b>133.7</b>	180.2	90.3	73.0	42.3
	<b>799.0</b>	659.0	529.0	480.1	417.7
<b>Summarised Cash Flows</b>					
Cash generated by operating activities	<b>250.5</b>	190.4	177.3	129.4	95.9
Net cash inflow from operating activities	<b>154.0</b>	135.8	98.5	106.6	82.5
Net cash outflow from investing activities	<b>(234.9)</b>	(71.8)	(70.0)	(59.3)	(39.3)
Net cash inflow/(outflow) from financing activities	<b>6.6</b>	(5.4)	(5.1)	(7.9)	(0.8)
Net (decrease)/increase in cash and cash equivalents	<b>(74.3)</b>	58.6	23.4	39.4	42.4



Cash generated by operating activities (R'm)

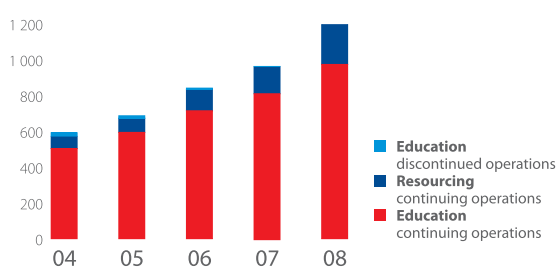


Distributions to shareholders (cents per share)

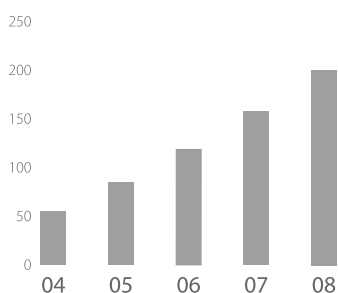
# RATIOS AND STATISTICS

for the year ended 31 December 2008

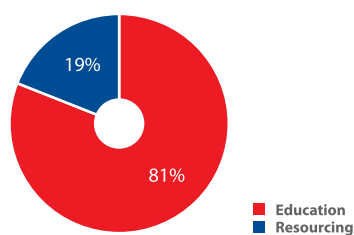
	2008	2007	2006	2005	2004
<b>Earnings and distribution</b>					
Earnings per share (cents)	40.2	32.1	23.5	16.0	10.3
Headline earnings per share (cents)	40.2	32.0	22.7	15.7	11.3
Diluted headline earnings per share (cents)	40.0	31.0	21.8	14.9	10.9
Distributions to shareholders per share (cents)	20.0	16.0	11.0	7.0	4.5
<b>Profitability</b>					
EBITDA on revenue (%)	20.6	19.9	17.6	16.7	13.9
EBIT on revenue (%)	16.8	16.4	14.4	12.8	9.9
Operating profit on average shareholders' funds (%)	43.5	42.5	39.0	32.2	24.2
Headline earnings on average shareholders' funds (%)	33.7	32.0	27.2	21.5	17.7
<b>Productivity</b>					
Per R1 000 of revenue:					
Payroll costs (Rand)	495.8	488.8	498.3	510.3	521.3
Revenue per average fixed assets	2.4	2.3	2.2	1.9	1.7
Revenue per employee (R'000)	328.8	309.3	287.4	258.2	236.5
<b>Finance</b>					
Interest bearing debt as a percentage of shareholders' equity	0.8	2.6	5.5	8.1	14.6
Current assets to current liabilities	0.5	0.8	0.5	0.4	0.3
Operating cash flow per share (cents)	39.1	34.5	25.0	27.1	21.0
Free operating cash flow before capex per share (cents)	52.9	40.8	40.1	28.9	23.8
Net asset value per share (cents)	129.3	105.4	83.1	72.5	61.4
Debtors days as at 31 December	22.1	18.5	10.1	15.9	22.9
Interest cover	-	-	-	-	137.8
<b>Other</b>					
Total shares in issue (millions)	393.7	393.7	393.7	393.7	393.7
Weighted average number of shares in issue (millions)	386.5	372.0	368.0	361.9	355.7
Diluted weighted average number of shares in issue (millions)	389.1	383.0	382.9	381.3	370.2
Staff headcount at year end	3 643	3 105	2 888	2 560	2 346
Total capacity occupied ('000 m <sup>2</sup> )	201.5	177.4	154.2	160.2	



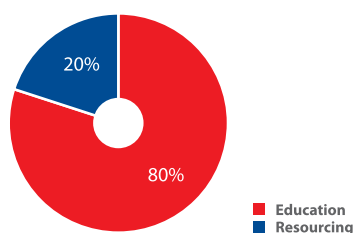
Revenue (R'm)



Operating profit (R'm)



Divisional contribution to Group revenue (%)



Divisional contribution to Group operating profit (%)

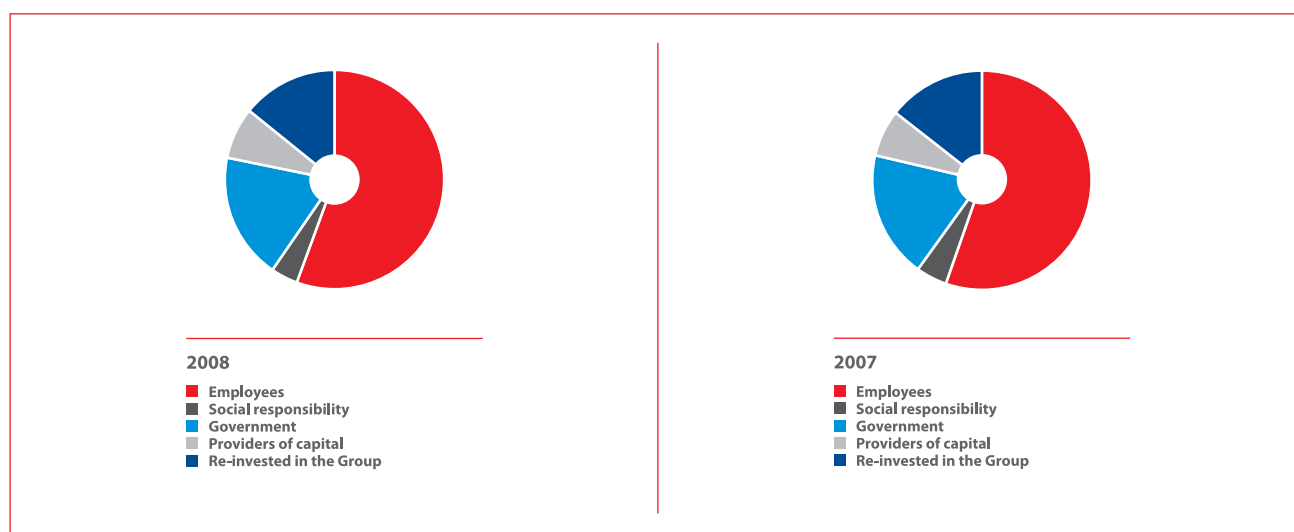


# VALUE ADDED STATEMENT

for the year ended 31 December 2008

R'm	2008	2007
<b>Value added</b>		
Revenue	1 197.8	960.4
Interest received	22.9	17.5
Cost of providing services	(293.3)	(247.4)
	<b>927.4</b>	730.5
<b>Value distribution</b>		
<b>Employees</b>		
Net benefits paid to employees	515.6	404.3
<b>Social responsibility</b>		
CSI and Bursaries	37.0	33.4
<b>Government</b>		
Government taxes	67.1	52.9
Net VAT paid	27.3	18.9
PAYE	78.3	65.1
	<b>70.6</b>	50.5
<b>Providers of capital</b>		
Finance costs	1.1	3.1
Distributions to shareholders	69.5	47.4
<b>Re-invested in the Group</b>		
Retained to sustain and grow the Group	131.5	105.4
	<b>927.4</b>	730.5

## VALUE DISTRIBUTION





**BOARD OF DIRECTORS**

**Seated**

**Sacks, Michael (Motty) 66** – Independent non-executive, Acting Chairman  
*CA(SA), AICPA(Isr)*  
 Motty practiced as a public accountant and auditor for five years until 1972, after which he acted as an independent corporate advisor for 25 years prior to his appointment as Executive Chairman of Netcare in 1997. He has served and continues to serve as a non-executive director to several companies, institutions and empowerment committees. He is also an Officer of the International Association of Political Consultants. Motty joined the ADvTECH Limited Board in 2001.

**Thompson, Frank 53** – Executive Director, Chief Executive Officer  
*BCom, BAcc, CA(SA)*  
 Frank has had over 25 years' experience in senior management and board positions since qualifying at Deloitte. He spent 10 years in the Anglo American Group, mainly at electronics company Conlog, 10 years in the Malbak Group and its subsequently unbundled entity, Amalgamated Appliance Holdings Limited, where he was Deputy Chairman until joining ADvTECH in August 2002 as Group CEO.

**Standing from left to right**

**Levin, Hymie 63** – Non-executive Director  
 (Chairman of Audit Committee and Litigation Committee member)  
*BCom, LLB, LLM, HDip Tax Law, HDip Co Law*  
 Hymie is a specialist corporate and tax lawyer. He is the senior partner of HR Levin Attorneys and his experience spans more than 35 years. He is also a non-executive director/Chairman of various companies listed on the JSE. He joined the ADvTECH Limited Board as a non-executive director in 1987 at the time of ADvTECH Limited listing on the JSE.

**Livingstone, Jeffrey 56** – Independent non-executive Director  
 (Member of the Remuneration, Audit and Litigation Committees)  
*BCom, CA(SA), HDip Tax Law*  
 Jeffrey is a practising Chartered Accountant and Chairman of Light & Livingstone Inc., Registered Accountants and Auditors. He qualified as a Chartered Accountant in 1976 after completing his articles at PKF. He completed the Higher Diploma in Tax Law in 1981. Jeff provides a wide range of professional services and has acted as a director of and consultant to several public and private companies. He joined the ADvTECH Limited Board in October 2008.

**Ferreira, David 46** – Independent non-executive Director  
 (Member of the Board Transformation Committee)  
*BA, LLB (Wits), MA (Oxon), MSc (LSE)*  
 David is the investment manager of Soul City Broad-Based Empowerment Company. Previously, David was a founder and director of Praxis Capital, a South African private equity business, and before that worked in project

and corporate finance, for leading South African and US firms, as well as for the World Bank. He joined the Board of ADvTECH Limited in 2002 as an independent non-executive Director.

**Oesch, Didier 43** – Executive Director, Group Financial Director  
*BCompt(Hons), CA(SA)*  
 Didier qualified as a Chartered Accountant in 1991 after completing his articles at Betty & Dickson. He gained considerable experience with the Nampak Group in various financial positions culminating in a four year stint in Europe as Financial Director of Nampak Plastics Europe from October 2000 to December 2004. Didier joined ADvTECH as Group Financial Manager and member of the Exco in August 2005. He took over as Group Financial Director in October 2005.

**Titi, Fani 46** – Independent non-executive Director  
 (Member of the Board Transformation and Audit Committees)  
*BSc Hons, Masters degree in Mathematics from the University of California (Berkeley), MBA (Wits)*  
 Fani is an executive Director of Tsiya Group, a private equity investment firm and is currently the non-executive Chairman of Investec Bank Limited and AECI Limited. Fani joined the ADvTECH Limited Board in December 2006.

**Buckham, Brian 70** – Non-executive Director  
 (Chairman of Litigation Committee)  
 Brian was the founding member of Advanced Technical Systems Limited, now known as ADvTECH Limited, which was listed on the JSE in 1987. This was the culmination of over 30 years of senior management and Board experience. He held executive director positions within ADvTECH until his retirement as Executive Chairman in 2002 after which he has remained on the Board as a non-executive Director.

**Jansen, Jonathan (Prof) 52** – Independent non-executive Director  
 (Member of the Board Transformation Committee)  
*PhD(Stanford), MSc(Cornell), Bed, HEd (UNISA) BSc (UWC)*  
 Jonathan is an Honorary Professor of Education at Wits University and Vice President of The Academy of Science of South Africa. He holds an Honorary Doctor of Education degree from the University of Edinburgh and serves as Assessor and Administrator of universities on behalf of the Ministry of Education. He is a prominent speaker and writer on educational matters around the world. He joined the ADvTECH Limited Board in 2004.

**Inset**

**Gourley, Brenda (Prof) 65** – Independent non-executive Director  
*CTA(Wits), MBL(UNISA), Hon.LLD(Nott), Hon. Doctor of Humane Letters (Richmond), Hon.D.Ed (Abertay), Hon. DPhil (Allama Iqbal), Hon. Doctor (Quebec), Hon. DCom (Pretoria), FCGI.*  
 Brenda has been Vice-Chancellor of The Open University since 2002 and chairs the Association of Commonwealth Universities. She was previously Vice-Chancellor at the University of Natal for eight years. Brenda is a qualified Chartered Accountant and began her career in the private sector before moving into academia. She joined the ADvTECH Limited Board in May 2008.

## CHAIRMAN'S LETTER TO SHAREHOLDERS



**Motty Sacks** Acting Chairman

### Dear Shareholder

**I am pleased to report that the Group's financial performance gives credence to our business model, our values and our operational framework.**

I have much pleasure in presenting this 2008 Chairman's letter to ADvTECH shareholders.

The consistent message in several previous reports to shareholders has included reference to the generally defensive nature of the Group's business units. The message for the financial year ended 31 December 2008 is fortunately no different and, notwithstanding certain adverse changes in market conditions during the year, these resilient features are extremely helpful in protecting the Group's sustainability.

