ANNUAL REPORT

2001

ADCORP HOLDINGS LIMITED

CONTENTS


NUMBER 1
NUMBER

OUR HEROES

OUR SUCCESS

opportunity

MISSION STATEMENT

The most valued partner in professional business services specialising in Human Capital Management, Corporate Communications and Market Research

ADCORP BOARD EXECUTIVE DIRECTORS

FROM LEFT TO RIGHT

Rob McGregor (56)
Appointed, 17 February 1998

Matodzi Liphosa (58)
Group Development and Transformation
Appointed, 26 February 1996

Viccy Baker (51)
BA (Hons)
Appointed, 22 February 1995

Richard Pike (40)
Group Chief Executive Officer
BCom (Hons), CA(SA)
Appointed, 18 October 2000

Leoné Rouillard (51) (seated)
Appointed, 6 August 2000

Nelis Swart (39)
MCom
Appointed, 1 June 2001

Faunce Burd (54)
Group Financial Director
Appointed, 27 May 1998

Dr Roy Marcus (54)
BSc, MSc (Mech Eng), PhD
Appointed, 18 October 2000

Henry Barenblatt (52)
Appointed, 1 January 1997

Note
Henri Staal – resigned 1 June 2001
Roger Pearce – resigned 31 July 2001
Litsa Roussos – resigned 5 September 2001

ADCORP BOARD NON-EXECUTIVE DIRECTORS

FROM LEFT TO RIGHT

Mofasi Lekota (44)
BCom, MBA
Appointed, 1 June 2001

Dr Francois Jacobsz (73)
DPhil
Appointed, 1 August 1987

Shepherd Shonhiwa (48) (seated)
Deputy Chairman
B Admin (Hons), MBA, Dipl
Social Science, Dipl
Personnel & Training Management
Appointed, 18 January 2001

Dr Frederik van Zyl Slabbert (61)
Chairman, MA, DPhil
Appointed, 16 September 1994
Appointed, 25 November 1998

Dr Pat Ngwenya (42)
MBA, PhD
Appointed, 18 October 2000

Alec Rubinstein (56)
BA, MBL
Appointed, 27 May 1996

Dr Danisa E Baloyi (45)
BA, HDL, MA, MEd, DEd
Appointed, 10 February 1999

Note
John Barry – resigned 29 November 2001
Israel Skosana – resigned 31 January 2002

MANAGEMENT COMMITTEE

FROM LEFT TO RIGHT

Henry Barenblatt, Dr Frederik van Zyl Slabbert *(Chairman)*, Matodzi Liphosa, Viccy Baker *(seated)*, Richard Pike *(Chief Executive Officer)*, Faunce Burd, Dr Roy Marcus, Alec Rubinstein, Rob McGregor

GROUP STRUCTURE

ADCORP HOLDINGS LIMITED

HUMAN CAPITAL MANAGEMENT

Permanent Recruitment

- DAV
- Premier
- Grey
- The Oval Office
- Emmanuels
- FinExec
- Equal Access
- D/@bility
- Recruitment Advertising
  - Admark
  - Design & Media
  - Simeka Recruitment
  - Altolevel
  - ERA
  - OptimalAd
  - Career Junction
  - Niche Agency
  - Grapevine

Flexible Staffing

- Charisma Nursing Services
- Emmanuels
- Quest Flexible
- Capacity
- Equal Access
- Ikhwezi

Education and Training

- Knovation @ Adcorp
  - Ambassador Training
  - DevTrain
  - Adcorp Leadership School
  - Morgan University Alliance
  - PMI
  - Stratagem
- Academy of Financial Markets
- Da Vinci Institute
- Boston City Campus and Business College

MARKETING ADVISORY

Corporate Communications

- Graphicor
- PR Connections
- Simeka TWS Communications

Market Research

- Research Surveys
- The Customer Equity Company

S I X Y E A R R E V I E W

	2001	2000	1999	1998	1997	1996
INCOME STATEMENT						
Turnover (R'000)	**1 211 287**	963 443	685 460	542 616	353 603	212 343
Operating profit (R'000)	**74 470**	93 364	65 981	50 434	29 305	17 254
Pre-tax profit (R'000)	**76 328**	99 228	74 597	49 641	23 381	13 188
Tax rate (%)	**30,6**	27,1	28,4	37,5	34,0	29,1
Attributable profit (R'000)	**51 689**	72 314	52 831	30 950	14 727	7 877
BALANCE SHEET						
Fixed and other non-current assets (R'000)	**210 467**	201 810	72 480	283 414	164 691	77 677
Current assets (R'000)	**194 914**	178 409	206 545	171 610	78 912	46 890
Total assets (R'000)	**405 381**	380 219	279 025	455 024	243 603	124 567
Shareholders' interest (R'000)	**279 323**	242 779	97 299	333 557	167 904	60 960
Minority shareholders' interest (R'000)	**1 281**	–	134	326	538	101
Long-term liabilities (R'000)	**1 137**	1 810	10 953	38 267	24 374	21 629
Deferred taxation (R'000)	**–**	3 362	192	304	379	599
	281 741	247 951	108 578	372 454	193 195	83 289
Current liabilities (R'000)	**123 640**	132 268	170 447	82 570	50 408	41 278
Total equity and liabilities	**405 381**	380 219	279 025	455 024	243 603	124 567
PROFITABILITY						
Return on net assets managed (%)	**27**	69	42	21	20	27
Return on equity (%)	**19,8**	42,5	24,5	12,3	12,9	21,6
Operating margin (%)	**6,2**	9,7	9,6	9,3	8,3	8,1
EBITDA/turnover (%)	**8,0**	11,7	10,8	10,4	9,5	9,5
Number of employees	**1 649**	1 628	1 082	1 002	693	627
LIQUIDITY						
Current ratio	**1,6**	1,3	1,2	2,1	1,6	1,1
Gearing (%)	**4**	–	10	11	19	54

SIX YEAR REVIEW
CONTINUED

	2001	2000	1999	1998	1997	1996
SHARE STATISTICS						
Weighted average number of shares in issue (R'000)	**40 481**	39 338	34 633	30 412	23 365	19 062
Headline earnings per share (cents)	**156**	192	151	102	63	41
Earnings per share (cents)	**128**	184	153	102	63	41
Annual dividend per share (cents)	**28**	28	23	16	11	8
Dividend cover (times)	**4,6**	6,6	6,6	6,4	5,7	5,2
Net asset value per share (cents)	**696**	595	278	1 008*	644*	320*

***Note:** Before write-off of goodwill.

DEFINITIONS

Current ratio
Total current assets divided by total current liabilities.

Dividend cover
Profit attributable to shareholders divided by the annual dividend.

EBITDA/turnover
Earnings before interest, taxation, depreciation and amortisation as a percentage of turnover.

Earnings per share
Profit attributable to shareholders, divided by the weighted average number of shares in issue.

Gearing
Total interest bearing debt less cash resources divided by total shareholders' interest.

Net asset value per share
Ordinary shareholders' interest, divided by the number of shares in issue at the year-end.

Operating margin
Operating profit (from year 2000 the operating profit has been reduced by the amortisation of goodwill) divided by turnover.

Return on net assets managed
Operating profit, divided by average total assets less cash and non-interest bearing debt.

Return on equity
Profit attributable to shareholders, divided by average equity of shareholders.

Total assets

Total of fixed and other non-current assets (including intellectual property, trademarks, goodwill and investments) and current assets.

vision

"Adcorp meets the challenges of 2002 with quiet confidence."

CHAIRMAN'S REPORT

The year 2001 was character building for Adcorp. We certainly were not immune to the difficult trading conditions or the socio-economic turbulence, both locally and internationally, culminating in the issuing of a profit warning in the latter part of the financial year. Internally we fared exceptionally well in flexible staffing, public relations and market research but battled in the permanent recruitment and training divisions. Both areas are indicative of important shifts in the broader economy. Overall we have seen a significant weakening of competition as well as a move by customers to reliable, cost effective suppliers. The Group's relative positioning has never been stronger.

So why did Adcorp record reduced levels of profitability? Well, partly because of the above and also for other reasons. For a number of years Adcorp pursued an aggressive acquisition strategy which registered high levels of growth. However, at a certain point and in an unfavourable economy, growth through acquisition becomes unsustainable. Consequently, Adcorp will for the time being focus on organic growth and will make assets sweat from a realistic and solid base. Following the difficulties of the 2001 financial year, the Group's positioning, sound strategy, premier brands, blue chip client base and outstanding people bode well for the future.

The Group went through important internal restructuring of which more can be read in the body of the report. We also experienced a change of Chief Executive Officer. Dr Henri Staal decided to pursue a new and challenging career interest and we parted on the most amicable of terms. He was replaced by Richard Pike; someone who combines determination and enthusiasm with considerable financial skills and experience and who has already had a significant impact on the strategic re-direction of the Group.

It can be seen from the body of the report, that we are determined to remain the premier provider in our chosen areas of professional services, that we will refine and improve our overall strategic objective of black economic empowerment, and that we will pay special attention to all aspects of corporate governance.

I would like to take this opportunity of thanking John Barry, founder of Adcorp, Henri Staal, Litsa Roussos, Israel Skosana and Roger Pearce, all of whom resigned from the board during the course of the year, for their valued contributions to the Adcorp Group.

Adcorp meets the challenges of 2002 with quiet confidence.

Dr F van Zyl Slabbert
Chairman

CEO'S REPORT

"Whilst trading conditions are expected to remain difficult leading into the 2002 financial year, management remains confident that the Group will return to positive, real profit growth in the year."

OVERVIEW AND GROUP STRATEGY

The 2001 financial year was an extremely challenging one for the Adcorp Group. The year saw the introduction of a newly formulated strategy and reporting structure, the further development of the Group's black economic empowerment initiatives, the appointment of a new Group Chief Executive Officer and the restructuring of the training division. This was against a background of suddenly deteriorating, difficult trading conditions, particularly in the areas of permanent recruitment and training, as well as soft capital markets.

Despite these challenges, the Group remained profitable and continued to generate cash, although the reduced level of earnings compared to the previous trading year was disappointing.

The Group's chosen focus in its newly formulated Group strategy is the provision of professional business services in the areas of human capital management, corporate communications and market research.

Human Capital Management

The human capital management offerings of the Group are focused on the *attraction*, *retention* and *development* of people employed by our corporate customer base. In terms of this positioning, the Group is the South African leader in permanent recruitment, recruitment advertising, Internet recruitment, flexi staffing or contract employment, and business-to-business education and training.

With this concentrated focus, the human capital operations are extremely well positioned occupying market dominant positions and boasting the leading brands in each and every area of focus.

Corporate Communications and Market Research (Marketing Advisory)

The corporate communications and market research operations of the Group are positioned as "below the line" promotional businesses. This is the area of the market that has experienced significant growth both domestically and internationally, largely at the expense of traditional "above the line" promotional activities.

In light of this trend, the Group considers the positioning of these businesses as optimal and, like the human capital management operations, they occupy market dominant positions with leading brands.

Black Economic Empowerment

One of the key challenges facing the Group as with most South African companies is the fast track integration of previously disadvantaged individuals and organisations into mainstream economic activities.

In this regard, whilst Adcorp provides a number of services that assist its corporate clients to achieve their own black economic empowerment objectives, Adcorp believes it appropriate to position itself as a leader in this field.

To this end, the Group has formulated an empowerment strategy focused on six key areas:

- Black ownership at Group shareholding level
- Black board representation
- Procurement from empowerment suppliers
- Affirmative action
- Capacity building at operational level
- Social investment

The implementation of the various initiatives necessary to achieve these objectives is well advanced.

TRADING REVIEW

Whilst certain of the operating companies reported exceptional results for the 2001 financial year, the overall Group financial performance was adversely affected by the permanent recruitment, training and financial communications divisions.

Whilst remaining profitable, the permanent recruitment companies had a difficult year. Certain key market segments felt the pressure of a weak economy coupled with the negative impact of a fallout in the information technology and financial services sectors which traditionally have shown significant net growth in employment.