In the first instance, our business is advantageously positioned in such vital sectors as education, training and personnel placement. Secondly, our product and service delivery values are recognised to include an unequivocal commitment to superior teaching instruction and academic excellence, and thirdly, through the years ADvTECH has demonstrated a strict discipline over a sound and pragmatic business model. During the year, these characteristics were again robustly tested and I am pleased to report that the Group's financial performance gives credence to our business model, our values and our operational framework.

Since January 2003 ADvTECH has delivered a compound annual growth rate in earnings of 37%. This must be regarded as impressive growth by any measure. Throughout this six year period, not only has each annual base for measurement increased significantly, but there has continually been investment in new programmes and product, as well as substantial expansion of the Group's capacity and infrastructure. Apart from the positive economics which arise in such circumstances, these beneficial developments also reflect in the academic results achieved by our students each year.

I am delighted to report that our Education division has again made important contributions to South Africa's academic proportion and its transformational progress. During 2008, the Education division had an enrolment of some 46 500 students, of which 67% were historically disadvantaged individuals (HDIs). It makes compelling reading to note the academic successes achieved by this student body. ADvTECH's 1 043 matric candidates this year, as under the curriculum of the past, achieved a 100% pass rate under the new Outcomes Based Education curriculum and distinctions were obtained in almost one third of all papers written.

The calibre and dedication of ADvTECH instruction, the enthusiasm and support of parents and the reciprocal commitment by students eager to learn, unquestionably constitute an ideal chemistry for learning. It is little wonder that the 2008 matric class achieved overall averages of approximately 75% in Mathematics, 66% in Physical Science and 70% in English. At the Group's tertiary institutions, 12 graduation ceremonies were held during the year at which 2 156 (2007: 2 049) ADvTECH students graduated with accredited Higher Education qualifications at certificate, diploma, degree or honours level. Our Varsity College final year UNISA students once again achieved excellent overall results with a pass rate of above 80%. In the UNISA CTA examinations, five Varsity College students were placed in the top 20 overall. At Imfundo, over 5 000 candidates wrote the Insurance Industry FAIS examinations, with a 65% success rate.



In ADvTECH's Resourcing division, the focus on key niche markets coupled with its professional application, service and commitment, served to once again generate outstanding results. The ADvTECH brands in this division consistently present a stable, professional and reliable image to the market and the support enjoyed in each case, has enabled the Resourcing division to expand its niche specialities both organically and through acquisition. This reputation and the ability to provide clients with a choice of skilled candidates when required, has enabled the Resourcing division to improve its operating profit by 51% and place approximately 4 900 (2007: 4 300) people in new careers during the year.

Given these positive Group operational statistics, the financial conversion of these activities has been equally impressive. Revenues increased by 25% to R1,2 billion, operating profit increased by 25% to R201 million and headline earnings per share increased by 26% to 40.2 cents. As a result, the Board was able to approve a 25% increase in distributions for the year to 20.0 cents per share, which includes a final distribution of 13.0 cents.

I am also pleased to report that free operating cash flow per share before capital expenditure, increased by 30% to 52.9 cents. This translates to the cash conversion of profits at 132% of headline earnings per share. Shareholders will also be interested to know that while the fixed property portfolio is reported in the balance sheet at a cost of R531 million, management estimate the replacement cost of the present infrastructure at more than R2 billion.

ADvTECH has continued to make good progress in its sustainability and transformation and I would like to thank the Board Transformation Committee and the Academic Advisory Council for its input and guidance on these matters during the past year. Some 67% of students and over 50% of placement candidates were HDI as defined in the DTI codes. ADvTECH's HDI staff complement increased by 21% compared to an overall staff increase of 17%.

During the year, ADvTECH's Board of Directors was restructured to better conform to the King II Report on corporate governance and best practice. Pursuant thereto, all executive directors, except for the CEO and CFO, resigned from the Board. Professor Brenda Gourley, a distinguished South African and international academic, and

Mr Jeffrey Livingstone, a highly respected professional Chartered Accountant, were appointed as independent non-executive directors. The Board now comprises six independent non-executive directors, two non-executive and two executive directors. The former executive directors, together with the CEO and CFO continue to constitute a Group Executive Committee with a mandate guided by a comprehensive Board endorsed policy and operational approvals framework.

I would like to congratulate our management and staff for their outstanding achievements during this past year and thank them for their continued loyalty and commitment. I would also like to pay tribute to the Group's non-executive directors for their wise counsel and support.

Having regard to the growing recognition of the Group, its reputation in the market and the nature of the products and services provided by ADvTECH's business units, it is expected that student enrolment and customer demand will be maintained during the ensuing year. The Group has a sound balance sheet and sufficient resources to optimally and efficiently manage the business and to consider acquisition and expansion opportunities when they arise. Economic conditions are a factor in planning and forecasting for all business and the possibility of adverse impact arising from a further deterioration in these conditions needs to be borne in mind. The Board continues to monitor the situation carefully.

I would nevertheless record, that the Group's business model provides management with the advantage of early signals in economic and activity variations and at the present time I remain cautiously confident that the Group will deliver further increased earnings in the year ahead.

Yours sincerely,



**Motty Sacks**  
Acting Chairman

# CHIEF EXECUTIVE OFFICER'S REPORT TO STAKEHOLDERS



**Frank Thompson** Chief Executive Officer

## ADvTECH achieved excellent academic, operational and financial results for the year ended 31 December 2008, in line with the trend reported at mid-year.

A reflection of the value and quality offered by the Group is the continued strong growth in demand. The enduring worth of the Group's core operations and the annuity nature of much of the revenue continues to underpin the sustainability of the Group's robust business model.

### Education

The Education division continued with its dual strategy of investing in both human and physical infrastructure. New appointments made centrally, as well as across the brands and campuses of The Independent Institute of Education (IIE), contributed to the continuing enhancement of the scope and quality of the Group's educational offerings. At the same time, investment in physical infrastructure such as facilities and IT ensured that the Group was able to accommodate the growing enrolment demand.

The Group's growing contribution to education in South Africa has been increasingly recognised by both internal and external stakeholders. Collegial interaction with a variety of role players in the education sector on both a formal institutional basis and more informal basis continued. ADvTECH's contribution to the development of good academic governance was recognised by the appointment of the Director of the IIE to the Higher Education Quality Council (HEQC) Board.

During 2008, the IIE launched the Private Higher Education Network (PHEN) which provides an industry forum for canvassing matters of mutual interest and hosted a series of well attended external seminars on subjects of importance to the industry. Further progress was made in growing the portfolio of accredited education programmes as well as in strengthening relationships with educational organisations both locally and abroad. The Department of Education again recognised our schools and the achievements of its matriculants by sending representatives to a formal function honouring our top achievers.

The outcome of year end examinations and benchmarking evaluations was once again excellent. Sound in themselves, the value of these results is further emphasised by the success of alumni in their subsequent careers. Research indicates that matriculants from the ADvTECH Group collectively are amongst the most successful students at South African universities. A number of students go on to study at top international universities, illustrating not only the value of the education they have enjoyed but also the international competitiveness of the South African curriculum.

ADvTECH continues to survey the progress of alumni at all levels and for each year of graduation. In the most recent survey of 800 tertiary graduates it was once again revealed that more than 90% of degree graduates were employed in less than three months after graduation – almost all of them in fields directly related to their course of study. Of particular interest is that at the level of Certificate, traditionally considered a somewhat vulnerable sector of Higher Education, the ADvTECH graduates have performed as well as their compatriots at higher levels on the National Qualifications Framework (NQF) with indicated employment levels of over 80%.

The Group continues to hire its own graduates with a current alumni headcount of 266.

### Resourcing

The Group retained its position as the leading provider of permanent IT staff and was also one of the leaders in Finance and Engineering staff recruitment. New markets are being developed in Freight, HR and Sales.

Resolute focus on key market niches, where high demand for skills has persisted, helped to drive demand and activity at our recruitment businesses. This, coupled with an increased branch network and consultant numbers, generated excellent real growth during the year. New career placements were obtained for approximately 4 900 candidates (2007: 4 300).

### Financial

I am pleased to report a 25% increase in revenue to R1,2 billion, a 27% increase in operating profit to R201 million, a 26% increase in headline earnings per share to 40.2 cents and a 25% increase in distributions per share for the full year to 20.0 cents.

These results flow from good performances in both divisions, with growth being enhanced by successful contributions from investments, whether organic capital expenditure or through acquisition. Operating margin increased marginally to 17% (2007: 16%) as a result of improved economies of scale arising from continued real growth.

Both revenue and operating profit in the Education division increased by 20% to R977 million and R192 million respectively. These results reflect continued enrolment growth and efficiency improvements in the division. The Resourcing division, comprising the recruitment businesses, had an outstanding year of growth, with revenue increasing by 49% to R223 million and operating profit by 51% to R47 million. Central administration costs increased by 13% (2007: 23%) reflecting mainly an inflation linked increase after the completion of the increase in resources and capacity referred to last year.

Free operating cash flow before capex per share increased by 30% to 52.9 cents (2007: 40.8 cents). This increase matches closely the growth in operating profits and EBITDA and reflects continued good cash flow conversion of profits at 132% of headline earnings per share (2007: 128%).

As a result of the challenging economic and financial environment, management kept focus on debt collections throughout the year and are satisfied that the strength of the outstanding book remains adequate, notwithstanding the increase in net trade and other receivables to R72 million from R49 million last year. The increase in debtors has been driven by organic growth, acquisitions and the longer term contract nature of certain new business.

Strong cash generation enabled the Group to remain in a net cash position throughout the year after funding capital expenditure of R98 million (2007: R78 million), acquisitions of R143 million, corporate taxation of R49 million (2007: R22 million), and capital distributions of R69 million (2007: R47 million). This achievement enabled the Group to maintain its sound financial position with more than adequate capital capacity for planned investments and also resulted in a significant increase in net interest received.

The inherent nature of the Group'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. This situation resolves itself in the normal course of trading on an ongoing basis.

## Investment

As referred to earlier, during 2008 the Group invested R98 million in capital expenditure, mainly to increase capacity in the school and tertiary businesses. The Group also invested R143 million in acquisitions already reported, of which Trinityhouse was the largest at R104 million. These acquisitions were responsible for the increase in the goodwill and intangible assets.

The operating lease commitments have increased significantly due to the renewal of several existing leases and the entering into of new agreements for additional premises in order to accommodate the growing capacity needs of the Group.

## Transformation

The Group's business in education, training and placement in careers is itself inherently transformational. 67% of students and over 50% of placements are historically disadvantaged individuals (HDI). The Group's total HDI staff complement increased by 21% (total staff: 17%), resulting in an increased HDI staff component of 39% (2007: 38%). Restructuring of senior management structures led to a slight reduction in the HDI component of management to 23% (2007: 25%), notwithstanding continued progress in real HDI appointments at management level. With the guidance of the Board Transformation Committee, the Group continues to benchmark itself against the relevant DTI codes and the JSE SRI index, of which it is a member.

## Litigation

Legal proceedings against Marina and Andry Welihocky 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

In our business the crucial interventions are those which take place between educator and student in the classroom and between consultant and candidate in the interview room. Everything else we do is designed to ensure that these interventions are as effective as possible. This notion places our staff at the fulcrum of our success and sustainability.

## THE VALUE OF THE 'IT EDGE'

The IIE launched an 'Intralink' (Intranet) site to ensure efficient delivery to its brands that operate across 19 sites nationally. This innovative collaboration portal is the result of a strategic commitment to leverage the value of IT within ADvTECH.

The Intralink uses Microsoft SharePoint, a familiar Microsoft technology, making it easy to access and quick to use. The Sharepoint server is hosted at the Internet Solutions Data Centre, ADvTECH's infrastructure partner. There are currently over 195 campus staff and approximately 40 central IIE staff with full access to the Intralink site nationally. This tool is used

by the IIE to improve communication and delivery to campuses in order to ensure an improved service to their students. Going forward, it is planned to leverage additional value from this collaboration portal to further benefit business and students.

*"The Intralink site has significantly assisted the IIE in reducing costs, improving delivery and ensuring operational excellence. This platform positively enhances the IIE brand and its role in academic leadership and governance, quality assurance and regulatory compliance across the tertiary brands. The Intralink site allows the right people to access the right information at the right time."*

**Michele du Rand**

*IIE senior projects and innovations manager*

## CHIEF EXECUTIVE OFFICER'S REPORT TO STAKEHOLDERS continued

Accordingly, we go to great lengths to attract and retain the best staff, to train, develop and deploy them in the best way possible and to ensure that they are competitively rewarded in a manner which aligns their objectives with those of the Group. Important initiatives in this regard are the creation of firstly, a 'High Performance Culture', which seeks to encourage and link superior performance and rewards and secondly, a 'Great Place to Work' which strives to establish our position as the employer of choice in our sector. In this regard, we participated in the Deloitte 'Best Company to Work for Survey' in 2008 and are using the results to benchmark and improve our employment practices and relationships with staff. We achieved 12<sup>th</sup> position in the medium company category in which there were 48 participants.

Partly as a result of acquisitions during the year and partly out of new organically created positions our staff complement increased by 17% from 3 105 to 3 643.