These negative trading conditions experienced by the permanent recruitment companies were much in line with the trend experienced by major international recruitment companies who all experienced a significant slowdown in placements, particularly in the latter part of the year.

Difficult trading conditions as well as the delayed implementation of a number of sizeable contracts for which a significant amount of work had already been performed, impacted negatively on the training companies. It has become clear that the benefits of these contracts may only be realised in the 2002 financial year. This resulted in the training division reporting a loss for the 2001 financial year.

The financial communications' operation also experienced difficult trading conditions due to a significant reduction in corporate finance activity in the South African economy and the fact that a number of major clients cut back on financial communications' budgets.

The flexible staffing or contract employment companies produced exceptional results in the trading

CEO'S REPORT

CONTINUED

period under review, having recorded record profit growth. It is expected that this trend will continue into the new financial year proving the resilience of these businesses in difficult trading conditions and reflecting the growing trend towards outsourcing globally.

The recruitment advertising division, although a relatively minor contributor to overall Group profit, achieved a commendable turnaround in its trading fortunes through an effective redesign of its business. It too, has recorded exceptional growth and record profits.

The public relations operations also produced exceptional trading results whilst the market research operation performed according to expectation in particularly difficult trading conditions.

Whilst it is never pleasing to record below par performances such as those experienced by the permanent recruitment, training and financial communications' operations, it is pleasing that the remainder of the Group performed exceptionally well, highlighting the importance of the sound balance of the Group's operational portfolio.

As a result of a sustained cash management focus, the Group has been able to maintain its dividend per ordinary share at the prior year level of 28 cents per share, despite a lower than expected profit performance for the 2001 financial year.

OUTLOOK

The economic outlook for the 2002 year is cause for some concern, given the recent rapid depreciation of the South African Rand against major international currencies as well as an increase in domestic interest rates in an already cooling economy.

It is precisely in this kind of environment, however, that sound businesses get to prove their true worth. Adcorp's performance is expected to be solid during the 2002 financial year, effectively regaining some of the lost ground of 2001.

Management's key focus remains to capitalise on niche market opportunities, to focus strongly on working capital and cash management, to further enhance the Group's black economic empowerment credentials, to encourage inter company synergies and to unlock internal productivity.

Whilst trading conditions are expected to remain difficult leading into the 2002 financial year, management remains confident that the Group will return to positive, real profit growth in the year.

APPRECIATION

Adcorp's strength has always been, and continues to be, its outstanding people. I would like to thank the directors, management and staff of the Adcorp Group for their valued contributions over the past year and look forward to their continued support in the future.

Richard Pike

Chief Executive Officer

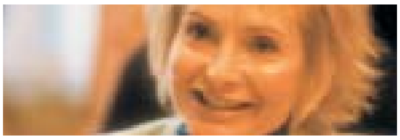
... *behind each hero is a team of strength*

PERMANENT RECRUITMENT

The Permanent Recruitment Division offers recruitment solutions for clients in the area of permanent staffing. The divisional structure encourages networking, the exchange of best practice data and the sharing of resources between the companies.

Each of the companies engaged in permanent recruitment focuses on specific market sectors. This enables the highly skilled consultants to acquire in-depth knowledge of particular business sectors and their recruiting requirements. They frequently act as strategic staffing partners to businesses and have shown an ability to source skills efficiently and professionally, even in skills short markets.

2001 was a year of mixed fortunes for this division. The Recruitment Advertising companies had an extremely good year and performed well above expectations while the permanent staffing companies experienced a difficult business environment, particularly in the second half of the year.



Success

PERMANENT RECRUITMENT

PERMANENT PLACEMENTS

After a good start to the year, permanent placements experienced a tough second half. This was caused primarily by the downturn in both the local and global economy. The financial services and IT sectors were particularly badly affected, with a dramatic reduction in recruitment in these sectors.

The market slowdown created:

- increasing pressure on fees
- increased lead times in making placements due to slower decision-making
- a move to “temp to perm” or contract placements
- more candidates in some areas but with limited positions available

Within this environment, our companies worked hard at broadening their market base and focusing on development of new growth areas in telecommunications, the cellular industry, risk management and compliance/corporate governance. In the engineering sector, DAV Professional Placements continued to do well despite the overall market, with good prospects in the mining/mining supply and automotive industries for 2002.

During the year, Peak Personnel was successfully merged into Premier Personnel. This will lead to cost savings going forward but the immediate benefit was the refocus of key staff, particularly senior

PERMANENT RECRUITMENT

CONTINUED

consultants. Allied to a focus on niche areas, this enabled Premier to achieve good results despite the difficult market circumstances.

In response to the needs of the market, all of the permanent staffing companies have started temp/contract divisions to serve the requirement for more senior contract staff and professional assignments. This is a growing area and has good prospects for the future. Grey Appointments in particular, has launched an internal audit division offering both permanent and contract staff in an area of the market that has great potential.

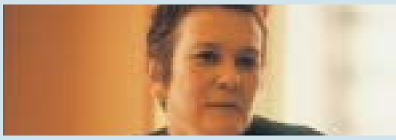
The joint venture between Equal Access, our empowerment partner, and Adcorp Holdings has been very successful. Equal Access has exceeded expectations for 2001 and should do well in 2002. The company has moved its focus from small contracts to medium-sized projects. Going forward, it will concentrate on offering flexible staffing solutions and top end executive search. In order to create tighter client relationships the company will also offer high-value human capital consulting.

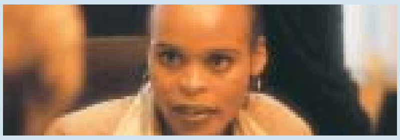
In addition to these operations, the division contains The Oval Office, specialising in top-level professional staff in the financial services and IT markets; D/@bility Resource Solutions, which specialises in the placement of people with disabilities in the open labour market; and FINEXEC focusing on the financial service, FMCG and pharmaceutical markets.

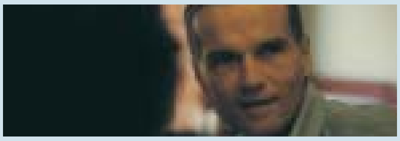
Having experienced a difficult year in 2001, the overall prospects for permanent staffing in 2002 are positive. The work done in re-focusing our companies to cope with tough market conditions in the second half of 2001 has prepared them well for 2002. In particular, we will continue to concentrate on the recruitment and retention of skilled consultants that are core to our business and the key to our success.

RECRUITMENT ADVERTISING

The benefits of the restructuring and refocus that has taken place in the Recruitment Advertising Division over the past two years were realised in







2001. In a major turn-around, all companies exceeded budget and the division showed a profit increase of more than 200% compared with the previous year. Particularly good results were posted by Effective Recruitment Advertising (Cape), Admark Recruitment (Gauteng), Altolevel (Gauteng) and Adcorp Recruitment (KZN).

The decision to extend our service offering beyond recruitment advertising to include a full response handling service has been an outstanding success. This new service has proved to be a significant new source of revenue and its overall profit contribution in some of the companies has risen to 30%. Following a high degree of acceptance by clients, the product has been further developed and refined during the year and a new database of candidates is now available to companies in the Permanent Staffing Division.

The improved performance of recruitment advertising was not due to response handling alone. The formation of a joint resource centre has led to greater focus on client service and new business development, which in turn resulted in a significant increase in recruitment advertising. Our overall media billings showed an increase of 30% on the previous year, well above the media inflation rate, amounting to

PERMANENT RECRUITMENT

CONTINUED

more than R55 million for the year. The quality of our service was reflected in the number of awards won by Admark (Gauteng) and Altolevel (Gauteng) in the annual Sunday Times/Business Times Recruitment Advertising Awards programmes.

During the year, the Internet proved to be a new source of revenue, particularly through our shareholding in, and close links with, Career-Junction.

We expect 2002 to be another good year for Recruitment Advertising. Our response handling product will be further developed to include on-line skills evaluation and candidate screening, while closer links with our permanent staffing companies will enable us to offer a complete recruitment solution for clients.

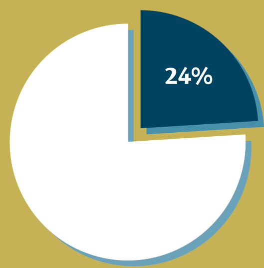
CAREERJUNCTION

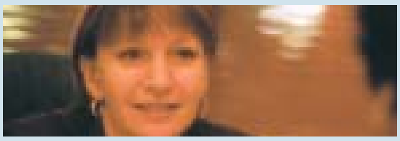
CareerJunction had a very good year in 2001. The company not only became a popular careers and job hub on the Internet, but during July 2001 it became profitable and cash positive, well ahead of its budget target. The partnerships with Sunday Times, Business Day, Financial Mail and Computing SA have more than paid off by way of increased branding and awareness of the service. Most Sunday Times jobs are listed within the service, making it the most prestigious electronic Careers and Job Board on the Internet in Southern Africa.

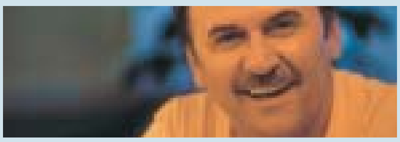
This has enabled CareerJunction to outpace its competitors, achieving a third quarter monthly average of 126 000 unique visitors to its service while its best competitor achieved 18 000. This is a dramatic increase from 28 000 in June 2000.

All the Adcorp staffing companies are achieving significant placements from this service with high valued management, technical and financial positions being the most prevalent of placements. While higher valued people are consistently being placed, clerical and secretarial temping positions are also being filled via CareerJunction. On average, more than 6 000 jobs are advertised a month with more than 21 000 resumés being received.

The chosen technology platform has underpinned the high availability and reliability of the service making it available 24 hours a day and 7 days a week. Three major upgrades were made during the year to cope with the unexpected growth and were achieved without any service interruption.







Today, CareerJunction is the No 1 online placement service in South Africa with more than 220 clients, which include corporates such as MTN, Discovery Health, Ernst & Young and Accenture as well as its core client base from staffing service companies.

2002 will bring technology enhance-ments as well as new value added services to CareerJunction. Two of the most important aspects will be Job profiling and Candidate filtering which are expected to be introduced to the market during the third quarter. This will reinforce its position in the marketplace.

Flex your staff muscle for better performance and cost control

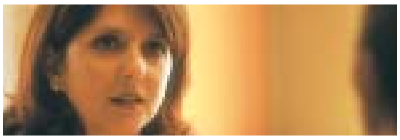
FLEXIBLE STAFFING

The 2001 financial year was marked by important achievements.

The division met ambitious budgets in a difficult trading environment.

Quest Flexible Staffing Solutions, a thirty-year-old company, significantly the largest profit contributor in Adcorp, showed excellent turnover and profit growth, exceeding its budget by more than 25%. Quest restructured to focus on industry specialisation and repositioned the company to focus on flexible workforce management solutions.

Two new divisons were formed. Hospitality – which was appointed as a major staffing supplier to Sun City – and HR Outsourcing, which involves a strategic alliance between Quest, Knovation @ Adcorp (Adcorp's training and education division) and Van Zyl Rudd & Associates, a leading labour relations consultancy.



Success

FLEXIBLE STAFFING

Capacity, previously TecQuest, also had an excellent year exceeding its budget by a similar margin.

Capacity successfully rebranded during the year. The new name indicates the company's focus on managing staff capacity issues for clients in the technical and manufacturing sectors.

Some 60% of Capacity's board now consists of previously disadvantaged individuals, indicating the company's commitment to transformation.

The company appointed a National Health and Safety Manager, further reinforcing its position as an enlightened employer of contract labour.

Capacity has increasingly become the sole supplier to its client base and is more frequently being asked to take on output or productivity responsibility.

Charisma, a specialised nursing services business, achieved good turnover growth but experienced a margin squeeze resulting in a flat level of earnings for the year.