The members of our team, whether full-time or part-time staff members, contractors or consultants, have a large variety of backgrounds, skills and experiences. However, collectively they share a remarkable passion for what they do and a commitment to excellence. Education and employment remain fundamental human endeavours and working in them requires extraordinary levels of sensitivity, compassion and understanding. I wish to acknowledge and thank the people of ADvTECH for their dedication in performing both within and beyond the call of duty. Their contribution adds great value not only

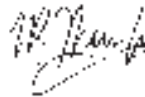
to the Group but also to our many thousands of students, their families, clients and the communities in which we serve.

### Prospects

Given the Group's robust and resilient business model and its ability to contribute to the vital needs and aspirations of our society, the Group has budgeted for continued real growth in 2009. As a result of a more testing operating environment as well as the continued broadening of the base off which increases are measured, it is anticipated that rates of growth will reduce but remain substantial and positive in real terms. Activity levels in recruitment, student enrolment, both in terms of returning students and new registrations, provide a level of confidence in setting operational and infrastructural objectives.

Accordingly, barring unforeseen developments or a significant further deterioration in the economy, the Group expects to report continued real growth in earnings and positive cash flows in 2009.

Sincerely,



**Frank Thompson**  
Chief Executive Officer



### GROUP EXECUTIVE COMMITTEE

FROM LEFT TO RIGHT:

#### Standing

> **John Deeb** Commercial Director > **Felicity Coughlan** Director: IIE > **Lenn Honey** CEO: Resourcing division  
> **Steven van Zyl** Chief Information Officer > **Odette Francesconi** MD: Varsity College

#### Seated

> **Eric Shipalana** HR Director > **Alex Isaakidis** CEO: Schools > **Genevieve Allen** MD: Rosebank College  
> **Frank Thompson** Group CEO > **Craig Duff** Marketing Director > **Didier Oesch** Group Financial Director





Artist's impression of the new College Campus building in Pretoria

## PROPERTY – LEVERAGING OUR ASSETS

The key physical resources within ADvTECH are our people and properties. The properties within the Group are situated in some of South Africa's most sought-after areas. The value of this portfolio underpins ADvTECH's growth strategy and will continue to stand the Group in good stead going forward. The Properties division is responsible for facilities management, maintenance, refurbishment and new developments at each of the premises owned or leased by the Group. This division also plays an integral role in the selection and procurement of new sites and supports the operating divisions with Occupational Health and Safety and compliance issues.

The overarching aim of the division is to provide suitable sites in order to enable the Education and Resourcing divisions to meet delivery targets and to position the Group to accommodate anticipated growth in demand, a critical factor in our overall sustainability as a Group. A key part of this is to ensure that new facilities are brought into service on a 'just-in-time' basis as far as possible, given that too early means wasted resources and too late means that customer service can be compromised. Every new property investment is assessed in the light of feasibility, cost, demographics, utilisation, resources and risk. Refurbishments and improvements are focused both on enhancing brand differentiation and promoting underlying commonality within brands, so that all sites of a particular brand have the same look and feel, regardless of geographic location.

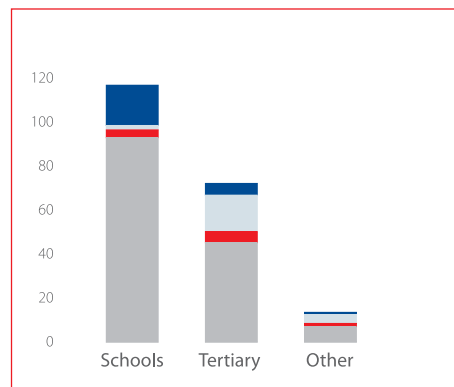
Efficient space utilisation is integral to the Group's productivity and ultimate profitability. To this end, the Properties division constantly evaluates the efficient utilisation of the buildings that accommodate the various brands. This evaluation takes into account the particular needs of students in each facility occupied by our numerous brands.

In the Education division, key property activities in 2008 included the relocation of Rosebank College Pretoria and the securing of new premises for Abbotts College in Century Gate. In order to accommodate the growth in student numbers at College Campus in Pretoria, a new campus is currently under construction for occupation in 2010. Increased parking facilities and a location more suited to the target market are among the many advantages of the new campus.

Other activities were the refurbishment of Vega Randburg and the creation of additional capacity at Varsity College Pretoria. In line with the Group's commitment to raising the bar of excellence, we also continued to enhance the quality of facilities throughout the Group.

Capacity was significantly increased in the Resourcing division in order to accommodate the 20% growth in consultants required to service the expanding target market.

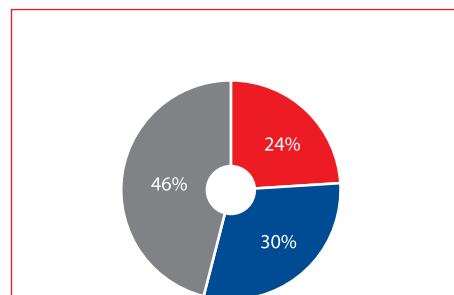
Going forward, the Properties division will continue with the long-term horizon planning of infrastructural requirements in order to accommodate the Group's growth plans.



### Indication of additional capacity created in 2008

Based on square meterage created ('000 m<sup>2</sup>)  
Total capacity created to date 201 500 m<sup>2</sup>

■ Existing capacity  
■ Capacity created in 2006  
■ Capacity created in 2007  
■ Capacity created in 2008



### Investment programme 2006 – 2008 (R304 million)

Major infrastructural investments brought into use

■ Tertiary properties  
■ School properties  
■ Infrastructural equipment

## EDUCATION DIVISION REVIEW



**“The main part of intellectual education is not the acquisition of facts but learning how to make facts live.”**

**OLIVER WENDELL HOLMES**

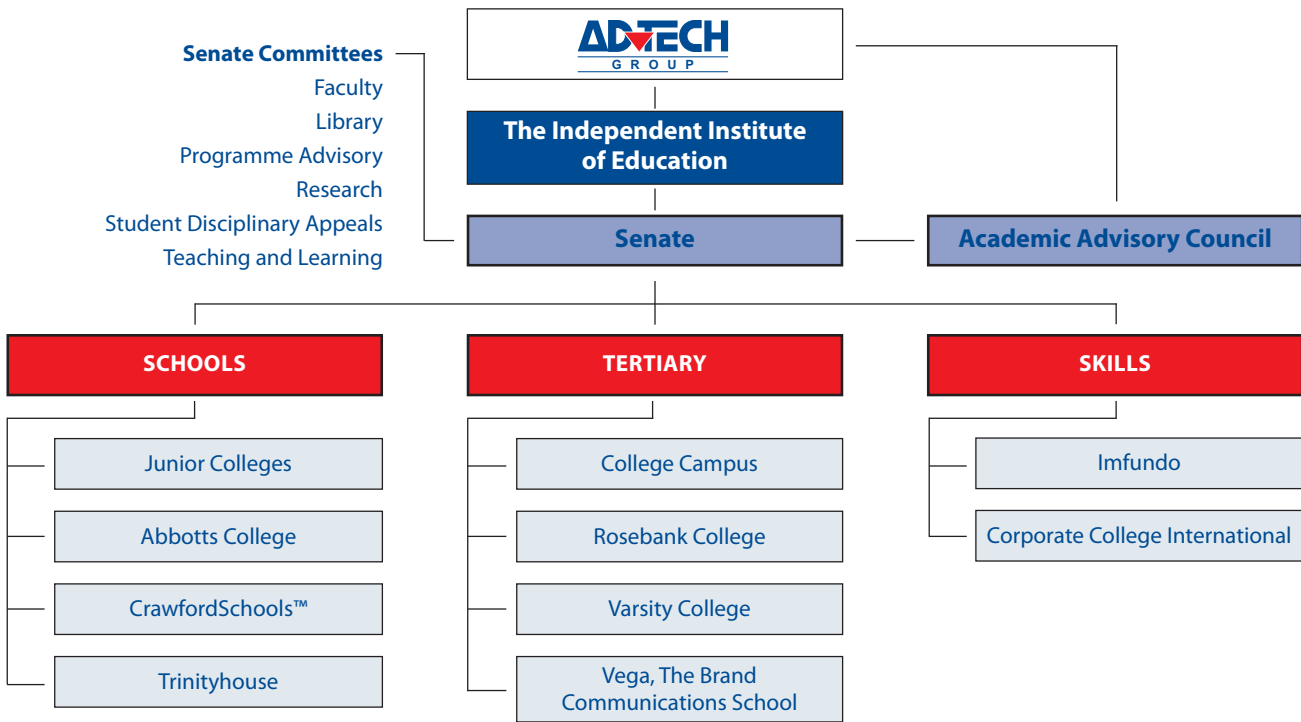
At ADvTECH, we go beyond the ‘what’ of education to the ‘how’ to make facts ‘live’ and in so doing, **we ignite a life-long passion for learning** in our learners and students, thus helping them realise their true potential.



## 2008 HIGHLIGHTS

- > The purchase of Trinityhouse in Randpark Ridge increased the division's student numbers by **1 750**.
- > The **1 043** matric candidates at Abbots College, CrawfordSchools™ and Trinityhouse achieved a **100%** pass rate.
- > Our schools continue to contribute significantly to the national output of key subjects with averages per candidate as follows:
  - **75%** – Mathematics
  - **66%** – Physical Science
  - **70%** – English
  - **76%** – Accounting
  - **77%** – Information Technology
- > Our matriculants obtained distinctions in almost a third of subjects written, **2 332** A's in total.
- > Six or more subject distinctions were achieved by **20%** of CrawfordSchools™ matric candidates.
- > The national pass rate for students of Vega's Honours degrees was **89%**.
- > The demand for Vega Orbit Programmes continues to increase. In-house corporate training was delivered for SABC, Discovery Health, SAB Miller, Schering Plough Pharmaceuticals, Arabella Sheraton Hotels, UCT Graduate School of Business and the Chartered Marketer Programme.
- > Final year students in the Diploma in Accounting and Financial Computing at College Campus achieved a pass rate of **78%**.
- > In the UNISA CTA examinations, five Varsity College students were placed in the top 20 overall.
- > Our Varsity College final year UNISA students achieved an overall pass rate of above **80%**, including a **95%** pass rate in English.
- > Rosebank College School of Business students achieved an **84%** pass rate for Pastel Accounting.
- > The average pass rate for final year full-time students enrolled in Beauty Therapy, Hotel Management and Sports Management at Rosebank College was over **70%**.

**The Independent Institute of Education**



The Education division comprises a trend-setting network of schools, tertiary, skills development and learnership brands catering for the needs of learners across the spectrum of education. This starts at pre-school level and continues with school, undergraduate and postgraduate education, corporate training, skills development, adult basic education and learnerships. These activities are undertaken at 52 sites and campuses across South Africa under the guidance of The Independent Institute of Education (IIE). The Education division is the major contributor to the Group's operations.

ADvTECH's educational brands operate in an environment that is dynamic, well resourced and nurturing. Students are afforded the opportunity to realise their academic aspirations and to equip themselves to be competitive in the demanding work environment of today and the coming decades. Each individual is exposed to a wide range of experiences designed to develop their intellectual, cultural and physical capacity while unlocking their potential for excellence. Over the years there have been significant investments in academic initiatives such as advanced teacher training, increasing expenditure on academic co-ordinators, as well as enhancing learning materials and assessment methods. The division's aim is to make a positive impact on the lives of learners and students and, in the longer term, to facilitate their career planning and job placement.

In addition to oversight of the Group's schools, adult education and training activities, the main focus of the IIE is to be a leader in providing, through ADvTECH's various private educational institutions, high quality, career-focused Higher and Further Education programmes.

The IIE assumes responsibility for academic leadership and governance of all programmes. This includes programme development and review, monitoring of individual site capacity, quality assurance, continuous

assessment and final certification. The IIE also establishes and maintains relationships with the relevant Government bodies and consults with industry stakeholders in order to ensure that qualifications are relevant and current. The IIE's disciplines include General Education (including ABET), Further and Higher Education qualifications as well as Short Learning and Skills Programmes.

ADvTECH has established the Academic Advisory Council (AAC), which includes leaders in both industry and education, who advise the Board, Senate and the IIE on all academic matters. Senate is the ultimate academic decision-making body and develops academic policies for the Group. It has been structured to comprise full-time academic staff, including academic management, elected representatives of the student body and teaching staff. Representatives of management attend as observers. Senate is responsible, either directly or through its committee structures, for teaching and learning, libraries, student discipline and faculty oversight. Programmes are reviewed and updated under the academic leadership of Heads of Programme in each of the four faculties – Applied Humanities, Business, Information Technology and Leisure. Each faculty is guided by a Programme Advisory Committee – which includes appropriate external industry expertise – that reviews programmes and curricula to ensure that they remain current, progressive and relevant.

The IIE ensures that quality assurance is effective and transparent by continuously engaging with students and encouraging them to provide feedback and suggestions at all times.

In South Africa, the Department of Education (DoE) is required to register all academic institutions and their programmes. Before

qualifying for registration, accreditation by at least one national assurance authority is necessary. The Council on Higher Education (CHE) accredits all qualifications at Higher Education level. At Further Education level, which includes schools, accreditation is granted by Umalusi. At training and skills development level, where necessary, accreditation is granted by the relevant Sectoral Education and Training Authorities (SETAs).