Strategic alliances were formed with certain empowerment partners thus opening new business opportunities. In addition, IT systems were upgraded.

FLEXIBLE STAFFING
CONTINUED

The company now has nine branches nationwide with plans to extend operations into other Southern African states.

Emmanuels had a disappointing year, mainly because it is the only company in the division with significant exposure to the permanent staffing market.

The company also carried unbudgeted expenses for the opening of a branch in Pretoria.

Group synergy was unlocked through the successful integration of Emmanuels financial and payroll functions into Adcorp Accountability.

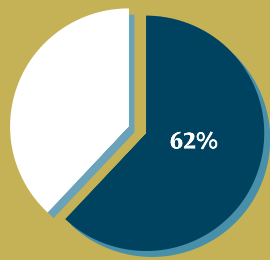
A highlight was the decision by Standard Bank to extend Emmanuels outsourcing contract by another two years. The contract now has four more years to run.

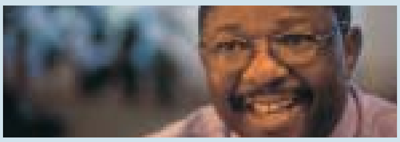
The reallocation of resources from the permanent to the flexible staffing division plus the strength of Emmanuels management, leaves the company well placed for considerable growth in 2002.

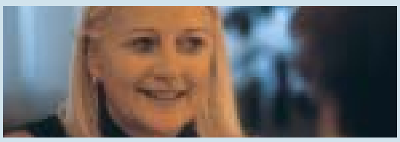
Ikhwezi Staffing Solutions had a watershed year in which a number of contracts were signed in both the commercial and industrial divisions with blue chip clients. Profitability was achieved in each of the last three months in spite of incurring additional expenditure to build capacity in order to handle newly won contracts and make further market inroads.

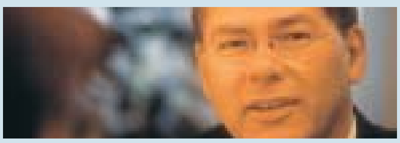
Ikhwezi, which is more than 50% empowerment owned and has good delivery capacity, is well poised to make major inroads into the flexible staffing market.

The performance of the Flexible Staffing Division during the 2001 financial year was due largely to the dedication and skill of the exceptional management and staff in the division.





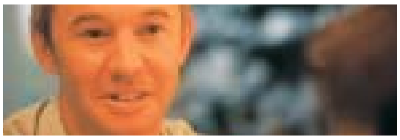




Knowledge, the cornerstone of modern business

EDUCATION AND TRAINING

The education and training division failed to meet targets primarily because of delays in the award of major training contracts. Out of five significant contracts that had been approved by prospective clients for implementation during the period under review, only one contract was initiated, and that after a 10-month delay. Large contracts of this nature invariably involve the incurring of relatively large upfront costs in the design, development and programme accreditation processes which are a prerequisite for the award of such contracts. The implementation dates for the remaining outstanding contracts have been scheduled for 2002.



success

EDUCATION & TRAINING

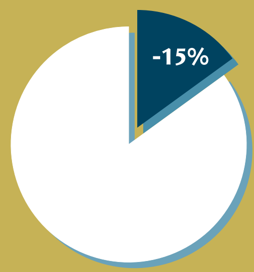
The contract delay setbacks and poor trading conditions forced the division to review its strategy in order to be less dependant on the vagaries of the market place. In the light of international trends and the problems besetting the education and training sector in South Africa, a radical restructuring of the division has been undertaken. The establishment of a composite training operation trading under the brand “Knovation @ Adcorp” has involved the consolidation of the various divisional offerings with a subsequent rationalisation of the various training companies. Knovation was established after close and critical scrutiny of product offerings in respect of relevance, duplication, unnecessary internal competition, and the need for appropriate staffing to ensure that the operations are able to offer world-class programmes to domestic and international markets.

The resultant reorganisation has afforded the division an opportunity to shed excess capacity, resulting in a reduction of overheads, and the disposal of two operating entities, Skills for Africa and Atcor.

Knovation is now fully operational and provides a spectrum of offerings based on a concept of “centres of excellence”, with each centre being managed by a recognised expert. The profile of senior

EDUCATION AND TRAINING

CONTINUED



staff in the operation is such that Knovation boasts a more impressive academic profile than many formal business schools in South Africa. The suite of offerings has been rationalised and has been re-designed to meet domestic and international quality requirements, with the prime focus on customisation to meet specific client needs.

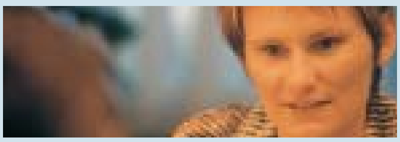
The flagship offerings of the University of Warwick have been further enhanced with the introduction of a new Masters degree in International Technology Management. In meeting its commitment to work closely with historically disadvantaged universities, Knovation has entered into a formal alliance with the University of the North to offer an Honours degree in the Management of Technology.

During the latter part of the year, a conscious decision was taken to explore opportunities in countries north of South Africa. An Africa Desk has been established under the leadership of a specialist who understands the complexities of providing training solutions for neighbouring countries and further afield.

The prognosis for Knovation for 2002 is promising. It is a coherent and comprehensive approach to offering clients unique solutions to their human resource developmental needs.

In terms of the retail offerings, Boston City Campus, located in six city centres, is a tertiary educational institution providing full-time and part-time tuition for accredited university degrees (eg. UNISA and RAU), technikon diplomas and professional institute diplomas.

Boston Business College provides multimedia training programmes for various professional bodies, including The Public Relations Institute of Southern Africa, The Institute of Marketing Management, the London Business and Management School and the Financial Management Institute.



The Boston businesses also experienced difficult trading conditions with earnings being flat for the period under review.

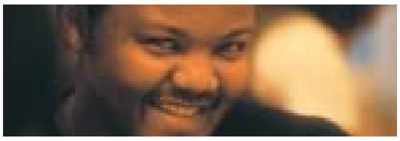
Accurately targeted communication a strategic business imperative

CORPORATE COMMUNICATIONS

PUBLIC RELATIONS

Simeka TWS Communications made a significantly increased contribution to Adcorp group profits in a record year. Turnover grew by 72% compared with 2000 and net sales by 30%, while costs were well contained.

The communications practice areas – business to business, civic education, corporate reputation and investor relations – performed particularly strongly, with the largest contributions to earnings coming from business to business, civic education and corporate reputation. The performance of the creative design practice substantially exceeded budget, while turnover and profit in the technology practice fell below budget in poor market conditions.



CORPORATE COMMUNICATIONS

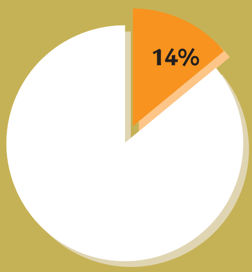
The structure of Simeka TWS in discrete yet flexible practice areas across three geographic regions continues to fulfil the objectives of providing optimum service levels to our client base in the public and private sectors, improving management and enhancing the effective deployment of skills closely integrated with technology. The strategy of competing for new business as an integrated team with Research Surveys in particular, continues to be effective.

It is pleasing to note that Simeka TWS continues to achieve highly satisfactory results in advancing black economic empowerment interests in its staffing, training and development, corporate social investment and in the purchases of goods and services. This remains a consistent focus in all activities.

Information technology focused public relations business, PR Connections, which is a relatively minor profit contributor to the division experienced tough trading conditions during the year relating to fall out in the information technology sector.

FINANCIAL COMMUNICATIONS

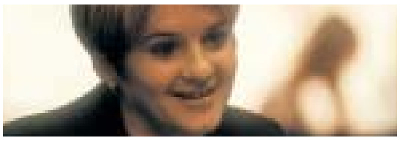
Graphicor experienced a difficult trading year due largely to reduced levels of merger and acquisition activity which usually fuels this business. The company has a very sound management team and client base and is well positioned to grow its profits by focusing on key account growth, black economic empowerment and electronic delivery of investor relations information.



Carefully researched data the basis of alternative communication

MARKET RESEARCH

Research Surveys, an international award winner in its field, is South Africa's largest consumer marketing research company. The company is a full-service research house offering a broad spectrum of consumer research products and services ranging from qualitative techniques such as focus group discussions and in-depth interviews to quantitative disciplines such as large scale nationwide surveys. The company utilises face to face interviews, telephonic surveys as well as the Internet to interact with consumers on a range of products and services. It conducts some 12 000 to 15 000 interviews every month with South Africans throughout the country.



MARKET RESEARCH

success

In addition to consumer research, Research Surveys also conducts socio-political surveys for NGOs and SA Government departments.

Research Surveys prides itself on not only being experts in understanding consumer attitudes towards brands and services but on adding value to the data collected and analysed by providing strategic insights which help clients take actionable decisions that contribute towards their profitability.

Research Surveys has exported its expertise, models and products for nearly two decades, and is internationally recognised for the Conversion Model, the world's leading brand equity measure now available in 79 countries worldwide. During the past 10 years, some 3 800 projects have been conducted using the Conversion Model, well over half of these overseas.

Research Surveys recently entered into a joint venture with Taylor Nelson Sofres (UK), the world's fourth largest research group, that is responsible for marketing the Conversion Model internationally.

BLACK ECONOMIC EMPOWERMENT AND TRANSFORMATION

Adcorp Holdings remains dedicated to its long-standing commitment of improving the quality of life and standing of the previously disadvantaged communities in South Africa.

During 2001 the company initiated two processes aimed at achieving this objective.

Firstly, the board approved a process whereby a search for suitable black investors be initiated in order to increase the Group's empowerment shareholding to a level of not less than 26% of the total issued share capital of the company. It is expected that the process will be completed during 2002.

Secondly, the Adcorp Employee Incentive Share Trust (PDI Trust), was created as an instrument to enable black employees in group companies to buy shares in the company. The Trust has already identified 59 black employees in key positions across the Group who have been allocated some 232 000 shares. Further allocations will be made from time to time as an incentive to encourage participation in growing the business of the Group and to enable these black employees to share directly in the wealth they create.

In this context, it is significant that the board of directors of the holding company, the main governing and policy making body of the Group, is now more racially balanced with 30% being black directors. There are, moreover, four females on the board of sixteen directors.

The Group supports a social responsibility programme known as ASIP (Adcorp Social Investment Programme) directed at enabling groups of disadvantaged black women in rural areas to improve their economic and social circumstances. Currently ASIP is working with three such groups in the Limpopo Province. It also supports AIDS programmes in that area. A dedicated senior member of staff oversees these programmes.

The Group continues to pay special attention to its human resources policies and programmes. The necessary structures are in place and are functioning satisfactorily in operating companies which are implementing best practice policies that support staff development and skills transfer programmes.

The Group has developed and approved a Human Resources Transformation Framework and AIDS policy, and structures are in place to oversee the implementation of these policies.

"Adcorp supports women in business"

BLACK ECONOMIC EMPOWERMENT AND TRANSFORMATION
CONTINUED

EMPLOYEE PROFILE

Adcorp Holdings Limited	2001	2000	Difference
Total number of employees in the group	1 649	1 628	+21
Total percentage of African employees	21,2%	18,7%	+2,5%
Total percentage of Black employees (African, Coloureds, Indians)	36,2%	31,9%	+4,3%
Total percentage of Designated group (Black, Women, Disabled)	84,2%	83,5%	+0,7%
Total percentage of White employees	63,8%	68,1%	-4,3%
Total percentage of Male employees	26,3%	26,1%	+0,2%
Total percentage of Female employees	73,7%	73,9%	-0,2%
African representation in Top Management	10,0%	5,4%	+4,6%
African representation in all levels of management and professional employment	14,0%	10,0%	+4,0%

Adcorp's progress with regard to the implementation of the Employment Equity Act has been steady. In comparison to national profiles, the Group's progress during the past year towards a more balanced workforce profile is encouraging.

"Adcorp supports women in business"

COMPLIANCE WITH THE CODE OF CORPORATE PRACTICES AND CONDUCT

The board of directors is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of its business. Adcorp fully supports the Code of Corporate Practices and Conduct and endorses the need to conduct its business in accordance with the highest standards of corporate practice. The directors have applied most of the recommendations as contained in the Code of Corporate Practices and Conduct set out in the King II draft report.

BOARD OF DIRECTORS

The board of directors as set out on pages 2 and 3 of the annual report consists of nine persons who are executives and seven who are not. The non-executive directors provide the board with independent judgement based on their significant range of skills and commercial experience. Five board members are black and four are women. The functions of Chairman and CEO are not performed by the same person.

While all executive directors have service contracts, these are all subject to a maximum of three months' notice. Restraint agreements have also been signed and all executive directors hold either shares or share options or both.

FINANCIAL CONTROL

Divisional directors meet formally on a regular basis with all operating divisions to review financial, operational and other issues.

BOARD MEETINGS

Board meetings are held quarterly and all board members attended these meetings with the following exceptions. Apologies were received from:

1st quarter:	Dr DE Baloyi JKP Barry
2nd quarter:	Dr DE Baloyi JKP Barry IB Skosana Dr FH Staal
3rd quarter:	Dr P Ngwenya
4th quarter:	Dr DE Baloyi IB Skosana Dr P Ngwenya

AUDIT COMMITTEE

Non-executive

Dr FP Jacobsz	
(Chairman)	Appointed, 20 November 1995
Dr DE Baloyi	Appointed, 25 August 1999
A Rubinstein	Appointed, 2 March 2001
I Skosana	Appointed, 30 May 2001

Executive

FD Burd	
(Group Financial Director)	Appointed, 29 July 1997
D Rademaker	
(Group Manager: Internal Audit)	Appointed, 10 April 2000

The committee is chaired by a non-executive director and meets at least three times a year with management as well as the external and internal auditors to review the Group's financial systems and reports. The audit committee works from a written check list which includes amongst other issues, the following:

– Evaluation of critical risk areas and managements' plan to address these.
– Review of internal and external audit reports.
– Assessment of control mechanisms and correctness of financial data.

- Level and ability of company and group management, particularly in the financial area.
- Disaster recovery plans.

The auditors are appointed annually based on the recommendation of the audit committee. The group is in the process of appointing a large, "big five" auditing firm as joint auditors with Charter Financial & Auditing Inc.

The internal auditor reports to the audit committee. Relevant issues discussed by this committee are reported to the Adcorp board.

REMUNERATION COMMITTEE

Non-executive

Dr F van Zyl Slabbert *(Chairman)*	Appointed, 20 November 1995
Dr FP Jacobsz	Appointed, 1 September 1999
S Shonhiwa	Appointed, 30 May 2001
I Skosana	Appointed, 30 May 2001 (Resigned, 31 January 2002)

Executive

FD Burd	Appointed, 30 May 2001
RL Pike	Appointed, 30 May 2001

The remuneration committee is responsible for approving the remuneration of executive directors. Independent external consultants and comparisons are used to ensure that remuneration is market related and is linked to both individual and company performance.

INTERNAL CONTROL

The directors report that the company's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and are implemented by trained personnel with an appropriate segregation of duties. The internal auditor conducts ongoing audits on all group companies and written reports are compiled. All items raised in these reports have been addressed. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review. The auditors concur with this statement.

GOING CONCERN

The directors have a reasonable expectation that the group has sufficient resources to continue operating for the foreseeable future. As a result, the financial statements have been prepared on a going concern basis.

SOCIAL INVESTMENT

Adcorp established the Adcorp Social Investment Programme (ASIP) in January 2001. This programme is initially aimed at helping rural historically disadvantaged women. During the year, ASIP assisted with the introduction and development of a small chicken farming venture, a pottery making establishment as well as vegetable growing and irrigation projects in Limpopo Province. In addition, we are currently training women in enhancing their agricultural skills.

NON-FINANCIAL MATTERS

All directors and employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all reasonable circumstances is beyond reproach.

Adcorp is committed to educating and supporting employees in the fight against AIDS and has produced a booklet and posters on HIV Awareness.

Adcorp is concerned about employee safety and while employees mainly work in an office environment, every precaution is taken for their safety. Capacity which is involved in the contracting of "blue collar" workers has appointed a National Health and Safety Manager in this regard.

Adcorp is environmentally responsible and aware and ensures that at all times the Group in no way negatively impacts on the environment.

STAKEHOLDER COMMUNICATION

The board strives to present a balanced and understandable assessment of the Group's position, addressing material matters of significant interest and concern to stakeholders. At all times, a balance is sought in presenting the positive and negative aspects of activities of the Group.

The financial statements are prepared in accordance with applicable accounting standards and with the consistent use of appropriate accounting policies supported by reasonable and prudent judgement.

HUMAN RESOURCES

The board of directors have formalised a transformation programme whereby measurable objectives for the Adcorp Group have been set in four areas:

- Best practices in human resources.
- Affirmative action.
- Organisational culture.
- Black economic empowerment.

The transformation framework has followed the strategic business plan of the group and its operating companies and is focused primarily on building capacity through focused development and skills transfer. This is aimed at achieving sustained growth and profitability both now and in the future.

In order to achieve strategic business objectives, the above transformation process is supported with a performance measurement system focused on measuring key objectives at all levels throughout the group. The system facilitates effective planning, implementation and monitoring at board level and reflects the individual and collective commitment of all directors and senior managers to the process.

CLOSED TRADING PERIOD

Directors and staff are precluded from trading in Adcorp shares from 31 December until the announcement of the annual results and again from 30 June until the announcement of the interim results.

VALUE ADDED STATEMENT

Value added is a measure of the wealth the group has been able to create. The following statement shows how this wealth has been distributed.

	2001 R'000	%	2000 R'000	%
Turnover	**1 211 287**		963 443	
Less: Net cost of products and services	**738 530**		553 986	
Value added	**472 757**		409 457	
Add: Income from investments	**8 556**		10 506	
	481 313		419 963	
Applied to				
Employees				
– Salaries, wages and other benefits	**230 542**	**47,9**	201 792	48,1
Providers of capital	**21 115**	**4,4**	15 797	3,8
– Interest on borrowings	**9 882**	**2,1**	4 485	1,1
– Dividends to ordinary shareholders	**11 233**	**2,3**	11 312	2,7
Government				
– Taxation (see note)	**158 120**	**32,9**	110 659	26,3
Retained in the group	**71 536**	**14,9**	91 715	21,8
– To provide for replacement of assets	**19 847**	**4,1**	19 401	4,6
– To provide for expansion	**51 689**	**10,7**	72 314	17,2
	481 313	**100,0**	419 963	100,0

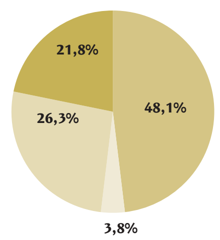
	2001 R'000	2000 R'000
Summary of taxes		
Central and local government		
– Taxation	**23 358**	26 914
– Regional Services Council levies	**3 837**	2 719
– Rates and taxes paid to local authorities	**626**	786
– VAT – Net amount paid	**124 183**	78 915
– Skills development levy	**6 116**	1 325
	158 120	110 659
Note: The payments to government exclude taxation deducted from employees' remuneration of	**109 966**	82 314

VALUE ADDED STATEMENT

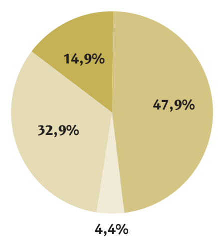
CONTINUED

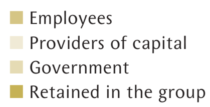
	2001	2000	1999	1998	1997
TREND OF VALUE ADDED					
Employees	**230 542**	201 792	116 329	73 300	43 870
Providers of capital	**21 115**	15 797	12 997	11 385	10 155
Government	**158 120**	110 659	77 273	67 186	40 393
Retained in the group	**71 536**	91 715	60 687	37 097	18 849
	481 313	419 963	267 286	188 968	113 267

2000

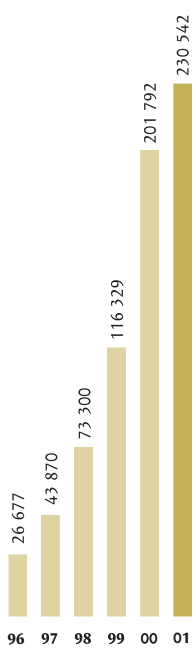


2001



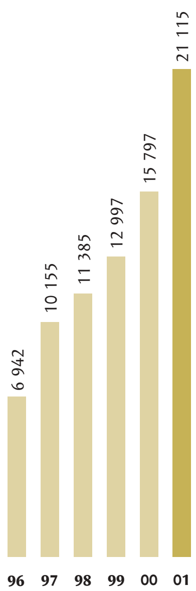


EMPLOYEES



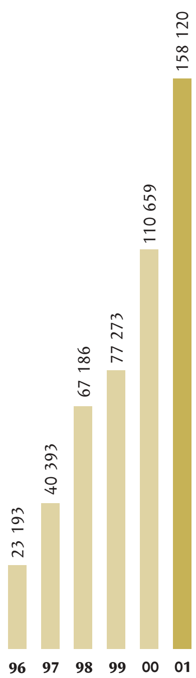
R'000

PROVIDERS OF CAPITAL



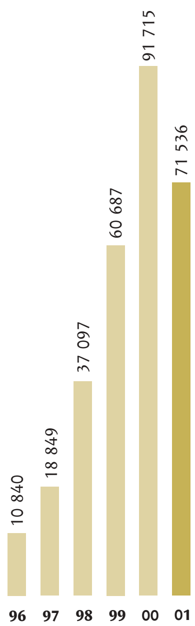
R'000

GOVERNMENT



R'000

RETAINED IN THE GROUP



R'000

SHAREHOLDERS' ANALYSIS

	Number of shareholders	Number of shares (000)	% of issued shares
Directors	9	1 148	2,7
Staff	63	656	1,6
Other shareholders	427	38 313	90,4
Treasury shares	–	2 256	5,3
	499	42 373	100,0
NUMBER OF SHARES			
1 – 1 000	409	102	0,2
1 001 – 10 000	61	169	0,4
10 001 – 100 000	22	624	1,5
100 001 – 1 000 000	3	1 111	2,6
More than 1 000 000	4	40 367	95,3
	499	42 373	100,0

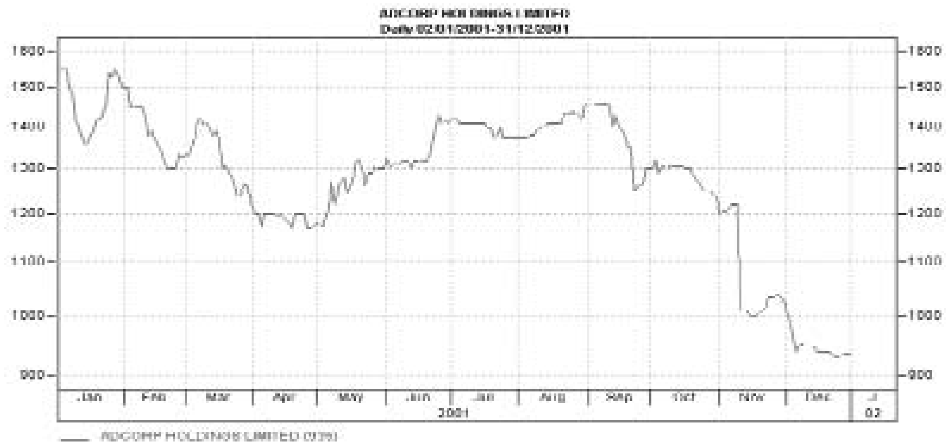
The register of interests of the directors in the shares of the company is available on request. The following shareholders held 5% or more of the issued share capital. The figures that appear below are as per the nominee certificated and dematerialised share registers and are dated 28 December 2001 whereas the main register is dated 31 December 2001.