Quality is a benchmark not just of ADVTECH's academic governance systems, but also of our people, who represent a significant pool of experienced academic and operational leaders. As at December 2008, the Group's employees held 24 doctorates and 146 masters degrees,

collectively representing a significant body of intellectual capacity and academic leadership.

Lifelong learning is a core value of the ADVTECH Group, and accordingly, the IIE supports enhancement of qualifications, academic learning and personal development through bursaries, academic leave, mentoring of research and publications such as *The Journal of Independent Teaching and Learning*, first published in 2006. The IIE provides developmental support to those wishing to publish for the first time, while simultaneously providing the academic norm of blind peer review for final publication. The journal makes a valuable contribution to education nationally through this combination of development and high quality peer review.

### Activities and highlights in 2008 included:

- > The introduction of a Higher Certificate in Photography – the 35<sup>th</sup> accredited programme in the IIE stable.
- > Significantly increased resources in the Student Support Departments at all sites.
- > The launch of a workbook, 'Enjoy Learning', which focuses on reading, writing and thinking skills.
- > The holding of a series of 'Celebrate Teaching and Learning' workshops in our regions that illustrated how excellence in teaching is identified, recognised and rewarded, signalling the IIE's commitment to quality teaching.
- > Experiential Learning coordinators were employed to assist Academic Development coordinators and Academic Operations Departments in enhancing the student learning experience in experiential learning modules and activities.
- > The introduction of a Work Readiness Programme (WRP) comprising six workshops. The WRP is an extension programme aimed at facilitating students' 'career readiness'. This bridging programme assists students in gaining the necessary knowledge and skills they will need when entering the workplace.
- > The launch of IIE Forums which provide opportunities for reflection and debate on key educational issues with a focus on the role of private education. The first forum was held on 18 July 2008 with Professor Jonathan Jansen talking to 'Legacies of the Past, Promises of the Future'. Dr John Samuels addressed the second forum on 20 November 2008 about 'Rethinking Democracy and Education'.
- > The launch of the Private Higher Education Network (PHEN). The first meeting of representatives from private providers took place on 4 July 2008 and considered a co-operative approach to managing the reputation, position and role of private providers by looking at critical questions facing them. Subsequently a sub-group of representatives revisited the ideas raised at the first meeting and concluded that a process of sharing information and 'best practices' in key academic areas would be the best way of pushing the agenda. A kick-off symposium on 'Setting the Research Agenda for the 21<sup>st</sup> Century' was staged at Monash South Africa on 23 October 2008.

Ongoing evaluation and improvement underpins the IIE's strategic approach to a differentiated service offering. Accordingly, a quality system review of all the tertiary education sites was completed which involved a self evaluation against documented criteria. This evaluation was validated by a team comprising members of the IIE academic administration and management as well as senior members of each national office. The process was called 'Pulse' as it measured the

'heartbeat' of each site. Pulse reports and improvement plans were generated for each site.

The IIE plans to continue with the development of vocationally orientated programmes at both Further and Higher Education level, as well as other focused learning programmes to meet the skills needs of students in a range of industries and sectors.

## THE AAC – MAINTAINING STANDARDS OF EXCELLENCE

The Academic Advisory Council (AAC) considered the feedback from the Higher Education Quality Council on the audit conducted in 2007 – particularly in the light of questions related to identity and mandate presented by the audit report, together with the self assessment conducted by the IIE. The AAC concluded that the IIE is well positioned to take a leadership role in Higher Education and that, given national education needs, private education providers have an opportunity and a responsibility to help meet the country's skills demands.

The AAC also concluded that going forward, the IIE should continue to focus on quality and on ensuring that its qualifications prepare students meaningfully for their career of choice. Employability as a measure of success is appropriate for a vocationally oriented education provider. To own a thought leadership position within the sector, the IIE will need to give more attention to research and will also need to focus more on assessing and communicating the innovations and success of its methodology. *The Journal of Independent Teaching and Learning* is a valuable contribution in this regard.

## Junior Colleges

All Junior Colleges provide a warm, welcoming and caring atmosphere in stimulating, beautifully decorated and 'baby friendly' crèches for infants from six weeks old, and in bright spacious classrooms for children up to the age of six years.

This emphasis on caring and nurturing, which extends all the way through Junior Colleges, is premised on the belief that the foundation phase is the most critical stage of a child's journey through education and forms the basis of building confidence, self-esteem, learning and the development of social skills. Junior Colleges is committed to creating opportunities and experiences, which allow children to enhance and embrace cultural and social values, whereby respect for the individual and cultural dignity is fostered.

Junior Colleges encourage learner participation in events including eisteddfods, puppet shows, outings, sporting events and annual concerts. In the classroom, electronic whiteboards and interactive learning tools are extensively used.

Areas such as fine- and gross-motor co-ordination and perceptual development are considered to be vital. In 2008, a neuro-cognitive and movement programme aimed at ensuring that children attain their full potential before going to 'big school' was introduced. The THRASS (Teaching Handwriting Reading and Spelling Skills) programme, a 'synthetic' phonics programme based on a revolutionary, fun approach to reading and spelling, was also introduced.

Investors in People (IIP) is an international standard that aims to improve organisational performance through people. Besides CrawfordSchools™, Junior Colleges are the only other sites in the country to achieve accreditation.

Junior Colleges sustains a proven track record of sending well adjusted children out into the world, ready to face their futures filled with self confidence and belief in themselves.

## Abbotts College

Abbotts College once again achieved a 100% matric pass rate and a significant feature was the increased number of distinctions achieved by the students. Of particular note was the fact that Abbotts College students achieved a 73% average for Mathematics.

The success of Abbotts College is based on an understanding that Grades 10, 11 and 12 are pivotal in shaping a young adult's future. The core philosophy of Abbotts College is a belief in the individual worth of every student and a focus on helping them find the right career path. This is achieved by complete career guidance and an ethos of total commitment to unearthing student potential in both academic and appropriate extra-curricular activities. In addition, a Shadow Work Placement Programme forms an integral part of the Grade 11 year and the special Career Targeting Schools prepare students for careers in the fields of Mathematics and Science, Business, Hospitality and Tourism, Art and Design.

Abbotts Colleges are unique in offering a money back guarantee based on academic results – such is the level of confidence in the quality of teaching, the unique systems and the determination of the students.

It is gratifying to report that continued demand and a focussed marketing campaign have had a positive impact on student numbers for 2008. This was particularly evident in the Grade 10 year which experienced 25% growth in student numbers. This augurs well for the further growth of Abbotts College in 2009 and beyond.

In January 2009 the Milnerton campus relocated to its new custom-built campus in the Century City precinct at Century Gate. This will significantly boost the profile of Abbotts College in the northern and western suburbs of Cape Town.

### ACHIEVING INTERNATIONAL SUCCESS

Abbotts Colleges' reputation for outstanding performance in the fields of Mathematics and Science was highlighted when 17 students were chosen to represent South Africa at the third International Young Mathematicians' Convention (IYMC) in India.

The competition, which took place in December 2008, attracted senior students from around the world. The IYMC focuses on the use of Science and Mathematics for positive and constructive purposes, and aims to further the understanding of mathematical concepts and strengthen the ability of young people to use these in life. In the relay round, Abbotts students won four Bronze medals and at junior level, one Silver medal. The competition officials and judges are distinguished in their fields, making the level of competition and the degree of merit achieved by Abbotts students commendable.



## CRAWFORD TALENT SHINES IN AMERICA



One of South Africa's favourite American sitcoms, 'Aliens in America', stars former Crawford Durban pupil, Adhir Kalyan. Kalyan found his role as a foreign exchange student challenging as his character had to come to terms with the mounting friction experienced between the jocks and academics in a typical American education system. "It helps to be able to draw from your own experiences growing up, but my high school experience was very, very different," comments Kalyan. "At CrawfordSchools™, students are encouraged to approach life in a proactive, positive way and consequently do not experience the kind of tensions inherent in the American school system." Kalyan, who excelled at school and was a member of the executive, has been described by his past teachers as a phenomenal boy, a born leader and totally committed to whatever he involved himself in at school.

After matriculating from Crawford, Kalyan performed locally in a number of theatrical productions, before moving to London in pursuit of greater prospects. 'Aliens in America' is the first major US production that Kalyan has performed in, but there is promise of more to come.

The aim of CrawfordSchools™ is to provide a holistic education where academic excellence, good citizenship, leadership and sportsmanship are developed. The focus is on a positive, nurturing environment, where individuality and mutual respect are promoted.

The CrawfordSchools™ philosophy of 'Think, Understand and Apply' underpins every stage, from pre-primary through to preparatory school and college. This approach ensures that CrawfordSchools™ graduates are well rounded, confident individuals who are able to think, understand and apply the education and life skills with which they have been equipped. Our students are prepared for responsible adulthood and potential leadership.

To enhance students' learning, all teachers are trained in different fields and subject specialists work with Science, Life Orientation and English teachers. Other diverse training includes the International Computer Driving Licence, THRASS and neuro-cognitive development and the use of interactive white boards and Apple computers.

At pre-primary level, child-friendly environments ensure that each child's physical, social, emotional and intellectual needs are met. Physical activities focus on specialist physical education and neuro-cognitive development, while cultural and creative activities emphasise movement and dance, as well as drama, art and music. Learning programmes include Computer Literacy, Numeracy, Literacy incorporating THRASS, and Life Skills, in keeping with the National Curriculum and enriched with additional extension activities.

Our Preparatory Schools introduce pupils to the CrawfordSchools™ standards of academic, cultural and sporting excellence. Small classes ensure individual attention and a code of conduct ensures that pupils are taught personal responsibility from an early age.

With a choice of up to 23 subjects in the College, students are offered the opportunity to pursue special areas of interest and we provide the opportunity for students to participate in as many different activities as possible. An indication of the popularity and importance of sports at CrawfordSchools™ is that, although not compulsory, approximately 90% of Preparatory School pupils and 80% of College students participate in sport. In 2008 CrawfordSchools™ had 307 provincial and 77 national representatives flying the Crawford flag in the sporting arena.

A key feature of the CrawfordSchools™ approach from Grades 4 to 12 is reliable, continuous assessment. Assessment is a process of gathering valid and reliable information about the performance of the student on an ongoing basis against clearly defined criteria in order to monitor progress and provide appropriate, motivational support. Examinations are just one of the methods used to assess students' progress. In addition to the National Senior Certificate, the following benchmark examinations are offered:

- > Schools International Assessment Tests (SIAT) – formulated by the Educational Testing Centre of the University of New South Wales in Australia. These tests are conducted in English, Mathematics and Science and are used throughout Australia, New Zealand, South Africa, the USA, China, India and several other Asian countries.
- > General Achievement Test (GAT) – which is broadly similar to the USA SATS assessment, is written in June each year by all our Grade 12 students.
- > Victorian Curriculum and Assessment Authority (VCAA) – is written by Grade 12 students as their preliminary examinations in August/September. The VCAA Certificate of Equivalence gives students the advantage of leaving school with an internationally benchmarked certificate.

In 2008, CrawfordSchools™ rose to the challenges of the new National Senior Certificate Outcomes Based Education curriculum and produced excellent results. 526 candidates wrote the examinations, achieving a 100% pass rate with 98% of students obtaining Bachelors Degree passes, allowing university entrance. 1 581 distinctions were achieved which translates to three distinctions per matric candidate.

## Trinityhouse

"Knowledge and talent must always be balanced by character. We strive to fine-tune these attributes within our children to develop healthy individuals."

**MRS K TZINGAKIS** Trinityhouse Preparatory School

During 2008, ADvTECH acquired the Trinityhouse Pre-primary, Preparatory and High schools, situated in Randpark Ridge, Randburg. The Schools' enrolment, which was 298 when the schools were established in 1997, now stands at 1 750 and currently has a waiting list.

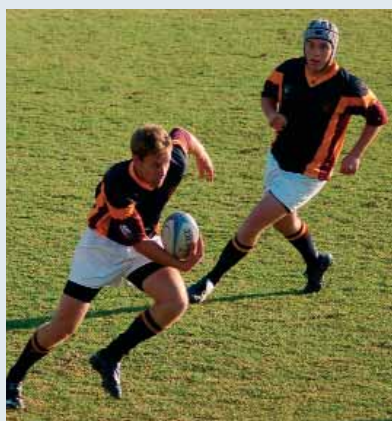
Trinityhouse is founded on three principles: a holistic education focused on developing cognitive, physical, emotional and intellectual

aspects of all pupils; traditional values and practices; and a strong Christian ethos.

Trinityhouse writes the IEB matric and its focus on excellence is exemplified by outstanding results. The 100% matric pass rate with no subject failures and 219 subject distinctions was a new benchmark for the school. In addition, the Schools have a very successful sports programme and sporting record.

ADvTECH's intention is to expand this brand which has a wide appeal in certain markets and in this regard, a number of potential sites are being investigated. Significantly, the existing management has agreed to stay on until their retirement at the end of 2010 to run the schools and to assist with the development of the proposed new sites.

## TRINITYHOUSE – 2008 SPORT ACHIEVEMENTS



Trinityhouse has always taken pride in the excellent sporting achievements of our students. 2008, once again, proved that we were a force to be reckoned with.