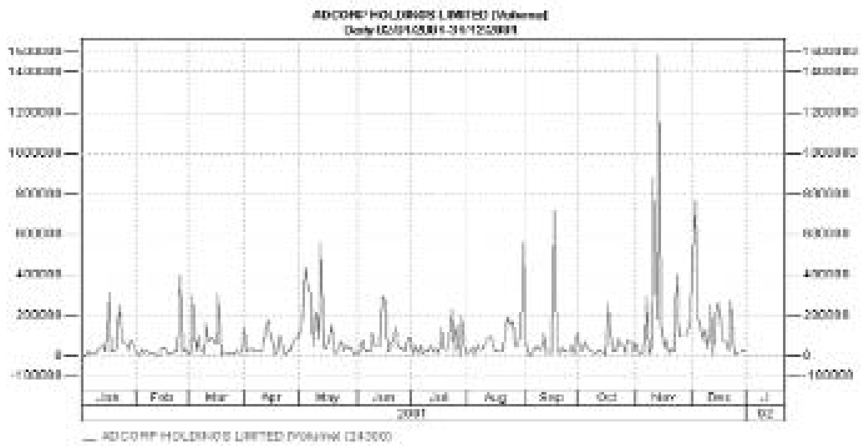
Old Mutual Nominees (Pty) Limited	15,8%	Nedcor Bank Nominees (Pty) Limited	11,1%
Standard Bank Nominees Tvl (Pty) Limited	14,0%	Ferbros Nominees (Pty) Limited	9,3%
First National Nominees (Pty) Limited	12,0%	Upfront Investments (Pty) Limited	5,1%

SHAREHOLDERS' DIARY

Financial year-end	31 December
Annual general meeting	Thursday, 30 May 2002
Ordinary dividend	
Last day to trade "cum" the dividend	Thursday, 25 April 2002
Trading to commence "ex" the dividend	Friday, 26 April 2002
Dividend record date	Friday, 3 May 2002
Dividend payment date	Monday, 6 May 2002
Reports	
– Interim	August
– Audited annual results	March
– Annual financial statements	March

ADCORP SHARE DATA





	2001	2000
Closing price of Adcorp Holdings Limited's shares as at 31 December (cents)	**935**	1 550
Total number of shares traded	**21 663 749**	11 661 136
Total value of shares traded (R)	**265 911 000**	228 560 000
Price of shares traded – Highest	**1 600**	2 915
– Lowest	**930**	1 080
Total number of Adcorp transactions recorded on the JSE	**4 412**	4 791
Total volume of shares traded as a % of total shares issued	**53,4**	28,9

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

To the members of Adcorp Holdings Limited

The directors of the company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. These financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the group. There is no reason to believe that the business will not continue as a going concern in the ensuing financial year.

These financial statements have been approved by the board of directors and are signed on its behalf by:

RL Pike
Chief Executive Officer

FD Burd
Group Financial Director

Johannesburg
6 March 2002

CERTIFICATION BY COMPANY SECRETARY

The company secretary certifies, in accordance with section 268G(d) of the Companies Act, that the company has lodged with the Registrar all such returns as are required by a public company in terms of the Act and that all such returns are true, correct and up to date.

Merle Millar
Company Secretary

Johannesburg
6 March 2002

REPORT OF THE INDEPENDENT AUDITORS

To the members of Adcorp Holdings Limited

We have audited the annual financial statements and group annual financial statements set out on pages 37 to 53 for the year ended 31 December 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to report on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Generally Accepted South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion these financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2001 and the results of these operations and cash flows for the year then ended in accordance with Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Charter Financial & Auditing Inc.

Charter Financial & Auditing Incorporated
Registered Accountants and Auditors

Johannesburg
6 March 2002

DIRECTORS' REPORT

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2001.

NATURE OF BUSINESS

Adcorp Holdings Limited is an investment holding company whose subsidiaries and associates carry on business in the permanent and flexible staffing sectors as well as the education, training, communications and market research sectors of the service industry in South Africa and to a lesser extent, internationally.

OVERVIEW

The 2001 financial year was a challenging one for the Adcorp Group. The year saw the introduction of a newly formulated strategy and reporting structure, the further development of the Group's black economic empowerment initiatives, the appointment of a new Group Chief Executive Officer, the restructuring of the training division and the onset of difficult trading conditions, particularly in the areas of permanent recruitment and training.

Despite these challenges, the Group remained profitable and cash generative albeit, the reduced level of earnings compared to the previous trading year was disappointing with headline earnings per share of 156 cents (2000: 192 cents) reflecting an 18% decline compared to the prior year.

Whilst certain of the Adcorp Group operations reported exceptional results for the 2001 financial year, the overall financial performance of the Group was adversely affected by the performances of the permanent recruitment, training and financial communications business units.

Whilst still profitable, the permanent recruitment companies had a difficult year with certain key market segments feeling the pressure of a weak economy coupled with the negative impact of fallout in the information technology and financial services sectors which traditionally have shown significant net growth in employment. This trend was much in line with the trend experienced by major international recruitment companies who all experienced a significant slowdown in placements, particularly in the latter part of the year.

The training companies were negatively impacted as a result of difficult trading conditions and the delayed implementation of a number of sizeable contracts for which a significant amount of work had already been performed. As such, the benefits of these contracts may only be realised in the 2002 financial year. This resulted in the training division reporting a loss for the 2001 financial year.

The financial communications operations also experienced difficult trading conditions due to a significant cut back in corporate finance activity in the South African economy.

The flexible staffing or contract employment companies produced exceptional results with record profit growth. It is expected that this trend will continue into the new financial year proving these businesses to be resilient to difficult trading conditions as well as reflective of growth in the global outsourcing market.

The public relations and recruitment advertising companies also produced exceptional trading results whilst the market research operation performed according to expectation in particularly difficult trading conditions.

The performance of these companies effectively justified the sound balance of assets the Group has in its portfolio.

FINANCIAL RESULTS

The adverse factors referred to above led to a reduction of 28,5% in the profit attributable to shareholders of R51,7 million compared with R72,3 million the previous year. Headline earnings per share decreased by 18% to 156 cents from 192 cents in 2000 on a weighted average basis. The R6,2 million restructure costs added back to obtain headline earnings arose primarily from the restructure of the training division as well as some reorganisation in the permanent recruitment division. Goodwill amounting to R7 million was amortised during the year under review compared with R2,8 million in 2000 impacting the margin by 0,5%. EBITDA (earnings before interest, taxation, depreciation and amortisation) as a percentage of turnover reduced from 11,7% in 2000 to 8% in 2001. Also significant in the year was an increase in the total net cost of interest amounting to R1,3 million compared with net interest earned of R6,0 million the previous year.

Cash of R97,1 million was generated by operations during the year of which R25,5 million was required to fund an increase in working capital. Cash effects from investment and financing activities absorbed R53,8 million. This was utilised to finance capital expenditure of R19 million, the buying back of shares of R17 million and final payments to vendors of R18 million.

The ongoing focus on cash management saw the reduction of debtor's days from 55 at the half year to 49 days at year end. Gearing in the Group is negligible at 4%.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 10 on page 48 of the financial statements. The following changes took place during the year:

Opening balance 1 January 2001	R1 034 998
– In final settlement of the aquisition of Graphicor 502 725 shares at 2,5 cents	12 568
– Employee combined option/deferred sale scheme (ordinary shares created) 470 283 shares at 2,5 cents	11 757
Closing balance 31 December 2001	R1 059 323

SHARE PREMIUM

As a result of the addition to share capital, share premium increased as follows:

Opening balance 1 January 2001	R97 243 820
– In final settlement of the aquisition of Graphicor 502 725 shares at 1 323,16 cents	6 651 856
– Employee combined option/deferred sale scheme (ordinary shares created) 470 283 shares priced as follows:	
25 000 shares at a premium of 97,5 cents	24 375
307 333 shares at a premium of 132,5 cents	407 216
73 900 shares at a premium of 322,5 cents	238 328
2 500 shares at a premium of 677,5 cents	16 937
18 200 shares at a premium of 797,5 cents	145 145
10 850 shares at a premiun of 1037,5 cents	112 569
32 500 shares at a premium of 1 199 cents	389 675
Closing balance 31 December 2001	R105 229 921

SHARE BUY-BACK TRANSACTIONS

During the year, Adcorp Holdings Limited subsidiary, Adcorp Management Services (Pty) Limited, bought back 1 255 979 shares at a cost of R17 133 240 in terms of a special resolution approved by shareholders. This brought the total number of shares bought back to 2 255 979 at a cost of R31 316 395.

DIVIDENDS

The directors have declared a dividend of 28 cents per share which is in line with the dividend of the same amount declared last year. This represents a dividend cover of 4,6 times (2000: 6,6 times). The last day to trade "cum" the dividend in order to participate in the dividend will be Thursday, 25 April 2002.

Adcorp shares will commence trading "ex" dividend from the commencement of business on Friday, 26 April 2002 and the record date for such dividend will be Friday, 3 May 2002. Payment in respect of the dividend will be made to Adcorp shareholders on Monday, 6 May 2002. No dematerialisation or rematerialisation of Adcorp share certificates may take place between Friday, 19 April 2002 and Friday, 3 May 2002, both dates inclusive.

STRATE

Adcorp dematerialised its issued shares as from 9 July 2001 since which time settlement of any trade on or outside of the JSE can only be done in electonric format. All shareholders were circulated with a brochure giving details of how to go about dematerialising their shares. Despite this, a significant number of shares remain in certificate format and will have to be dematerialised before they may be traded. Adcorp's company secretary may be contacted should a shareholder require advice on the dematerialisation of their share certificates.

ADCORP EMPLOYEE SHARE SCHEME

The Adcorp Share Option Scheme was introduced in 1987 and expanded during 1989 to include a share purchase scheme and again in 1994 to allow for the creation of a combined optioned deferred sale scheme. The total number of shares in the various schemes may not exceed 15% of the total number of shares in issue. In terms of clause 6.4 of the Trust Deed the total number of shares available to the schemes as at 31 December 2001 is 6 017 546.

Options to purchase deferred sale shares have been exercised on 2 717 678 shares as at 31 December 2001. The earliest dates at which these options can be paid for and then created are as follows:

2002	1 908 348
2003	694 129
2004	106 301
2005	8 900
Total	2 717 678

With the exception of 126 834, all share options are priced at 1 000 cents and above with the the greatest number (2 112 390) being at 1 200 cents.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Boston City Campus and Business College (Pty) Limited deposited R3 million on call with Saambou Bank. In view of the curatorship under which this bank has now been placed, it may be some time before this money is recovered.

DIRECTORATE AND SECRETARY

The names of the directorate and company secretary are set out on pages 2, 3 and 35.

SUBSIDIARIES

Details of the subsidiary companies appear on page 47 in note 8 of the financial statements.