- > **Cricket:** Only three boys from Gauteng were selected for the SA Under 19 cricket team of which two were from Trinityhouse High School. Dale Deeb was selected as captain of the South African Schools side and Graham Hume was chosen to captain the South African Colts team.
- > **Rugby:** The highlight of the 2008 season was beating St Johns' 1<sup>st</sup> Team. In addition, the Under 15 rugby team reached the final of the Beeld Trophy.
- > **Netball:** The High School teams excelled in Netball this season with all of them winning their district leagues.
- > **Athletics:** 27 athletes took part in the Prestige Meeting at which Trinityhouse won nine Gold, two Silver and two Bronze medals. The junior boys cross country team won their league and 10 athletes were selected for district teams.

## College Campus

The aim at College Campus is to offer high quality, career-focused education that will enable students to make an effective, positive contribution to industry. The popularity of the brand was evident in growing student numbers – an increase of 23% for full-time students and 18% for SoBT students in 2008.

In the year under review, the introduction of Academic vice principals at all three campuses helped to enhance academic delivery, while the introduction of a standardised 12 week academic calendar per semester facilitated the improved planning of student support activities. Following the successful Academic Student Support Conference held in October 2008, which included valuable input and discussions around academic planning and operations for 2009, improved student support structures have now been established.

A highlight in 2008 was the rollout of successful experiential learning programmes. A partnership with Bethany House, a non-governmental

organisation (NGO), was formed which allowed our final year Public Relations, Accounting and Financial Computing, Business Management and Entrepreneurship and Advertising Management diploma students to complete their experiential learning modules.

Another highlight was the introduction of a new intralink system that offers features such as assessment downloads, lecturer approval, moderation and certification tracking. This has resulted in enhanced communication with students and improvement in the delivery of academic material to all sites.

Looking ahead to 2010, College Campus has successfully concluded a lease agreement in terms of which the Pretoria campus will relocate to new premises currently under construction, which is better suited to the market that we are looking to attract.



## Rosebank College



Rosebank College offers an urban educational experience with the advantage of small interactive classes and courses that are fully integrated with work experience. In 2008, Rosebank College continued on the positive growth trajectory of the past five years. The introduction of a new Diploma in Marketing Management boosted full-time enrolments and the demand for Short Learning Programmes continued to increase across all campuses.

Additional staff capacity and improved on-site delivery of course curriculae, material and assessments contributed to improved pass rates this year.

On the academic side, the growing team of full-time academic staff actively participated in the 'Celebrate Teaching and Learning' workshops conducted by the IIE. Rosebank College also successfully implemented the Work Readiness Programme series of workshops – these focus on assisting students in gaining skills they will use in the workplace. The first phase of the rollout of the experiential learning programmes also commenced this year. Both of these initiatives reinforce our career-focused ethos and approach to teaching and learning.

The Pulse quality management system established by the IIE gives every campus an opportunity for self evaluation, peer review and high level policy compliance assessment. The survey in 2008 showed that Rosebank College is maintaining high standards of teaching and learning and delivers on the overarching 'equity of provision' strategy.

Rosebank College established partnerships with Special Olympics and LifeLine in order to open up volunteer programmes for students, allowing them to actively engage in experiential learning opportunities, particularly in the Sport, Advertising and Business Management, as well as Accounting and Financial disciplines. Diploma in Sport Management students, for example, received training from Special Olympics as hockey referees and gained first hand refereeing experience at the Special Olympics Provincial Games. Students also became involved in events such as a 'Buddy Walk' and a number of activities involving schools and youth groups. An online questionnaire regarding the Special Olympics showed that this initiative has had a highly positive impact on the students involved. Special Olympics volunteerism is now an integrated part of the curriculum and going forward, Rosebank College will develop this partnership further.

From an operational perspective, we began the piloting of Deputy principals at each site – this is aimed at developing equity candidates who will assume the reigns of running campuses within the next three to five years. The extension of the Braamfontein campus into a second building has ensured that the campus continues to grow from both a capacity and market presence perspective.



### INSPIRING UNDERPRIVILEGED LEARNERS

In 2008, Rosebank College Durban students hosted learners between Grades 9 – 12 from Sinethemba Children's Home, at a Career Day on campus. The Career Day was aimed at inspiring, motivating and encouraging children to think about their future schooling performance and careers. These children often have interrupted schooling and do not believe a tertiary education or career is possible for them.

The programme for the day included career talks by lecturers, motivational talks by bursary students, career assessments and entertainment. A second session was arranged for three Grade 12 learners from the Home who wanted to learn more about using the internet.

Rosebank College students continue to volunteer at the Home, assisting the children by teaching them Computer Literacy, reading to them and participating in games.



Rosebank College students volunteering at Special Olympics

## Varsity College



"I had the most amazing experience in my four years at Varsity College. Fantastic lecturers, and a friendly environment that is really conducive to learning. My LLB Degree has given me a thorough grounding, which I really appreciate now that I'm working in the legal profession."

**GREGG THOMAS** 2008 Varsity College UNISA LLB graduate

Varsity College continues to be one of South Africa's largest and most successful private tertiary institutions. It enjoys a well earned reputation for its commitment to providing the highest standards of education and training. This is accomplished through a philosophy of academic excellence combined with practical and personal development and a well rounded and exciting student campus experience.

The success of the Varsity College approach in 2008 was reflected by strong growth in student numbers, excellent academic results and outstanding student achievements.

Our Varsity College final year UNISA students achieved an overall pass rate of above 80%, including a 95% pass rate in English.

Following on from the exceptional 2007 UNISA CTA (Certificate in Theory of Accountancy) results, the class of 2008 did themselves and Varsity College proud with five students finishing in the top 20 and 12 students in total finishing in the top 100 of the UNISA overall results.

Practical orientation was best showcased by the final year Diploma in Hotel Management students, who put the theory they had learnt in the Convention and Event Management module into practice. They staged a variety of events from small dinners to events for over 1 200 people and collectively raised close on a quarter of a million Rands for a number for charities.

Varsity College's focus for 2008 was encapsulated in the theme 'Moving forward' and this was reflected in the following:

- > Complementary skills that were added to the national senior management tier.
- > Increased staffing to meet growing academic and administrative needs as well as increased student enrolments in the previous two years.
- > A renewed focus on staff training including organisational, functional and wellness programmes and industry-focused workshops.
- > The continued focus on a wide range of important initiatives, primarily based on forging, building and sustaining dialogue and partnership opportunities in our broadest communities. These included the Principal's Institute, Schools' Quiz, Night of the Stars, as well as many varied and successful national and campus specific community engagement efforts.
- > The extensive enhancement of campus facilities – The Source, the uniquely branded Varsity College campus cafeteria, was opened at four campuses. In addition, the Pretoria campus completed major extensions and Varsity College in Pietermaritzburg expanded into additional buildings in February 2008.
- > The successful merger of the Rondebosch and Gardens campuses in the Western Cape into Varsity College Cape Town, situated at Belmont Park in Rondebosch. Additional space was secured, the staff complement has been retained and the combined student body has been accommodated.
- > Enhanced IT delivery at site level – a senior IT management position and a team of senior network administrators was established to ensure resource and capacity for the 'IT Edge' imperative.
- > The revitalisation of the sporting, social and cultural portfolio. Varsity College students participated in national canoeing and rugby tournaments held under the auspices of University Sports South Africa (USSA). The Varsity College team was placed second in canoeing and the Varsity College Rugby team was ranked third in the rugby tournament. A first in 2008, was the Action Sports Weekend that brought teams from all Varsity College campuses together in Durban, KwaZulu-Natal. This will now become an annual event.

A significant development this year was partnerships with auditing firms Deloitte & Touche and PricewaterhouseCoopers. As part of this initiative, Varsity College will pilot a programme for promising black students, who lack access to financial resources and who aspire to study full-time towards a UNISA BCompt undergraduate degree and thereafter the CTA qualification. In addition to their tuition programme, the students will receive individual and additional academic support through mentorship, tutorials and life skills workshops. The programme will be piloted in KwaZulu-Natal and the intention is to roll it out nationally in the future.

Looking forward to 2009 and beyond, sustained growth remains a key imperative. To date, expansion projects on the various campuses have facilitated ongoing organic growth. To drive future growth, Varsity College is considering a number of new campus sites, as well as new academic offerings that will meet the needs of students, taking into consideration the requirements of both commerce and industry. The forging of relationships and partnerships to complement and enhance the Varsity College offering will also continue to be a key focus.

## Vega, The Brand Communications School

Since inception in 1999, Vega has focused on preparing bright minds for a range of careers within the marketing and creative brand communications industries. The outcomes-based, highly interactive education and training at Vega includes simulations of real life advertising agency scenarios, an internship at one of the top marketing and branding communication agencies during final year and preparation of a world class portfolio by each graduating student. Around 85% of Vega's graduates are placed within the advertising and marketing industries, with the majority joining established agencies.

In 2008, Vega introduced a groundbreaking BA/BComm Degree in Brand Building and Management which combines the previously separate disciplines of Business Management and Creative Application. It is based on a hybrid approach to strategic, financial and creative business solutions. In 2008, 48 students completed the first year of this degree.

Once again, pass rates in 2008 and a number of external accolades underlined the high standard of teaching.

**Outstanding pass rates achieved were as follows:**

- > BA in Communications Management – **94%**
- > BA Honours in Brand Leadership – **88%**
- > BA Honours in Communications Management – **100%**
- > Diploma in Communications Management – **93%**.

**External accolades in 2008 included:**

- > Two Gold awards in the Sappi Thinkahead Awards
- > A Gold and the Grand Prix in the Pendoring Awards
- > Three Silver and six Bronze awards at the Loeries.

In addition, two students were awarded membership of the prestigious International Society of Typographic Designers.

Following the acquisition of The National College of Photography in 2007, the Higher Certificate in Photography was accredited. Campuses now offering photography include Randburg, Bedfordview, Pretoria, Westville and Cape Town.



The demand for Vega Orbit Programmes, which provide part-time training in branding, strategy, creativity and innovation, continued to grow. In 2008, Vega Orbit expanded its service offering by presenting customised corporate training programmes to organisations such as Discovery Health and the SABC.

In association with The Jupiter Drawing Room, Vega launched the sixth Imagination Lab in Johannesburg's inner city. Established in 2003, the Imagination Lab is a joint initiative between Vega Café (The Communication and Advertising Forum for Empowerment) and industry in an effort to address the skills shortage in the industry by providing previously disadvantaged learners who show potential the opportunity to succeed.

The National and Regional Advisory Councils are made up of top industry professionals and guide both academic and operational strategy within Vega. These councils meet on a quarterly basis and ensure that Vega's academic offering remains industry relevant and that Vega continues to stand for excellence.

Looking ahead, 2009 sees the repositioning of the brand to Vega, School of Brand Innovation, and the re-configuring of the Randburg campus to include the addition of an auditorium, gallery and cinema.

## PREPARING STUDENTS FOR THE CHALLENGES OF THE BRAND INDUSTRY



In keeping with its core objective of producing graduates that are industry ready, Vega, The Brand Communications School places a significant premium upon the annual Brand Challenge. This is a hugely rewarding initiative that mirrors the actual battleground of the industry by having students come up with solutions that tackle current business problems. Students from second and third year as well as honours students form groups and compete against each other to pitch their solutions to clients. The process includes having to conduct research and present a strategic and tactical plan for the selected brand.



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## School of Business and Technology

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The School of Business and Technology (SoBT) offers Short Learning Programmes (SLPs) that have been designed specifically for working adults and which are quality assured and certified by the IIE. SLPs are offered by the SoBT at College Campus and Varsity College and by the School of Business (SoB) at Rosebank College. Vega and Imfundo also offer SLPs in their own right.

The SLPs meet the needs of adults who want to acquire new skills and upgrade existing ones through focused learning that takes place at convenient times. Generally, participants in the SLPs are working adults who are changing career direction or who want to increase their levels of competence in a business environment that is constantly changing and increasingly competitive.

The focus of the SLPs is to enhance students' career objectives and increase their effectiveness in the workplace, deriving the obvious benefits of increased productivity and performance through the acquisition of skills. The demand for these programmes is highlighted by a nine-fold increase in student numbers over the last decade.

Computing programmes offered include Personal and Office Computing, Computer and Network Architecture and Pastel Accounting. Business programmes cover key areas that include Finance, Marketing and Human Resource Management, as well as Business Management and Logistics. The key to the SoBT's success is small classes, which ensures individual attention, and outstanding lecturers selected on their business experience and expertise, both professionally and by formal qualification. Through lectures, workshops and hands-on sessions, candidates are exposed to functional business and technology tasks, gaining an industry-neutral, thorough grounding in their chosen area of study.

The SoBT is extremely responsive to the needs of industry and business. The business programme in Project Management, for example, was developed in response to an identified need for these skills across a broad sector of industry. This mix of theoretical and practical experience is reinforced by ongoing evaluation and feedback which leaves participants confident to move forward.



During 2008, a comprehensive exercise was conducted to ensure that all course outcomes were relevant and continued to meet market needs. Where appropriate, SLPs were articulated into fully accredited IIE qualifications. In addition, the SoBT now has a direct link into the IIE by virtue of the SLP Faculty Board as well as direct Senate representation.

Going forward, staffing capacity at national level has been expanded to include specific focus on academic issues and the SoBT is now well poised to focus on further growth opportunities in both the public and corporate sectors.

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## Imfundo

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Since its inception in 2005, Imfundo has focused on the area of skills development, targeting individuals who are already employed but require upskilling, as well as school-leavers needing occupational training through learnerships, internships or short courses.