FD Burd

Group Financial Director

6 March 2002

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
TURNOVER		**1 211 287**	963 443	**–**	200
Cost of sales		**747 517**	538 902	**–**	–
Operating profit	18	**74 470**	93 364	**3 447**	(12 694)
Profit on investment		**1 526**	–	**–**	–
Interest received		**8 556**	10 506	**5 161**	4 288
Dividends received		**–**	–	**41 676**	36 631
Share of profits attributable to associate companies		**1 264**	223	**–**	–
Finance costs		**(9 882)**	(4 485)	**(2 769)**	(9)
Profit/(Loss) on sale of assets		**394**	(380)	**4**	–
Profit before taxation		**76 328**	99 228	**47 519**	28 216
Taxation	19	**(23 358)**	(26 914)	**(1 394)**	(742)
Profit after taxation		**52 970**	72 314	**46 125**	27 474
Minority shareholders' share of profits	21	**(1 281)**	–	**–**	–
Earnings attributable to ordinary shareholders		**51 689**	72 314	**46 125**	27 474
Headline earnings per share (cents)	22	**156**	192		
Earnings per share (cents)	22	**128**	184		
Diluted earnings per share (cents)		**128**	182		
Dividends per share (cents)	27	**28**	28		

SEGMENT REPORT

	TURNOVER 2001 R'000	TURNOVER 2000 R'000	OPERATING PROFIT 2001 R'000	OPERATING PROFIT 2000 R'000	OPERATING PROFIT 2001 %	OPERATING PROFIT 2000 %	PROFIT CONTRIBUTION TO THE GROUP 2001 %	PROFIT CONTRIBUTION TO THE GROUP 2000 %
Permanent Recruitment	**178 003**	150 320	**18 104**	25 548	**10,2**	17,0	**24,3**	27,3
Flexible Staffing	**718 333**	538 343	**46 494**	30 034	**6,5**	5,6	**62,4**	32,2
Education and Training	**104 871**	85 097	**(11 171)**	13 428	**(10,7)**	15,8	**(15,0)**	14,4
Corporate Communications	**144 340**	110 879	**10 852**	12 040	**7,5**	10,9	**14,6**	12,9
Research	**65 740**	78 804	**10 191**	12 314	**15,5**	15,6	**13,7**	13,2
Total	**1 211 287**	963 443	**74 470**	93 364	**6,2**	9,7	**100,0**	100,0

BALANCE SHEETS

AS AT 31 DECEMBER 2001

	Notes	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
ASSETS					
Non-current assets		**210 467**	201 810	**175 645**	171 597
Fixed assets	2	**62 336**	61 938	**855**	685
Intangibles	3	**130 573**	115 629	**–**	–
Investment in subsidiaries	4	**–**	–	**170 881**	161 567
Investments in associates	5	**3 837**	7 983	**1 528**	3 907
Other financial assets	6	**2 381**	9 999	**2 381**	4 766
Deferred taxation	7	**11 340**	6 261	**–**	672
Current assets		**194 914**	178 409	**105 613**	64 548
Subsidiary companies' loan accounts	8	**–**	–	**99 562**	60 500
Trade and other receivables	9	**191 632**	173 187	**6 051**	3 792
Cash resources		**–**	2 647	**–**	–
Taxation prepaid		**3 282**	2 575	**–**	256
Total assets		**405 381**	380 219	**281 258**	236 145
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	**1 059**	1 035	**1 059**	1 035
Share premium	11	**105 230**	97 244	**105 230**	97 244
Cost price of shares held by subsidiary	12	**(31 316)**	(14 183)	**–**	–
Distributable reserves		**204 350**	152 661	**90 512**	44 387
Vendor shares	13	**–**	6 022	**–**	6 022
		279 323	242 779	**196 801**	148 688
Non-current liabilities		**2 418**	5 172	**–**	–
Minority shareholders' interest		**1 281**	–	**–**	–
Non-current interest bearing liabilities	14	**1 137**	1 810	**–**	–
Deferred taxation	15	**–**	3 362	**–**	–
		281 741	247 951	**196 801**	148 688
Current liabilities		**123 640**	132 268	**84 457**	87 457
Current non-interest bearing liabilities	16	**94 288**	101 392	**11 222**	21 718
Bank overdraft		**11 518**	–	**70 675**	42 891
Taxation		**15 949**	9 442	**675**	1 414
Shareholders for dividend		**–**	11 312	**–**	11 312
Cash due to vendors	17	**1 885**	10 122	**1 885**	10 122
Total equity and liabilities		**405 381**	380 219	**281 258**	236 145

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2001

	Treasury shares	Share premium R'000	Share capital R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
GROUP						
Balance as at 1 January 2000	–	2 603	873	–	91 659	95 135
Share capital issued	–	–	162	–	–	162
Share premium	–	94 641	–	–	–	94 641
Net profit for the year per income statement	–	–	–	–	72 314	72 314
Ordinary dividend	–	–	–	–	(11 312)	(11 312)
Cost price of shares purchased by subsidiary	(14 183)	–	–	–	–	(14 183)
Balance as at 31 December 2000	**(14 183)**	**97 244**	**1 035**	**–**	**152 661**	**236 757**
Share capital	**–**	**–**	**24**	**–**	**–**	**24**
Share premium	**–**	**7 986**	**–**	**–**	**–**	**7 986**
Net profit for the year per income statement	**–**	**–**	**–**	**–**	**51 689**	**51 689**
Cost price of shares purchased by subsidiary	**(17 133)**	**–**	**–**	**–**	**–**	**(17 133)**
Balance as at 31 December 2001	**(31 316)**	**105 230**	**1 059**	**–**	**204 350**	**279 323**
COMPANY						
Balance as at 1 January 2000	–	2 603	873	–	28 225	31 701
Share capital issued	–	–	162	–	–	162
Share premium	–	94 641	–	–	–	94 641
Ordinary dividend	–	–	–	–	(11 312)	(11 312)
Net profit for the year per income statement	–	–	–	–	27 474	27 474
Balance as at 31 December 2000	**–**	**97 244**	**1 035**	**–**	**44 387**	**142 666**
Share capital issued	**–**	**–**	**24**	**–**	**–**	**24**
Share premium	**–**	**7 986**	**–**	**–**	**–**	**7 986**
Net profit for the year per income statement	**–**	**–**	**–**	**–**	**46 125**	**46 125**
Balance as at 31 December 2001	**–**	**105 230**	**1 059**	**–**	**90 512**	**196 801**

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis incorporating the following principle accounting policies. In all material respects, these policies have been followed by all companies in the group and are consistent with those of the previous year. The financial statements comply with South African Statements of Generally Accepted Accounting Practice.

1.1 Basis of consolidation

1.1.1 The financial statements of all companies in which more than 50% of the equity shares are owned are incorporated in the consolidated financial statements.

1.1.2 Where less than 50% of the equity shares are owned but in addition there is control over the appointments to the board of directors, the financial results of these companies are also included in the consolidated financial statements.

1.1.3 All intergroup transactions and balances have been eliminated on consolidation.

1.2 Fixed assets

Fixed assets have been depreciated on a straight line basis at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets except where fiscal rates permit accelerated depreciation.

The following rates of depreciation are applied:

Computers	33%
Furniture and fittings	16,7%
Motor vehicles	20%
Office and production equipment	20%

Fixed property has not been depreciated as these are considered investments.

1.3 Goodwill, trademarks, franchise rights and intellectual property

Goodwill represents the excess of the cost of the investment resulting from a business combination over the fair value attributable to the net assets acquired.

Goodwill, trademarks and intellectual property have been amortised at 5% per annum during the year under review.

1.4 Investments in associates

Investments in which the group has a significant influence and which it intends holding on a long-term basis are classified as associates and are stated at their carrying values. Significant influence is defined as the ability to participate in the financial and operating policy decisions of the investee and at present applies to instances where the group holds an equity interest of between 25% and 50%. The group's post-acquisition share of retained earnings of associates is incorporated in the consolidated income statement.

1.5 Deferred taxation

Deferred taxation is recognised on temporary differences between the book value and tax bases, including items with a tax base but no book value, using the balance sheet liability method. Deferred tax assets are created to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.6 Revenue recognition

1.6.1 Turnover

Group turnover comprises the invoice value of services rendered to customers, commission received and training course income excluding value added tax.

1.6.2 Turnover is recognised at the date the services are rendered.

1.7 Investment income

Investment income is recognised on the accrual basis.

1.8 Cost of sales

Cost of sales consists of direct costs of temporary assignees, advertising costs incurred in recruitment, direct expenditure in respect of public relations, research and training courses.

1.9 Foreign currency transactions

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement. Monetary assets denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

1.10 Related party disclosures

Transactions for services provided by fellow subsidiaries are all done at arm's length at market related prices.

1.11 Retirement benefits

1.11.1 Retirement benefit costs

The company's contributions to either provident or pension funds in a particular period are recognised as an expense in that period.

1.11.2 Contributions to the medical aid are recognised as an expense in the period during which the related services are rendered.

	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
2. FIXED ASSETS	**62 336**	61 938	**855**	685
2.1 Equipment, computers, motor vehicles, studio equipment, signs, audio-visual equipment and canteen equipment	**34 036**	33 859	**855**	685
Cost	**85 554**	70 015	**2 171**	1 665
Accumulated depreciation	**51 518**	36 156	**1 316**	980
2.2 Capitalised leased assets	**–**	–	**–**	–
Cost	**–**	242	**–**	–
Accumulated depreciation	**–**	242	**–**	–
2.3 Land and buildings				
2.3.1 Land and buildings – at cost	**28 300**	28 079	**–**	–
Land – 1990	**1 275**	1 275	**–**	–
Buildings – 1991	**4 900**	4 900	**–**	–
– 1992	**6 240**	6 240	**–**	–
– 1993	**3 935**	3 935	**–**	–
Improvements – 1993	**180**	180	**–**	–
– 1994	**96**	96	**–**	–
Total cost Stand 948	**16 626**	16 626	**–**	–
Stand 948, Melville, Johannesburg, Gauteng. Market value R20 000 000 Date of valuation December 2001				
2.3.2 Land and buildings – 1995 at cost Erf 715, Melville, Johannesburg, Gauteng	**391**	391	–	–
2.3.3 Land and buildings – 1998 at cost 22 Swart Street, Kempton Park Ext 2	**480**	480	–	–
2.3.4 Erf 1527, Arcadia, 716 Schoeman Street, Pretoria*	**4 800**	4 682	**–**	–
2.3.5 18 Louis Botha Avenue, Orchards*	**3 583**	3 507	**–**	–
2.3.6 Erf 32, Endenburg, 10 De La Rey Road, Rivonia*	**2 411**	2 393	**–**	–

**Valued by the directors of Adcorp at their market value at the time of the purchase of Acumen.*

	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
3. INTANGIBLES				
Goodwill				
Goodwill at the beginning of the year	**115 629**	15 116	**–**	–
Goodwill raised during the year	**21 941**	103 348	**–**	–
Goodwill written off in income statement	**(6 997)**	(2 835)	**–**	–
	130 573	115 629	**–**	–

	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
4. INVESTMENT IN SUBSIDIARY COMPANIES				
Cost of investment in subsidiary companies	–	–	**170 881**	161 567
5. INVESTMENTS IN ASSOCIATES				
Investment in associates				
Carrying values at beginning of year	**226**	–	**3**	–
Shares at cost	**–**	3	**–**	3
Share of post-acquisition reserves	**1 264**	223	**–**	–
Carrying values	**1 490**	226	**3**	3
Loans to associates	**2 347**	7 757	**1 525**	3 904
Total investment in associates	**3 837**	7 983	**1 528**	3 907
6. OTHER FINANCIAL ASSETS	**2 381**	9 999	**2 381**	4 766
6.1 Acumen Share Trust – Adcorp shares at 1 426 cents per share allocated to employees	**–**	5 233	**–**	–
6.2 PDI (Previously Disadvantaged Individuals) Share Trust – Adcorp shares at an average of 900 cents (2000: 1 801 cents) per share	**2 381**	4 766	**2 381**	4 766

	As at 31 December 2000	Charge to income statement for the year	**As at 31 December 2001**
7. DEFERRED TAXATION (ASSET)			
Tax effect of:			
– Excess tax allowances and depreciation charge	(130)	130	**–**
– Expenditure capitalised but allowable for tax purposes in the year in which it is incurred	2 921	1 384	**4 305**
– Computed losses	3 470	3 565	**7 035**
Total	6 261	5 079	**11 340**