Imfundo has developed in-depth examinations and logistics expertise, which addresses a much needed service in the educational industry. In 2008, Imfundo continued to administer the National Assessment for INSETA, in terms of which insurance brokers are required to become compliant with the Financial Advisory

and Intermediary Services Act (FAIS) fit and proper requirements. The ten-fold increase nationally, within one year, in candidate participation in the FAIS project underlines the industry's support for such facilitation.

The chronic skills shortage in South Africa has created a strong demand for affordable, effective, quality training and skills development in the public and private sectors. This in turn has paved the way for a sustainable and exciting future for Imfundo.

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## Corporate College International

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Since 1990, Corporate College International (CCI) has ensured that successful learners obtain reputable national and international qualifications which are related to and developed in support of the National Qualifications Framework (NQF) and Skills Development Levies Act. An innovative delivery style and the flexibility to manage training in remote locations has meant that CCI has established excellent working relationships with clients, including corporations, government departments and organisations.

In the year under review, the business continued to establish an effective presence in remote rural areas. In Koffiefontein, located in the Free State, CCI completed a second re-skilling project for De Beers, in terms of which 231 retrenched workers received Adult Basic Education and Training (ABET). They were also trained in various artisan skills to promote entrepreneurial skills which will facilitate self-employment. CCI was awarded contracts to undertake

rural training projects in the KwaZulu-Natal and the Northern Cape regions. Community Development Practitioner training was delivered to community-based learners in the remote rural areas of Kranskop (Northern KwaZulu-Natal) and Kuruman (Northern Cape).

CCI's effort in training and preparing qualified entry level candidates for the world of work in the insurance sector as financial advisors was extremely successful and resulted in 422 of the 539 potential employees graduating with the level 5 qualification.

A key highlight in the year under review was the awarding of a contract by the Department of Labour to provide English Literacy training to 10 500 adults in four provinces. The project planning and implementation phase began in 2008 and learners commenced training between late January and early February 2009. Poverty in the targeted communities is rife and this initiative will have a positive impact on the ability of trainees to make a living.

**“Private providers of quality education that are directly linked to occupations and professions, will weather the current economic climate, as in times of uncertainty they offer one of the most meaningful investments to students – marketable skills linked to high standard, accredited and recognised certification. The IIE is clearly a leader in offering this value to our student market.”**

**DR FELICITY COUGHLAN** Director: IIE



## RESOURCING DIVISION REVIEW



**“If you don’t get the RIGHT people, you’ll never fulfil the potential of your business.”**

**LARRY BOSSIDY**

The talent management aspect of business is becoming increasingly important, particularly in view of the global skills shortage. Accordingly, recruiting and retaining the right skills can mean the difference between business success and failure. **ADvTECH’s Resourcing division provides the solution by placing the best candidate in the best position, from both a personal and organisational perspective.** This is achieved by the division’s focus on understanding each client’s unique culture and values, as well as the context in which they operate.

## 2008 HIGHLIGHTS

- Brent Personnel celebrated 30 years of business and continued to expand successfully, increasing revenue by over 30%.
- To enhance customer service, Cassel & Company established two distinct sections within the permanent division – General Finance, and Chartered Accountants and Audit. The temporary division enjoyed strong growth and opened a branch in Durban early in 2009.
- Insource.ICT maintained its position as the largest specialised permanent IT recruitment business in South Africa.
- IT Edge and Tech-Pro Personnel, both of which were acquired in 2008, will be fully incorporated into the Resourcing division early in 2009. These businesses are already proving to be valuable assets.
- Network Recruitment restructured into three separate divisions – Network Finance Recruitment, Network IT Recruitment and Network Engineering Recruitment. Two new Managing Directors were appointed to the Finance and IT divisions.
- The structure of the Kapele Trust was updated and re-launched during 2008 in order to improve benefits to staff. Kapele Appointments (Pty) Ltd is the legal entity under which Inkokheli HR Appointments, Vertex-Kapele and the newly acquired, The Working Earth, fall.
- Inkokheli HR Appointments continued to enjoy success as the only niche-specific Human Resources recruitment agency in South Africa.
- Suraj Maharaj, MD of Kapele Appointments, was appointed National President of APSO (The Association of Personnel Services).
- Vertex-Kapele was the winner of the Sunday Times Service Excellence Award for 2007.
- The Working Earth won the Sunday Times Award for the Highest Annual Growth among top recruitment advertising agencies.
- The Resourcing division secured placements for approximately 3 900 permanent employees and 1 000 temporary and contract employees.

## RESOURCING DIVISION continued

The Resourcing division comprises 13 recruitment brands, with 20 branches nationally and over 169 years of collective expertise. Brent Personnel, Cassel & Company, Communicate Personnel, Insource.ICT, Network IT Recruitment, Network Finance Recruitment, Network Engineering Recruitment and Pro Rec Recruitment are well known, established brands that have achieved outstanding credibility with both clients and candidates. ADvTECH Resourcing also holds a majority stake in Kapele Appointments (Pty) Ltd, an empowered resourcing focused business. Kapele Appointments houses three brands: Inkokheli HR Appointments, Vertex-Kapele and the newly acquired, The Working Earth. In keeping with ADvTECH's overall growth strategy, the Resourcing division also acquired IT Edge and Tech-Pro Personnel in 2008.

While the brands have their own distinct personality and profile, each is committed to giving candidates and clients the highest possible levels of service, based on in-depth analysis of their specific needs, as well as personalised advice on market trends and available opportunities. Each brand provides niched, highly specialised recruitment services in specific market sectors.

ADvTECH Resourcing's strategy of having various brands operating within their own right, under the resourcing umbrella, creates an entrepreneurial spirit within each brand. This promotes healthy competition and ensures high quality delivery to all customers, while providing both candidates and clients with the security of dealing with a large corporate. By competing in overlapping, specialist niche areas, the brands all work together to the common good of the Resourcing division while offering depth to clients and candidates. This ensures the best possible recruitment solutions for permanent, temporary and contract placements.

Should the need arise, the brands are capable of offering a collective solution to clients with a variety of vacancies across various niches, and, in so doing, ADvTECH Resourcing provides a 'one stop shop' solution to such clients. This advantage is reinforced by the division's database of over 250 000 candidates.

Each brand within the Resourcing division is an accredited member of the Association of Personnel Services Organisation (APSO), the Institute of Personnel Consultants (IPSC), the Confederation of Associations in the Private Employment Sector (CAPES) and the Information Technology Association (ITA). The marketing specialist brand, Pro Rec Recruitment is also a member of the Southern African Marketing Research Association (SAMRA).

In the year under review, despite the less buoyant economic landscape, the division maintained the number of permanent placements and trebled the number of temporary and contract candidates placed.

A positive development in 2008 was strong sales growth, based on both organic growth and through acquisition, which further expanded the division's national footprint. There was pleasing growth in the key areas of focus, namely: IT and Finance and Engineering.

Looking ahead, the protracted downturn in market conditions is expected to affect recruitment activity in 2009. While a marked decline in overall recruitment patterns has manifested over the last six months, the division aims to counteract the downturn by focusing on building brands, continuing to target key permanent markets, expanding the IT contracting business and exploring acquisition opportunities.



Accordingly, despite expectations of a tougher trading market in 2009, the Resourcing division expects to continue to expand and grow in 2009.

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### Brent Personnel

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Whether the staffing requirement is for a permanent vacancy or short-term project, Brent Personnel's (Brent) core business focus is to deliver a customised staffing solution through specialist expertise. As the people component of any business is the most costly, making use of an outsourcing solution for non-core skills or divisions enables clients to manage their staffing costs more efficiently and effectively, thereby enhancing their profitability.

Since inception in 1978, Brent has operated on the basis of uncompromising evaluation. Highly trained consultants conduct in-depth interviews with all candidates, where their skills and experience is confirmed through competency based questioning techniques. References, qualifications and the necessary financial checks are always confirmed and validated. Brent also tests candidates on computer literacy, speed and accuracy and various financial disciplines, thereby ensuring that the most qualified candidate is referred.

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### Cassel & Company

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When clients and candidates work with Cassel & Company, they benefit from 18 years of successful and sustained delivery, and specialist knowledge of Accounting and Finance recruitment. The business' reputation for excellent service is a result of 'The Cassel Edge', a focused approach based on a comprehensive understanding of their clients' business, values and the elements driving their competitive advantage.

Cassel & Company has intimate knowledge of the entry and movement of talent in the Accounting and Finance arenas and harnesses the right talent for the client's business, giving them an enduring competitive advantage.

In 2008, Cassel & Company enhanced service levels by specialising further in the fields of Chartered Accountancy, Audit and temporary staffing as well as by planning the opening of a branch in KwaZulu-Natal in early 2009.

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## Communicate Personnel

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Communicate Personnel (Communicate) is one of the longest established recruitment businesses in South Africa, with 27 years' experience in providing top IT, Finance, Engineering, Freight and Logistics staff. Communicate has an extensive candidate database and is actively committed to transformation.

All Communicate consultants specialise in niche areas and have an in-depth understanding of their particular industry. This means that each client deals with a recruitment expert, ensuring optimum delivery on job specs, quick turnaround times, and the ability to access top skills at short notice. Dedicated specialist teams conduct in-depth research on each client's requirements, resulting in a deeper understanding of the client's needs, an enhanced skills-to-position match and ultimately, longer tenure of the placed candidate.

Communicate adopts a personalised recruitment approach, preferring not to send an abundance of CVs to the client. Instead, candidates share their knowledge and experience in face-to-face meetings with the client. This unique approach offers strategic benefits to both clients and candidates ensuring a mutually beneficial, committed relationship between them.

Communicate's recruitment strategy enables the outsourcing of all the client's recruitment needs. This methodology allows clients to focus on their core business while Communicate implements the company's core human resource strategies. An in-depth investigation conducted into the client company's unique culture ensures correct culture and skills fit for each position.

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## Insource.ICT

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Although the head office is based in Midrand, Johannesburg, Insource.ICT is linked to established, actively managed resourcing databases in the Cape, Free State, KwaZulu-Natal and Gauteng regions and is able to place IT staff throughout South Africa. The business, which has separate permanent and contracting divisions, employs 50 highly trained consultants, all of whom have in-depth knowledge of the IT industry.

Insource.ICT's business philosophy is based on the belief that candidates are more than mere employees. Instead they are critical building blocks of clients' business strategies and are pivotal in driving growth. Delivery is enhanced through information sharing that facilitate understanding and results in a successful recruitment partnership with the business base of ICT specialist clients. This partnership approach leads to quick turnaround times, both in response to job specifications and candidate applications. Advanced candidate checking is provided as part of the standard offering and this ranges from personal references to a full Kroll MIE check. Kroll MIE, the largest background screening company in the world, performs checks across a broad range of areas, including verification of qualifications.

The many value-added services offered by Insource.ICT include salary surveys and retention related information.

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## IT Edge

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IT Edge was acquired by ADvTECH in March 2008 – a move which supported IT Edge's culture of excellence and strengthened the brand's market presence.

The IT Edge team consists of IT recruitment professionals whose service is backed up by knowledge, integrity and hard work. Established in 2000, IT Edge's most successful marketing tool is its reputation. Consultants have specialist IT recruiting skills and remain up-to-date with market needs and trends, emerging technologies and leading companies, by doing extensive research and using acclaimed training groups in South Africa. IT Edge promotes open and honest communication with clients and applicants in order to ensure a positive and valuable recruitment experience.



## RESOURCING DIVISION continued

Empowerment is a key priority and IT Edge encourages applications for clients and internal positions from all race, gender, language and disability groups that make up a unique South Africa. Management believes in empowering all their staff to become successful businessmen and women.

The majority of IT Edge's consultants have successfully completed The Institute of Personnel Services Consultants Certification (IPSC).

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### Network Recruitment

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In 2008, Network Recruitment was restructured to establish three separate, focused brands: **Network IT Recruitment, Network Engineering Recruitment, and Network Finance Recruitment**. While based in Gauteng, a solid support infrastructure means each brand is able to assist with national placements. In addition, each brand's proactive approach benefits both client and candidate within a dynamic skill-short market. A comprehensive understanding of high-demand, specialist skills, matched to the client's culture, requirements and expectations, ensures a prompt and accurate match of candidate to client.

The IT industry is currently facing a severe skills shortage. Against this backdrop, **Network IT Recruitment** has established itself as a talent sourcing partner to several large organisations and has a strong candidate network, with the current candidate database consisting of 31 000 IT candidates.

Together with the specialist consultants, researchers and managers, the IT Customer Care division assists with post-placement mentoring which extends service and partnerships beyond the normal recruitment cycle.

The **Network Engineering Recruitment** team is focused on permanent and temporary placements in Engineering and comprises a Business Development manager, Recruitment consultants, Researchers and Customer Care officers. This team, in partnership with Branch managers, concentrates on face-to-face interaction with clients.

The consultants enjoy the benefits of an extensive database and national infrastructure, while the Candidate Mentoring Programme offers support to new candidates and clients during the crucial first three months of a new placement.

Specialist project teams within **Network Finance Recruitment** focus exclusively on IT Audit, Internal Audit, Chartered Accountants, Taxation and BComm graduates. As a talent sourcing partner to several large organisations, the brand is an established leader in Financial recruitment.

Network Finance enjoys strong partnering relationships and networks with several leading banks, corporations and listed entities. Effective sourcing strategies, combined with specialist knowledge and a detailed understanding of client needs, ensure successful placements that satisfy both clients and candidates.

Highly skilled consultants are able to offer advice on many related issues, ranging from salary surveys to recruitment processes and market trends.

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### Pro Rec Recruitment

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Pro Rec Recruitment (Pro Rec) has over nine years' experience of recruitment within the Market Research, Marketing and Media industries. Comprehensive needs analyses are conducted with each client to gain a full understanding of their specific requirements. Service is focused on the search for top level specialist positions, with the emphasis on quality, rather than quantity. A strong database of skilled candidates within the current skills-short market results in the ability to present top candidates to clients and sets the organisation apart from its competitors.

While specialised, Pro Rec can nonetheless accommodate all staffing needs, from junior to executive level via access to the combined databases of all the recruitment businesses within ADvTECH Resourcing.

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### Tech-Pro Personnel

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Established in 1997, Tech-Pro Personnel (Tech-Pro) has played an active role in the development of the Supply Chain Management discipline (procurement, planning, logistics, technology and control) within the South African market. The outcome is a value-added service that is measured not on initial purchase price, but rather in terms of the tenure and competency of their candidates.

Each Tech-Pro consultant within the organisation belongs to IPSC (the training institute of APSO) and SAPICS (The Professional Society for Supply Chain Management) and thus has a sound understanding of their chosen discipline and market, as well as advanced knowledge of best recruitment practices. Operating on the belief that the whole is greater than the sum of the parts, Tech-Pro has developed a large network of qualified contacts and each team member works towards the good of the business. The practical outcome of this is that each member of the business, from management to support staff, is informed about client and candidate needs, and is able to assist with any queries.

Through strong ties with international recruitment firms, Tech-Pro can access intellectual capital on a global basis.

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### Kapele Appointments

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Established in 2002, Kapele Appointments (Pty) Ltd (Kapele), is a BEE company within the ADvTECH Resourcing division, providing Contingency Recruitment, Advertising, Advertising Response and E-recruitment solutions in the public and private sectors.

Kapele is an empowerment partner to ADvTECH Resourcing. 30% equity ownership is held in trust by the management and staff of Kapele and 70% is held by ADvTECH Resourcing. Kapele has been rated as a Qualifying Small Enterprise and certified as a Level 2, AAA rated Black Empowered Entity by Empowerdex.

Kapele is an accredited member of The Association of Personnel Service Organisations (APSO) and Kapele's Managing Director, Suraj Maharaj, is the current National President of APSO.

Kapele is the legal entity under which Inkokheli HR Appointments, Vertex-Kapele and The Working Earth fall.






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## Inkikheli HR Appointments

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Since inception in December 2005, Inkikheli HR Appointments (Inkikheli), a niche recruitment brand, has developed an energetic team that has established a reputation for delivering beyond expectation. Inkikheli is the only business in South Africa to focus solely on professional Human Resource recruitment for permanent, temporary and contract executive, senior management and other positions.

'Inkikheli' is a Xhosa word meaning 'leader', chosen in view of the specialist role the brand has taken in building solid relationships with leaders within the Human Resources field.

The triangle in the Inkikheli logo symbolises the mutually beneficial relationship between clients, candidates and the business – leaders meeting leaders. This relationship means Inkikheli connects with the right people, first time.

Inkikheli prides itself on high quality client relationships, top calibre candidates and professional staff, all of whom are leaders within the HR recruitment arena.

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## The Working Earth

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Established in 2000, The Working Earth was acquired by Kapele in 2008. The Working Earth is South Africa's only recruitment advertising specialist that links advertising to electronic response handling using the power of the internet. The Working Earth's area of expertise covers Recruitment Advertising, Response Handling and an E-recruitment Response process.

The latter is a self-administered, web-based application process which incorporates a screening assessment. It is slick, fast and legally compliant, providing uniformity and consistency in the recruitment and selection

process. The screening process is objective, competency based, totally transparent and eliminates bias based on subjective criteria. The system enables electronic recruitment application and pre-selection of candidates and allows the human resource practitioner to screen and handle mass response to recruitment initiatives in a more timely, transparent and cost effective manner. Consultants manually structure shortlists from posted, faxed or emailed responses quickly, efficiently and cost effectively providing clients with a provisional candidate shortlist.

The Working Earth online system is also available in a company branded format which can accommodate internal (intranet) recruitment.

The emphasis on quality by The Working Earth was highlighted when the business won the Sunday Times Award for the Highest Annual Growth among top recruitment players.

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## Vertex-Kapele

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Established as Vertex in 1986, Vertex-Kapele has over 22 years experience in Human Resource solutions for specialised industry sectors including ICT, Finance, Manufacturing, Engineering, Retail, Commerce and Education, in southern, western, central and eastern Africa.

Acquiring and retaining talent is a challenge in the context of the current skills shortage. Vertex-Kapele meets this need by truly understanding each client's business and market sector. The personal touch and the 'human' component of human resources is the primary benefit in its value proposition. The flagship talent acquisition strategy is the Vertex Response Handling Methodology™, in terms of which AdVertex, the in-house recruitment advertising agency, designs, copy-writes and places advertisements in both print and interactive media. Vertex-Kapele takes all the responses from candidates, screens them, conducts first-line interviews and provides shortlists of candidates to clients.

Vertex-Kapele also offers Labour Broking and Contingency Recruitment, as well as strategic outsourced human resource services. These include human resource audits, legislative compliance, workplace skills plans, employment equity plans, competency-based human resource development implementation and Broad based black economic empowerment (B-BBEE) implementation.

An empowered business, Vertex-Kapele has acquired a AAA level 2 BEE Qualifying Small Enterprise rating. In terms of HDI placement statistics, more than 76% of the applicants considered through the Vertex Response Handling Methodology™ are HDI.

Since 2000, Vertex-Kapele has won numerous Sunday Times Careers Advertising Awards for excellence and innovation in Recruitment Advertising. A recent highlight was winning the 2007/2008 Service Excellence Award.

# SUSTAINABILITY REPORT



“Education and skills acquisition is the key to BEE and dealing with poverty and unemployment.”

**PRESIDENT KGALEMA MOTLANTHE**

Published interview,  
Mail & Guardian, January 2009

This report provides general information for stakeholders on the sustainability of the ADvTECH Group. Emphasis has been placed on those key areas and initiatives considered especially important for the Group as a South African entity and on performance and activities for the year ended 31 December 2008.

ADvTECH believes that the value of the business is best enhanced by respecting the interests of all stakeholders, and that the creation of long term financial returns is dependent, inter alia, on our effective management of social and environmental performance.

Sustainability is about achieving a delicate balance between our long term economic objectives, human development activities and the impact we have on our communities and environment.

The Group's role as a responsible corporate citizen is underpinned by the vital role the Education and Resourcing divisions play in helping address the current educational and skills capacity constraints facing South Africa, thereby promoting the Country's human development and economic growth. Our high standards of Social Responsibility were again recognised through our continued inclusion in the JSE SRI Index for 2008. This reflects our contribution to South Africa's development and our commitment to the economic, social and environmental sustainability of the sectors in which we operate.

As a Group, we focus on ensuring that the cumulative outcome of our activities is intrinsically sustainable through the continuous renewal and creation of resources and care in their development, maintenance and use.

Transformation is inherent to our business model as highlighted by the role played by the Group in educating, training and recruiting thousands of historically disadvantaged individuals (HDIs). 67% of our students and 39% of our staff complement are HDI. We strive to sustain this transformative role through a programme of continuous reinvestment in capital expenditure, bursary programmes and empowerment initiatives.

Given the contribution of women to education in South Africa, the Group also contributes to the empowerment of women in staff and management. At December 2008 women comprised 69% of our work force and 56% of our management team. One director, three members of the Group Executive and a sizeable majority of our business unit heads are women.

ADvTECH has established several committees and management structures to implement and monitor sustainable development in the Group, including:

- The Board Transformation Committee (BTC), which guides, monitors, reviews and evaluates the Group's progress against the triple bottom line of economic, social and environmental performance.
- The HESIO (Human Resources, HIV/Aids, Employment Equity, Skills Development, Investors-in-People, Occupational Health

and Safety) Committee, which oversees programmes dealing with issues such as retirement, HIV/Aids, health and wellness, employment equity, skills development, occupational health and safety as well as environmental issues. A majority of the HESIO Committee are elected representatives of staff and first line HR managers from the Group's operations.

- The Remuneration Committee (RemCom), which consists of non-executive directors. This independent committee ensures that remuneration policies are fair and encourage the retention of top talent.
- The Academic Advisory Council, comprising leading independent educational experts, which advises the Group in educational matters and policy.
- The IIE Senate, which ensures that our educational programmes are of the highest academic standards and prepares students for careers in an increasingly competitive workplace. A majority of Senate are academics, including elected representatives of the lecturing and teaching body. Elected student representatives also serve on Senate.

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## Economic performance

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We direct shareholders to the Value Added Statement on pg 10, which indicates the value that the ADvTECH Group has created and distributed to its main stakeholder groups in the year under review. Total economic value added for the year was R927 million, up from R731 million in 2007.

The indirect economic contribution of the Group is, however, much greater than this. Enhanced earning power and economic value is added each year by the tens of thousands of ADvTECH alumni and job candidates who are active in South Africa. This contribution grows each year with the addition of successive graduating classes.

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## Social performance

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### Our people

Human capital development continues to be the cornerstone of ADvTECH's sustainability. We recognise that talented and skilled people representing the diverse society in which we operate will drive business success over the long term.

Attracting and retaining these people requires us to offer the right mix of competitive remuneration, appropriate challenges, recognition, fair employment and learning opportunities.

Accordingly, we strive to be a 'Great Place to Work' and consequently participated in the Deloitte 'Best Company to Work for Survey' in 2008. We achieved 12<sup>th</sup> position in the medium company category in which there were 48 participants. We aim to improve this position in the future for the benefit of our people and our goal is to be the company of choice to work for in the Education and Resourcing sectors. The number of our employees rose by 17% from 3 105 in 2007 to 3 643 in 2008.

Our staff publication, ADvTALK, features developments in our businesses, markets and other relevant topics and provides regular updates about our people and culture.

### Remuneration policy and employee benefits

To entrench a culture of high performance, the Remuneration Committee (RemCom) ensures that the Group's remuneration philosophy is aligned with business strategy, and that remuneration practices are soundly based and governed. An essential feature of this is the independence of RemCom in determining executive remuneration including bonuses. Included in remuneration practices are normal development practices such as parental responsibility leave and academic conditions of service to provide for the necessary growth and development of our academic staff. The conditions of employment and remuneration are reviewed annually against best practice and updates and improvements are implemented. During 2008, enhanced leave arrangements, amongst other benefits, were put in place.

Remuneration is regularly benchmarked against the market and Group performance. Guaranteed remuneration comprises a cost-to-company package, which includes benefits such as medical aid and retirement funding, while lower income employees are offered free accident insurance, which includes funeral cover.

Performance remuneration in the form of incentives, bonuses and profit sharing is implemented in certain employment categories to reward and retain high performing employees. Depending on the seniority and responsibility of the individual concerned, the incentive opportunity ranges from 8% to 100% (2007: 8% to 50%) of the guaranteed cost-to-company remuneration package. For 2008, RemCom raised the level of bonus opportunity available to some executives in light of the fact that share based incentives can no longer be afforded to them, as the Company has reached the ceiling in this regard.

Remuneration is structured according to the following framework:

#### General staff

We entrench the culture of high performance by ensuring that each employee has agreed key performance indicators (KPIs) and where applicable, performance objectives. This creates a direct link between performance and remuneration. The remuneration of teachers and academic staff is benchmarked against state and other comparable institutions. Guidelines are then established 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.

#### 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 (KPIs).
- 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 remuneration structure to that of senior staff and management, but the annual incentive remuneration is typically based on a combination of individual KPIs, the performance of the business unit for which the executive is responsible (two thirds of incentive) and group KPIs (one third of incentive). The bonus is earned by achieving targets agreed with the executive concerned and approved by RemCom at the beginning of each year. These are stretch targets set at demanding levels of growth and achievement and with due regard for the operating environment and strategic objectives, such as transformation of the Group. In 2008, executive bonuses achieved were 68% (2007: 96%) of the opportunity available as a result of the below target growth achieved for the year.

### Share incentive schemes

At the end of 2007 the Group announced the roll out of a Broad based share scheme whereby all permanent staff members with more than two years' service qualify to own shares in ADvTECH, at no cost to themselves. 1 081 employees currently qualify and participate in the Broad based share scheme. Other features of the scheme include training on share ownership matters and assistance with the costs of owning shares. This scheme has been approved for an initial period of 5 years.

The Group also offers a Senior Staff share participation scheme, which is a merit based incentive using share awards to enhance remuneration with a view to retention and longer term motivation. The scheme represents an opportunity for capital formation through sharing in the growth and success of the Group. Staff members are selected for participation by RemCom based on recommendations by line management and present participants number 75 (2007: 70).

Lastly, the Group offers share options to certain executives and senior managers. Details are set out in the annual financial statements.

### Succession planning

ADvTECH has a strong management team in place, both at senior and intermediate level, that drive this business at a strategic level and on a day-to-day basis.