8. AMOUNTS DUE BY/(TO) SUBSIDIARY COMPANIES	Issued share capital 2001	2000	Indebtedness by/(to) subsidiary company 2001 R'000	2000 R'000
Total due by subsidiary companies			**99 562**	60 500
Adcorp Financial Graphics (Pty) Limited	**10 000**	10 000	**649**	932
Adcorp Management Services (Pty) Limited	**400**	400	**35 492**	17 033
Admark Personnel Selection (Pty) Limited	**10 200**	10 200	**–**	51
Admark Recruitment Advertising (Pty) Limited	**30 000**	30 000	**5**	561
Altolevel Recruitment Advertising (Pty) Limited	**100**	100	**1 409**	999
ARA (KZN) (Pty) Limited	**100**	100	**1 959**	2 035
Charisma Nursing Agency (Pty) Limited	**100**	100	**1 416**	582
D/@bility (Pty) Limited	**100**	100	**820**	–
DAV Professional Placement Group (Pty) Limited	**100**	100	**–**	–
DevTrain (Pty) Limited	**100**	100	**–**	–
Effective Recruitment Advertising (Pty) Limited	**100**	100	**(954)**	(627)
Emmanuels Staffing Services (Pty) Limited	**100**	100	**–**	–
Equal Access Global Marketing (Pty) Limited	**100**	100	**4 426**	664
Graphicor (Pty) Limited	**100**	100	**–**	129
Grey Appointments (Pty) Limited	**9 000**	9 000	**–**	1 652
Ikhwezi Staffing Solutions (Pty) Limited	**100**	100	**747**	700
Kit Hodge & Company (Pty) Limited	**1 000**	1 000	**–**	–
Knovation @ Adcorp (Pty) Limited	**100**	100	**434**	–
Peak Personnel (Pty) Limited	**100**	100	**–**	357
Pinnacle Communications (Pty) Limited	**30 000**	30 000	**–**	(30)
PR Connections (Pty) Limited	**100**	100	**929**	341
Premier Personnel (Pty) Limited	**100**	100	**–**	–
Production Management Institute of Southern Africa (Pty) Limited (PMI)	**100**	81	**4 133**	6 396
Quest Holdings (Pty) Limited	**10 000**	10 000	**27 123**	12 112
Quest Permanent Appointments (Pty) Limited	**100**	100	**171**	41
Research Surveys (Pty) Limited	**2**	2	**210**	475
Simeka Recruitment Advertising (Pty) Limited	**2 000**	2 000	**1 282**	–
Simeka TWS Communications (Pty) Limited	**4 000**	4 000	**1 557**	(811)
Stand 948, Melville (Pty) Limited	**100**	100	**17 199**	16 908
Stratagem Training Services (Pty) Limited	**100 000**	100 000	**–**	–
The Design and Media Company (Pty) Limited	**4 000**	4 000	**555**	–

All subsidiaries are 100% owned with the exception of The Design and Media Company (Pty) Limited 75%, Simeka Recruitment Advertising (Pty) Limited 50% (board control), D/@bility (Pty) Limited 50% (board control), Ikhwezi Staffing Solutions (Pty) Limited 55% and Equal Access which is 50,1% owned.

The loan to Stand 948, Melville (Pty) Limited contains a portion which is of a long-term nature.

Of the loan to Adcorp Management Services (Pty) Limited, R31,316 million is in respect of treasury shares purchased by this subsidiary.

	Group		Company	
	2001	2000	**2001**	2000
	R'000	R'000	**R'000**	R'000
9. TRADE AND OTHER RECEIVABLES	**191 632**	173 187	**6 051**	3 792
Trade debtors	**178 939**	162 545	**–**	–
Deposits and staff loans	**1 115**	821	**–**	–
Sundry	**11 578**	9 821	**6 051**	3 792
10. SHARE CAPITAL				
Authorised				
100 000 000 ordinary shares of 2,5 cents each (2000: 100 000 000)	**2 500**	2 500	**2 500**	2 500
Issued				
42 372 950 ordinary shares of 2,5 cents each (2000: 40 399 942)	**1 059**	1 035	**1 059**	1 035
The unissued shares are under the control of the directors until the next annual general meeting.				
11. SHARE PREMIUM	**105 230**	97 244	**105 230**	97 244
Balance at 1 January 2001	**97 244**	2 603	**97 244**	2 603
Arising from the issue of of 973 008 shares (2000: 6 474 298)	**7 986**	94 641	**7 986**	94 641
12. COST PRICE OF SHARES HELD BY SUBSIDIARY				
2 255 979 (2000: 1 000 000) shares bought back in terms of special resolution	**31 316**	14 183	**–**	–
13. VENDOR SHARES	**–**	6 022	**–**	6 022
This amount arises from the acquisition of a subsidiary company where shares are to be issued in terms of the agreement of purchase.				
Estimated costs due to vendors	**–**	10 122	**–**	10 122
14. NON-CURRENT INTEREST BEARING LIABILITIES	**1 137**	1 810	**–**	–
Secured loans	**843**	1 096	**–**	–
Secured by instalment sale agreements over certain fixed assets with book values of R46 188 (2000: R503 026) bearing interest at rates between 13,5% and 15% per annum and repayable in monthly instalments of R2 158 (2000: R42 656)	**8**	254	**–**	–
Instalments repayable within one year included in current liabilities	**(8)**	(242)	**–**	–
Secured by mortgage bond over property (see note 2.3.6)	**843**	1 084	**–**	–
Unsecured loans	**294**	714	**–**	–
The interest rate is the First National Bank overnight borrowings rate	**294**	714	**–**	–
There is no fixed date of repayment				

FOR THE YEAR ENDED 31 DECEMBER 2001

	As at 31 December 2000	Charge to income statement for the year	**As at 31 December 2001**
15. DEFERRED TAXATION (LIABILITY)			
Tax effect of:			
– Excess tax allowances and depreciation charge	3 301	(3 301)	**–**
– Expenditure capitalised but allowable for tax purposes in the year in which it is incurred	61	(61)	**–**
Total	3 362	(3 362)	**–**

	Group		**Company**	
	2001	2000	**2001**	2000
	R'000	R'000	**R'000**	R'000
16. CURRENT INTEREST BEARING LIABILITIES	**94 288**	101 392	**11 222**	21 718
Trade creditors	**35 416**	70 835	**6 373**	8 109
Accruals and provisions	**58 864**	30 315	**4 849**	13 609
Current portion of interest bearing long-term liabilities	**8**	242	**–**	–
17. CASH DUE TO VENDORS				
Cash due to vendors arises from the purchase of 50,1% of Equal Access (Pty) Limited (2000: Graphicor and PR Connections) which has not yet been paid. This amount has been estimated as the final purchase price of Equal Access (Pty) Limited is not yet known.	**1 885**	10 122	**1 885**	10 122
18. OPERATING PROFIT				
Operating profit/(loss) comprises fees for services rendered, commissions received and related income, less direct expenditure.				
Operating profit/(loss) before allowing for the following items	**129 794**	143 224	**9 695**	(9 687)
Less: Auditors' remuneration	**(1 440)**	(945)	**(57)**	(52)
Depreciation	**(16 026)**	(16 566)	**(332)**	(259)
Amortisation of intangibles	**(6 997)**	(2 835)	**(5 761)**	(2 600)
Leasing/Rental charges on properties, motor vehicles, office furniture and equipment	**(31 255)**	(29 134)	**(102)**	(96)
Loss on sale of fixed assets	**–**	(449)	**–**	–
Add: Profit on sale of fixed assets	**394**	69	**4**	–
Operating profit per income statement	**74 470**	93 364	**3 447**	(12 694)

	Group		Company	
	2001	2000	**2001**	2000
	R'000	R'000	**R'000**	R'000
19. TAXATION				
SA normal – current	**23 703**	27 506	**772**	–
– underprovision prior years	**1 372**	91	**–**	–
Deferred taxation	**(1 717)**	(2 097)	**672**	(672)
Secondary tax on companies	**–**	1 414	**–**	1 414
	23 358	26 914	**1 394**	742
Standard tax rate	**30,0**	30,0	**30,0**	30,0
Tax effect on:				
Net income before taxation	**27 524**	32 190	**722**	–
Timing differences	**2 781**	233	**–**	–
Permanent differences	**(2 296)**	(3 691)	**–**	–
Tax losses	**(6 023)**	(3 323)	**–**	–
Current taxation – prior years (over-)/underprovision	**1 372**	91	**672**	(672)
Secondary tax on companies	**–**	1 414	**–**	1 414
	23 358	26 914	**1 394**	742
Effective tax rate (%)	**30,6**	27,1	**–**	–
20. DIRECTORS' EMOLUMENTS				
Executive directors	**11 844**	10 669	**6 375**	6 241
Salaries	**8 623**	7 726	**3 967**	3 951
Bonuses	**1 799**	1 708	**1 618**	1 546
Provident fund	**575**	563	**364**	362
Medical aid	**144**	120	**56**	48
Other	**703**	552	**370**	334

Note

The prior year figures have been adjusted to include all main board directors employed by Adcorp in terms of the King 11 definition of "executive" vs "non-executive" directors.

Options exercised

Number of options exercised: Nil (2000: 185 000)
Share price: Not applicable (2000: 1 200 cents)
Period: Not applicable (2000: 3 years converting on 31 May 2003)

	Group		Company	
Non-executive directors				
Fees	**66**	58	**66**	58

	Group		Company	
	2001	2000	**2001**	2000
	R'000	R'000	**R'000**	R'000
21. MINORITY SHAREHOLDERS' SHARE OF LOSSES				
Adcorp has assumed responsibility for shareholders' losses of R331 403 (2000: R718 529).				
22. EARNINGS PER SHARE				
The calculation of earnings per share is based on earnings of R51 689 148 (2000: R72 314 068) and 40 481 121 ordinary shares (2000: 39 338 057) being the weighted average relative to the above earnings.				
	Cents	Cents		
Earnings per share	**127,7**	183,8		
(Loss)/Profit on sale of assets R382 690 (2000: R380 328)	**(1,0)**	1,0		
Profit on investment R1 526 476 (2000: Nil)	**(3,8)**	–		
Restructure costs R6 234 445 (2000: Nil)	**15,5**	–		
Goodwill amortised: R6 997 035 (2000: R2 835 086)	**17,3**	7,2		
Headline earnings per share	**155,7**	192,0		
Diluted earnings per share (includes 204 646 being the anticipated number of shares that will be issued in settlement of the purchase price of 50,1% of Equal Access (Pty) Limited as well as 126 834 share options exercised at a price below the current market price of around 900 cents per share).	**126,7**	181,8		
23. CONTINGENT LIABILITIES				
23.1 The company has given a guarantee restricted to R8,5 million in respect of the performance by a subsidiary on a long-term contract.				
23.2 The company has guaranteed payment to creditors in subsidiary companies amounting to R1,397 million (2000: R1,004 million).				
24. COMMITMENTS				
Operating leases – estimated future rentals of premises	**17 549**	11 994	**–**	–
– payable within 1 year	**8 502**	5 783	**–**	–
– payable thereafter	**9 047**	6 211	**–**	–
25. RETIREMENT BENEFITS				
The group makes contributions to defined contribution schemes on behalf of its employees. These costs are charged to the income statement as they occur. The total contributed by the group for the 2001 year amounted to R6 088 324 (2000: R5 644 682). One company in the group has an obligation in respect of post-retirement cotributions. These are not considered material and are adequately provided for.				
26. FINANCIAL INSTRUMENTS				
All financial assets and liabilities are of a non-long-term nature and are fairly valued except as otherwise disclosed.				
27. DIVIDEND				
A dividend of 28 cents per share was declared on 6 March 2002 and will be paid on 3 May 2002.				

FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Group 2001 R'000	Group 2000 R'000	Company 2001 R'000	Company 2000 R'000
Operating income before interest and taxation		**74 470**	93 364	**45 127**	23 936
Items not affecting outflow of cash		**22 629**	19 781	**6 089**	2 859
Depreciation and goodwill amortised		**23 023**	19 401	**6 093**	2 859
Loss on disposal of fixed assets		**–**	448	**–**	–
Profit on disposal of fixed assets		**(394)**	(68)	**(4)**	–
		97 099	113 145	**51 216**	26 795
Net decrease in working capital		**(25 549)**	(35 493)	**(51 817)**	(12 809)
(Increase) in accounts receivable	1	**(18 445)**	(63 605)	**(41 321)**	(10 677)
(Increase)/Decrease in accounts payable		**(7 104)**	28 112	**(10 496)**	(2 132)
		71 550	77 652	**(601)**	13 986
Investment income		**8 556**	10 506	**5 162**	4 288
Cash generated by operations		**80 106**	88 158	**4 561**	18 274
Finance costs		**(9 882)**	(4 485)	**(2 769)**	(9)
Taxation paid	2	**(19 274)**	(31 932)	**(1 204)**	(661)
Dividends paid	3	**(11 312)**	(8 033)	**(11 312)**	(8 033)
Cash retained by operations		**39 638**	43 708	**(10 724)**	9 571
Investment activities		**(53 130)**	(129 285)	**(17 060)**	(103 155)
Financial assets		**–**	(3 955)	**–**	(3 955)
Additions to fixed assets	4	**(19 847)**	(17 904)	**(524)**	(344)
Proceeds from sale of fixed assets		**9 441**	1 458	**9 055**	–
Investment in associate companies		**–**	2 602	**–**	4 634
Investment in subsidiary companies		**–**	–	**–**	–
Acquisition of subsidiaries for cash		**(25 591)**	(97 303)	**(25 591)**	(103 490)
Cost price of shares held by subsidiaries		**(17 133)**	(14 183)	**–**	–
		(13 492)	(85 577)	**(27 784)**	(93 584)
Finance activities		**(673)**	(1 312)	**–**	(2 722)
Minority shareholders' interest		**–**	(134)	**–**	–
(Decrease) in long-term liabilities		**(673)**	(1 178)	**–**	(2 722)
Net movement in cash		**(14 165)**	(86 889)	**(27 784)**	(96 306)
Net cash surplus/(deficit) at beginning of year		**2 647**	89 536	**(42 891)**	53 415
Net cash surplus/(deficit) at end of year		**(11 518)**	2 647	**(70 675)**	(42 891)

FOR THE YEAR ENDED 31 DECEMBER 2001

	Group		Company	
	2001	2000	**2001**	2000
	R'000	R'000	**R'000**	R'000
1. (INCREASE) IN ACCOUNTS RECEIVABLE				
(Increase) in loans to subsidiary companies	**–**	–	**(39 062)**	(19 127)
(Increase)/Decrease in accounts receivable	**(18 445)**	(63 605)	**(2 259)**	8 450
	(18 445)	(63 605)	**(41 321)**	(10 677)
2. TAXATION PAID				
Amount unpaid 1 January 2001	**(6 866)**	(9 791)	**(1 158)**	(405)
Amount charged to income statement	**(25 075)**	(29 007)	**(721)**	(1 414)
Amount unpaid 31 December 2001	**12 667**	6 866	**675**	1 158
Net cash payment	**(19 274)**	(31 932)	**(1 204)**	(661)
3. DIVIDENDS PAID				
Amount unpaid 1 January 2001	**(11 312)**	(8 033)	**(11 312)**	(8 033)
Amount charged to income statement	**–**	(11 312)	**–**	(11 312)
Amount unpaid 31 December 2001	**–**	11 312	**–**	11 312
Net cash payment	**(11 312)**	(8 033)	**(11 312)**	(8 033)
4. ADDITIONS TO FIXED ASSETS				
Land and buildings	**(221)**	(217)	**–**	–
Office furniture and fittings	**(3 951)**	(6 396)	**(86)**	(27)
Computer equipment and software	**(13 547)**	(9 872)	**(370)**	–
Motor vehicles	**(796)**	(592)	**–**	(250)
Office and production equipment	**(1 332)**	(827)	**(68)**	(67)
	(19 847)	(17 904)	**(524)**	(344)

Notice is hereby given that the annual general meeting of the shareholders of Adcorp Holdings Limited will be held at The Atrium, Cnr Rustenburg Road and 7th Avenue, Melville, on 30 May 2002 at 12:00 to consider and if deemed fit, to pass with or without modification the following resolutions:

1. To receive, approve and adopt the annual financial statements for the year ended 31 December 2001.

2. To elect MH Lekota as a director of the company.

3. To elect PC Swart as a director of the company.

4. To re-elect VC Baker as a director of the company.

5. To re-elect Dr DE Baloyi as a director of the company.

6. To re-elect M Liphosa as a director of the company.

7. To re-elect Dr F van Zyl Slabbert as a director of the company.

8. Subject to not less than 75% of the votes cast by shareholders, present in person or by proxy at the annual general meeting being cast in favour of this resolution, to resolve that the directors of the company be and are hereby authorised, by way of a general authority, to issue all or any of the authorised but unissued ordinary shares of 2,5 cents each in the capital of the company for cash as they in their discretion deem fit, subject to the following limitations:

- This authority will not extend beyond the earlier of the date of the next annual general meeting of the company or the date of the expiry of 15 months from the date of this annual general meeting.
- Issues in terms of the authority will not in the aggregate in any one financial year exceed 15% of the number of ordinary shares in the company's issued share capital in issue prior to any such issue.
- A press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of ordinary shares in issue prior to such issue.
- In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business day period prior to the date that the price of the issue is determined or agreed by the directors of the company.
- Any such issue will only be made to public shareholders as defined by the JSE Securities Exchange South Africa ("JSE") and not to related parties.

AS A SPECIAL RESOLUTION

9. To resolve that the directors of the company be and are hereby authorised by way of a general authority to facilitate the repurchase by the company or any of its subsidiaries, of shares in the capital of the company, as they in their discretion, from time to time deem fit. The repurchase will be in accordance with the provisions of the Companies Act, No 61 of 1973, as amended, and the listing requirements of the JSE from time to time which currently are:

- that this general authority shall be valid until the next annual general meeting of the company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting) provided that it shall not extend beyond 15 months from the date of this special resolution;
- the repurchase of shares is implemented on the JSE "open market";

– the repurchase of shares in any one financial year shall be limited to a maximum of 20% of the company's share capital of the relevant class;
– repurchases may not be made at a price more than 10% above the weighted average of the market value for the relevant class of shares for five business days immediately preceding the date on which the repurchase is agreed; and
– an announcement containing full details of such repurchases of shares must be published as soon as the company and/or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue, and a further announcement for each 3% acquired thereafter.

After considering the effects of the maximum repuchase the directors are of the opinion that:

– the company and the Adcorp Group will be able in the ordinary course of business to respectively pay their debts for a period of 12 months after the date of this notice;
– the consolidated assets of the company, fairly valued in accordance with Generally Accepted Accounting Practice, will exceed the consolidated liabilities of the company for a period of 12 months after the date of this notice; and
– the issued share capital, reserves and working capital of the company and the Adcorp Group will be adequate for the purposes of the business of the company and the Adcorp Group respectively for a period of 12 months after the date of this notice to meet the Adcorp Group's current and foreseeable future requirements.

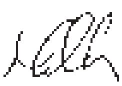
The reason for this special resolution is to grant the directors a general authority for the acquisition by the company and/or a subsidiary of its own shares and the effect thereof will be to allow the directors to facilitate the acquisition by the company and/or any of its subsidiaries of shares in the capital of the company. The directors have no definite intention of effecting a repurchase but this position will be continually re-examined having regard to prevailing circumstances.

10. That the unissued ordinary shares in the capital of the company be placed under the control of the directors of the company as a general authority to them to allot and issue such shares at their discretion in terms of and subject to the provisions of section 221 of the Companies Act and the rules and requirements of the JSE.

11. To transact such other business as may be transacted at an annual general meeting.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the offices of the company's transfer secretaries at least 24 hours before the time appointed for the meeting.

By order of the board



Merle Millar
Secretary

March 2002

ADCORP HOLDINGS LIMITED
Registration number 1974/001804/06
Founded 1968, listed 1987

SECRETARY AND REGISTERED OFFICE

Merle Millar
2nd Floor, The Atrium
Cnr Rustenburg Road and 7th Avenue
Melville 2001
(PO Box 7156, Johannesburg 2000)
Tel (011) 712-9000
Fax (011) 712-9004
E-mail info@adcorp.co.za

CORPORATE ADVISOR

Nucleus Corporate Finance (Pty) Limited
25 Rudd Road
Illovo 2041
Tel (011) 880-1065
Fax (011) 880-0510

ATTORNEYS

Werksmans

West Wing, Werksmans Chambers
22 Girton Road
Parktown 2193
(PO Box 927, Johannesburg 2000)
Tel (011) 488-0000
Fax (011) 484-3100

LA Marks

Rosebank Law Chambers
4 Glenhove Road
Rosebank 2196
Tel (011) 447-7747
Fax (011) 447-4568

AUDITORS

Charter Financial & Auditing Incorporated
Registration number 1992/002371/21

Suite 1, Nedbank Corner
Corner Louis Botha Avenue and 10th Road
Bramley 2018
(PO Box 89438, Lyndhurst 2106)
Tel (011) 786-0925
Fax (011) 887-8058

BDO Spencer Steward
Registration number 1995/002310/21

13 Wellington Road
Parktown 2193
Tel (011) 643-7271
Fax (011) 643-6585

TRANSFER SECRETARIES

Mercantile Registrars Limited

8th Floor, First National House
11 Diagonal Street
Johannesburg 2001
(PO Box 1053, Johannesburg 2000)
Tel (011) 333-8181
Fax (011) 337-1073

COMMERCIAL BANKERS

First Rand Bank of Southern Africa
Registration number 1905/001225/06

Standard Bank of SA Limited
Registration number 1962/000738/06

Nedbank Limited
Registration number 1951/000009/06

SPONSORS

Investec Securities (Lead sponsor)
Registration number 1972/008905/06

3rd Floor
Zone 2
100 Grayston Drive
Sandown, Sandton 2196
(PO Box 691, Johannesburg 2000)
Tel (011) 286-9700
Fax (011) 286-9923

Wipcapital (Pty) Limited
Registration number 1997/021195/07

61 Central Street
Houghton 2041
Tel (011) 715-3700
Fax (011) 728-8869

SIMEKA TWS CREATIVE

FORM OF PROXY

For the annual general meeting

I/We

(Name/s in block letters)

of

(Address in block letters)

being a member/s of Adcorp Holdings Limited, and entitled to vote, do hereby appoint (refer to note 1):

1. or, failing him,

2. or, failing him,

Dr F van Zyl Slabbert of The Atrium, Cnr Rustenburg Road and 7th Avenue, Melville, or failing him, the chairman of the meeting as my/our proxy(ies) to vote on a poll on my/our behalf at the annual general meeting of the company to be held at 12:00 on 30 May 2002 and at any adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your proxy to vote in respect of the resolutions to be proposed, as contained in the notice of the abovementioned annual general meeting.

*I/We desire my/our proxy to vote on the resolutions to be proposed, as follows:

	For	**Against**	**Abstain**
Resolution 1			
Resolution 2 (MH Lekota)			
Resolution 3 (PC Swart)			
Resolution 4 (VC Baker)			
Resolution 5 (Dr DE Baloyi)			
Resolution 6 (M Liphosa)			
Resolution 7 (Dr F van Zyl Slabbert)			
Resolution 8			
Special resolution 9			
Resolution 10			
Resolution 11			

Signed by me/us this day of 2002

Signature

Assisted by me *(where applicable)* (refer to note 4)

Full name/s of signatory if signing in a representative capacity (refer to note 5)

*If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.

NOTES

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend, speak and, upon a poll, vote in his stead or abstain from voting. The proxy need not be a member of the company.
2. To be valid this form of proxy must be completed and returned to the company's transfer office, Mercantile Registrars Limited, 8th Floor, First National House, 11 Diagonal Street, Johannesburg 2001, not later than 24 hours before the time of the meeting.
3. In the case of a joint holding, the first-named only need sign.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by the company.

SIMEKA TWS CREATIVE

ADCORP
HOLDINGS LIMITED