ADvTECH places major emphasis on skills development, with employees from previously disadvantaged backgrounds being given preference. This has enabled the Group to promote employees from within. The Management Development Programme (MDP), which started in 2005, is being used, inter alia, as a vehicle for accelerating the development of black managers in the Group.

It is the Group's preference to look for senior appointments inside the organisation, although in certain instances external recruitment is necessary to supplement succession replacements.

### Black Economic Empowerment (BEE)

ADvTECH is committed to addressing the inequities of the past whilst ensuring sustainable development going forward.

While we make use of external accredited empowerment ratings agencies, our focus is on the spirit, rather than the letter, of transformation. In the year under review, the Group continued to make progress in transformation and sustainability under the guidance of the Board Transformation Committee (BTC) and the Academic Advisory Council (AAC).

The BTC reviews the Group's progress on the pillars of transformation: employment equity, training and development, community involvement, BEE procurement and black share ownership.

### Employment equity

ADvTECH regards employment equity as both a strategic and business imperative. In line with our values, we strive for equal opportunity and fair treatment in employment. We believe that diversity strengthens our employee component, enhances our ability to service our target markets and provides appropriate role models for our students and staff.

The Group's Employment Equity policy sets out yearly employment equity targets and is monitored by the Group Executive, the BTC and the HESIO Committee. Targets to date have been achieved.



### GROWING OUR OWN TIMBER

The entire College Campus IT team is made up of our graduates – proving that ADvTECH really believes in its product. At College Campus Pretoria, Lungile Ncongolo is responsible for Desktop Support, while Abraham Monare is a Network Administrator. Michael Mondela and Thokozani Ngubeni are Network Administrators at College Campus Randburg and College Campus Parktown respectively. Stephen Cooper, who leads the IT team as the Brand IT and Sites Services Manager, is a Varsity College graduate.



ADvTECH's employee profile is changing steadily from 27% of total staff being black in 2005 to 39% in 2008. In 2008, the number of historically disadvantaged individuals (HDIs) employed increased by 21% compared to an overall increase in staff of 17%.

ADvTECH continues to benchmark itself in these areas by reference to the relevant DTI codes, the Employment Equity Act and the JSE SRI Index.

### Equity ownership

Our BEE shareholders currently own 34 million ADvTECH shares, representing a 9% shareholding. While the Group itself has not embarked on a specific ownership empowerment initiative, as explained under the enterprise development section, it has facilitated the creation of an empowered recruitment enterprise.

### Management control

In the year under review, restructure of management structures took place which simplified and improved performance in the control and direction of the Group. As a consequence, despite continuing progress in real terms, percentage transformation in management was not improved in the year. Management currently consists of 23% HDI (2007: 25%).

### Skills development and training

Skills development expenditure for 2008 was R5,9 million (2007: R4,0 million), reflecting an increase of 47%.

We strive to 'grow our own timber'. To this end we invest a lot of money and manpower in training our own staff. The Group adopts a pro-active skills development strategy that aims to identify the training and development needs of our people.

Our training and development initiatives further entrench our culture of high performance, with a particular emphasis on teacher training and development.

Major training and development initiatives internally include Management Development Programme (MDP), Management Progression Programme (MPP) and other specific skills development interventions.

### Preferential procurement

The Group has an affirmative procurement process which seeks to support suppliers from historically disadvantaged communities. The policy encourages procurement with BEE suppliers. It also includes a process that encourages the Group's suppliers to become BEE compliant.

These policies are actively implemented and have resulted in an overall increase in the weighted BEE procurement spend of 39%.

### Enterprise development

Since 2002, ADvTECH has provided financial support, expertise and infrastructural support to Kapele, a black empowered recruitment enterprise incorporating Inkokheli HR Appointments, Vertex-Kapele and The Working Earth. This has enabled Kapele to build up a strong reputation as the preferred BEE service provider in the HR staff recruitment market.

## DEVELOPING HDI STUDENTS

2008 saw the start of an exciting venture between ADvTECH and Tshikululu Social Investments (Tshikululu), which manages a project aimed at promoting Mathematics and Science skills on behalf of Anglo American's Epoch and Optima Trusts. In terms of the project, Tshikululu granted part bursaries to 48 HDI students to study at Abbotts Colleges in Gauteng and the Western Cape, with ADvTECH making up the balance of the funding. Abbotts provided a money back guarantee that all the students would receive at least a university entrance pass in matric and at least a D for Mathematics, failing which, Abbotts College would refund the full final year academic fees.

The project was outstandingly successful, with all 48 students successfully completing the year. Of the 27 students who completed Grade 10, 11 were in the top 10 on their respective campuses, while two of the 19 students who completed Grade 11 were the top students in their grade on their respective campuses. Both these Grade 12 students met the requirements of university entrance with Mathematics. Of the 46 students who will be returning in 2009, more than half raised their Mathematics marks to above 60% in 2008.

The results are testimony to the high quality of tuition at Abbotts College.





### Corporate social investment

Understanding that education is one of the most important tools for promoting equity, we commit a significant proportion of our profits to social investment, the bulk of which is allocated to bursaries, scholarships and financial support for deserving learners at school and tertiary level.

This is consistent with our approach of widening access to education for less privileged learners. We strongly believe that in order to achieve personal development, learning should extend beyond the curriculum. Accordingly, we promote participation in corporate social investment programmes that provide volunteer students with a greater sense of community belonging and responsibility. In 2008, CSI expenditure totalled R37 million (2007: R33 million), equivalent to 18% (2007: 21%) of operating profit.

### HIV/Aids

Recognising the high rate of prevalence of HIV/Aids in South Africa, the Group has adopted a pro-active approach to the pandemic and has an established HIV/Aids policy in place. This covers, amongst other things, anti-discriminatory measures on the basis of HIV/Aids status for both students and employees. While the HIV/Aids risk to the Group has been identified as being relatively low, our established ongoing HIV/Aids education and awareness campaigns go as far back as 2001.

At our schools, speakers regularly address staff and parents on this issue. In addition, HIV/Aids is part of the Life Orientation curriculum from Grades 4 to 12. At tertiary level, initiatives include HIV/Aids Awareness workshops, Voluntary Counselling and Testing (VCT) Programmes, presentations during student orientation and readily available condoms, pamphlets and brochures.

### 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. As a Group, we place particular emphasis on the safety of students and staff. A formal Health and Safety policy sets out appropriate workplace procedures while a dedicated Group Health and Safety manager trains, audits and proactively ensures adherence to these procedures.

The Group Health and Safety manager is part of the Properties division and is thus independent of the internal audit and insurance management portfolios. External service providers are contracted to conduct regular health and safety audits which are reported on to management, HESIO Committees and, where necessary, the Board and various regulatory authorities.

### MAKING DREAMS COME TRUE



Reach for a Dream helps children with life-threatening illnesses to believe in the power of dreams and to know that tomorrow is worth fighting for. At Varsity College we encourage all our students to reach for their dreams while growing into generous hearted citizens.

Reach for a Dream's Captain Courage and Queen for a Day were chosen as themes for the National Community Outreach Project at Varsity College. Campuses selected one of these themes and under the direction of the Campus Student Relations manager, the staff on campus and VC Cares team (which comprises student volunteers) set out to make some dreams come true. Children were allowed to forget their illness for a day at special events hosted at each campus. The 'Captains' rode in helicopters, raced around in police cars with their lights flashing and sirens blaring, had fun at go-karting and clambered across fire engines. The 'Queens' dressed up, were treated to manicures and had their make-up done, with the brave taking to the catwalk to strut their stuff and show off their singing and dancing skills.

The memories created for both the children and the Varsity College students will last long into the future, as will the message of how rewarding it is to give to others.

## ENSURING ENERGY EFFICIENCY AND ENVIRONMENTAL SENSITIVITY

The new Abbotts College Century Gate campus is situated in the sought after Century City development in Cape Town. The development's unique attractions include 8 km of navigable canals and Intaka Island, a 16 ha wetland and bird sanctuary.

The Century Gate campus has been designed to blend in with the surroundings and the ethos of this award winning conservation area. Maximum energy efficiency resulting in lower energy costs, have been created by windows on both sides of the classrooms to ensure a natural flow of air. This reduces the need for mechanical ventilation and air-conditioning. Large overhanging eaves also serve to keep the classrooms cool.

The gardens at the new Abbotts College campus are indigenous and waterwise, in keeping with the environmentally sensitive nature of the development.



### Environmental performance

Managing our impact on both the environment and the communities in which we operate is very important to ADvTECH. We have a responsibility to monitor and reduce negative environmental impacts where possible.

Accordingly, the Group abides by an Environmental policy focused on achieving and demonstrating sound environmental practices and performance with particular reference to engagement with the communities of which we are already a part or are seeking to join.

Measures to reduce our environmental footprint include comprehensive waste management, limiting the use of hazardous

substances and energy saving – an approach which has obvious economic benefits. This includes the use of low-voltage light bulbs, switchgear controlled lighting and the use of energy wheels in air conditioning systems. Environmental control measures are monitored by means of both internal and external audits – the latter conducted by external service providers.

In establishing new buildings or expanding existing buildings, the Properties division conducts environmental impact studies to identify ways to mitigate against potential negative impacts on the environment. Environmental awareness programmes take place on an ongoing basis throughout our operations, while clean-up and recycling projects at our schools create awareness and encourage a greater sense of environmental responsibility. In addition, Environmental Awareness is part of the curriculum at all our schools.



### CREATING A LIVING LEGACY

Against the backdrop of increased focus on global warming and the need to preserve the environment, Crawford La Lucia continues to encourage future leaders to appreciate and conserve the world around them.

In 2000, a group of committed staff and parents at Crawford La Lucia began planting a conservancy of indigenous shrubs and trees, to which their family names were attached, thus creating a living 'legacy' on the campus. In 2001, an Environment Club was started in the Pre-primary School and in June 2002, the La Lucia Campus was awarded a Certificate of Recognition by the Wildlife and Environment Society of South Africa for the establishment of the conservancy.

Today the conservancy is a part of the Natural Science curriculum and the tall trees and thick indigenous bush are home to many different types of fauna and flora. Strange looking bugs and bunches of wild flowers or seeds, form the basis of many learning activities for pupils.

### Corporate governance

Sound governance remains one of the top priorities of the ADvTECH Board and executive management. The Board recognises that ADvTECH has a responsibility to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, in this way safeguarding the interests of all its stakeholders.

ADvTECH adheres to the King II Codes (2002) on corporate governance which set the framework for corporate governance in South Africa with guidelines regarding financial risk management, financial performance, remuneration and auditing committees, sustainability reporting, stakeholder interest, strategy development, the balance of power and the role of directors within the enterprise and society at large. The seven characteristics of good corporate governance according to the King II Report (2002) are discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

The Board is confident that the Group currently complies, in all material respects, with the principles incorporated in the Code of Corporate Practices and Conduct contained in the Report and the provisions of the Act. The Board and its committees acknowledge their responsibility to ensure that the principles of good corporate governance are observed, and the Directors collectively and individually acknowledge their responsibilities in terms of the JSE Limited Listings Requirements.

**Sustainability, good governance, transparency and comprehensive reporting are integral to building the Group's credibility among all our stakeholders.**

The Group has established standard and specialist oversight bodies related to all key functions.

Academic governance structures include the Academic Advisory Council, the Senate of the IIE and various other committees, all of which are focused on maintaining and enhancing consistently high standards of academic excellence. The Group's organisational governance structure, including the BTC, HEISO, Remuneration Committee, Audit, Litigation and Nominations Committees, upholds equally high standards of operational excellence.

### Risk management

The evaluation, avoidance and mitigation of risk is recognised as a key discipline in managing the affairs of the Group. This is a core function of executives, especially in a Group of ADvTECH's size, where executives are involved in day-to-day operations.

Accordingly the Board has chosen to exercise its risk management responsibilities through the existing management structures:

- Group Internal Audit has a specific mandate with regard to assessment and reporting of risk. This is reported both to the Group Executive Committee as well as directly and independently to the Audit Committee.
- The management of insurance is a defined and separately handled function with external service providers reporting to the Group Executive directors. Operational issues are covered within the Group Financial director's portfolio. The Group's annual insurance renewal programme is reviewed and approved by the Board.
- Business, academic and operational risk is formally assessed at least twice annually by the Group Executive, assisted when appropriate by additional senior managers, and the results are reported to the Board. These reports include details of possible consequences of risks as well as mitigation or avoidance measures deployed, including insurance cover.
- Academic issues and risks are also assessed independently of business management by the Senate of the IIE and the Academic Advisory Council (AAC). The AAC is appointed by the Board to whom it reports.

There is a matrix of continuous risk evaluation which operates through the Group's line management functions and contains a necessary element of cross-check and validation.

ADvTECH considers there to be four types of business and operational risk in the Group:

1. Risks to life and limb of students, staff and clients. The Group has over 11 000 minor children amongst its 46 500 students as well as 3 643 staff members and numerous service providers and other visitors to its 74 premises around the country.
2. Risk to the Group's reputation and brands, which represent decades of cumulative value created through the work done in educating, training and placing in employment many thousands of students and clients.
3. Financial risks to the earnings, cash flow, capital structure and long term sustainability of the Group.
4. Exogenous risk, over which management has no control.

Our management approach reflects this in the assessment, mitigation, insurance and handling of risk and in dealing with 'risk' events if and when they occur.



Education brands



Resourcing brands







[www.advtech.co.za](http://www.advtech.co.za)

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